

TERMS OF REFERENCE AUDIT AND RISK MANAGEMENT COMMITTEE

Composition

1. The Committee shall be appointed among the Board of Directors (“the Board”), a majority of whom shall be Independent Directors and at least one (1) member must be a member of the Malaysian Institute of Accountants or possess such qualification and/or experience as approved by Bursa Securities.
2. The Chief Executive Officer shall not be a member of the Committee.
3. Former Key Audit Partners to be appointed to the Committee are required to observe a cooling-off period of at least two years before being appointed as a member of the Committee.

Chairman

1. The Chairman, who shall be appointed by the Board, shall be an Independent Director.
2. The Chairman of the Board shall not be the Chairman of the Committee.

Secretary

The Company Secretary shall be the Secretary of the Committee. The Secretary shall be responsible for keeping the minutes of the Committee’s meetings and circulating them to the Committee members and to the other members of the Board.

Meetings

The Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be Independent Non-Executive Directors. All decisions at such meeting shall be decided by a show of hands on a majority of votes.

The Committee shall have the authority to convene meetings with external auditors when required, excluding the attendance of other Directors and employees of the Company.

Duties and Responsibilities

1. To recommend the appointment of the external auditors, their audit fee and any questions of their resignation or dismissal to the Board.
2. To discuss with the external auditors, their audit plan.
3. To review the financial statements of the Company and the Group before submission to the Board, focusing particularly on:
 - public announcements of results and dividend payment;
 - any changes in accounting policies and practices;
 - major judgmental areas;
 - significant adjustments resulting from the audit;

- the going-concern assumption;
 - compliance with accounting standards; and
 - compliance with the stock exchange and legal requirements.
4. To discuss problems and reservations arising from the interim and final internal and external audits and any matters the auditors may wish to discuss (in the absence of management where necessary).
 5. To keep under review the effectiveness of internal control system and, in particular, review external auditors' management letter and management's response.
 6. To review any related party transactions that may arise within the Company or Group.
 7. To verify the allocation of share options under the Employees Share Option Scheme of Privasia Technology Berhad.
 8. To review and approve the statements of risk management and internal control to be included in the annual report concerning internal controls and risk management.
 9. To monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system.
 10. Ensuring that a formalised risk management framework is established that identifies, evaluates, measures, manages, reports and monitors all of the material business risks across the Group.
 11. To approve the appointment and removal of the internal auditor.
 12. To consider and approve the scope of the internal audit function and ensure it has appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.
 13. To ensure the adequacy of the scope, function, competency and resources of the internal audit function and that it has the necessary authority to carry out its work and the function has adequate standing and is free from management or other restrictions.
 14. To review and assess the annual internal audit plan.
 15. To review promptly all reports on the Group from the internal auditors and review and monitor management's responsiveness to the findings and recommendations of the internal auditor.
 16. To monitor the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company as compared to the overall fee income of the firm, office and partners and other related requirements.
 17. To review the Group's arrangements for its employees to raise concerns, in confidence, about possible wrongdoings in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigations of such matters and appropriate follow-up actions.
 18. Identifying and monitoring the key risks of the Group and evaluating the management.

19. Ensuring policies and framework are in place to manage the risks to which the Group is exposed, especially in the areas of risk concentration pertaining to the risk exposures that the subsidiaries are exposed to in their business activities, e.g. market, operational, liquidity, credit, regulatory, reputation, legal and strategic risk.
20. Ensuring action plan is in place to manage the key risks to which the Group is exposed.
21. Critically assessing the Group's business strategies and plans from a risk-based and enterprise-wide perspective.
22. To carry out such other functions and consider other topics, as may be agreed upon by the Board.

Authority

1. The Committee is authorised by the Board to investigate any matter within the scope of the Committee's duties. It has full and unrestricted access to any information in the Company and is authorised to call upon any employee to seek information it requires and all employees are required to co-operate with the Committee.
2. The Committee is empowered to also obtain independent professional or other advice and retain persons having special competence as necessary to assist the Committee in fulfilling its responsibility.
3. All recommendations of the Committee are subject to the endorsement of the Board.

The Terms of Reference of the Committee is made in accordance with the resolution of the Board of Directors dated XXX.