

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

### **1. Objectives**

The Principal objective of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Group. In addition, the Committee shall:-

- Evaluate the quality of the audit conducted by the internal and external auditors;
- Provide assurance that the financial information presented by management is relevant, reliably and timely;
- Oversee compliance with laws and regulations and observance of a proper code of conduct; and
- Determine the adequacy of the Group's control environment.

### **2. Composition:-**

- a) The Audit Committee shall be appointed by the Board of Directors from amongst their members and comprising not less than three (3) members, exclusively Non-Executive Directors of whom majority shall be the Independent Directors.
- b) At least one of the members of the Audit Committee must 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 of working experience and either must have passed the examinations specified in Part I of the schedule of Accountants Act, 1967, or must be a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountant Act, 1967 or fulfills such other requirements as prescribed or approved by the Bursa Securities.
- c) The members of the Audit Committee shall elect a chairman among their number who shall be an Independent director. No alternate director shall be appointed as a member of the Audit Committee.
- d) If a member of the Audit Committee, for whatsoever reason ceases to be a member with a result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of the events, appoints such number of new members as may be required to make the minimum number of three (3) members.

### **3. Authority:-**

- a) The Audit Committee is authorized by the Board of Directors shall have the authority to investigate any matter within its terms of reference and shall have unlimited access to both the internal and external auditors, as well as the employees of the Group. All employees are directed to co-operate with any request made by the Committee.
- b) The Committee shall have unlimited access to all information and documents relevant to its activities, to the internal and external auditors, and to senior management of the Group.
- c) The Committee shall have the authority to obtain independent legal or other professional advice as it considers necessary.
- d) The Committee shall be able to convene meetings with the external/internal auditors, excluding the attendance of the other directors and employees of the Company, whenever deemed necessary.
- e) The Audit Committee shall have the power to establish Sub-Audit Committee(s) to carry out certain investigation on behalf of the Committee in such manner, as the Committee deem fit and necessary.

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#### 4. Meetings

The Committee is at liberty to determine the frequency of the meetings as least four times annually. The quorum shall consists of two (2) members, where the majority of members present must be independent directors.

##### Attendance of the Meetings

- a) a meeting with external auditors shall be held at least twice a year without the presence of executive Directors and key management.
- b) the external auditors may be invited to attend the meetings. The Committee may invite any person to be in attendance to assist in its deliberations. The other directors and employees attend any particular audit committee meeting only at the audit committee's invitation, specific to the relevant meeting.
- c) the Company Secretary shall be the Secretary of the Committee and shall be responsible for drawing up the agenda with concurrence of the chairperson and circulating it, supporting by explanatory documentation to committee members prior to each meeting.

#### 5. Duties

The duties of the Audit Committee include the followings:-

- a) to consider the appointment or re-appointment of external auditors, the audit fee and matter relating to the resignation or dismissal of auditors, if any;
- b) to review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to management and the management's response;
- c) to review the quarterly and annual financial statements before submission to the Board of Directors for approval., focusing particularly on:-
  - Changes in accounting policies and practices;
  - Significant and unusual events;
  - Significant adjustments resulting from the audit
  - The going concern assumption;
  - Compliance with accounting standard and other legal requirements
- d) to discuss problems and reservations arising from the interim and final audits, and any matter the external/internal auditors may wish to discuss.
- e) to do the followings where an internal audit function exists;
  - Review the adequacy of the scope, function, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - Review of internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
  - Review any appraisal or assessment of the performance of members of the internal audit function;
  - Approve any appointment or termination of senior staff members of the internal audit function;
  - Review the resignation of internal audit staff members and provide the staff member the opportunity to submit his reasons for resigning; and
  - To consider major findings of Internal investigations and management's response.
- f) to consider 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 raises questions of management integrity; and

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- g) to perform such other duties if any as maybe agreed by the Committee and the Board or as per the directive of the governmental and/or regulatory authorities.

**6. Reporting**

The Audit Committee is authorized to regulate its own procedures and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.

The Company Secretary shall attend all meetings and minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance. The minutes shall be confirmed by the Chairman of the meeting and circulated to all members of the AC. Subsequently, the said minutes shall be tabled to the Board for notation.

**7. General**

These terms of reference may from time to time be amended as required, subject to the approval of the Board.

This Term of Reference of AC has been updated and adopted by the Board on 18 April 2016.