

TERMS OF REFERENCE OF AUDIT COMMITTEE

1. TERMS OF MEMBERSHIP

- 1.1 The Audit Committee shall be appointed by the Board from amongst their members and shall consist of not less than three (3) members, a majority of whom are independent. All members of the Audit Committee should be Non-Executive Directors.
- 1.2 The members of the Audit Committee shall elect a Chairman from amongst their members who shall be an Independent Non-Executive Director.
- 1.3 At least one (1) member of the Audit Committee must be or have the following :
 - i. a member of the Malaysian Institute of Accountants; or
 - ii. at least three (3) years' working experience and have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967 or 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 the Bursa Securities.
- 1.4 In the event of any vacancy in the Audit Committee, the Board shall within three (3) months of that event, appoint such new members to make up the minimum number of three (3) members.
- 1.5 No alternate director can be appointed as a new member of the Audit Committee.
- 1.6 The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once in every three (3) years.
- 1.7 The Audit Committee requires that a former key audit partner observes a cooling off period of at least 3 years from his/her last engagement before being appointed as a member of the Audit Committee.

2. AUTHORITY

The Audit Committee is authorised by the Board to perform the following :

- 2.1 To investigate any matter within its terms of reference. It shall have full and unrestricted access to any information pertaining to the Group, both the internal and external auditors and to all employees of the Group. It shall have the resources required to perform its duties.
- 2.2 To obtain external legal or other professional advice and secure the attendance of outsiders with relevant experience to attend, if necessary.
- 2.3 To promptly report to the Bursa Securities, any matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Bursa Listing Requirements.
- 2.4 The Head of Internal Audit shall report directly to the Audit Committee and shall have direct access to the Chairman of the Audit Committee on all matters of control and audit.

3. FUNCTIONS

The functions of the Audit Committee shall be :

- 3.1 To review the following and report the same to the Board of Directors :
- i. with the external auditor, the audit plan;
 - ii. with the external auditor, his evaluation of the system of internal controls;
 - iii. with the external auditor, his audit report, including his management letter and management's response;
 - iv. with the external auditor, any other matter he may wish to discuss (in the absence of management where necessary);
 - v. to consider the appointment of the external auditors, the audit fee and any question of resignation or dismissal;
 - vi. the assistance given by the Company's officers to the external auditor;
 - vii. to approve the Internal Audit Charter of internal audit function;
 - viii. the adequacy of the scope, functions and resources of the internal audit function and to ensure internal audit has full and unrestricted access to all records, activities, property and personnel necessary to perform its duties;
 - ix. 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;
 - x. any appraisal or assessment of the performance of members of the internal audit function;
 - xi. any appointment or termination of senior staff members of the internal audit function;
 - xii. any resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning;
 - xiii. the quarterly results and year end financial statements of the Company and of the Group, prior to the approval by the Board, focusing particularly on :-
 - changes in or implementation of major accounting policy and practices;
 - significant and unusual events;
 - compliance with accounting standards and other legal requirements;
 - significant adjustments arising from the audit;
 - going concern assumption;
 - xiv. any related party transactions and/or 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.
- 3.2 To consider any other functions as may be agreed to by the Audit Committee and the Board of Directors.

4. MEETINGS

- 4.1 Meetings shall be held not less than four (4) times a year.
- 4.2 The quorum for each meeting shall be two (2) Members of the Audit Committee.
- 4.3 The Managing Director, the Head of Internal Audit and the external auditor shall normally attend meetings. Other Board members and employees may attend meetings only upon the invitation of the Audit Committee.

4.4 At least twice a year, the Audit Committee shall meet with the external auditor without executive board members present. The external auditor may also request a meeting if they consider that one is necessary.

4.5 The Company Secretary shall be the Secretary of the Audit Committee.

5. **REPORTING PROCEDURES**

The Secretary shall circulate the minutes of meetings of the Audit Committee to all members of the Board.
