



德成控股有限公司

TEK SENG HOLDINGS BERHAD 200201011909  
(579572-M)

## **TERMS OF REFERENCE OF AUDIT & RISK MANAGEMENT COMMITTEE**

### **1) Appointment / Composition:**

- 1.1 The members of the Committee shall be appointed by the Board.
- 1.2 The Committee shall consist of not less than three (3) members of whom:
  - a) all members of the Committee must be Non-Executive Directors with a majority of them being Independent Directors;
  - b) at least one (1) 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,
      - a) he must have at least three (3) years' working experience; and
        - he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
        - he must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
      - iii) he fulfils such other requirements as prescribed or approved by Bursa Securities.
    - c) all members of the Committee should be financially literate.
- 1.3 No Alternate Director shall be appointed as a member of the Committee.
- 1.4 An Independent Director who is a former key audit partner of the existing Company's External Auditors shall not be a member of the Committee unless his tenure as a director of the Company is above three (3) years (cooling-off period).
- 1.5 The Chairman of the Committee shall be appointed by the members of the Committee among their numbers who is an Independent Director.
- 1.6 The Board shall, within three (3) months of a vacancy occurring in the Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.



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## 2) Meetings

- 2.1 Meetings shall be held not less than four (4) times in a year. In addition, the Chairman of the Committee may call a meeting of the Committee if a request is made by any Committee members, the Company's Executive Chairman or the Managing Director of the Company.
- 2.2 The Committee may also be able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of the Group, whenever deemed necessary. The Committee should meet with the External Auditors without presence of the Executive Directors and management at least twice a year.
- 2.3 The quorum of a meeting shall be two (2) members with a majority of members present must be Independent Directors. The Company Secretary or any representative of the Secretary shall be the Secretary of the Committee.
- 2.4 The Committee may invite any directors, management, auditors or any consultants and advisers from time to time to attend the meeting depending on the nature of the subject under review.
- 2.5 The Chairman of the Committee should on a continuous basis, meet with the senior management, namely Executive Chairman, the Managing Director, the Internal and External Auditors in order to be kept informed of matters affecting the Company.
- 2.6 The Committee may resolves and approves certain ad-hoc matters via circular resolutions provided that the circular resolutions are drawn up with detailed information and must be signed by all members of the Committee.

## 3) Authority

- 3.1 The Committee is authorised by the Board to carry out the duties set out under section 3.2.
- 3.2 The Committee shall, whenever necessary and reasonable for the performance of its duties and in accordance with the procedures to be determined by the Board and at the Company's cost:
  - a) have authority to investigate any matter within its terms of reference;
  - b) have the resources which are required to perform its duties;
  - c) have full and unrestricted access to any information pertaining to the Company;
  - d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity (if any); and
  - e) be able to obtain independent professional or other advice.
- 3.3 The Internal Auditors report directly to the Committee.



#### **4) Functions and Responsibilities:**

The functions and responsibilities of the Committee shall include the following:

To review the following and report to the Board of Directors of the Company:

##### (1) External Auditors

- (a) the external audit memorandum, external audit review memorandum & external audit completion memorandum;
- (b) the quarterly results and year-end financial statements, before the approval by the Board of Directors, focusing particularly on –
  - (i) changes in or implementation of major accounting policy changes;
  - (ii) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and
  - (ii) compliance with accounting standards and other legal requirements;
- (c) any letter of resignation from the External Auditors of the Company; and
- (d) the appointment or re-appointment of External Auditors.

##### (2) Internal Audit Function

- (a) systems of internal controls;
- (b) the adequacy of the scope, competency and resources of the internal audit function;
- (c) the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken on the recommendations.

##### (3) Risk Management

- (a) monitoring the overall risk management framework
- (b) scrutinize risk profile including the activities in mitigating the principal risk identified

##### (4) Related Party Transaction and Conflict of Interest

- (a) any related party transaction and conflict of interests situation that may arise within Tek Seng Group including any transaction, procedure or course of conduct that raises questions of management integrity;



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## **TERMS OF REFERENCE OF NOMINATING COMMITTEE**

### **1) Appointment/Composition**

- 1.1 The Nominating Committee shall be appointed by the Board of Directors.
- 1.2 The Nominating Committee shall consist of not less than two (2) members.
- 1.3 All the Nominating Committee members must be non-executive directors, with a majority of them being independent directors.
- 1.4 The chairman of the Nominating Committee must be an independent director and shall be appointed by the Board of Directors. In the absence of the chairman of the Nominating Committee, the remaining members present shall elect one of their numbers to chair the meeting.

### **2) Meetings**

- 2.1 The Nominating Committee shall meet at least once a year and at such times, whenever they deemed necessary.
- 2.2 The quorum of the Nominating Committee meeting shall be two (2) members.
- 2.3 The Company Secretary or the representative of the Company Secretary shall act as the secretary of the Nominating Committee.
- 2.4 Participants may be invited from time to time to attend the Nominating Committee meeting depending on the nature of the subject under review. These participants may include the executive directors, the chief executive officer, the head of Human Resource and external advisers or experts.
- 2.5 The Nominating Committee may resolve and approve certain ad-hoc matters via circular resolutions provided that the circular resolutions are drawn up with detailed information and must be signed by all members of the Nominating Committee.

### **3) Authority**

- 3.1 The Nominating Committee is authorised by the Board of Directors to carry out the duties mentioned below and the other directors and employees shall give all assistance that is necessary to enable the Nominating Committee to discharge its duties.
- 3.2 The Nominating Committee shall, whenever necessary and reasonable for the performance of its duties and at the Company's cost to obtain independent professional or other advice.



#### **4) Duties and Responsibilities**

- 4.1 To annually assess the Board as a whole, the Board Committees and each individual directors;
- 4.2 To annually assess independence of the independent directors;
- 4.3 To annually assess the term of office and performance of the Audit & Risk Management Committee and each of its members;
- 4.4 To annually assess the senior management;
- 4.5 To annually assess the trainings attended by the directors and to assess the directors training needs;
- 4.6 To annually assess the composition and the diversity of the Board;
- 4.7 To recommend new candidate and to assess new candidate recommended by the Board and shareholders of the Company for appointment as a director of the Company. In making its recommendations, the Nominating Committee should take into consideration of the following criteria –
  - i) Qualification
  - ii) Expertise and competence
  - iii) Financial integrity
  - iv) Reputation and character
  - v) Any other parameters that the Committee may deem fit to analyze
- 4.8 To review and recommend to the Board, the appointment and continuation in office of any Independent Directors who have reached the tenure of nine (9) years and above. If Independent Director has served more than twelve (12) years has to either resign as a Director or to be re-designated as a Non-Independent Director.
- 4.9 To review and recommend to the Board, the re-election of directors who retire by rotation pursuant to the provision of the Company's Constitution, having due regard to their performance, skills and experience required.
- 4.10 To review the term of office and performance of the Committee and each of its members at least once every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.



## **TERMS OF REFERENCE OF REMUNERATION COMMITTEE**

### **1) Appointment / Composition**

- 1.1 The Remuneration Committee shall be appointed by the Board of Directors.
- 1.2 The Remuneration Committee shall consist of not less than three (3) members, comprising wholly independent directors.
- 1.3 The Chairman of the Remuneration Committee must be an Independent Director and shall be appointed by the Board of Directors. In the absence of the chairman of the Remuneration Committee, the remaining members present shall elect one of their number to chair the meeting.

### **2) Meeting**

- 2.1 The Remuneration Committee must meet at least once a year.
- 2.2 The quorum of the Remuneration Committee meeting shall be two (2) members.
- 2.3 The Company Secretary or the representative of the Company Secretary shall act as the secretary of the Remuneration Committee.
- 2.4 Participants may be invited from time to time to attend the meeting depending on the nature of the subject under review. These participants may include the Executive Directors, Division Heads, representatives from Internal Auditors, External Auditors and any other experts, where relevant.
- 2.5 The Remuneration Committee may resolve and approve certain ad-hoc matters via circular resolutions provided that the circular resolutions are drawn up with detailed information and must be signed by all members of the Remuneration Committee.

### **3) Authority**

- 3.1 The Remuneration Committee is authorised by the Board of Directors to carry out the duties mentioned below and the other directors and employees shall give all assistance that is necessary to enable the Remuneration Committee in discharging its duties.
- 3.2 The Remuneration Committee shall, whenever necessary and reasonable for the performance of its duties and at the Company's cost to obtain independent professional or other advice.

### **4) Functions / Responsibilities**

- 4.1 To establish and recommend to the Board, the remuneration policy of the Group
- 4.2 To review and recommend to the Board, the remuneration package of executive directors
- 4.3 To review and recommend to the Board, the directors' fees for shareholders' approval at the Annual General Meeting
- 4.4 To review and recommend to the Board, the Directors' benefits of non-executive Directors for shareholders' approval at the Annual General Meeting
- 4.5 To consider other remunerations or rewards to retain and attract directors.