

Terms Of Reference Of The Audit Committee

Membership

1. The Committee shall be appointed by the Board of Directors amongst the Directors of the Company which fulfils the following requirements:
 - a) the Committee must be composed of no fewer than three (3) Members;
 - b) all the Committee Members must be Non-Executive Directors, with all of them being Independent Directors; and
 - c) at least one (1) member of the 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 (3) years' working experience and:
 - (aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
 - (bb) 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
2. The members of the Committee shall elect a Chairman from among themselves who shall be an independent director.
3. No Alternate Director should be appointed as a Member of the Committee.
4. In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirement of the Bursa Malaysia Securities Berhad pertaining to composition of audit committee, the Board of Directors shall within three months of that event fill the vacancy.
5. The terms of office and performance of the Committee and each of its members must be reviewed by the Board of Directors at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

Meetings

1. **Secretary**

The Company Secretary shall be the Secretary of the Committee or in his absence, another person authorised by the Chairman of the Committee.
2. **Frequency**
 - (a) Meetings shall be held not less than four (4) times a year.
 - (b) Upon the request of the External Auditors, the Chairman of the Committee shall 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.
3. **Quorum**

A quorum shall consist of a majority of Independent Directors.

4. Attendance

- (a) The Financial Director, the Head of Internal Audit and a representative of the External Auditors shall normally attend meetings.
- (b) Other Directors and Employees may attend any particular meeting only at the Committee's invitation, specific to the relevant Meeting.

5. Reporting Procedure

The Minutes of each Meeting shall be circulated to all Members of the Board.

6. Meeting Procedure

The Committee shall regulate its own procedure, in particular:

- (a) the Calling of Meetings;
- (b) the Notice to be given of such Meetings;
- (c) the Voting and Proceedings of such Meetings;
- (d) the Keeping of Minutes; and
- (e) the Custody, Production and Inspection of such Minutes.

Rights

The Committee in performing its duties shall in accordance with a procedure to be determined by the Board of Directors:

- (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;
- (d) have direct communication channels with the External Auditor and person(s) carrying out the internal audit function or activity (if any);
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene Meetings with External Auditors, the Internal Auditors or both, excluding the attendance of the other Directors and Employees of the Company, whenever deemed necessary.

Functions

1. The Committee shall, amongst others, discharge the following functions:

To review:

- (a) the Quarterly Results and year end Financial Statements, prior to the approval by the Board of Directors, focusing particularly on:
 - i) the going concern assumption;
 - ii) the changes in or implementation of major accounting policy changes;
 - iii) the significant and unusual events; and
 - iv) the compliance with accounting standards and other legal requirements.

- (b) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions on management integrity.
 - (c) with the External Auditors:
 - i) the Audit Plan;
 - ii) his evaluation of the system of internal controls;
 - iii) his Audit Report;
 - iv) his management letter and management's response; and
 - v) the assistance given by the Company's employees to the External Auditors.
2. In respect of the appointment of External Auditors:
- (a) to review whether there is reason (supported by grounds) to believe that the External Auditors is not suitable for re-appointment;
 - (b) to consider the nomination of a person or persons as External Auditors and the audit fee; and
 - (c) to consider any questions of resignation or dismissal of External Auditors.
3. In respect of the Internal Audit Function:
- (a) to review the adequacy of the scope, functions, competency and resources of the Internal Audit Function and that it has the necessary authority to carry out its work;
 - (b) 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;
 - (c) to ensure Internal Audit Function is Independent of the activities in Audits; and
 - (d) to ensure the Internal Audit Function reports directly to the Audit Committee.
4. To promptly report such matter to the Exchange if the Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Malaysia Securities Berhad.
5. To carry out such other functions as may be agreed to by the Committee and the Board of Directors.