

## **Terms of Reference of the Audit Committee**

### **1. Membership**

The Committee shall be appointed by the Board from amongst the Directors of the Company, all of whom shall be Non-Executive Directors, with a majority being Independent Directors. At least one member of the 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
  - he/she must have passed the examination specified in Part I of the 1<sup>st</sup> Schedule to the Accountants Act, 1967; or
  - he/she must be a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act, 1967.
- fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The members of the Committee shall elect the Chairman from among their number who shall be an Independent Director.

### **2. Attendance of Meetings**

The Head of Finance and Head of Internal Audit, if any, are invited to attend meetings of the Audit Committee. Other Board members may attend meetings upon the invitation of the Committee. However, the Committee should meet with the external Auditors without executive Board Members present at least twice a year. The Company Secretary shall be the secretary of the Committee.

### **3. Frequency of Meetings**

The Committee shall meet at least four (4) times a year. The external auditors may request a meeting if they consider that one is necessary. The quorum for any meeting shall be two members of the Committee who shall be Independent Non-Executive Directors.

#### **4. Authority**

The Committee is authorised by the Board to investigate any matter within the scope of the Committee's duties. It has full and unrestricted access to any information in the Company and is authorised to call upon any employee to seek information it requires and all employees are required to co-operate with the Committee.

#### **5. Duties and Responsibilities**

The duties and responsibilities of the Committee shall include:-

- 5.1 to recommend and consider the appointment and re-appointment of the external auditors, their audit fee and any question of their resignation or dismissal to the Board.
- 5.2 to review with the external Auditors the audit plans, evaluation on the internal controls and their audit reports and to consider adequacy of Management's actions taken on external audit reports.
- 5.3 to discuss the nature and scope of the audit with the external auditors before the audit commences.
- 5.4 to review the assistance given by the employees of the Company to the external Auditors.
- 5.5 to review the quarterly results and year end financial statements of the Company and the Group before submission to the Board, focusing particularly on :-
  - public announcements of results and dividend payment;
  - any changes in accounting policies and practices;
  - major judgmental areas;
  - significant adjustments resulting from the audit;
  - significant and unusual events;
  - the going-concern assumption;
  - compliance with accounting standards; and
  - compliance with stock exchange and legal requirements.

- 5.6 to discuss problems and reservations arising from the interim and final audits and any matters the auditors may wish to discuss (in the absence of management where necessary).
- 5.7 to keep under review the effectiveness of internal control system and, in particular, review the external auditors' management letter and management's response.
- 5.8 to review any related party transactions and conflict of interest situation that may arise within the Company or Group and to monitor any inter-company transaction or any transactions between the Company and any related parties outside the Group.
- 5.9 to review and approve the statements to be included in the annual report concerning internal controls and risk management.
- 5.10 to review the internal audit programs and results of the internal audit processes and where necessary to ensure that appropriate action is taken on the recommendations of the internal audit functions.
- 5.11 to monitor and review the effectiveness of the Company's internal audit function in the context of the company's overall risk management system.
- 5.12 to approve the appointment and removal of the head of the internal audit function.
- 5.13 to consider and approve adequacy of the scope, functions, competency and resources of the internal audit function and ensure it has appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.
- 5.14 to ensure the function have adequate standing and are free from management or other restrictions.
- 5.15 to review and assess the annual internal audit plan.
- 5.16 to review promptly all reports on the Group from the internal auditors and review and monitor management's

responsiveness to the findings and recommendations of the internal auditor.

- 5.17 to monitor the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the company compared to the overall fee income of the firm, office and partner and other related requirements.
- 5.18 to review the Group's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- 5.19 ensuring policies and framework are in place to manage the risks to which the Group is exposed, especially in areas of risk concentration pertaining to the risk exposures that the subsidiaries are exposed to in their business activities, eg. market, operational, liquidity, credit, regulatory, reputation, legal and strategic risk.
- 5.20 to support and provide directions to the Group's internal audit function to ensure its effectiveness.
- 5.21 to carry out such other functions and consider other topics, as may be agreed upon by the Board.

## **6. Reporting Procedures**

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