

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. Constitution

The Board of Directors has constituted and established a committee of the Board to be known as the Audit Committee. The Audit Committee is to assist 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.

2. Membership

- The Committee shall be appointed by the Board from amongst the directors of the Company and shall comprise of at least three (3) members, all of whom must be Non-Executive Directors and a majority of whom must be independent.
- At least one member of the Committee must be qualified under paragraph 15.09 (1)(c) of Bursa Securities' Listing Requirements.
- No alternate director shall be appointed as a member of the Committee.
- The members of the Committee shall elect a Chairman from among their number who shall be an Independent Non-Executive Director.
- The Company Secretary or such other persons authorised by the Board shall act as the Secretary to the Committee.
- If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduce to below three (3), the Board of Directors shall, within three (3) months from the date of that event, appoint such number of new member(s) as may be required to make up the minimum number of three (3) members.
- The terms of office and performance of the members of the Committee shall be reviewed by the Board of Directors at least once every three (3) years to determine whether the members have carried out their duties in accordance with their terms of reference.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

3. Meetings and Minutes

- The Committee shall meet at least four (4) times in a financial year, although additional meetings may be called at any time at the Committee Chairman's discretion.
- The quorum for a meeting of the Committee shall consist of not less than two (2) members, majority of whom must be independent directors.
- Other than in circumstances which the Chairman of the Committee considers inappropriate, the Head of Finance, Head of Internal Audit and representatives of the external auditors will normally attend any meeting of the Committee to make known their views on any matter under consideration by the Committee or which in their opinion, should be brought to the attention of the Committee. Other Board members, employees and external professional advisers shall attend any particular meetings upon invitation by the Committee.
- The Committee shall report to the Board of Directors and its minutes tabled and noted by the Board. The books containing the minutes of proceedings of any meeting of the Committee shall be kept by the Company at the registered office or the principal office of the Company, and shall be open for inspection by any member of the Committee and the Board of Directors.

4. Authority

- The Committee is authorised by the Board to investigate any matter within the 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 Committee.
- The Committee is authorised by the Board to obtain independent professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, the expenses of which will be borne by the Company.
- The Committee shall have direct communication channels and be able to convene meetings with the external auditors, the Head of Internal Audit Department and/or the internal auditors or both, without the presence of other directors and employees of the Company, whenever deemed necessary.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

- The Head of Internal Audit and/or the internal auditors report directly to the Committee and shall have direct access to the Chairman of the Committee on all matters of control and audit. All proposals by management regarding the appointment, transfer and/or removal of senior staff members of the Internal Audit Department or Internal Auditors, where applicable, shall require prior approval of the Committee. The Committee is also authorised by the Board to obtain information on any resignation of the outsourced Internal Auditors and/or internal audit staff members and provide the staff member an opportunity to submit his reasons for resigning.

5. Functions and Duties

- Review the following and report the same to the Board of Directors:
 - (a) The audit plan, audit report and evaluation of the system of internal control with the external auditors as well as the assistance given by employees of the Group to the external auditors.
 - (b) The adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
 - (c) Any internal audit programme, processes, the results of the internal audit programme, processes, or internal investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
 - (d) Review any appraisal or assessment of the performance of members of the internal audit function.
 - (e) The quarterly results and annual financial statements prior to the approval by the Board of Directors, 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.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

- (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.
 - (f) Any related party transactions and conflict of interest situations that may arise within the Group and any related parties outside the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
 - (g) Any letter of resignation from the external auditors of the Company.
 - (h) Whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment.
 - (i) Any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external and internal auditors.
- Recommend the nomination of a person or persons as external auditors and the audit fee.
 - Promptly report to Bursa Securities on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of Bursa Securities' Listing Requirements.
 - Carry out any other functions that may be mutually agreed upon by the Committee and the Board which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities.