

TERMS OF REFERENCE OF THE AUDIT COMMITTEE
(Adopted w.e.f. 23 December 2019)

1. Objectives

The principal objectives of the Audit Committee are to assist the Board of Directors ("**Board**") in discharging its statutory and fiduciary duties and responsibilities relating to accounting and reporting practices as well as risk management of the Company. In addition, the Audit Committee shall:-

- (a) evaluate the quality of the audits performed by the internal and external auditors;
- (b) provide assurance that the financial information presented by management is relevant, reliable and timely;
- (c) oversee compliance with laws and regulations and observance of a proper code of conduct; and
- (d) determine the quality, adequacy and effectiveness of the Company's control environment.

2. Composition of members

The Board shall appoint the Audit Committee members from amongst themselves, comprising no fewer than three (3) members, all of whom shall be Non-Executive Directors. The majority of the Audit Committee members shall be Independent Directors.

*In this respect, the Board adopts the definition of "Independent Director" as defined under Bursa Malaysia Securities Berhad ("**Bursa Securities**") ACE Market Listing Requirements ("**the Listing Requirements**").*

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members of the Audit Committee shall be financially literate and are able to understand the matters under the purview of the Audit Committee including the financial reporting process. At least one (1) member of the Audit Committee:-

- (a) shall be a member of the Malaysian Institute of Accountant ("**MIA**"); or
- (b) if he is not a member of the MIA, he must have at least three (3) years of working experience and:
 - i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - ii. he must be a member of one (1) of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- (c) fulfils such other requirements as prescribed or approved by Bursa Securities.

No alternate Director of the Board shall be appointed as a member of the Audit Committee.

No former key audit partner of the Company's external auditors shall be appointed as a member of the Audit Committee unless the said former key audit partner has observed

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a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Retirement and resignation

If a member of the Audit Committee or Chairman of the Audit Committee resigns, dies, or for any reason ceases to be a member or Chairman resulting in non-compliance to the composition criteria as stated in the paragraph 2 above, the Board shall within three (3) months of the event appoint such number of the new member(s) or Chairman of the Audit Committee respectively as may be required to fill the vacancy.

3. Chairman

The Chairman of the Audit Committee shall be an Independent Non-Executive Director appointed by the Board from amongst the Audit Committee members and who shall not be the Chairman of the Board. The Audit Committee Chairman shall chair all Audit Committee meetings but in the absence of the Chairman, the members of the Audit Committee can elect from amongst themselves as the Chairman of the meeting.

The Chairman of the Audit Committee is responsible for ensuring the overall effectiveness and independence of the Audit Committee.

The Chairman of the Audit Committee together with other members of the Audit Committee should ensure amongst others that:-

- the Audit Committee is fully informed about significant matters related to the Company's audit and its financial statements and address these matters;
- the Audit Committee appropriately communicates its insights, views and concerns about relevant transactions and events to internal and external auditors;
- the Audit Committee's concerns on matters that may have an effect on the financial or audit of the Company are communicated to the external auditors; and
- there is co-ordination between internal and external auditors.

4. Secretary(ies)

The Secretary(ies) of the Audit Committee shall be the Company Secretary(ies) of the Company.

The Secretary(ies) shall be responsible for keeping the minutes of meetings of the Audit Committee.

5. Terms of Office

The Nominating Committee of the Company shall review the term of office and performance of the Audit Committee and each of its members annually to determine whether such Audit Committee and members have carried out their duties in accordance with the Audit Committee's terms of reference.

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6. Meetings

The Audit Committee shall meet together for the dispatch of business, adjourn and otherwise regulate their meetings, at least four (4) times a year or more frequently as deemed necessary. The Chairman or any other member of the Audit Committee may call for additional meetings at any time at their discretion.

Upon the request of the external auditors, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditors believes should be brought to the attention of the Audit Committee, the Board or the shareholders.

Reasonable notice of Audit Committee meetings shall be given in writing to all the Audit Committee members unless the Audit Committee waives such requirement.

The Audit Committee may hold a committee meeting at two (2) or more venues within or outside Malaysia using any technology that gives the Audit Committee members as a whole a reasonable opportunity to participate. Any member of the Audit Committee participates at an Audit Committee meeting by way of telephone and video conferencing or by means of other communication equipment whereby all persons participating in the meeting are able to hear each other and be heard for the entire duration of the meeting in which event such member shall be deemed to be present at the meeting. A member participating in a meeting in the manner aforesaid may also be taken into account in ascertaining the presence of a quorum at the meeting. Any meeting held in such manner shall be deemed to be held at such place as shall be agreed upon by the members attending the meeting provided that at least one (1) of the members present at the meeting was at such place for the duration of that meeting. All information and documents must be made equally available to all participants prior to or at/during the meeting.

The Chairman of the Audit Committee shall engage on a continuous basis with the Chairman of the Board, the Managing Director, the Financial Controller, the internal auditors and the external auditors in order to be kept informed of matters affecting the Company.

The Financial Controller and a representative of the internal and external auditors respectively should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit Committee. The Audit Committee shall be able to convene meetings with the external auditors, the internal auditors or both, without executive Board members or employees present whenever deemed necessary, and at least twice a year with the external auditors.

Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.

7. Quorum

The quorum shall consist of two (2) members.

8. Circular Resolution

A resolution in writing signed or approved by letter, telex, telegram, cable, facsimile or other electronic or digital written message by a majority of the Audit Committee members for the time being, shall be valid and effectual as if it had been passed at a meeting of the Audit Committee duly called and constituted. All such resolutions shall

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be described as "Audit Committee Members' Resolution in Writing" and shall be forwarded or otherwise delivered to the Company Secretary(ies) without delay and shall be recorded by the Company Secretary(ies) in the minutes book. Any such resolution may consist of several documents in like form, each signed by one (1) or more members of the Audit Committee.

9. Minutes

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Audit Committee and also to the other members of the Board.

The minutes of the Audit Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence of the proceedings of the meeting duly held.

10. Reporting

The Chairman of the Audit Committee shall report to the Board on the proceedings of each meeting and on matters as it considers appropriate within its terms of reference at least once a year, but more frequently if it so wishes, either formally in writing or verbally.

The Audit Committee shall report to the Board on any specific matters referred to it by the Board.

11. Authority

The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the expense of the Company:-

- (a) have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the Audit Committee;
- (b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group;
- (c) obtain independent professional advice or other advice and invite outsiders with relevant experience and expertise to attend, if it considers necessary;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities; and
- (f) be entitled to the services of the Company Secretary(ies).

12. Duties and Responsibilities

The duties and responsibilities of the Audit Committee are as follows:-

- (a) To consider and recommend the appointment and re-appointment of the external auditors, the audit fee and any question of resignation or dismissal, including review of any letter of resignation of the external auditors and whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment.
- (b) To establish and recommend policies governing the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the external auditors.
- (c) To discuss with the external auditors before the audit commences, the audit plan, particularly the nature and scope of the audit, and ensure co-ordination where more than one (1) audit firm is involved.
- (d) To review with the external auditors the evaluation of the system of internal controls and the audit report.
- (e) To review the quarterly and year-end financial statements of the Group before recommendation to the Board, focusing particularly on:-
 - any change or implementation of major accounting policies and practices.
 - significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed.
 - compliance with accounting standards and other legal requirements.
- (f) To discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss (in the absence of management, where necessary).
- (g) To review the external auditors' management letter and management's response;
- (h) To review the assistance given by the Company's management to the external auditors.
- (i) To assess the suitability, objectivity and independence of the Company's external auditors.
- (j) To do the following, in relation to the internal audit function:-
 - consider and approve the appointment of the internal auditors, the internal audit fee and any question of resignation or dismissal.
 - review the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work.
 - review the internal audit plan and results of the internal audit assessments and investigation undertaken, and ensure that appropriate action is taken on the recommendations of the internal auditors.

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- consider the internal audit reports and findings by the internal auditors, fraud investigations and actions and steps taken by the management in response to audit findings.
 - review and decide on the budget allocated to the internal audit function.
 - appraise or assess the performance of members of the internal audit function.
 - monitor the overall performance of the Company's internal audit function.
- (k) To consider any related party transactions 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.
- (l) To monitor the integrity of the Company's financial statements and ensure the financial statements are prepared in accordance to the applicable financial reporting standards.
- (m) To report its findings on the financial and management performance, and other material matters to the Board.
- (n) To consider the major findings of internal investigations and management's response.
- (o) To verify the allocation of Employees' Share Option Scheme ("**ESOS**") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any.
- (p) To monitor the Company's compliance with relevant laws, regulations and code of conduct.
- (q) To review the adequacy and effectiveness of risk management, internal control and governance systems.
- (r) To consider and examine such other matters as the Audit Committee considers appropriate.
- (s) To consider other relevant matters as delegated by the Board.

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