

**AUDIT COMMITTEE**  
**TERMS OF REFERENCE**

**1. COMPOSITION**

The Audit Committee shall be appointed from amongst the Board members. It shall consist of not less than three (3) members, solely Non-Executive Directors, and majority of them must be Independent Directors.

The Chairman of the Audit Committee shall be elected from amongst the Committee members. The Chairman must be an Independent Director and shall also not be the Chairman of the Board.

Where appropriate, the Chairman of the Board should not be the chairman/member of the Audit Committee.

At least one (1) member must be a member of the Malaysian Institute of Accountants or alternatively a person who must have at least (3) three years' working experience and has passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967, or is a member of one of the associations of accountants specified in Part II of the said Schedule, or alternatively a person who has fulfilled such other requirements as prescribed or approved by Bursa Securities.

All members must be financially literate, able to interpret and understand the financial statements, have extensive business experience and skills to enable the Audit Committee discharge its duties and responsibilities effectively.

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

A former partner of the external audit firm of the Company and Group, shall observe a cooling-off period of at least three (3) years before being appointed as a chairman/member of the Audit Committee.

A member shall automatically cease to be a member of the Audit Committee if he ceased to be member of the Board.

The Company Secretary shall be the Secretary of the Committee.

**2. MEETINGS**

Meetings shall be held not less than four (4) times in each financial year. Additional meetings may be held as and when required. The External Auditor may request a meeting if he considers that one is necessary to discuss matters which he believes should be brought to the attention of the Committee.

The quorum for each meeting shall be not less than two (2) members.

In the absence of the Chairman, the members can elect from amongst themselves to chair Audit Committee meeting.

The External Auditor shall appear before the Committee when required to do so. The External Auditor shall have the right to appear and be heard at any meeting of the Committee. At least once a year, the Committee shall meet with the External Auditor without any executive Board member present.

When necessary, other Board members, relevant management personnel or external professionals/consultants may be invited to attend the meeting.

Resolutions are approved by a simple majority vote from the Audit Committee and that the Chairman shall have the casting vote.

Minutes of meetings shall be taken and documented.

The participation of the Audit Committee members in the meeting can be facilitated by means of video or telephone conferencing or by means of other communication equipment or electronic means which enable all persons participating at the meeting to hear and/or see each other for the entire duration of the meeting in which event such participant shall be deemed to be physically present at the meeting.

The Audit Committee is also allowed to approve any resolutions by way of circulation.

The Audit Committee shall report to the Board after each meeting.

### **3. OBJECTIVES**

The primary objectives of the Audit Committee are:

- (a) to act as a committee of the Board to assist in discharging the Board's responsibilities relating to overseeing the Company's financial reporting, risk management and internal controls;
- (b) to provide, by way of regular meetings, a line of communication between the Board and the auditors;
- (c) to enhance the perceptions held by other interested parties (such as shareholders, regulators and creditors) of the credibility and objectivity of the financial reports.

### **4. AUTHORITY**

The Audit Committee is authorised by the Board to investigate any activity within its Terms of Reference.

It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee, and be provided with the resources which are required to perform its duties.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this is necessary.

## **5. RESPONSIBILITIES**

The Audit Committee shall have the following responsibilities:

### **(1) Oversee financial reporting**

#### **(a) To review with the External Auditor:**

- the audit plan;
- their evaluation of the system of internal accounting controls;
- the audit report on the financial statements;
- the assistance given by the Company's officers to the external auditors; and
- the scope and effectiveness of the internal audit process and procedures.

#### **(b) To review the annual financial statements with management and the External Auditors prior to them being approved by the full Board.**

#### **(c) To review interim financial information and press releases relating to financial matters of importance.**

#### **(d) To review the accounting policies adopted, any changes in accounting principles or practices, and the level of prudence applied in areas requiring judgement.**

#### **(e) To review the arrangements established by management for compliance with any regulatory or other external financial reporting requirements.**

#### **(f) To perform annual review and assessment of the External Auditors' performance, suitability, objectivity and independence and make recommendation to the Board for appointment, removal, or whether or not the External Auditors should be put forward for re-appointment at the Annual General Meeting, and to recommend the remuneration of the External Auditors.**

### **(2) Assess the financial risks and control environment**

#### **(a) To review the adequacy of the Company and Group's financial risk management framework.**

#### **(b) To oversee the internal audit function and to assess the effectiveness of internal control systems deployed by the Management to address those risks.**

- (c) To monitor financial risk assessment results and to communicate to the Board, and to provide assurance to the Board on the effectiveness of the system of internal control and financial risk management practices of the Company and Group.
  - (d) To perform annual review and assessment of the Internal Auditors' performance.
- (3) Review conflict of interest situations and related party transactions
- (a) To review any significant or material related party transactions ("RPT") that may arise within the Company or Group.
  - (b) To review conflicts of interest ("COI") that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
  - (c) To determines whether the RPT and/or COI situation are fair, reasonable, on normal commercial terms and in the best interest of the Company and Group.