

TERM OF REFERENCE OF AUDIT COMMITTEE

1. Objective

The primary objective of the Audit Committee is to assist the Board to discharge its fiduciary responsibilities of overseeing the financial risk processes and accounting and financial reporting practices within the Group, review the quality of the Group's accounting function, financial reporting and internal controls. The Audit Committee also assists in overseeing and appraising the quality of the audits conducted both by the Company's internal and external auditors.

2. Composition

2.1 The Audit Committee shall be appointed by the Board of Directors from amongst the directors and shall compose of not less than three (3) members. All the Audit Committee members should be non-executive directors, with a majority of them being independent directors; and at least one (1) member of the Audit Committee shall be:

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

2.2 The Chairman of the Audit Committee shall be an Independent, Non-Executive Director who is not Chairman of the Board.

2.3 Any former key audit partner of the Group shall observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.

2.4 No alternate director shall be appointed as a member of the Audit Committee. If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

3. SECRETARY

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

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee members and to the other members of the Board.

4. AUTHORITY

- 4.1 The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the expense of the Company:
- a) have explicit authority to investigate any matter within its Terms of Reference. It shall have the authority to seek any information it requires from any employee of the Group and all employees are directed to co-operate with any request made by the Audit Committee.
 - b) have full and unrestricted access to any information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management.
 - c) have direct communication channels with the internal and external auditors, and with management of the Group, and shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other executive directors and employees of the Group whenever deemed necessary.
 - d) obtain external legal or other independent professional advice from relevant parties and to invite them to attend its meeting, if necessary.
- 4.2 Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of Bursa Securities Main Market Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.

5. MEETINGS

The Audit Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. In addition, the Chairman may call a meeting of the audit committee if a request is made by any committee member, the Company's chief executive, or the internal or external auditors.

Other Board members and employees may attend meetings upon the invitation of the Audit Committee. However, at least once a year, the Committee shall meet with the external auditors without any executive Board member present.

A quorum shall consist of two (2) members and the majority of members present must be independent directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the independent members present.

6. DUTIES AND RESPONSIBILITY

6.1 Risk Management and Internal Control

- a) The adequacy and effectiveness of risk management, internal control and governance systems instituted in the Company and the Group.
- b) The Group's risk management policy and implementation of the risk management framework.
- c) The appointment or termination of members of the risk management committee.
- d) The report of the risk management committee.

6. DUTIES AND RESPONSIBILITY (CONT'D)

6.2 Internal Audit

- a) The internal audit function will report directly to the Audit Committee.
- b) The adequacy of the internal audit scope and plan, functions, competency, resources and budget of the internal audit function and that it has the necessary authority to carry out its work.
- c) Effectiveness and independence of the internal audit function.
- d) Review and approve the internal audit charter which defines the purpose, authority and responsibilities of the internal audit function.
- e) Any appraisal or assessment of the performance of the internal audit function, including the Head of Internal Audit; and the appointment or termination of the Head of Internal Audit and if deemed necessary, senior staff members of the internal audit function.

6.3 External Audit

- a) The external auditors' audit plan, nature and scope of their audits, including any changes to the planned scope of the audit plan and to ensure an effective coordination of audit where more than one audit firm is involved.
- b) The external auditors' audit report and their evaluation of the system of internal controls.
- c) The appointment and performance of external auditors, the audit fee and any question of resignation or dismissal including any written explanations before making recommendations to the Board, including to review if there is any reason to believe that the external auditors are not suitable for re-appointment.
- d) The assistance given by the employees to the external auditors, and any difficulties encountered in the course of the audit work.
- e) The proper policies and procedures to assess the suitability and independence of external auditors, including:
 - i) obtaining written assurance from external auditors confirming they are, and have been, independent throughout the conduct of audit engagement in accordance with all relevant professional and regulatory requirements.
 - ii) taking into consideration the competence, audit quality and resource capacity of the external auditors in relation to the audit.
 - iii) assess the nature and extent of non-audit services rendered by the external auditors and their affiliated companies or firms, and the level of fees paid for such services relative to audit fees.

6.4 Audit Reports

- a) Internal and external audit reports together with management's responses to ensure that appropriate and prompt remedial action is taken by management on major deficiencies in controls or procedures that are identified, including status of previous audit recommendations.
- b) Findings of internal investigations and related management responses.

6.5 Financing

- a) The quarterly results and the year-end financial statements of the Company and the Group for recommendation to the Board for approval, focusing particularly on:
 - i) changes in or implementation of accounting policies and practices.
 - ii) significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed.
 - iii) significant adjustments arising from the audit.
 - iv) going concern assumption.
 - v) compliance with accounting standards and other legal requirements.

Audit Committee Report and Statement on Risk Management and Internal Control for publication in the Company's Annual Report.

6. DUTIES AND RESPONSIBILITY (CONT'D)

6.6 Related Party Transactions

Any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transactions, procedures or course of conduct that raises questions of management integrity.

6.7 Allocation under Employees' Share Scheme

Verification on the allocation of shares or options to ensure compliance with the criteria for allocation pursuant to the share scheme for employees of the Group, if any.

6.8 To oversee the implementation of whistleblowing policy and procedures of the Group.

6.9 Other Functions

Any such other functions as the Audit Committee considers appropriate or as authorised by the Board.

7. PERFORMANCE

On an annual basis, the Board shall via the Nomination Committee evaluate the AC's term of office and performance and extent to which the AC has met the requirements of its TOR. This assessment may constitute a part of the annual Board Effectiveness Assessment in respect of assessment of the Board Committees.

8. REVIEW AND TERMS OF REFERENCE

The Audit Committee shall review and assess the adequacy of this Terms of Reference on a periodic basis determined by the Audit Committee or as and when necessary. Any proposed changes to the Terms of Reference shall be approved by the Board.