

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The terms of reference of the Board Audit Committee (“**Committee**”) summarised below are regularly reviewed to ensure compliance with the Main Market Listing Requirements (“**LR**”) of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance.

### 1. **Membership**

- a) The Committee shall comprise at least 3 members who are non-executive directors, with majority of them being independent directors.
- b) All members shall be financially literate. At least one of them must fulfill the accounting qualification prescribed by the LR.
- c) No alternate director shall be appointed as a member of the Committee.
- d) The Chairman of the Committee shall not be the Chairman of the board of directors (“**Board**”).
- e) A former partner must complete a cooling off period of at least 3 years before being appointed as a member of the Committee.

### 2. **Authority and Rights**

- a) The Committee is established to assist the Board in discharging its duties of maintaining a sound system of internal controls to safeguard the Group’s assets and shareholders’ investment.
- b) The Committee, whenever necessary and reasonable for the performance of its duties, shall in accordance with the procedures determined by the Board and at the cost of the Company, have authority to:
  - i) investigate matters within its terms of reference;
  - ii) request for required resources to perform its duties;
  - iii) seek any information from the external and/or internal auditors and employees of the Company and its subsidiaries (“**Group**”);
  - iv) obtain legal or other independent professional advice when necessary; and
  - v) convene meetings with the external and/or internal auditors, without the presence of the executive directors and employees of the Group for at least twice a year.

### 3. **Functions and Duties**

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

### **3.1 In relation to external auditors:**

- a) to review the audit plan, scope of work and audit report;
- b) to review their evaluation of the quality and effectiveness of the system of internal controls;
- c) to assess the assistance given by the employees of the Group to the external auditors;
- d) to deliberate matters pertaining to nomination for appointment of the external auditors, their audit fee and resignation or dismissal;
- e) to discuss problems and reservations arising from the interim and final audits;
- f) to review the external auditors' management letter and management's response; and
- g) to meet at least twice a year with the external auditors without the presence of the management team ("**Management**").

### **3.2 In relation to internal auditors:**

- a) to review the adequacy of scope, functions, competency and resources of the internal audit function;
- b) 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 recommendation of the internal auditors; and
- c) to review any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the internal auditors.

The Group recognises the pivotal role played by an internal auditor in assisting the Committee to ascertain the adequacy of the risk management and internal control system implemented by the Group to safeguard shareholders' investments and the Group's assets. The internal auditor shall report to the Committee the findings regarding the effectiveness of internal control systems and provide the Committee with reasonable assurance over the reliability of the financial reports and proper functioning of all operating units of the Group.

### **3.3 Review the following and report the same to the Board:**

- a) quarterly results and the annual financial statements of the Group, focusing particularly on:
  - i. changes in or implementation of major accounting policy;
  - ii. significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed; and
  - iii. compliance with accounting standards and other legal requirements;
- b) reports received on the adequacy and effectiveness of the risk management and internal control system and major findings of internal investigations and management's response; and
- c) any related party transaction and conflict of interest situation that arose, persist or may arise within the Company or Group and any related parties outside the 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.

### **4.0 Meetings and Minutes**

- a) The Committee shall hold a minimum of 4 meetings in a financial year.
- b) The Committee meetings shall be chaired by the Chairman of the Committee or in the absence of the Chairman, another member (who is an independent director) nominated by the Committee members.
- c) The quorum for the meeting of the Committee shall be 2 independent directors, and if more than 2 are present then the majority must be independent directors.
- d) The company secretary shall be the secretary of the Committee.