

Terms Of Reference Audit Committee

Terms of Reference

Objectives

The objectives of the Audit Committee of the Board of Directors is to assist the Board in fulfilling its fiduciary responsibilities relating to internal control, corporate accounting and reporting practices of the Company and its subsidiaries ("together as the Group"). The Audit Committee will endeavour to adopt various practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to the Company's shareholders.

Membership

The Audit Committee shall be appointed by the Board from amongst its Directors and shall consist of not less than three (3) Directors, the majority of whom shall be independent non-executive directors.

At least one (1) member must :

(i) be a member of the Malaysian Institute of Accountants ("MIA") or possess such other qualifications and/or experience as approved by the Bursa Malaysia Securities Berhad; or

(ii) if he is not a member of the MIA, he must have at least three (3) years of working experiences and:

- he must have passed the examinations specified in Part 1 of the First Schedule of the Accountant Act 1967; or
- he must be a member of one of the Association of Accountants specified in Part II of the First Schedule of the Accountant Act, 1967; or

(iii) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

No alternate director shall be appointed as a member of the Audit 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 reduced to below three (3), the Board shall within three (3) months appoint such number of new members as may be required to make up the shortfall.

Chairman

The Chairman of the Audit Committee must be an independent non-executive director and shall be appointed by its members.

Company Secretary

The Company Secretary and/or any other authorised person as may be appointed by the Audit Committee shall be the Secretary to the Audit Committee. Minutes of each meeting shall be made available to each member of the Board.

Quorum

The quorum for the meeting of the Audit Committee shall be two (2) where the majority of members present must be Independent Non-Executive Directors.

Meetings and Minutes

The Audit Committee shall meet at least four (4) times annually and shall invite others such as directors, internal auditors, external auditors and employees of the Group to attend any meeting as it deems fit. Further meetings may be called at any time at the request of any member.

Minutes of each meeting shall be prepared and kept by the Company Secretary and shall be signed by the Chairman as correct record and be distributed to all members of the Board. The Chairman of the Audit Committee shall report on each meeting to the Board.

Audit Committee Meetings may be conducted by means of telephone conference, video conference or any other form of audio or audio-visual instantaneous communication and the participation in the meeting pursuant to this provision shall constitute presence in person at such meeting.

Rights and Authority

In conducting its duties and responsibilities, the Audit Committee shall have:

- the authority to investigate any matter within its Terms of Reference;
- the resources which are required to perform its duties;
- the full and unrestricted access to any information pertaining to the Group;
- the direct communication channels with the Company's external auditors and person(s) carrying out internal audit function or activity of the Group; the ability to obtain independent and professional advice whenever it deems fit and be able to secure the attendance of outsiders with relevant experience and expertise for consultation if it considers necessary;
- the ability by itself or by any manner to convene meetings and dialogue with the external auditors and internal auditors of the Company independently.

Functions

The Audit Committee shall, amongst others, discharge the following functions:

- to review the nature and scope of the audit with external auditors before the audit commences;
- to review and evaluate the system of internal controls with external auditors;

- to review the audit report prepared by the external auditors, the major findings and management's responses thereto;
- to review the adequacy of the scope, function and the assistance given by the employees of the Group to the external auditors and whether it is necessary to carry out its work;
- to discuss and review the external auditor's management letter and management's response;
- to review the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- to review the quarterly and annual financial statements of the Group and Company focusing on the matters set out below, prior to the consideration and approval by the Board:
 1. changes in or implementation of accounting policies and practices;
 2. significant matters highlighted including financial reporting issues, significant judgements made by Management, significant adjustments arising from the audit and unusual events or transaction, and how these matters are addressed;
 3. going concern assumption; and
 4. compliance with accounting standards and regulatory requirements;
- to discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss;
- to consider any related-party transactions and conflict of interest situation that may arise within the Company and Group and with any related parties outside the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- to review any resignation from the external auditors of the Group;
- to consider whether there exist any grounds supported by evidence to believe that the Group's external auditors are not suitable for re-appointment;
- to consider the appointment, resignation and dismissal of external auditors (if any) and the audit fee; and
- any other matters as may be directed by the Board from time to time.

Risk Management and Internal Control

The Audit Committee to review and approve the statements to be included in the Annual Report concerning internal controls and risk management.

Financial Reporting

Review the unaudited quarterly financial results of the Group with the management team prior to making recommendations for the Board's approval and subsequent announcements.

Review the annual audited financial statements of the Company with the external auditors prior to submission to the Board for their consideration and approval. The review was, inter-alia, to ensure compliance with:

- provisions in the Companies Act, 1965;
- Listing Requirements;
- applicable approved accounting standards in Malaysia; and
- other legal and regulatory requirements.

In the review of the annual audited financial statements, the Audit Committee discussed with management team and the external auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements as well as issues and reservations arising from the statutory audit.

Internal Audit

The Company has engaged the external internal auditors to assist in internal audit function. The Audit Committee deliberated with the internal auditors the internal audit reports, audit findings, audit recommendations made and management's responses to these recommendations and actions taken to improve the system of internal control and procedures.

External Auditors

- review with the external auditors the audit planning memorandum covering the audit objectives and approach, audit plan, key audit areas and relevant technical pronouncements and accounting standards issued by Malaysian Accounting Standards Board.
- review the suitability and independence of the external auditors, including reviewing the external auditors' non-audit services
- review with external auditors the results of the audit of the audited financial statements and the audit report in particular, accounting issues and significant audit adjustments arising from the external audit.
- recommend the appointment or re-appointment of the external auditors, the audit fee and any questions of resignation and dismissal to the Board of Directors.

- review with the external auditors their evaluation of system of internal controls.
- review issues and/or findings arising from audits and management's response.

The Audit Committee meets the external auditors without the Executive Directors at least once a year.

Related Party Transactions

The Audit Committee is to review the potential related party transaction and any 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.

Assessment of Audit Committee's Performance

The terms of office and performance of an Audit Committee and each of its members shall be reviewed by Nominating Committee annually.

These Terms and Reference were reviewed and approved by the Board of Directors on **23 August 2016**.