



**SASBADI HOLDINGS BERHAD**  
(Company No. 1022660-T)

**TERMS OF REFERENCE OF AUDIT COMMITTEE**

**Constitution**

The Board of Directors (“Board”) has established a Committee of the Board to be known as the Audit Committee. The Audit Committee assists the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, financial reporting practices, system of internal control, the audit process and the process of monitoring compliance with laws and regulations.

**Membership**

1. The Audit Committee shall be appointed by the Board from among the Directors of the Company and shall comprise at least three (3) members, all of whom must be non-executive directors, with a majority of them being independent.
2. At least one (1) member of the Audit 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, 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) either one (1) of the following qualifications and at least three (3) years’ post qualification experience in accounting or finance:
    - a degree/masters/doctorate in accounting or finance; or
    - a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants; or
  - (iv) at least seven (7) years’ experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
3. No alternate director shall be appointed as a member of the Audit Committee.
4. The members of the Audit Committee shall elect a Chairman from among their number who shall be an Independent Director.
5. The Company Secretary or his nominee or such other persons authorised by the Board shall act as the Secretary of the Audit Committee.

6. If a member of the Audit Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall, within three (3) months from the date of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
7. The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether such Committee and its members have carried out their duties in accordance with their terms of reference.

### **Meetings and Minutes**

8. The Audit Committee shall meet at least four (4) times in a financial year, although additional meetings may be called at any time at the Audit Committee Chairman's discretion.
9. The quorum for a meeting of the Audit Committee shall consist of not less than two (2) members, majority of whom must be Independent Directors.
10. Other than in circumstances which the Chairman of the Audit Committee considers inappropriate, the Chief Financial Officer, the representatives of the internal auditors and external auditors will attend any meeting of the Audit Committee to make known their views on any matter under consideration by the Audit Committee or which in their opinion, should be brought to the attention of the Audit Committee. Other Board members, employees and external professional advisers shall attend any particular meetings upon invitation by the Audit Committee.
11. At least twice in a financial year, the Audit Committee shall meet with the external auditors without the Executive Directors and representatives of Management being present.
12. The Audit Committee shall report to the Board and its minutes tabled and noted by the Board. The books containing the minutes of proceedings of any meeting of the Audit Committee shall be kept by the Company at the registered office or the principal office of the Company, and shall be open for inspection of any member of the Audit Committee and the Board.

### **Authority**

13. The Audit Committee is authorised by the Board to investigate any matter within the Audit Committee's terms of reference. It shall have full and unrestricted access to any information pertaining to the Group and shall have the resources it requires to perform its duties. All employees of the Group are required to comply with the requests made by the Audit Committee.
14. The Audit Committee is authorised by the Board to obtain external independent professional or other advice, the expenses of which will be borne by the Company and to invite outsiders to attend the Audit Committee's meetings if it considers necessary.
15. The Audit Committee shall have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.

16. The Audit Committee shall 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.
17. The internal auditors shall report directly to the Audit Committee and shall have direct access to the Chairman of the Audit Committee on all matters of control and audit.

### **Functions and Duties**

18. The Audit Committee shall, among others, discharge the following functions and duties:

- 18.1 Review the following and report the same to the Board:

- (a) with the external auditors, the audit plan, the nature and scope of work and ascertain that it will meet the needs of the Board, the shareholders and regulatory authorities;
- (b) with the external auditors, their evaluation of the quality and effectiveness of entire accounting system, the adequacy and integrity of the internal control system and the efficiency of the Group's operations;
- (c) with the external auditors, their audit report;
- (d) the assistance given by employees of the Group to the external and internal auditors;
- (e) 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 including inter alia the appointment of internal auditors;
- (f) the internal audit programme, processes and results of the internal audit programme, processes, major findings of internal investigation and Management's response and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (g) review any appraisal or assessment of the performance of members of the internal audit function;
- (h) the quarterly results and annual financial statements prior to the approval by the Board, focusing particularly on:
  - (i) changes in or implementation of major accounting policies and practices;
  - (ii) significant and unusual events;
  - (iii) significant adjustments arising from the audit;
  - (iv) compliance with accounting standards, other statutory and legal requirements and the going concern assumption;
  - (v) the accuracy and adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group;

- (i) any related party transactions and conflict of interest situations that may arise within the Company or Group and any related parties outside the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (j) any letter of resignation from the external auditors of the Company;
  - (k) whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment; and
  - (l) any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external and internal auditors, particularly any comments and responses in management letters as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.
- 18.2 Review any matters concerning the appointment and dismissal of both the external and internal auditors, their audit fees and render its recommendations accordingly to the Board.
- 18.3 Promptly report to Bursa Malaysia Securities Berhad on any matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of Bursa Malaysia Securities Berhad's Listing Requirements.
- 18.4 Verify the allocation of options pursuant to a share scheme for employees, if any, at the end of each financial year and to prepare a statement verifying such allocation in the annual reports.
- 18.5 Consider and approve the non-audit service(s) to be provided by the external auditors subject to the confirmation from the external auditors that such non-audit service(s) pose no threat to the independence of the external auditors.
- 18.6 Carry out any other functions that may be mutually agreed upon by the Audit Committee and the Board which would be beneficial to the Company and ensure the effective discharge of the Audit Committee's duties and responsibilities.