
TERMS OF REFERENCE OF AUDIT COMMITTEE

1.0 COMPOSITION

The Audit Committee shall be appointed by the Board from amongst its directors, which fulfils the following requirements :-

- 1.1 the Audit Committee must be composed of no fewer than 3 members;
- 1.2 a majority of the Audit Committee must be independent;
- 1.3 the members of the Audit Committee shall elect a Chairman from among their members who shall be an independent non-executive Director;
- 1.4 no alternate director is appointed as a member of the Audit Committee;
- 1.5 at least one member of the Audit Committee :-
 - a. must be a member of the Malaysian Institute of Accountants; or
 - b. if he is not a member of the Malaysia Institute of Accountants, he must have at least 3 years' working experience and :-
 - i. he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - ii. he must be a member of one of the associations of accountant specified in Part II of the 1st Schedule of the Accountants Act 1967.
- 1.6 If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall, with three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- 1.7 The term of office and performance of the Audit Committee and each of its members must be reviewed by the board of directors at least once every three (3) years.

2.0 FUNCTIONS

The functions of the Audit Committee shall be:-

- 2.1 To review the following and report the same to the board of directors :-
- (a) the audit plan with the external auditor;
 - (b) the evaluation of the system of internal accounting controls with the external auditors;
 - (c) the management letter and management's response with the external auditor;
 - (d) the assistance given by the employees to the external auditor;
 - (e) the adequacy of the scope, functions and resources of the internal audit functions;
 - (f) the scope and results of the internal audit programmes;
 - (g) the quarterly results and year end financial statements, prior to the approval by the board of directors, focusing particularly to :-
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements;
 - (h) any related party transaction and conflict of interest situation that may arise within the company or group including any transaction, procedure or course of conduct that raises the question of management integrity;
 - (i) any letter of resignation from the external auditors;
 - (j) whether there is reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment; and
- 2.2 To recommend the nomination of a person or persons as external auditors.
- 2.3 Monitor the implementation of the Group's risk management policies, ensuring an appropriate enterprise-wide risk management system is in place with adequate and effective processes.

- 2.4 With the Board's approval, the Committee shall be authorized to delegate certain functions to sub-committees to support, and consistent with, the Committee's oversight responsibilities. These sub-committees shall act within agreed terms of reference and shall report all of their recommendations to the Committee for full deliberation and discussion. These sub-committees are not authorized to implement its recommendations on behalf of the Committee but shall make the relevant recommendations to the Committee for its consideration and implementation.

3.0 RIGHTS AND AUTHORITY

Whenever necessary and reasonable for the performance of its duties, the Audit Committee shall:-

- 3.1 have authority to investigate any matter within its terms of reference;
- 3.2 have the resources which are required to perform its duties;
- 3.3 have full and unrestricted access to any information pertaining to the Company or Group;
- 3.4 have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- 3.5 be able to obtain legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it deemed necessary; and
- 3.6 be able to convene meetings with the external auditors , excluding the attendance of the executive members of the committee, whenever deemed necessary.

4.0 MEETINGS

- 4.1 Other directors, employees and external auditors may be invited to attend any particular meeting only at the Audit Committee's invitation, specific to the relevant meeting.
- 4.2 The quorum for each meeting shall be at least two (2) members. In order to form a quorum in respect of a meeting, the majority of members present must be independent directors.
- 4.3 Meetings shall be held four (4) times a year or at a frequency to be decided by the Audit Committee.
- 4.4 At least once a year, the Audit Committee shall meet with the external auditor without the presence of executive board members.

- 4.5 The Company Secretary shall be the secretary of the Committee. The secretary shall circulate the minutes of the meeting to the Committee members and to all members of the Board and shall keep record of all meetings.

5.0 AUDIT COMMITTEE REPORT

- 5.1 An audit committee report must be prepared at the end of each financial year.
- 5.2 The Audit Committee report must be clearly set out in the annual report of the Company.
- 5.3 The Audit Committee report shall include the following :-
- (a) the composition of the Audit Committee, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the directors are independent or otherwise);
 - (b) the terms of reference of the Audit Committee;
 - (c) the number of meetings held during the financial year and details of attendance of each member;
 - (d) a summary of activities of the Audit Committee in the discharge of its functions and duties for that financial year; and
 - (e) the existence of an internal audit function or activity and where there is such a function or activity, a summary of the activities of the function or activity. Where such a function or activity does not exist, an explanation of the mechanisms that exist to enable the Audit Committee to discharge its functions effectively.