



AUDIT COMMITTEE

- Terms of Reference

The terms of reference of the Audit Committee (“AC” or “Committee”) are as follows:

1. COMPOSITION

The AC shall be appointed from amongst the Board and shall:

- (i) composed of not fewer than three (3) members who are Non-Executive Directors, with a majority of them being Independent Directors;
- (ii) have at least one (1) member:
 - (a) is a member of the Malaysian Institute of Accountants; or
 - (b) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years’ of working experience and;
 - (aa) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967 (Appendix A); or
 - (bb) he/she must be a member of one of the associations of accountants as specified in Part II of the 1st Schedule of the Accountants Act 1967 (Appendix B); or
 - (c) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”);
- (iii) not include any Alternate Director; and
- (iv) not include the former key audit partner without a cooling-off period of at least two (2) years since his/ her ceased to be the audit partner.

In the event of any vacancy in the AC resulting in non-compliance of items 1(i), 1(ii) and 2(ii), the Company’s must fill the vacancy within three (3) months. Therefore, a member of the AC who wishes to retire or resign shall provide sufficient written notice to the Company so that a replacement may be appointed before he/she leaves.

2. CHAIRMAN

- (i) The Chairman of the AC shall be appointed by the Board, or failing which, by the members of the AC themselves. The Chairman shall be an Independent Director of whom is not the Chairman of the Board. In the absence of the Chairman, the meeting shall be chaired by another member of the AC who is an Independent Director.
- (ii) The Chairman should engage on a continuous basis with the Chairman of the Board, the Managing Director, the Chief Financial Officer, Senior Management, the internal auditors and the external auditors in order to be kept informed of matters affecting the Company, such as the Company’s reporting process, internal controls, risk management and governance with the aim to ensure effectiveness and efficiency of the internal control system and the risk management framework.



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- (iii) The role of the Chairman is planning and conducting meetings, overseeing reporting to the Board, encouraging open discussion during meetings and developing and maintaining active on-going dialogue with Senior Management and both internal and external auditors.

3. SECRETARY

- (i) The Company Secretary or his/her nominee shall act as Secretary of the AC and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.
- (ii) The Secretary or his/her nominee shall also be responsible for attending, recording and keeping the minutes of meetings of the AC and circulating them to the Committee members. The Committee members may inspect the minutes of the AC Meeting at the Registered Office or such other place as may be determined by the AC.

4. MEETINGS

- (i) The AC shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.
- (ii) The AC may call for a meeting as and when required with reasonable notice as the Committee members deem necessary. The Committee members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
- (iii) All decisions at such meeting shall be decided by a show of hands on a majority of votes. The Chairman shall have the casting vote should a tie arise.
- (iv) The Managing Director, Chief Financial Officer, internal auditors and/or external auditors may attend at any meeting at the invitation of the AC and shall appear before the Committee when required to do so by the Committee.
- (v) The Chairman shall upon request of the internal auditors and/or external auditors, convene a meeting with the Committee to consider any matter the internal auditors and external auditors believe shall be brought to the attention of the directors or shareholders.
- (vi) Any resolution in writing signed or approved by letter or telefax or other electronic means by majority of the members who are Independent Directors shall be as valid and effectual as if it had been passed at a meeting of the AC duly called and constituted, and may consist of several documents in the like form, each signed by one or more members of the AC.



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5. REVIEW OF THE AC

The terms of office and performance of the AC and each of its members must be reviewed by the Nomination and Remuneration Committee annually to determine whether such AC and its members have carried out their duties in accordance with their terms of reference.

6. RIGHTS AND AUTHORITY

The AC shall:

- (i) have authority to investigate any matter within its terms of reference;
- (ii) have the resources which are required to perform its duties;
- (iii) have full and unrestricted access to any information pertaining to the Group;
- (iv) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (v) have the right to obtain independent professional or other advice and to invite outside experts or advisors such as valuer, tax consultants with relevant experience and expertise to attend Committee meeting (if required) and to brief the Committee at the expense of the Company, with prior consent of the Managing Director to approve the budget;
- (vi) have the right 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;
- (vii) promptly report to Bursa Securities, or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the Listing Requirements;
- (viii) meet as and when required on a reasonable notice.

7. DUTIES AND FUNCTIONS

❖ Risk Management and Internal Control

- (i) To review the adequacy and effectiveness of the Company's risk management framework and processes and to recommend necessary measures to the Board.
- (ii) To evaluate the quality and effectiveness of the Company's internal control system and management information system ("MIS"), including compliance with the applicable rules and regulations corporate governance requirements and guidelines.
- (iii) To review the Director's Statement on Risk Management and Internal Control and any changes to the said statement.



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- (iv) To assist the Board in identifying the principal risks, review and assess the effectiveness of the risk management framework and internal control systems based on the reports and recommendations from the internal auditors and report to the Board on its findings.

❖ **Financial Reporting**

- (i) To review the quarterly results and annual financial statements before recommending to the Board for approval and release to Bursa Securities, focusing particularly on:
 - (a) any changes in or implementation of accounting policies and practices;
 - (b) significant or material adjustments with financial impact arising from the audit;
 - (c) significant unusual events or exceptional activities;
 - (d) financial decision-making with the presumptions of significant judgments;
 - (e) the going concern assumptions;
 - (f) the appropriateness of management's selection of accounting policies and disclosures in compliance with approved accounting standards and other regulatory requirements; and
 - (g) compliance with applicable financial reporting standards.
- (ii) To propose best practices on disclosure in the financial statements and the annual reports of the Company, to be in line with the recommendations set out in the Malaysian Code of Corporate Governance and other applicable rules and regulations.
- (iii) To monitor the integrity of the financial statements of the Company and to assess whether the financial report represents a true and fair view of the Company's performance and ensure compliance with regulatory requirements.

❖ **External Audit**

- (i) To recommend the appointment or re-appointment of the external auditors and audit fee to the Board, after reviewing the suitability, resources, competency and independence of the external auditors.
- (ii) To make appropriate recommendations to the Board on matters of resignation, dismissal or cessation of office of the external auditors and secure the reason of such resignation, dismissal or cessation of office.
- (iii) To review with the external auditors on:
 - (a) the audit plan, its scope and nature;



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- (b) the audit report;
- (c) the evaluation of system of internal control;
- (d) the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
- (e) the assistance given by the officers of the Company to the external auditors, including any difficulties or disputes with Senior Management encountered during the audit.

❖ Internal Audit

- (i) To review the adequacy of the scope, functions, competency, resources and set the standards of the internal audit function.
- (ii) To review the risk-based internal audit plans and programmes.
- (iii) To review and discuss with the internal auditors, their audit findings, recommendations made, Senior Management's response to the audit findings and proposed action plans, including those issues arising during the course of audit.
- (iv) To review the major findings reported by the internal auditors and follow up on Senior Management's implementation of the recommended actions.
- (v) To annually assess the performance of services provided by the internal auditors.

❖ Related Party Transactions

- (i) To review and monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public;
- (ii) To ensure that the Directors report such transactions annually to shareholders via the annual report; and
- (iii) To review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

❖ Other Matters

- (i) To report to Bursa Securities, if the AC views that a matter resulting in a breach of the Main Market Listing Requirements of Bursa Securities reported by the AC to the Board has not been satisfactorily resolved by the Board.
- (ii) Direct and where appropriate supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts.



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- (iii) To highlight such matters as the AC considers appropriate or as defined by the Board from time to time.
- (iv) To verify the allocation of options pursuant to a share issuance scheme for employees of the Group, if any, as being in compliance with the criteria for allocation of options under share issuance scheme at the end of each financial year.
- (v) To review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- (vi) To review the Company's procedures for detecting fraud.
- (vii) To cultivate the awareness of the employees and ensure the whistleblower could report directly to the Committee on any possible wrongdoings or fraud detected.

8. REVIEW OF TERMS OF REFERENCE

The terms of reference shall be assessed, reviewed and updated whenever necessary when there are changes to the Malaysian Code on Corporate Governance, Main Market Listing Requirements, any other regulatory requirements or when there are changes to the direction or strategies of the Group that may have an effect on the AC's roles and responsibilities.

The AC shall recommend any change to the terms of reference to the Board for approval.

The assessment of the AC's terms of reference shall be a rigorous process, taking into consideration of the Company's circumstances and any new regulations that may have an effect on the AC's responsibilities.