

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

### **1. Objective**

The Audit Committee (“Committee”) will give assurance to the Company’s shareholders that compliance with specified financial standards and disclosure policies developed and administered by Bursa Malaysia Securities Berhad (“Bursa Securities”) are being adhered to. In addition, the Committee will assure that certain standard of corporate responsibility, integrity, and accountability to the Company’s shareholders are being inculcated in the duties and responsibilities of the Board of Directors of the Company.

### **2. Composition**

- 2.1 The Committee shall be appointed by the Board of Directors (“Board”) from amongst its members 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 directors.
- 2.2 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 the MIA, he must have at least three (3) years’ working experience and :
    - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  - (iii) fulfils such other requirements as prescribed or approved by Bursa Securities.
- 2.3 No alternate director shall be appointed as a member of the Committee.
- 2.4 The Chairman of the Committee shall be an independent director elected by the members of the Committee.
- 2.5 The Board, shall within three (3) months of vacancy in the Committee resulting in reduction of the number of members to below three, appoint such number of new member(s) as may be required to make up the minimum number of three members.

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### **3. Meetings**

- 3.1 The Committee shall meet as and when need arises provided that it shall meet at least four (4) times a year.
- 3.2 The Chairman of the Committee shall also convene a meeting of the Committee if requested to do so by any members of the Committee, the Management, the person(s) carrying out the internal audit function or activity or external auditors to consider any matter within the scope and duties of the Committee.
- 3.3 A quorum shall be two (2) members and a majority of members present must be independent directors.
- 3.4 Other Directors and employees attend any particular Committee meeting only at the Committee's invitation, specific to the relevant meeting.
- 3.5 The Committee shall meet with the external auditors, the person(s) carrying out the internal audit function or activity or both, without the presence of other Directors and employees of the Company, whenever deemed necessary.
- 3.6 The Company Secretary shall be the secretary of the Committee.
- 3.7 Minutes of each meeting shall be kept and distributed to each member of the Committee.

### **4. Committees Members' Resolution in Writing**

A resolution in writing, signed or assented to by all of the committee members then entitled to receive notice of a meeting of the Committee, shall be as valid and effectual as if it had been passed at a meeting of the Committees duly convened.

### **5. Authority**

The Committee is authorised by the Board and at the cost of the Company to :-

- (a) 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;

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### **5. Authority (Cont.)**

- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) obtain independent professional or other advice, and to secure the attendance of external advisers with relevant experience and expertise; if deemed necessary;
- (f) convene meetings with the external auditors, the person(s) carrying out the internal audit function or activity or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

### **6. Functions and Duties**

The functions and duties of the Committee shall be as follows and the same are to be reported to the Board :-

- (a) To review with the external auditors the audit plan, the audit report, major findings and management's response thereof;
- (b) To review with the person(s) carrying out the internal audit function or activity the audit plan, the audit report, major findings and management's response thereof;
- (c) To review the assistance given by the Group's employees to the external auditors and person(s) carrying out the internal audit function or activity;
- (d) To review the effectiveness of internal control systems;
- (e) To review the adequacy of the scope, functions, competency and resources of the internal audit functions, and that it has the necessary authority to carry out its work;
- (f) To evaluate the performance of the external auditors and person(s) carrying out the internal audit function or activity;
- (g) To recommend the appointment/re-appointment, resignation and dismissal of the external auditors and person(s) carrying out the internal audit function or activity;
- (h) To review the quarterly and annual financial statements of the Company and the Group for recommendation to the Board for approval, focusing particularly on :-
  - (i) changes in or implementation of major accounting policies 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;
  - (iii) compliance with accounting standards and other legal requirements; and
  - (iv) the going concern assumption;

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### **6. Functions and Duties (Cont.)**

- (i) To review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (j) To review the Statement on Risk Management and Internal Control prior to approval by the Board;
- (k) To consider other topics as defined by the Board.

### **7. Reporting**

- 7.1 The Committee shall report to the Board from time to time its recommendations for consideration and implementation by the Board, and the actual decision shall be the responsibility of the Board thereafter.
- 7.2 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 Listing Requirements of Bursa Securities, the Committee must promptly report such matter to Bursa Securities.

### **8. Review of the Committee**

The term of office and performance of the Committee and each of its members shall be reviewed by the Nominating Committee annually to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.