

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### 1. MEMBERSHIP

- 1.1 An independent Audit Committee exists to implement and support the functions of the Board. The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall consist of not less than three(3) members;
- 1.2 All members of the Audit Committee must be non-executive directors, with a majority of them, including the Chairman of the Audit Committee, being independent directors and at least one member of the Committee:-
  - (a) must be a member of the Malaysian Institute of Accountants; or
  - (b) has at least three years working experience and
    - (i) has passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967, or
    - (ii) is a member of one of the Associations of Accountants specified in Part II of the First Schedule of the Accountants Act 1967, or
  - (c) fulfils such other requirements as prescribed and approved by Bursa Malaysia Securities Berhad;
- 1.3 No Alternate Directors shall be appointed as a member of the Audit Committee;
- 1.4 The Chairman of the Audit Committee shall be elected amongst their members and is an independent non-executive Director;
- 1.5 If a member of the Audit Committee resigns or for any reason ceases to be a member with a result that the number of members is reduced below three, the Board of Directors shall, within three months appoint such number of new members as may be required to make up the minimum of three members; and
- 1.6 The Board of Directors shall review the terms of office and performance of the Audit Committee and of each of its members at least once every three years to determine whether the Audit Committee and its members have carried out their duties within the terms of reference.

### 2. OBJECTIVES

The primary objectives of the Audit Committee are:

- (a) to assist the Board of Directors in discharging its responsibilities relating to the Group's and the Company's management of principal risks, internal controls, financial reporting and compliance of statutory and legal requirements; and
- (b) to maintain through regularly scheduled meetings, a line of communication between the Board of Directors, senior management, internal auditors and external auditors.

### 3. RIGHTS AND AUTHORITY

The Audit Committee shall:

- (a) have 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 information, records and documents relevant to its activities;
- (d) have direct communication channels with the external and internal auditors;
- (e) be able to engage, consult and obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary; and
- (f) be able to convene meetings with external auditors, internal auditors, or both, excluding the attendance of other directors and employees of the Company or of the Group, whenever deemed necessary.

### 4. FUNCTIONS AND DUTIES

The duties and responsibilities of the Audit Committee shall be to review the following and report to the Board of Directors:

- (a) With the external auditors:
  - (i) their audit plans and audit reports;
  - (ii) their evaluation of the system of internal controls;
  - (iii) their audit fee and matters concerning their suitability for nomination, appointment and re-appointment;
  - (iv) the management letter and management's response arising from audit; and
  - (v) any other issues and reservations arising from audit.
- (b) With the internal auditors:
  - (i) the adequacy and relevance of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work; and
  - (ii) the internal audit programme and results of internal audit processes including actions taken and/or recommendations.
- (c) The quarterly results and year-end financial statement, prior to the approval of the Board of Directors, focusing particularly on:
  - (i) changes in or implementation of major accounting policies and practices;
  - (ii) significant and unusual events;
  - (iii) significant adjustments arising from audit;
  - (iv) the going concern assumption; and
  - (v) compliance with accounting standards, regulatory and other legal requirements.
- (d) The propriety of any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raise questions of management integrity; and
- (e) Any other functions and duties as may be agreed by the Audit Committee and the Board of Directors from time to time.