

TERMS OF REFERENCE OF AUDIT COMMITTEE

1. Composition

The Committee shall be appointed from amongst the Board and shall comprise no fewer than three (3) members, a majority of whom shall be independent directors and all members should be non-executive directors.

At least one (1) member must:-

- (i) be a member of the Malaysian Institute of Accountants (“MIA”) or possess such other qualifications and/or experience as approved by the Bursa Malaysia Securities Berhad (“Bursa Securities”); or
- (ii) if he is not a member of the MIA, he must have at least three (3) years of working experiences and:
 - He must have passed the examination specified in Part I of the 1st Schedule of the Accountant Act 1967; or
 - He must be a member of one of the Association of Accountants specified in Part II of the 1st Schedule of the Accountant Act 1967; or
- (iii) fulfills such other requirements as prescribed or approved by Bursa Securities.

No alternate director shall be appointed as a member of the Committee.

In the event of any vacancy with the result that the number of members is reduced to below three, the vacancy must be filled within 3 months.

2. Chairman

The Chairman, who shall be elected by the Committee, shall be an independent director. In the event of the Chairman’s absence, the meeting shall be chaired by an independent director.

The Chairman should engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the company.

3. Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

TERMS OF REFERENCE OF AUDIT COMMITTEE

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members. The Committee Members may inspect the minutes of the Committee at the Registered Office or such other place as may be determined by the Committee.

4. Meetings

The Committee shall meet at least four (4) times in each financial year and may regulate its own procedure in lieu of convening a formal meeting by means of video or teleconference. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

If within half an hour from the time appointed for the meeting a quorum is not present the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day, time and place as the members by notice to the other members appoint.

The Committee may call for a meeting as and when required with reasonable notice as the Committee Members deem fit.

All decisions at such meeting shall be decided on a show of hands on a majority of votes and the Chairman shall have the casting vote should a tie arise.

The Committee is allowed to exercise control on routine matters that require the Committee's recommendation through disseminate of Committee Circular Resolution.

The external auditors and internal auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee. The external auditors may also request a meeting if they consider it necessary. At least once a year and whenever deemed necessary, the Audit Committee shall meet with the external auditors without presence of Executive Director and the Management.

5. Rights

The Committee 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 Group;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

TERMS OF REFERENCE OF AUDIT COMMITTEE

- (e) have the right to obtain independent professional or other advice at the Company's expense;
- (f) have the right to convene meetings with the external auditors, internal auditors or both excluding the presence of the executive board members, at least twice a year and whenever deemed necessary;
- (g) promptly report to the Bursa Securities or such other name(s) as may be adopted by the Exchange, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements;
- (h) that resolutions shall be passed by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise;
- (i) that the Audit Committee shall meet as and when required on a reasonable notice;
- (j) that the Chairman shall call for a meeting upon the request of the External Auditors.

6. Duties

The duties and responsibilities of the Committee shall be:-

- (a) To review with the external auditors on:
 - the audit plan;
 - the audit report;
 - the results of their evaluation of the accounting policies and systems of internal controls within the Group;
 - the assistance given by the officers/employees of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.
- (b) To review the adequacy of the scope, functions, competency and resources of the internal audit functions, setting of performance standards of the internal audit functions and that it has the necessary authority to carry out its work.
- (c) To recommend measures as to be taken by the Board of Directors on the effectiveness of the system of internal controls and risk management practices of the Group.
- (d) To review the internal audit programme, processes the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

TERMS OF REFERENCE OF AUDIT COMMITTEE

- (e) To take cognisance of resignation of the outsources internal audit service provider and provide an opportunity for them the reasons for resigning.
- (f) To review with management:
 - audit reports and management letter issued by the external auditors and the implementation of audit recommendations;
 - interim financial information; and
 - the assistance given by the officers of the Company to external auditors.
- (g) To discuss problems and reservations arising from interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary).
- (h) To monitor related party transactions entered into by the Company or the Group to be undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflict of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (i) To review the quarterly results and year-end financial statements prior to submission to the Board of Directors, focusing particularly on:
 - changes in or implementation of major accounting policy and practices;
 - significant matters highlighted including financial reporting issues, significant judgements made by the management, significant and unusual events or transactions, and how these matters are addressed;
 - going concern assumption;
 - compliance with accounting standards and other legal requirements; and
 - major areas.
- (j) To consider the appointment and / or re-appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors.
- (k) To verify the allocation of options pursuant to a share scheme for employees as being in compliance with the criteria for allocation of options under the share scheme, at the end of each financial year.

TERMS OF REFERENCE OF AUDIT COMMITTEE

7. Review of the Audit Committee

The terms of office and performance of an audit committee and each of its members must be reviewed by the Nominating Committee annually to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.