



## **AUDIT COMMITTEE TERMS OF REFERENCE**

### **1. Structure of the Audit Committee**

The Audit Committee shall be appointed by the board of directors (“the Board”) and shall comprise at least three (3) Directors with the majority of the members to be Independent Directors. All the Audit Committee members must be Non-Executive Directors. No Alternate Director shall be appointed as a member of the Audit Committee. At least one (1) member of the Audit Committee shall be a member of the Malaysian Institute of Accountants or if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years’ 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 of the associations of accountants as specified in Part II of the First Schedule of the Accountants Act 1967; or
- (iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”).

No former key audit partner of the Company’s external auditors firm shall be appointed as a member of the Audit Committee before observing a cooling-off period of at least two (2) years.

The Chairman of the Audit Committee shall be an Independent Director and shall be elected from amongst their members. All members of the Audit Committee, including the Chairman, will hold office until otherwise determined by the Board. In the event of any vacancy in the Audit Committee resulting in the non-compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Securities, the Board shall within three (3) months of that event, appoint such new member(s) as may be required to comply with the MMLR of Bursa Securities.

The Nomination, Remuneration and Scheme Committee shall review the term of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and members have carried out their duties in accordance with the terms of reference.

### **2. Objectives**

The objective of the Audit Committee is to assist the Board in fulfilling its fiduciary responsibilities relating to internal controls, accounting and reporting practices of the Group. The Audit Committee will endeavour to adopt practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to the Company’s shareholders.

### **3. Authority**

The Audit Committee is authorised by the Board to:

- (i) investigate any matter within its terms of reference;
- (ii) have the resources which are required to perform its duties;
- (iii) have full and unrestricted access to any information pertaining to the Company;
- (iv) have direct communication channels with the external auditors and person(s) carrying out the internal audit function activity (if any);
- (v) obtain independent professional or other advice; and
- (vi) convene any meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.



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**4. Functions**

- 4.1. To review the following and report the same to the Board:
- (i) with the external auditors, the audit plan;
  - (ii) with the external auditors, their evaluation of the system of internal controls;
  - (iii) with the external auditors, their audit report;
  - (iv) the assistance given by the employees of the Company to the external auditors;
  - (v) 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; and in connection therewith, decide on the appointment and removal, scope of work, performance evaluation and budget for the internal audit function, to ensure the internal audit function is effective and is able to function independently;
  - (vi) the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - (vii) the quarterly results and year end financial statements, prior to the approval of the Board, focusing particularly on:
    - changes in or implementation of major accounting policy;
    - significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
    - the going concern assumption; and
    - compliance with accounting standards, regulatory and other legal requirements.
  - (viii) any related party transaction and conflict of interests situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (ix) any letter of resignation from the external auditors of the Company; and
  - (x) whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment.
- 4.2. To recommend the nomination of a person or persons as external auditors.
- 4.3. To satisfy itself that the external audit function is independent of the activities it audits and to review the contracts for the provision of non-audit services by the external auditors and ensure it will not give rise to conflict of interests.
- 4.4. To satisfy itself that the internal audit function is independent of the activities it audits and that the head of internal audit reports directly to the Audit Committee. The head of internal audit will be responsible for the regular review and/or appraisal of the effectiveness of risk management, internal control and governance processes within the Company.
- 4.5. To carry out such other functions as may be agreed by the Audit Committee and the Board.



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**5. Meetings and Reporting Procedures**

The Audit Committee shall hold at least four (4) meetings a year and to form a quorum for any meeting, the majority of members present must be independent Directors.

The Executive Directors, head of internal audit and a representative of the external auditors normally attend the meetings. Other members of the Board, senior management and employees may attend the meeting upon invitation of the Audit Committee. However, the Audit Committee should meet with external auditors without Executive Directors present at least twice a year.

The Chairman of the Audit Committee shall engage on a continuous basis with senior management, the head of internal audit and external auditors in order to be kept informed of matters affecting the Company.

The Company Secretary shall be the secretary of the Audit Committee and as a reporting procedure, the minutes of the meeting shall be circulated to all members of the Board.