



**TERMS OF REFERENCE  
AUDIT AND RISK MANAGEMENT COMMITTEE**

**COMPOSITION**

**Members**

- The Members of Audit and Risk Management Committee (“Committee”) shall be appointed by the Board of Directors and shall consist of not less than 3 Members, comprising Non-Executive Directors of whom majority being Independent Directors of the Company.
- No Alternate Directors shall be appointed members of the Committee.
- No former key Audit Partner shall be appointed as a member of the Committee before observing a cooling-off period of at least two (2) years before being appointed as a member of the of the Committee.
- The Board shall at all times ensure that the Members should be financially literate and able to understand matters under the purview of the Committee including the financial reporting process and at least one Member of the Committee:-
  - (i) must be a member of the Malaysian Institute of Accountants; or
  - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years’ working experience and:
    - he must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act, 1967; or
    - he must be a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act, 1967; or
  - (iii) fulfil such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”).

**Chairman**

- The Members of the Committee shall elect a Chairman from among their number who shall be an Independent Director and the Chairman of the Board shall not be appointed as the Chairman of the Committee.
- In the absence of the Chairman of Committee, the remaining member present shall elect one from amongst themselves to chair the meeting.

**Secretary**

- The Secretary of the Committee shall be the Company Secretary or their nominee or any other person so appointed by the Committee from time to time.

## **MEETINGS**

### **Notice**

- Unless otherwise agreed, the notice of the meeting together with the relevant meeting papers shall be sent to each member of the Committee at least five (5) business days before the date of the Committee meeting.

### **Frequency and Attendance**

- The Committee shall regulate its own proceedings. The Committee shall meet at least four (4) times a year. Upon the request of any of its Members, the external auditors or Company's management, the Chairman shall convene a Meeting of the Committee to consider any matter the external auditors believe should be brought to the attention of the Directors or Shareholders.
- Other Directors and employees may attend the Committee Meeting at the invitation of the Committee, whom the Committee thinks fit to attend its meetings to assist in resolving and clarifying matters raised in audit reports or any matters specific to the agenda of the meeting.

### **Quorum**

- The quorum for the Committee Meeting shall be two (2) Members and majority of the Members present must be Independent Directors.

### **Minutes**

- The Company Secretary shall cause minutes to be duly entered into the books for the purpose of all resolutions and proceedings of the meetings of the Committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.
- The confirmed minutes of Committee Meetings shall be circulated to all members of the Board.

### **Voting**

- Questions arising at any meeting of the Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Committee shall have a second or casting vote.

## **AUTHORITY**

The Committee shall in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

- Have authority to investigate any activity within its terms of reference. All employees shall be directed to co-operate as requested by members of the Committee.
- Have the resources which are required to perform its duties.

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- Have full and unlimited/unrestricted access to any information and resources/documents which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and its subsidiaries.
- Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.
- Be able to obtain independent professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.
- Be able to convene meetings with the external auditors, the internal auditors, or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.
- Where the Committee is of the view that the matter reported by it to the Board has not been satisfactory resolved resulting in a breach of the Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.

## **TERMS OF OFFICE**

### ***Retirement and Resignation***

- In the event of any vacancy in the Committee resulting in non-compliance of the composition of Members under the Terms of Reference of the Committee, the Board of Directors shall within three (3) months of the vacancy, appoint such new Member(s) to comply with the composition of Members.

### ***Review of the Audit Committee***

- The Nominating Committee shall review the terms of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and its members have carried out their duties in accordance with their Terms of Reference.

## **FUNCTIONS AND RESPONSIBILITIES**

The Committee is responsible to report to the Board of Directors for the following in its role to ensure proper management of assets, liabilities, revenue and expenses of the organisation and compliance with statutory obligations:

### **External Audit**

- To review with the external auditors:
  - the audit plan, scope and extent of the external auditor's audit examinations;
  - before commencement of audit, the nature and scope of the audit and ensure co-ordination where more than one audit firm are involved;
  - their audit report and the financial results for the year, problems and reservations arising from the audit and any matters the external auditors wish to discuss (in the absence of the Company's management where necessary); and
  - their evaluation of the system of internal controls

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- To review the external auditors' management letters and management's response.
- To assess the suitability and independence of external auditors, to recommend their appointment and reappointment, their audit fees and any question of resignation or dismissal.
- To review the assistance given by the Company's employees to the external auditors.
- To convene meeting with the external auditors without the presence of the Executive Directors and the management of the Company at least twice a year.
- To review with the Company's management and the external auditors to ensure suitability and adequacy of accounting policies and practices, its compliance with any regulatory or other external financial reporting controls and requirements.
- To discuss with the Company's management the scope and quality of accounting and financial reporting controls in effect.
- To review the quarterly financial results and year-end financial statements and recommend to the Board of Directors focusing particularly on:
  - whether the financial statements taken as a whole provide a true and fair view of the Company's financial position and performance;
  - changes in or implementation of any principal accounting policies and practices;
  - significant matters highlighted and financial reporting issues, significant judgments made by management, significant and unusual events or transactions arising from the audit and how these matters are addressed;
  - compliance with accounting standards and other legal requirements; and
  - the going concern assumption
- To establish policies governing the circumstances under which the contract in relation to the provision of non-audit services and the appropriateness of the level of fees can be entered into by the company with its external auditors and procedures that need to be adhered.

#### **Internal Audit and Risk Management**

- To review the internal audit programme and the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
- To review the results of the audit processes and the findings of any investigation and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function.
- To monitor systems and procedures with the external and internal auditors to ensure that the existing level of internal control, asset protection and management information are satisfactory and effective.
- To evaluate the risk assessment processes, its adequacy and effectiveness and measures in place are adequate to minimise any exposures to risks including frauds.
- To monitor the Group's operations via internal audit reports to ascertain the efficiency and effectiveness of the Group's operations.

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- To consider and approve all decisions regarding the appointment, resignation or removal of the internal auditor and to carry out an annual assessment on the suitability and performance of the internal auditor.
- To review and evaluate with both external and internal auditors the management procedures to ensure compliance with laws, regulations, policies and codes of practice or conduct.

#### **Others**

- To review and endorse any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises question of management integrity.
- To verify the allocation of options to employees pursuant to a share scheme to ensure compliance with the allocation criteria.
- To review procedures in place to ensure that the Group is in compliance with the Companies Act, 2016, Bursa Securities' Listing Requirements and other legislative and reporting requirements.
- To recommend to the Board of Directors any appropriate extension or changes in the duties of the Committee.
- To consider and examine such other matters as the Committee considers appropriate or as authorised by the Board of Directors from time to time.
- To undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.