



TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. COMPOSITION

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise exclusively of Non-Executive Directors of not less than three (3), of which the majority shall be Independent Directors of the Company; and at least one member of the Committee:

- a) must be a member of the Malaysian Institute of Accountants;
- b) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience and
 - i) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - ii) he/she 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
- c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

In the event that a member of the Committee resigns, dies or for any other reason ceases to be a member resulting in non-compliance of any of the requirements above, the Board, shall, within three (3) months of that event, appoint such number of new members as may be required to fill the vacancy.

The following persons shall not be eligible for appointment as member of the Committee:

- a) alternate Director; and
- b) any former key audit partner who have not observed a cooling off period of at least two (2) years before appointment.

2. REVIEW OF COMMITTEE AND MEMBERS

The Committee and the appointment and performance of its members shall be subject to annual review by the Nominating Committee to determine whether the Committee and its members have carried out their duties in accordance with this Terms of Reference.

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3. CHAIRMAN

The members shall elect a Chairman from among their number who shall be an Independent Director.

4. SECRETARY

The Company Secretary or his or her nominee shall be the Secretary of the Committee. In his or her absence, the Chairman shall appoint the Secretary.

5. MEETINGS

The Committee shall meet at least four (4) times a year.

The notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed shall be forwarded to each member of the Committee and any other persons who may be required to attend, at least seven (7) days prior to the date of the meeting.

In addition, the Committee Chairman may convene a meeting of the Committee if requested to do so by any member, or the internal or external auditors to consider any matter within the scope and responsibilities of the Committee or at the Committee Chairman's discretion.

Meetings of the Committee shall be held at any place within or out of Malaysia.

Members of the Committee may participate in a meeting of the Committee by means of telephone or other electronic means and all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

The Committee may establish any regulations from time to time to govern its administration.

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6. ATTENDANCE AT MEETINGS

The quorum for meetings of the Committee shall consist of two (2) members of which the majority present must be Independent Directors.

In the absence of the Committee Chairman and/or appointed deputy, the remaining members present shall elect one of their number to chair the meeting.

The head of finance, the head of internal audit, and a representative of the external auditors shall normally attend meetings. The Committee may invite other Board members or any person to be in attendance to assist it in its deliberations. However, at least once a year the Committee shall meet with the external auditors without executive Board members present whenever deemed necessary.

7. RESOLUTIONS IN WRITING

A resolution in writing signed whether in original or by facsimile, by the requisite members of the Committee who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.

8. AUTHORITY AND RIGHTS

The Committee is authorised by the Board to investigate any activity within its terms of reference and shall:-

- a) have authority to investigate any matter within its terms of reference;
- b) have the resources which are required to perform its duties;
- c) have full and unrestricted access to any information pertaining to the Company and its subsidiaries;
- d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

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- e) be able to obtain independent professional or other advice and to secure the attendance of outsiders with relevant experience and expertise, if it considers this necessary. In practice, should any expenditure in connection therewith be expected to exceed RM30,000 in total, the Committee should consult with the Chairman of the Board, or the Board, before proceeding;
- f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the executive members of the Committee, other directors and employees of the Company, whenever deemed necessary.
- g) have the authority to report any matter to Bursa Securities if it is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements (“MMLR”) of Bursa Securities.

9. DUTIES

The functions of the Committee are to assist the Board to fulfil its responsibilities in relation to the Group’s financial reporting and to examine the adequacy of the Group’s internal control systems and corporate governance.

The duties of the Committee shall be:

- (1) to discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary).
- (2) to review the external auditor’s management letter and management response.
- (3) review the following and report the same to the Board:-
 - (a) with the external auditor, the audit plan, scope and nature of audit for the Company and of the Group, and ensure co-ordination where more than one audit firm is involved;
 - (b) with the external auditor, his evaluation of the system of internal controls of the Company and of the Group;

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- (c) with the external auditor, his audit report, and any matter the external auditor may wish to discuss (in the absence of management where necessary);
- (d) the assistance given by the employees to the external and internal auditors;
- (e) adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- (f) the internal audit programme, processes, results of the internal audit assessments, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal auditor;
- (g) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:-
 - (i) changes in or implementation of major accounting policy or practice changes;
 - (ii) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
 - (iii) significant audit adjustments arising from the audit;
 - (iv) the going concern assumption; and
 - (v) compliance with accounting standards, stock exchange and other legal requirements.
- (h) 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;

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- (i) any letter of resignation from the external auditors of the Company;
and
 - (j) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.
- (4) review procedures established to address allegations raised by whistleblowers, to ensure independent investigation is conducted and follow-up action is taken and highlighted to the Committee.
- (5) review the process for communicating the Code of Conduct to the staff, and for monitoring compliance.
- (6) obtain regular updates from Management regarding compliance matters.
- (7) review the effectiveness of anti-corruption measures taken.
- (8) consider the major findings of internal investigations and management's response.
- (9) recommend the nomination of a person or persons as external auditor and must consider the following:-
- (a) adequacy of the experience and resources of the accounting firm;
 - (b) the persons assigned to the audit;
 - (c) the accounting firm's audit engagements;
 - (d) the size and complexity of the Group companies' being audited; and
 - (e) the number and experience of supervisory and professional staff assigned to the particular audit.
- (10) convene a meeting of the Committee to consider any matter the external auditor believes should be brought to the attention of the directors or shareholders.
- (11) ensure that the Committee Chairman attends the Annual General Meetings to respond to any shareholder questions on the Committee's report and activities; and

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- (12) to verify, on an annual basis, the allocation of options under a share scheme for employees to ensure compliance with the allocation criteria determined by the Option Committee and in accordance with the ByLaws of the relevant Option Scheme.
- (13) to undertake such other responsibilities as may be agreed to by the Board, or as may be required by law or the MMLR of Bursa Securities.

10. REPORTING PROCEDURE

- 10.1 The Secretary shall be responsible for keeping the minutes of meeting of the Committee, circulating them to the members, the Board and the senior management staff who attended the meeting, and for ensuring compliance with MMLR of Bursa Securities. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.
- 10.2 The Committee shall submit a report to the Board as at the end of each financial year within three (3) months from the said date to the Board for inclusion in the Company's annual report. The report of the Committee shall comprise paragraphs 15.15(3)(a) to (e) of the MMLR of Bursa Securities.

11. REVIEW OF TERMS OF REFERENCE

- 11.1 The Committee will review this Terms of Reference from time to time and make the necessary amendments to ensure it remains consistent with the Board's objectives, the needs of the Company, applicable laws and practices, principles of the Malaysian Code on Corporate Governance 2017 and MMLR of Bursa Securities.
- 11.2 This Terms of Reference may be made available on the website of the Company.
- 11.3 This Terms of Reference was reviewed and approved on 11 July 2018.