

**ASTRO MALAYSIA HOLDINGS BERHAD**  
**(Incorporated in Malaysia – Company No. 932533-V)**  
**(“Company”)**

**AUDIT & RISK COMMITTEE CHARTER**  
(Adopted by the Board on 28 March 2018)

**1. Purpose**

The primary purpose and functions of the Audit & Risk Committee (“Committee”) of the Company are to assist the Board of Directors of the Company (“Board”) in its oversight responsibilities in relation to the Company and its subsidiaries (“Group”).

With respect to its audit functions, the Committee’s purpose is to assist the Board in the following matters:

- 1.1. financial reporting and audit process to ensure that the financial reports and statements give a true and fair view of its financial position;
- 1.2. overall compliance function and monitoring compliance with internal policies, legal and regulatory requirements; and
- 1.3. procedures for whistleblowing and ensuring their effectiveness.

With respect to its risk functions, the Committee’s purpose is to assist the Board in its review of the enterprise risk management framework and risk management matters in order to manage the overall risk exposure of the Group

**2. Composition**

- 2.1 The Committee shall be appointed by the Board from among its members who are Non-Executive Directors and shall comprise of at least three (3) members, the majority of whom shall be independent directors as defined in the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). No alternate director can be appointed as a member of the Committee.
- 2.2 At least one member of the Committee shall meet any of the following required qualifications:
  - 2.2.1 be a member of the Malaysian Institute of Accountants; or
  - 2.2.2 if he is not a member of the Malaysian Institute of Accountants, he must have at least three (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 2 of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
  - 2.2.3 fulfills such other requirements as prescribed or approved by Bursa Securities, where applicable.
- 2.3 Each member of the Committee should be financially literate and must be able to read, analyse, interpret and understand financial statements, including the Group’s balance sheet, income statement, and cash flow statement in order to effectively discharge their functions. A former key audit partner shall not be appointed as a member of the Committee until expiry of a 2 years’ cooling-off period.
- 2.4 The Committee shall consist of members with a mixture of diverse expertise and experience in risk management practices, including understanding of the industries in which the Group operates to actively identify, assess and monitor business risks and emerging risks to the Group. In determining the required qualification, the Board will also observe any other relevant requirements that may be announced by Bursa Securities as a directive from time to time, where applicable.
- 2.5 The Chairman of the Committee shall be an independent Non-Executive Director and must not be the Chairman of the Board to ensure separation of powers.

- 2.6 In the event of any vacancy due to retirement or resignation of a Committee member, or for any other reason which results in a change to the composition of the Committee that does not comply with the composition of the Committee as required herein or set out in the Listing Requirements of Bursa Securities, such vacancy or non-compliance must be filled or rectified within three (3) months of the said event.
- 2.7 The review of the composition of the Committee shall be conducted annually.
- 2.8 The Secretary of the Company shall also act as the Secretary of the Committee. In the absence of the Secretary, the Chairman of the meeting may appoint another person to act on behalf of the Secretary for the purpose of the meeting.

### **3. Procedures**

- 3.1 The Committee may regulate its own procedure, including and without limitation to regulate the calling and notice of meetings, quorum and voting.
- 3.2. Except in so far as amended by a unanimous resolution of the Committee, the following rules of procedure shall apply:-
- (a) The Committee shall meet at least four (4) times during each financial year or more frequently as it may determine necessary.
  - (b) The Chairman or Secretary of the Committee on the requisition of the members, shall at any time summon a meeting of the Committee by giving notice of at least five (5) business days or if the consent of all the members are obtained, by shorter notice or waive the notice altogether.
  - (c) The Chairman of the Committee will be responsible for establishing the agenda therefor and supervising the conduct thereof.
  - (d) No business shall be transacted at any meeting of the Committee unless a quorum of two (2) members is present, of which the majority present must be independent directors. In the absence of the Chairman of the Committee, the remaining members present at a meeting shall elect one of their number to chair the meeting.
  - (e) If within half an hour from the time appointed for the meeting, a quorum is not present, the meeting shall be adjourned to such other day, time and place as the members may determine. If at such adjourned meeting, a quorum is not present within 15 minutes of the time appointed for holding the meeting, the meeting shall be dissolved.
  - (f) Attendance at a meeting may be in person or by way of participation via video conference or teleconference or such other means as may be agreed by the members.
  - (g) Only the Chairman and the members are to be present at a meeting of the Committee. Other Board members, external auditors and officers of the Group can attend a meeting of the Committee at the Committee's invitation.
  - (h) The Committee may, at its discretion, request any Board members, officer of the Group or external legal counsel or external auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
  - (i) The Committee should record its deliberations in terms of the issues discussed and the conclusions in discharging its duties and responsibilities. Minutes of the meeting shall be signed by the Chairman and distributed to each member of the Committee and the Board. The minutes shall be kept at the registered office of the Company under the custody of the Secretary of the Company.
  - (j) A resolution in writing signed by all members in lieu of convening a formal meeting shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.
  - (k) All recommendations and findings of the Committee shall be submitted to the Board for approval.

- 3.3 The Committee shall meet with the external auditors, the Chief Risk Officer (or equivalent) and the Head of Corporate Assurance or appropriate members of the Risk Management and Corporate Assurance Divisions at least twice in each financial year in separate private sessions to discuss any matters within the Committee's duties and responsibilities.
- 3.4 The Chairman of the Committee should engage on a continuous basis with the Chairman of the Board, the Group Chief Executive Officer, Group Chief Financial Officer, Chief Risk Officer (or equivalent), Head of Corporate Assurance, other senior management and the external auditors to discuss any matter or to be kept informed of matters affecting the Group.

#### **4. Duties and Responsibilities**

**The Committee shall be responsible for the following in respect of its audit functions:**

##### ***Financial Reporting and Compliance***

- 4.1 Review of Financial Reports and Financial Statements:
- 4.1.1 Monitor and review with appropriate officers of the Group and the external auditors, the annual, interim and any other related formal financial statements and announcements prior to approval of the Board and public release thereof, focusing on:
- (a) the quality and integrity of the financial reports/statements, including but not limited to the clarity and completeness of the financial disclosures therein;
  - (b) significant financial reporting issues, judgements made by management and unusual transactions;
  - (c) changes in major accounting policies and practices, and implementation of such changes;
  - (d) compliance with applicable approved financial reporting standards, legal and regulatory requirements;
  - (e) significant adjustments resulting from the external audit; and
  - (f) the going concern assumption.
- 4.1.2 Review and ensure corporate disclosure policies and procedures of the Group (pertaining to accounting, audit and financial matters) comply with the disclosure requirements as set out in the Listing Requirements of Bursa Securities, the Malaysian Code on Corporate Governance and other regulatory requirement that may be announced from time to time, where applicable.
- 4.1.3 It is not the responsibility of the Committee to plan or conduct audits on the Group's financial statements. This responsibility remains with management who shall ensure that the Group's financial statements are complete and accurate, and are in compliance with generally accepted accounting principles. The Group's external auditor is responsible for conducting audit(s) in accordance with generally accepted auditing standards on consolidated and other statutory financial statements.
- 4.2 Review of Other Accounting, Audit and Financial Matters: Review such other matters in relation to the accounting, auditing and financial reporting practices and procedures of the Group as the Committee may, at its own discretion, deem desirable in connection with the review functions described above.
- 4.3 Review of Related Party Transactions: Review any related party transaction entered into by the Group in accordance with the Group's Policy on Related Party Transactions to ensure:
- 4.3.1 that the transactions have been conducted on the Group's normal commercial terms at an arm's length basis, on terms which are not more favourable to the related party than those generally available to the public;
  - 4.3.2 that the internal control procedures relating to such transactions are sufficient and have been complied with; and

- 4.3.3 compliance with the Listing Requirements and Practice Notes of Bursa Securities that are in force from time to time.
  - 4.3.4 practices and procedures for recurrent related party transactions disclosed in the Circular for shareholders' mandate are consistent with established management practices.
- 4.4 Other Matters:
- 4.4.1 Review the Systems of Internal Controls: Review with the external auditors, the Head of Corporate Assurance and management, the adequacy and integrity of the Group's internal controls including information technology security and control, the Group's financial, auditing and accounting organisations and personnel and the Group's policies and compliance procedures with respect to business practices.
  - 4.4.2 Review the Systems and/or Processes to manage fraud: Review with the external auditors, the Head of Corporate Assurance and management, the procedures for the prevention and detection of fraud including cyber fraud, and any deficiencies in internal controls that may expose the Group to other significant internal or external fraud losses as well as any disciplinary action in respect of fraud taken against the responsible parties. Report to the Board any suspected frauds or irregularities and any serious internal control or deficiencies which come to its attention and are of sufficient importance to warrant the attention of the Board.
  - 4.4.3 Review the Code of Business Ethics and the effectiveness of the programme established by management to monitor and enforce compliance with the Code of Business Ethics.
  - 4.4.4 Review matters in relation to legal compliance, conflicts of interest and investigations as the Committee may, at its own discretion, deem desirable in connection with the review functions described above.
  - 4.4.5 Review and discuss the content of management commentary, press releases and analyst presentations given in respect of any quarterly and annual financial reporting.
  - 4.4.6 Report to the Bursa Securities when the Committee is of the view that a matter reported by it to Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee must promptly report such matter to Bursa Securities.

### **Compliance Monitoring**

- 4.5 Monitor the overall compliance to the internal policies, statutory and regulatory requirements as well as guidelines for the Group. Report to the Board any suspected infringement of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board.

### **External Audit**

- 4.6 Nomination, Re-Appointment, Resignation and Dismissal of External Auditors: Recommend to the Board annually and at other appropriate times, to the Company' shareholders for approval at the annual general meeting, the firm to be retained as the Group's external auditors and where required, the terms of engagement and remuneration to be paid to the external auditors in respect of the audit services provided. This would include an annual review of the effectiveness of the external auditor, the qualifications, expertise and the adequacy of resources provided by the external auditor.

The Committee will review and report to the Board and subsequently to the shareholders, any proposed resignation or dismissal of the external auditors and whether there is reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment together with the Committee's recommendation. Where the external auditor is removed from office or has issued a notice of their intention to do so, the Committee shall concurrently forward to Bursa Securities and the Registrar of Companies, a copy of any written representations or written explanations of the resignation made by the external auditors.

#### 4.7 Assess Suitability, Objectivity and Independence of External Auditors

4.7.1 Review the suitability, objectivity and independence of such firm, at least on an annual basis including, among other things:

- (a) external audit firm's compliance with Malaysian regulations and ethical guidance relating to rotation of audit partner<sup>1</sup>, the level of fees that the Group pays in proportion to the overall fee income of the firm, office and partner and other related regulatory requirements.
- (b) assurance that representatives of the external audit firm have no family, financial, employment, investment or any other business relationship with the Group, other than that in the normal course of business.
- (c) the employment of former employees of the external audit firm within key management positions within the Group.
- (d) relationship between the Group and the external audit firm including the non-audit services which was provided, and expected to be provided by the external auditors.

4.7.2 The Committee is responsible for:

- (a) ensuring that the external auditor submits on a periodic basis to the Committee a formal written statement delineating all relationships between the auditor and the Group, consistent with applicable standards for auditors' independence, and to obtain confirmation from the external auditors that they are, and have been, independent throughout the conduct of the audit engagement;
- (b) actively engaging in dialogue with the external auditor with respect to any disclosed relationship or services that may impact the objectivity and independence of the external auditor; and
- (c) taking, or recommending that the Board take, appropriate action, to oversee the independence of the external auditor.

4.8 The Committee shall ensure that the provision of non-audit services by the external auditor comply with the Policy on the provision of non-audit services by the external auditor to ensure that the objectivity and independence of the audit firm are not impaired. The Policy provides guidance, but not limited to, the following:

4.8.1 The scope of the non-audit services, e.g.:

- The external auditor audits its own firm's work
- The external auditor is put in a role of an advocate for the Group
- The external auditor makes management decisions for the Group
- A mutuality of interest is created
- Any other ethical considerations deemed relevant

4.8.2 The non-audit fees charged in context with the audit fees

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<sup>1</sup> The Malaysian Institute of Accountants By-Laws (on professional ethics, conduct and practice under Section 290.151 provides that in respect of an audit of a public interest entity, an individual shall not be a key audit partner for more than 5 years.

- 4.9 Review External Audit Plans: Review with the external auditors their plans for, and the scope and cost effectiveness of their annual audit and other examinations, prior to the commencement of such activities. This should include the evaluation of systems of internal controls and risk management processes, to the extent performed as part of the external audit.
- 4.10 Conduct of External Audits: Review the assistance given by the Group's employees to the external auditors and ensure co-ordination where more than one (1) audit firm is involved and between the external and internal auditors.
- 4.11 Review the External Auditors' representations on their Quality Control Procedures and steps taken by the auditor to respond to changes in regulatory and other requisite requirements.
- 4.12 Review External Audit Results: Review with the external auditors, the report of their annual audit, the accompanying management letter and response, the report of their reviews of the Group's interim financials, and the problems and reservations arising, including significant audit adjustments, if any. The scope will also include the reports on the results of such other examinations outside the course of the external auditors' normal audit procedures that the external auditors may from time to time undertake.
- 4.13 Review Recommendations of External Audit: Review with the Head of Corporate Assurance, recommendations made by the external auditors and such other matters, if any, as such persons or other officers of the Group may desire to bring to the attention of the Committee.

#### **Internal Audit**

- 4.14 Review Independence of the Internal Audit Function: Review the internal audit function (Corporate Assurance Division) to ensure its activities are performed independently and with impartiality, proficiency and due professional care. The Committee shall approve the Corporate Assurance Charter which defines the purpose, authority, scope and responsibility of the Corporate Assurance function of the Group.
- 4.15 Review Internal Audit Plans: Review with the Head of Corporate Assurance and approve the Corporate Assurance Review Plan taking into consideration adequacy of the scope of audit activities and the adequacy of competencies, resources and budget required to carry out its function. The Head of Corporate Assurance will be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within the Group.
- 4.16 Review Internal Audit Reports: Review with the Head of Corporate Assurance, the Corporate Assurance Division's reports of its audit activities, key findings and recommendations, management's response to the recommendations and ensure that appropriate action is taken on their recommendations. This would include the extent of assistance and cooperation given by the Group's management and employees to support the activities of the Division.
- 4.17 Review Internal Audit Division: Monitor effectiveness and review the performance of the Corporate Assurance Division against the Division's Scorecard; Perform the appraisal on the performance of the Head of Corporate Assurance taking into consideration compliance with the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing and results of the quality assurance and improvement programme. The Committee shall also approve the remuneration of the Head of Corporate Assurance Division.
- 4.18 Appointment or termination of Head of Corporate Assurance and senior Internal Audit members: Recommend to the Board to approve the appointment or termination of the Head of Corporate Assurance who reports directly to the Committee and is independent from management. Review the appointment or termination of senior members of the Corporate Assurance Division (grade SAVP and above) and take cognisance of resignations of senior members as well as to provide the resigning staff an opportunity to submit his/her reason for resigning.

### **Share Schemes**

- 4.19 Verify shares and/or share options allocated: Review the verification performed by the Corporate Assurance Division on the allocation of shares or share options to the Group's eligible employees and eligible executives in accordance with allocation criteria established pursuant to the by-laws governing the relevant share scheme, where applicable and ensure that a statement by the Committee verifying such allocation is included in the annual report.

### **Whistleblowing**

- 4.20 Review the effectiveness of the Ethics Line Procedures and other procedures that the Group has implemented to address allegations made by whistleblowers, to ensure that there is proportionate and independent investigation of such allegations and that appropriate follow-up action is taken and brought to the attention of the Committee, where necessary.

**The Committee shall be responsible for the following in respect of its risk functions:**

### **Risk Management**

- 4.21 Risk Management responsibilities:

- (a) Oversee the risk management matters of the Group, which include the review of Enterprise Risk management framework and the risk cycle of identifying, managing, monitoring, treating and mitigating significant risks across the Group
- (b) Review and recommend the principles, frameworks, and policies for managing risks within the Group at least annually, for consideration and approval by the Board
- (c) Review and approve the procedures and guidelines for managing risks within the Group
- (d) Review, monitor and assess the risk appetite and risk tolerance for the Group
- (e) Review and recommend the Group Risk Profile which specifies key enterprise risks, for approval by the Board
- (f) Review and recommend the statement on risk management which forms part of the Statement on Internal Control for approval by the Board
- (g) Review and deliberate the reports on significant risk findings and recommendations
- (h) Review, monitor and assess the effectiveness of the Group's implementation of risk treatment/mitigation action plan(s) for the management and control of the key risks, including cyber risk and resilience
- (i) Review and assess the impact of cyber risk when undertaking any new activities, including but not limited to any investment decision, merger and acquisition, adoption of new technology and outsourcing arrangements
- (j) Review and keep updated of any new or emerging trends of threats, including cyber threats, so as to ensure that the management continues to promote risk awareness at all levels within the Group
- (k) Review new products, material investments/projects and ensure the appropriate and relevant risks have been adequately addressed before launch
- (l) Review if necessary together with other Committees, the management, Corporate Assurance and external auditors, any significant risks that could affect the Group and assess the steps that the management has taken to manage such risks
- (m) Review the adequacy of resources allocated for effective management of risk within the Group
- (n) Benchmark risk management practices of the Group against international recognised standards

- 4.22 Business Continuity Management responsibilities:

- (a) Review the framework, the plan and the scope as well as the effectiveness of the compliance and business continuity functions
- (b) Review and deliberate reports on business continuity testing results and recommendations
- (c) Benchmark business continuity management practices of the Group against international recognised standards

## **5. Rights and Powers of the Committee**

- 5.1 The Committee is duly empowered by the Board and has the authority to:
- 5.1.1 investigate any matters within its charter including to resolve disputes between management and the external auditor, if any.
  - 5.1.2 seek any information that it requires from any employee of the Group and to be provided with full and unrestricted access to such information, records and property pertaining to the Group.
  - 5.1.3 maintain direct communication channels with the external and internal auditors.
  - 5.1.4 obtain external legal or independent professional advice or invite outsiders with relevant experience to attend the Committee meetings and to advise the Committee, if the Committee deems it appropriate to carry out its functions under this Charter.
  - 5.1.5 have access to the Group's resources, at the Group's expense, to perform the Committee's duties.
  - 5.1.6 convene meetings with the internal and external auditors (excluding the attendance of other directors and management), if necessary.
  - 5.1.7 recommend steps or proposed courses of action, where required, to the Board on matters arising from the discharge of the Committee's duties and responsibilities.
- 5.2 In general and unless otherwise expressly authorised by the Board, the Committee shall not have delegated powers from the Board to implement its recommendations but is obliged to report its recommendations to the Board for consideration and implementation.
- 5.3 The Committee may create subcommittees to perform particular function, either generally or in specific instances.
- 5.4 In carrying out its duties and responsibilities, the Committee shall have access to the advice and services of the Secretary of the Company.

## **6. Annual Review of Charter**

- 6.1 The Committee shall review and reassess the adequacy of the Committee's charter in light of new best practices and new legal or regulatory requirements, at least annually and recommend the proposed changes to the Board.

## **7. Annual Self-Assessment Review**

- 7.1 The Committee shall conduct a self-assessment to monitor their overall effectiveness in meeting their responsibilities and report the results to the Board at least annually. The Board shall then review the composition, term of office, performance and effectiveness of the Committee and each of its members to determine whether the Committee has carried out their duties in accordance with this Charter and make necessary changes to the members of the Committee as it thinks fit, including re-appointing the existing members.

## **8. Ongoing Education and Induction Programme**

- 8.1 Members of the Committee are expected to undertake continuing professional education to keep abreast of developments not only in the area of financial reporting but also in regulatory compliance, technology, internal controls, business risk and the implications of significant changes that may affect the Group or industry.



8.2 For new Committee members, an induction programme which covers amongst others, an overview of the Group, the roles and responsibilities of the Committee, operations and current issues, current key business risks, the role and scope of external and internal audit, risk management and the board's expectations of the performance of Committee members shall be provided. The induction programme shall include meetings or discussions with other Committee members, management, Chief Risk Officer (or equivalent), Head of Corporate Assurance and external auditors.

## **9. Confidentiality**

9.1 All papers, resolutions, minutes and deliberations of the Committee are strictly and highly confidential.