

## **TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

### **1. Membership**

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall not be fewer than three (3) members. All the members must be Non-executive Directors, with a majority of them being Independent Directors as defined in Chapter 1 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The quorum shall be two (2) members, a majority of whom shall be Independent Directors. The Chairman of the Committee shall be elected by the members of the Committee from amongst their members and shall be an Independent Director.

At least one 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 the MIA, he must have at least 3 years’ working experience and:
  - a) he must have passed the examinations specified in Part 1 of the 1st Schedule to the Accountants Act, 1967; or
  - b) he must be a member of one of the associations of accountants specified in Part 11 of the 1st Schedule to the Accountants Act, 1967.
- iii. fulfills such other requirements as prescribed or approved by Bursa Securities.

### **2. Attendance at Meetings**

The Finance Director, Financial Controller, the Internal Auditors and representative of the External Auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit Committee, specific to the relevant meeting.

The Company Secretaries shall be the Secretaries of the Committee, responsible for drawing up the agenda with the concurrence of the Chairman and circulating it, supported by explanatory documentation to the Committee members prior to each meeting.

### **3. Frequency and Procedures of Meetings**

- i. Meetings shall be held not less than four times a financial year.
- ii. The Committee shall regulate its own procedures, in particular:
  - a) the calling of meetings;
  - b) the notice to be given of such meetings;
  - c) the voting and proceedings of such meetings;
  - d) the keeping of the minutes; and
  - e) the custody, production and inspection of such minutes.

### **4. Functions**

The Committee shall amongst others, discharge the following functions:

- i. To review the following and report on the same to the Board: -
  - a. with the External Auditors, the audit plan;
  - b. with the External Auditors, their evaluation of the system of internal control;
  - c. with the External Auditors, the audit report;
  - d. the assistance given by employees of the Group to the External Auditors;
  - e. the adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its works;
  - f. 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;

- g. any major findings of internal investigations and management's response;
- h. the quarterly results and year end financial statements, prior to the approval by the Board of Directors, particularly on:
  - any changes in or implementation of major accounting policies;
  - significant adjustments resulting from the audit;
  - the going concern assumption;
  - significant matters highlighted including financial reporting issues, significant judgements made by management; significant and unusual events or transaction and how these matters are addressed; and
  - compliance with accounting standards and other legal requirements.
- i. to discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of management, where necessary);
- j. the External Auditor's management letter and management's response;
- k. any related party transactions and conflict of interest situations that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- l. to consider the audit fee of the External Auditors;
- m. to consider the appointment of the External Auditors and any letter of resignation from the external auditors of the Company and to deal with any questions of resignation or dismissal;
- n. to recommend the nomination of a person or persons as External Auditors;
- o. to promptly report to Bursa Securities if a matter reported by the Audit Committee to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the Bursa Securities Main Market Listing Requirements;
- p. to ensure financial statements comply with applicable financial reporting standards;
- q. the adequacy of the Audit Committee's policies and procedures for the provision of non-audit services by the Group's auditors;
- r. to obtain a written confirmation from the External Auditors on an annual basis or at any time as the Audit Committee may request, confirming 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;
- s. whether there is reason (supported by grounds) to believe that the Company's External Auditors are not suitable for re-appointment;
- t. to consider the appointment of the Internal Auditors, the fees and any questions of nomination, resignation or dismissal;
- u. to assess the adequacy and integrity of the risk management and internal control system through independent reviews conducted and reports it received from the Internal Auditors, the External Auditors and the Management; and
- v. to consider other topics, as defined by the Board.

## **5. Rights**

The Committee shall, in accordance with the procedures determined by the Board and at the cost of the Company:

- 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 all information and documents relevant to its activities as well as direct communication channels with the External Auditors, person(s) carrying out the internal audit function or activity and the Senior Management of the Group;
- d. be able to obtain independent professional advice; and
- e. 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.

## **6. Reporting Procedures**

The Company Secretaries shall circulate the minutes of the meetings of the Committee to all members of the Board.