

Audit Committee

Terms of Reference

1. Membership

- The Committee shall be appointed by the Board. The majority of the Committee must be Independent Directors of the Company and must be composed of at least three (3) members. All members of the Committee should be Non-Executive Directors.
- The Chairman of the Committee shall be appointed by the Board whom must be an Independent Director. The Chairman (or in his or her absence, a member designated by the Chairman) shall preside at each meeting of the Committee.
- No alternate director is allowed to be appointed as a member of the Audit Committee.
- A former key audit partner must observe 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 be financially literate and at least one (1) member of the Audit 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 three (3) years' working experience and:-
 - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (b) 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; or
 - (iii) fulfills such other requirements as prescribed or approved by Bursa Securities.

2. Authority

- The Audit Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-
 - (a) have explicit 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 Company;
 - (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);

- (e) be able to obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary; and
 - (f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the other Directors and employees of the Company, whenever deemed necessary.
- The Chairman of the Audit Committee shall engage on a continuous basis with senior management and the external auditors in order to be kept informed of matters affecting the Company and its Group.

3. **Duties**

The Audit Committee shall discharge the following duties and report the same to the Board of Directors of the Company:-

- to review with the external auditors, their audit plan;
- to review with the external auditors, their evaluation of the system of internal controls;
- to review with the external auditors, their audit report;
- to review and assess the suitability and independence of external auditors and to review the external auditors' performance on an annual basis based on the following four (4) key areas after completion of the year-end audit:
 - i) quality of service;
 - ii) sufficiency of resources;
 - iii) communication with management; and
 - iv) independence, objectivity and professionalism

The Audit Committee may request the Group Managing Director and/or Chief Financial Officer to join the assessment.

- to review the adequacy of the Audit Committee's policies and procedures for the provision of non-audit services by the Group's auditors;
- to obtain a written confirmation from the external auditors on an annual basis or at any time as the Audit Committee may request, confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- to discuss with the external auditors before the audit commences, the nature and scope of the audit and ensure co-ordination where more than one audit firm is involved;
- to review the assistance given by the employees of the Company to the external auditors;
- to review the adequacy of the scope, functions, competency 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 any appraisal or assessment of the performance of members of the internal audit function;
- to review any appointment or termination of senior staff members of the internal audit function;
- to take cognizance of resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
- to review any major findings of internal investigations and management's response;
- to review the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
 - (i) any changes in or implementation of major accounting policy and practices;
 - (ii) major judgemental areas;
 - (iii) significant adjustments resulting from the audit;
 - (iv) the going concern assumption;
 - (v) significant and unusual events; and
 - (vi) compliance with accounting standards and other legal requirements.
- to discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of management, where necessary);
- to review the external auditor's management letter and management's response;
- to review any related party transaction 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, and the measures taken to resolve, eliminate or mitigate such conflicts;
- to consider the audit fee of the external auditors;
- to consider the appointment of the external auditors and any letter of resignation from the external auditors of the Company and to deal with any questions of resignation or dismissal;
- to review whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment;
- to recommend the nomination of a person or persons as external auditors;
- to promptly report to Bursa Securities if a matter reported by the Audit Committee to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the Bursa Securities Main Market Listing Requirements; and

- to consider other topics, as defined by the Board.

4. **Notice of meeting**

- The Audit Committee should meet regularly, with due notice of issues to be discussed and should record its conclusions in discharging its duties and responsibilities.
- At least seven (7) days' notice in writing is required for convening the meeting which shall be held at any place as may be determined by the Audit Committee.

5. **Votes of members**

- Questions arising at the Committee meeting shall be decided by a simple majority of votes. Where two (2) members of the Audit Committee form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) members are competent to vote in the question at issue, shall not have a casting vote.

6. **Attendance at meetings**

- The finance director, the head of internal audit and a representative of the external auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Audit Committee, specific to the relevant meeting. However, the Committee should meet with the external auditors without executive Board members present at least twice a year.
- A quorum shall be two (2) members and the majority of members present must be Independent Directors.
- The Company Secretaries shall be the Secretaries of the Committee, responsible for drawing up the agenda with the concurrence of the Chairman and circulating it, supported by explanatory documentation to the Committee members prior to each meeting.

7. **Frequency of meetings**

- Meetings shall be held not less than four (4) times a year. The external auditors may request a meeting if they consider that one is necessary. In the intervals between Audit Committee meetings, for exceptional matters requiring urgent Audit Committee decision, approvals are sought via circular resolutions signed by all members, which are supported with sufficient information required to make an informed decision.

8. **Reporting procedures**

- The Company Secretaries shall be responsible for keeping the minutes of meeting of the Committee, circulating the minutes of meetings of the Committee to all members of the Board and follow up on any outstanding matters.