



Terms of Reference – Audit Committee

1. Objectives

The principal objectives of the Audit Committee are to protect the interest of the investing public and to achieve effective corporate governance.

2. Composition

The Board of Directors (“Board”) shall elect the Audit Committee members from among themselves. The Audit Committee shall comprise no fewer than three Directors. All the Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Directors. The Audit Committee members shall elect a chairman, who shall be an Independent Director, from among their number and the Chairman of the Audit Committee shall not be the Chairman of the Board. An Alternate Director cannot be appointed as a member of the Audit Committee.

At least one member of the Audit Committee:

- i. must be a member of the Malaysian Institute of Accountants; or
- ii. if he is not a member of the Malaysian Institute of Accountants, he must have at least three years’ working experience and:-
 - a. he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - b. he must 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. fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (Bursa Malaysia).

In the event of any vacancy in the Audit Committee resulting in non-compliance with Bursa Malaysia’s Listing Requirements in respect of composition of the Audit Committee and/or the requirement for an independent Chairman, the Board must fill the vacancy within three months of the occurrence of such vacancy.

The Nomination Committee must review the term of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference and report the findings to the Board.

3. Meetings

The Audit Committee shall hold at least four meetings per year. Additional meetings may be held upon request by any Audit Committee member, the Management, internal or external auditors. The Audit Committee may invite any person to be in attendance to assist in its deliberations. A quorum shall consist of a majority of Independent Directors and shall not be less than two. The Company Secretary shall act as secretary of the Audit Committee.

Terms of Reference – Audit Committee

The Audit Committee shall meet at least twice a year with the external auditors without the attendance of other Directors and employees of the Company.

4. Authority

In carrying out their duties and responsibilities, the Audit Committee shall:

- i. have the authority to investigate any matter within its terms of reference with full and unrestricted access to all the Company's records, properties and personnel;
- ii. have the resources which are required to perform its duties;
- iii. be able to obtain independent professional or other advice to enable it to discharge its duties;
- iv. have direct communication channels with the external auditors and internal auditors, as well as employees of the Group;
- v. be able to convene meeting with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company whenever deemed necessary.

5. Duties

The duties of the Audit Committee shall include the following and shall report on the same to the Board of Directors:

- i. to review the effectiveness of management information system and other systems of internal control within the Company and the Group;
- ii. to review the Management's compliance with laws, regulations, established policies, plans and procedures;
- iv. to evaluate factors relating to the independence and objectivity of the external auditors and to provide a framework within which the external auditors can assert their independence, and to review the assistance given by the employees to the external auditors;
- v. to review significant audit findings and reservations arising from the interim and final audits reported by the external auditors together with their Management Letter and the Management's response, where applicable;
- vi. together with the external auditors assess and evaluate the scope of their audit plan, their evaluation of the system of internal control and the audit reports on the financial statements;
- vii. to review and make recommendation pertaining to the selection, remuneration and resignation or dismissal of the external auditors;
- vi. to review the quarterly financial results and year-end financial statements with the Management prior to deliberation and approval by the Board, focusing particularly on:

Terms of Reference – Audit Committee

- a. changes in major accounting policies;
 - b. significant matters highlighted including financial reporting issues, significant judgments made by the Management, significant and unusual events or transactions, and how these matters are addressed;
 - c. the going concern assumption; and
 - d. compliance with accounting standards and other legal requirements.
- vii. to do the following in relation to the Internal Audit Function:
- a. review the performance and adequacy of the scope, function, competency and budgeted resources of the Internal Audit Function and that it is effective and independent with the necessary authority to carry out its work;
 - b. review the internal audit plan, processes and results of the audit work, assessment, investigation undertaken and whether or not appropriate action is taken on the recommendations of the Internal Audit Function;
 - c. review any appraisal or assessment of the performance of members of the Internal Audit Function;
 - d. review the appointment or termination of senior staff members of Internal Audit Function including the Head of Internal Audit Function and take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
- viii. to review any related party transaction and conflict of interest situation that may arise including any transaction, procedure or course of conduct concerning the Management's integrity;
- ix. to review allocation of options during the year under the Company's Employee Share Option Scheme (ESOS) to ensure it is in accordance with the criteria determined by the ESOS Committee and in compliance with the ESOS by-laws;
- x. to review and if found necessary, to promptly report to Bursa Malaysia matters conveyed to the Board that have not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Malaysia; and
- xi. to review any other matters relevant to the function of the Audit Committee as may be directed by the Board from time to time.