



AUDIT COMMITTEE – TERMS OF REFERENCE

1. Objectives

The Audit Committee (Committee or AC) was established by the Board of Directors (Board) of the Company with the objective of assisting the Board in meeting its responsibilities in the following areas:-

- In complying with specified accounting standards and required disclosure as administered by Bursa Malaysia Securities Berhad (Bursa Securities), relevant accounting standards bodies, and any other laws and regulations as amended from time to time;
- In presenting a balanced and understandable assessment of the Company's position and prospects; and
- In establishing a formal and transparent arrangement for maintaining an appropriate relationship with the Company's external and internal auditors.

2. Composition

The AC shall be appointed from amongst the Board and shall comprise no fewer than three (3) members, a majority of whom shall be Independent Directors and all shall be Non-Executive Directors, at least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience as approved by the Bursa Securities. A former key audit partner is required to observe a cooling-off period of at least two years. No alternate director shall be appointed as a member of the Committee. Membership of the Committee shall be disclosed in the annual report of the Company.

In the event of any vacancy with the result that the number of members (including Chairman) is reduced to below three (3), the Board shall upon the recommendation of the Nomination Committee to fill the vacancy within two (2) months but in any case not later than three (3) months. Therefore a member of the Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

The Board must via the Nomination Committee review the terms of office and performance of Committee members annually to determine whether the Committee members have carried out their duties in accordance with its terms of reference.

3. Chairman

The Chairman, who shall be elected by the Committee, shall be an Independent Director and is not the Chairman of the Board. In the event of the Chairman's absence, the meeting shall be chaired by another Independent Director.



4. Secretary

The secretary of the Company or his/her representative shall act as the secretary of the Committee (Secretary). The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee members. The Committee members may inspect the minutes of the Committee at the Registered Office or such other place may be determined by the Committee.

5. Quorum and Meeting Procedures

The Committee 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 members present at the meeting shall be independent.

The Committee may call for a meeting as and when required with reasonable notice as the Committee members deem fit. 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.

By invitation of the Committee, the Group Managing Director and other appropriate officers may be invited to attend the Committee meeting, where their presence are considered appropriate as determined by the Committee's Chairman.

All decisions at such meeting shall be decided on a show of hands on a majority of votes.

The Committee may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing signed by all members in lieu of convening a formal meeting shall be as valid and effectual as it had been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.

The Committee shall meet at least two (2) times a year with the external auditors and internal auditors to discuss any matters without the presence of the management and any executive members of the Board.

6. Reporting Responsibilities

The Chairman of the Committee is responsible for reporting to the Board on the Committee's activities.

The Committee shall make recommendation to the Board it deems appropriate or any area within its remit where action or improvement is needed.



7. Rights

The Committee shall:-

- 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 any information pertaining to the Group which is required for the purpose of discharging its functions and responsibilities;
- d) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity and senior management of the Company;
- e) Have the right to obtain independent professional or other advice at the Company's expense;
- f) Have the right to convene meetings with the external auditors and the persons carrying out the internal audit function, excluding the attendance of the management and any executive members of the Board, whenever deemed necessary;
- g) Promptly report to the Bursa Securities, or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board resulting in a breach of the listing requirements;
- h) Have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise;
- i) Meet as and when required on a reasonable notice; and
- j) The Chairman shall call for a meeting upon the request of the external auditors or internal auditors.

8. Responsibilities and Duties

- a) To review with the external auditors on:-
 - The audit plan, its scope and nature;
 - The audit report;
 - The results of their evaluation of the accounting policies and systems of internal accounting controls within the Group;
 - The assistance given by the officers of the Company to external auditors, including any difficulties or disputes with management encountered during the audit; and



- Any other matters the external auditors may wish to discuss in the absence of the management, if necessary.
- b) To review the adequacy of the scope, functions and resources and set the standards of the internal audit function.
- c) To do the following, in relation to the internal audit function:-
- Review 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;
 - Review the internal audit programme, processes, the results of the internal audit programme and process and where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - Review any appraisal or assessment of the performance of members of the internal audit function;
 - Review the independency of members of the internal audit function;
 - Approve any appointment or termination of the internal auditors;
 - Take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
 - Review the necessary budget allocated to internal audit function;
 - Investigate or cause to be investigated any activity within its Terms of Reference; and
 - To have explicit authority over the resources such as professional advice and full access to information to investigate certain matters.
- d) To review with management:-
- Audit reports and management letter issued by the external auditors and the implementation of audit recommendations;
 - Interim financial information; and
 - The assistance given by the officers of the Company to external auditors.



- e) 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, normal commercial terms, on terms not more favourable to the related parties than those generally available to the public, to ensure that the Directors report such transactions annually to shareholders via the annual report, and 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.
- f) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board, focusing particularly on:-
- Changes in or implementation of major accounting policy and practices;
 - Significant and/or unusual matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are being addressed;
 - The going concern assumption;
 - Compliance with accounting standards and other legal requirements; and
 - Major areas.
- g) To consider the appointment and/or re-appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors. In considering the appointment and/or re-appointment of the auditors, to consider among others:-
- The adequacy of the experience and resources of the accounting firm;
 - The persons assigned to the audit;
 - The accounting firm's audit engagements;
 - The size and complexity of the Company's Group being audited; and
 - The number and experience of supervisory and professional staff assigned to the particular audit.

The Committee shall also consider the performance of the external auditors and its independence annually as below:-

- The competence, audit quality and resource capacity of the external auditors in relation to the audit;
- The external auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;



- The nature of the non-audit services provided by the external auditors and fees paid for such services relative to the audit fee;
 - Whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditors; and
 - Obtaining written assurance from the external auditors confirming that they are and have been independent throughout the conduct of the audit engagement and in accordance with the terms of all relevant regulatory requirements.
- h) To review and approve the non-audit services provided by the external auditors and/or its network firms to the Company for the financial year, including the nature of the non-audit services, fees for the non-audit services relative to the external audit fees and safeguards deployed to eliminate or reduce the threat to objectivity and independence in the conduct of the external audit resulting from the non-audit services provided.

In the event that the non-audit fees paid to the Company's external auditors, or a firm or corporation affiliated to the external auditors' firm are significant (e.g. constitute 50% of the total amount of audit fees paid to the Company's external auditors) the Company is required to state the details on the nature of non-audit services-rendered in the Annual Report under the AC Report.

- i) To verify any allocation of options in accordance with the employees share scheme of the Company, at the end of the financial year.
- j) To consider other areas as defined by the Board or as may be prescribed by Bursa Securities or any other relevant authority from time to time.

9. Annual General Meeting

The Chairman of the Committee should attend the annual general meeting to answer questions raise by the shareholders pertaining to the Committee's activities.

10. Revision of the Terms of Reference

This Terms of Reference shall be reviewed annually by the Committee. Any revision or amendment to the Terms of Reference, shall first be presented to the Board for its approval.

This Terms of Reference is dated 27 February 2020