



**SURIAGROUP**

# **CHARTER OF THE AUDIT COMMITTEE**

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## **1 INTRODUCTION**

This charter is prepared pursuant to the Bursa Malaysia Securities Berhad (“BMSB”) Main Market Listing Requirements (“MMLR”) Chapter 15 – Corporate Governance, Para 15.11, which state that an Audit Committee must have written terms of reference which deal with its authorities and duties. These terms of reference shall hereinafter be referred to as the Charter of the Audit Committee (“the Charter”).

## **2 OBJECTIVE**

The principal objective of the Audit Committee (“the Committee”) is to assist the Board of Directors (“the Board”) in ensuring the effective governance of the appropriateness of the financial reporting of Suria Capital Holdings Berhad (“the Company”) and its subsidiary companies (“the Group”), including the adequacy of related disclosures, the performance of both the internal audit function and the external auditor, and the oversight over the Group’s system of internal and external controls, business risks and related compliance requirements.

## **3 COMPOSITION**

### **3.1 Members**

- i) The Board shall elect the Committee members from amongst themselves, comprising not less than three (3), all of whom shall be non-executive directors, with the majority being Independence Directors.
- ii) The Committee shall comprise directors who fulfil the requirements as provided in the BMSB.

- iii) All Committee members must be financially literate with at least one (1) member of the Committee:
- (a) shall be a member of the Malaysia Institute of Accountants ("MIA"); or
- (b) if he/she is not a member of the MIA, he/she must have at least three (3) years of working experience, and
- passed the examinations as specified in Part I of the First Schedule of the Accountants Act 1967; or
  - is a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
  - fulfils such other requirements as prescribed or approved by the BMSB.
- iv) Members of the Committee may relinquish their membership with prior written notice to the Chairman of the Board and may continue to serve as Director of the Company.
- v) In the event of any vacancy in the Committee due to resignation, retirement or for any reason he/she ceases to be a member of the Committee; resulting in the number of members to reduce to less than three (3), the vacancy shall be filled within three (3) months and that the Nomination/Appointment Committee shall review and recommend for the Board's approval for another appropriate Director to fill the vacancy.
- vi) No alternate director shall be appointed as a member of the Committee.

## **4 DUTIES AND RESPONSIBILITIES**

### **4.1 Financial Reporting**

Review the quarterly results and year-end financial statements prior to the approval by the Board. The review should focus primarily on:

- i) any changes in existing accounting policies or implementation of new accounting policies;
- ii) major judgment areas, significant and unusual events;
- iii) significant adjustments resulting from audit;
- iv) the going concern assumptions;
- v) compliance with accounting standards; and
- vi) compliance with MMLR and other legal and statutory requirements.

### **4.2 External Audit**

To meet with the external auditor at least once a year to:

- i) Review the audit plans submitted by the external auditor, identify their audit focus areas, scope of work, planning materiality and related audit matters;
- ii) Review the external auditor's report, management's responses to the external auditor's interim reports, final reports and management letters; and
- iii) Review the assistance given by the Management to the external auditor.

### **4.3 Internal Audit**

- i) Review the audit plans submitted by the Group Internal Audit ("GIA"), the risk-based approach adopted in audit planning, the audit focus areas and planning materiality;

- ii) Review the adequacy of the scopes, functions, competency and resources of the internal audit function;
- iii) Review the internal audit reports undertaken and significant audit issues arising from the audits performed;
- iv) Review the extent to which internal audit recommendations are implemented and the timeliness of Management's responses received as well as Management's action plans to address significant audit issues;
- v) Review the performance of the Head of GIA and the members of the GIA Department, and review the appointment and movement of the Head of GIA and the members of the GIA Department; and
- vi) Ensure an Internal Audit Charter is in place and that the internal audit function is operating effectively and in accordance with the Standards for the Professional Practice of Internal Auditing.

#### **4.4 Related Party Transactions**

Review any related party transactions and conflict of interest entered by the Company and/or the Group to ensure that the Group's policies and procedures are adhered to and complied with the disclosure requirements of the MMLR and the Companies Act 2016.

#### **4.5 Share Issuance Scheme**

Verify the criteria for the allocation of shares to the eligible employees and/or vested in a grantee under the scheme and ensure the same is disclosed to the eligible employees and/or grantee at the end of each financial year as required by the Listing Requirements.

#### **4.6 Other Matters**

- i) Assess the impact of any significant law and regulatory changes, accounting or reporting requirements on the financial reporting and audit activities of the Company and the Group; and
- ii) Carry out any other functions that may be agreed upon by the Committee and the Board.

### **5 AUTHORITY**

The Committee is authorised by the Board to:

- i) Investigate any activity within its Charter; or as directed by the Board;
- ii) Have adequate resources required to conduct its duties;
- iii) Have full and unrestricted access to all employees, the Company and Group's assets, properties and works, all books, accounts, records and other information in hardcopy, digital or any other forms;
- iv) Have direct communication channels with external auditors and person(s) carrying out the internal audit function or activity for the Group;
- v) Obtain independent professional advice as it considers necessary;
- vi) Direct the internal audit function of the Group; and
- vii) Review the adequacy of the structure and the Charter of the Committee.

### **6 COMMITTEE MEETINGS**

#### **6.1 Quorum**

In order to form a quorum, a minimum of two (2) Committee members must be present and that the majority of those present must be Independent Non-Executive Directors.

## **6.2 Frequency of Meetings**

The Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide. The schedule of the Committee meetings should be discussed with all the participants concerned, including the Group Managing Director ("GMD").

## **6.3 Notice and Meeting Agenda**

The Notice and Meeting Agenda for each Committee meeting shall be distributed to all members of the Committee and any other persons (who may be required to attend) at least five (5) days in advance of the meeting date.

## **6.4 Reporting**

The Chairman of the Committee shall report to the Board on any matters that should be brought to the Board's attention and provide recommendations of the Committee that requires the Board's approval at the Board meeting.

## **6.5 Absence of the Chairman**

The Committee may elect a Chairman of its meetings if at any meeting the Chairman appointed for holding the meeting, is not present. The members present may choose one member among the Independent Non-Executive Directors to chair the meeting as the Chairman of the Meeting.

## **6.6 Secretary**

The Group Company Secretary ("GCS") shall be the secretary of the Committee. Copies of the minutes shall be sent by the GCS to all members of the Board once they have been approved by the Committee.

### **6.7 Permanent Invitees to the AC Meeting**

The GMD and the Chief Financial Officer (“CFO”) shall attend the AC meetings as permanent invitees unless otherwise decided by the Chairman.

## **7 DISCLOSURE**

The Committee shall assist the Board in making the required disclosures concerning the activities of the Committee for inclusion in the Annual Report.

## **REVIEW OF CHARTER**

This Charter shall be reviewed periodically to ensure that it continues to remain relevant and reflect the requirements of the Company to meet its commitments towards good corporate governance practices.

The Charter of the Committee was revised and approved by the Board on 26 February 2019.