



# **RADIUM DEVELOPMENT BERHAD**

(Registration No. 201301009006 (1038848-V))

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

VERSION	EFFECTIVE DATE
1	1 MARCH 2023

**RADIUM DEVELOPMENT BERHAD**  
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(Incorporated in Malaysia)

Terms of Reference of Audit and Risk Management Committee

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**1. INTRODUCTION**

The Audit and Risk Management Committee (“ARMC” or “the Committee”) was formed by the Board of Directors (“the Board”) of Radium Development Berhad (“Radium” or “the Company”) on 28 February 2023.

This Terms of Reference of the Committee is established pursuant to the Main Market Listing Requirements (“MMLR”) and approved by the Board.

The purpose of the Committee is to assist the Board in ensuring the effective governance over the appropriateness of the financial reporting of Radium 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 systems of internal and external controls, business risks and related compliance activities.

**2. DEFINITIONS**

In this Terms of Reference, unless the context otherwise requires, the following abbreviations shall have the meanings set forth opposite such expressions: -

Bursa Securities	: Bursa Malaysia Securities Berhad
CC	: Company’s Constitution
Co Act	: Companies Act, 2016
Radium or the Company	: Radium Development Berhad
MCCG	: Malaysian Code on Corporate Governance
MMLR	: Main Market Listing Requirements

Words importing the masculine gender only, include the feminine gender;

**3. COMPOSITION**

3.1 The Committee shall be appointed by the Board of Directors (“the Board”) amongst the Directors and shall consist of not less than three (3) members, all of whom must be Non-Executive Directors, with a majority of them being Independent.

3.2 The Chairman of the Committee (“the Chairman”) who shall be elected by the Committee must be an Independent Non-Executive Director.

3.3 The Chairman is not the Chairman of the Board. This is to ensure that the Chairman is able to provide full commitment and devote adequate time to matters under the responsibilities of the Committee and to exercise independent judgement.

3.4 No alternate Director shall be appointed as a member of the Committee.

3.5 The Board shall at all times ensure that at least one (1) member of the Committee:

- I. must be a member of the Malaysian Institute of Accountants (“MIA”); or
- II. if he is not a member of MIA, he must have at least three (3) years of 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

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- 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. fulfils such other requirements as prescribed or approved by Bursa Securities.
- 3.6 The Company Secretary of the Company shall act as the Secretary of the Committee.
- 3.7 Any former key audit partner of the Group shall observe a cooling-off period of at least three (3) years before being appointed as a member of the Committee.
- 3.8 In the event a member of the Committee resigns, dies or for any other reason ceases to be a member, resulting in the above-mentioned Committee membership condition not being fulfilled, the Board shall within three (3) months of that event appoint a new member(s) as may be necessary to fulfil the MMLR.
- 3.9 The Nomination Committee shall review the term of office and performance of the Committee and each of its members annually to determine whether the Committee and its members have carried out their duties in accordance with the Terms of Reference.

**4. FUNCTIONS & RESPONSIBILITIES OF THE COMMITTEE**

**4.1 In relation to External Auditors**

- (a) To consider the appointment or annual re-appointment of the External Auditors and fix their audit fee, and any question of their resignation or dismissal and the reasons thereof;
- (b) To run the audit tender process independent of management including establishing objective criteria when assessing appointment of external auditors, to ensure audit quality may not be compromised or that fees are not given undue weight;
- (c) To discuss with the External Auditors their audit plan, the nature and scope of the audit, evaluation of the Company's systems of internal controls and their audit report on the annual financial statements, including Key Audit Matters;
- (d) Ensure External Auditors have sufficient understanding of business / operations / risk areas, senior audit team members are sufficiently involved throughout the audit process and the team has the capacity and ability to work in different geographical regions;
- (e) To assess External Audit firm's measures to uphold audit quality and manage risks including adopting indicators of audit quality;
- (f) To discuss issues and reservations arising from the interim and final audits with the External Auditors, and any other matters the External Auditors or other consultants may wish to discuss, in the absence of Management, where necessary and in any case at least twice a year;
- (g) To review the External Auditors' Management letter and Management's response thereon and ensure management provides information and records in a timely manner;
- (h) Obtain assurance from the External Auditors that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements, and that following such annual assessment review and the assurance obtained, the Audit Committee to remain confident of the External Auditor's independence and suitability;
- (i) To evaluate the performance of External Auditors including reviewing the independence, suitability, objectivity and cost effectiveness, taking into account

factors including the competency, adequacy of experience and resources of the firm and professional staff assigned to perform the audit;

- (j) Ensure that advance approval by the Board is required for non-audit services provided by the External Auditors, on the recommendation of the Committee; and
- (k) Review all non-audit services performed by the External Auditors to reinforce the independence and objectivity of the External Auditors.

#### **4.2 In relation to the financial statements**

- (a) To review the quarterly and annual financial statements of the Company before submission to the Board of Directors, focussing particularly on: -
  - (i) Public announcement of the results and dividend payment;
  - (ii) Any changes in accounting policies and practices;
  - (iii) The going concern assumption;
  - (iv) Compliance with approved accounting standards;
  - (v) Compliance with Bursa Securities and legal requirements; and
  - (vi) Significant adjustments arising from the audit.
- (b) Review the Company's dividend proposals including considering the quantum, timing and cash flow of dividend payments, and recommending the same to the Board for approval;
- (c) Review all related party transactions, including any conflict-of-interest situations arising; and
- (d) Review the Company's annual report prior to submission to the Board for their perusal and approval, to ensure compliance in accordance with the provisions of the Co Act and MMLR, the applicable approved accounting standards and any other laws or regulations which might apply.

#### **4.3 In relation to Internal Audit**

- (a) To do the following, in relation to the Internal Audit functions:
  - (i) Review the adequacy of the scope, functions, competency and resources of the Internal Audit functions, and that it has the necessary authority and resources to carry out its work, including training programs for the staff;
  - (ii) Consider whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
  - (iii) Review the internal audit plan for the year and findings of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the Internal Audit functions by Management;
- (b) Ensure the Company's Internal Control Framework is maintained, including periodically reviewing controls, organising self-assessments and ensuring the effectiveness of the system;
- (c) Ensure the Company adopts the Standards and Principles outlined in the International Professional Practices Framework (IPPF) of The Institute of Internal Auditors;
- (d) Review and appraise the performance of members of the Internal Audit functions on an annual basis;
- (e) Approve any appointment and termination of senior staff members of the Internal Audit functions; and
- (f) Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

#### **4.4 In relation to Corporate Risk Management**

- (a) to review the adequacy of and to provide reasonable assurance to the Board of the effectiveness of risk management functions of the Group; and
- (b) to ensure that the principal and requirements of managing risk are consistently adopted throughout the Group.

**4.5 In relation to Internal Control System**

- (a) to assess the quality and effectiveness of the systems of the internal control and the efficiency of the Group's operations;
- (b) to review the findings on the internal control in the Group by internal and external auditors; and
- (c) to review and approve the Statement of Risk Management and Internal Control for the annual report as required under the MMLR.

**4.6 In relation to Corporate Governance**

- (a) to review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow up (including disciplinary action) any instances of non-compliance;
- (b) to review the findings of any examinations by regulatory authorities;
- (c) to consider any related party transaction and conflict of interest that may arise within the Group including any transaction, procedure or course of conduct that raises questions of integrity;
- (d) to review and approve the Statement of Corporate Governance for the annual report as required under the MMLR;
- (e) to examine instances and matters that may have compromised the principles of Corporate Governance and report back to the Board;
- (f) to review the investor relations programme and stakeholder communication policy for the Company;
- (g) to develop and regularly review the Group's Code of Conduct and Business Ethics;
- (h) where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved, resulting in a breach of the MMLR, the Committee must promptly report such matters to Bursa Securities;
- (i) to review reporting information about the contents and operations of the Anti-Bribery and Corruption Policy to ensure the policy is kept robust and up to date;
- (j) to ensure the Management has adequate and appropriate resources needed for the effective operation of the Anti-bribery and Corruption Policy to fulfil and comply with the Malaysian Anti-Corruption Commission Act; and
- (k) any such other functions as may be agreed by the Committee and the Board.

**4.7 Other Scope of Work**

- (a) To consider and review the appropriateness of any related party transaction and conflict of interest situations that may arise within the Company including ensuring compliance with applicable laws and regulations;
- (b) To consider major findings of any internal investigations and Management's response thereon;
- (c) To review the draft circulars with respect to obtaining shareholders' mandate on any Recurrent Related Party Transactions of a Revenue or Trading Nature, before submission to the Board;

- (d) To undertake oversight responsibility and strategic management of material sustainability matters delegated by the Board; and
- (e) To consider any other topics, as defined by the Board.

## **5. POWERS OF THE COMMITTEE**

- 5.1 In carrying out its duties and responsibilities, the Committee will have the following rights:
  - i) Explicit authority to investigate any matter within its terms of reference and to appoint such independent experts or investigator(s), as appropriate and at a reasonable cost.
  - ii) The resources that are required to perform its duties.
  - iii) Full, free and unrestricted access to any information, records, properties and personnel of Radium and of any other company within its Group.
  - iv) Direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.
  - v) Be able to obtain independent professional or other advice and to invite outsiders with relevant expertise to attend the Committee's meetings (if required) and to brief the Committee.
  - vi) 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.
- 5.2 The attendance of any particular Committee meeting by other Directors and employees of the Company shall be at the Committee's invitation and discretion, and must be specific to the relevant meeting.
- 5.3 Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of Bursa Securities MMLR, the Committee must promptly report such matter to Bursa Securities.

## **6. MEETING**

- 6.1 The Committee shall convene meetings at least four (4) times a year, or more frequently as the Committee considers necessary. The Chairman, or the secretary on the requisition of any members, the head of internal audit or the external auditors, shall at any time summon a meeting by giving reasonable notice.
- 6.2 A meeting may be held by way of tele-conferencing, video-conferencing or other telecommunication means, which permits all persons participating in the meeting to communicate with each other. A person so participating shall be deemed to be present in person at such meeting and shall be counted in a quorum and be entitled to vote.
- 6.3 The quorum for the Committee meeting shall be at least two (2) members present at the meeting, the majority of which must be Independent Directors.
- 6.4 The secretary shall draw up the agenda for each meeting, in consultation with the Chairman. The agenda shall be distributed to all members of the Committee and head of internal audit as well as external auditors 14 days prior to the meetings. The meeting papers shall be furnished at least (5) clear days prior to the meetings, to enable the members of the Committee to prepare for the meetings.

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- 6.5 The Chairman shall chair the Committee meetings and, in his absence, the members present shall elect among themselves, a Chairman of the meeting.
- 6.6 The Chief Financial Officer, the Company Secretary, the head of internal audit and a representative of the external auditors shall normally be invited to attend the meetings but may be requested to leave a meeting as and when deemed necessary by the Committee. Other Board members and senior management staff may attend meetings upon the invitation of the Committee. However, the Committee shall meet the external auditors without any Executive Directors and employees present at least once a year.
- 6.7 Any decision to be taken shall be decided by a majority of votes and in the case of equality, the Chairman of the meeting shall have a casting vote.
- 6.8 The Committee may also deal with matters by way of circular resolutions.
- 6.9 All reports, recommendations and findings of the Committee shall be submitted to the Board for approval.
- 6.10 Every meeting of the Committee must be recorded either by the Company Secretary or any other person approved by the Committee to take minutes and such minutes must be signed by the Chairman of the meeting as evidence that the meeting was duly convened and held.

### **7. DISCLOSURE**

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

### **8. REVIEW OF TERMS OF REFERENCE**

- 8.1 These Terms of Reference may be revised or amended from time to time as and when required to meet good corporate governance practices.
- 8.2 All amendments to the Terms of Reference of the Committee must be approved by the Board of the Company.
- 8.3 The Terms of Reference is made available for reference on the Company's website at [www.radiumdevelopment.com](http://www.radiumdevelopment.com).