

TERMS OF REFERENCE OF AUDIT COMMITTEE

1. Constitution

The Board shall establish a Committee of the Board to be known as the Audit Committee.

2. Membership

2.1 The Committee shall be appointed by the Board from amongst their members which fulfils the following requirements:

- (a) the Committee must be composed of no fewer than 3 members, a majority of whom must be independent directors;
- (b) all members of the Audit Committee shall be non-executive directors and should be financially literate; and
- (c) at least one member of the 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 3 years' working experience and:
 - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (bb) 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.
 - (iii) fulfils such other requirements as prescribed or approved by the Exchange.

2.2 The members of the Committee shall elect a Chairman from among themselves who shall be an independent director.

2.3 No alternate director should be appointed as a member of the Committee.

2.4 In the event of any vacancy in the Committee resulting in the non-compliance of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad pertaining to the composition of the Audit Committee, the Board of Directors shall within three months of that event fill the vacancy.

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

3. Authority

3.1 The Committee is authorised by the Board:

- i) to investigate any activity within its terms of reference;
- ii) to seek any information it requires from any employee and all employees are directed to cooperate with any request made;
- iii) to have direct communication with and access to the external auditors and person(s) carrying out the internal audit function or activity;

- iv) to obtain external legal or other independent professional advice and secure attendance of outsiders with relevant experience and expertise – if it considers this necessary; and
 - v) 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.
- 3.2 The Committee does not have any executive powers. It shall report to the Board of Directors on the matters that it has considered and its recommendations and comments thereon.

4. Scope And Functions

4.1 The scope and functions of the Committee shall be:

- (a) in respect of the appointment of external auditors:
 - (i) to review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for reappointment;
 - (ii) to consider the nomination of a person or persons as external auditors, to determine the audit fee and to consider any questions of resignation or dismissal of external auditors.
- (b)
 - (i) to discuss with the external auditor before the audit commences, the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved;
 - (ii) to discuss problems and reservations arising from the audit with the auditors, without management presence – if necessary;
 - (iii) to review the external auditors' management letter and management's response.
- (c) to review the quarterly and year-end financial statements and focus on:
 - (i) any changes in or implementation of major accounting policies and practices;
 - (ii) significant audit adjustments;
 - (iii) going concern assumptions; and
 - (iv) compliance with accounting standards and other legal requirements.
- (d) to report to the Board of Directors all pertinent issues which are necessary to be reported;
- (e) to perform the following duties in relation to the internal audit function:
 - (i) review the adequacy of the scope, function, competency, resources and authority necessary to carry out the work and that it reports directly to the Audit Committee;
 - (ii) review the internal audit programme, processes and results and ensure that appropriate action is taken on the recommendations;
 - (iii) review and appraise the performance of members of the internal audit function;
 - (iv) approve the appointment and termination of senior internal audit personnel;
 - (v) review the resignations of internal audit personnel and give them the opportunity to submit reasons for their resignations; and
 - (vi) review the follow-up actions by management on the weaknesses of internal accounting procedures and controls as highlighted by the internal auditors.

- (f) to review any significant transactions which are not within the normal course of business and any related party transactions that may arise within the Company or Group;
- (g) consider major findings of internal investigations and management's response; and
- (h) to perform any other work as may be directed by the Board from time to time.

5. Meeting, Minutes And Reporting

- 5.1 Meeting shall be held not less than four (4) times a year. The Head of Finance, the Head of Internal Audit and a representative of the external auditors shall normally be invited to attend the meeting. Other members of the Board may attend the meeting upon the invitation of the Committee. To form a quorum the majority of members present must be independent directors.
- 5.2 The Company Secretary shall be the Secretary of the Committee or in his absence, another person authorised by the Chairman of the Committee.
- 5.3 The Committee should meet with the external auditors without any executive Board members present at least twice a year.
- 5.4 The secretary shall keep minutes of each meeting which shall be distributed to each member of the Committee. The Chairman of the Committee shall report to the Board on each meeting.
- 5.5 The Committee shall regulate its own procedure, in particular:
 - the calling of meetings;
 - the notice to be given of such meetings;
 - the voting and proceedings of such meetings;
 - the keeping of minutes; and
 - the custody, production and inspection of such minutes