



## **AUDIT COMMITTEE TERMS OF REFERENCE**

### **1. Composition and Appointment**

- (a) The Audit Committee shall be appointed amongst the Board members and shall comprise no fewer than three (3) members;
- (b) All the Audit Committee members should comprise solely of independent directors.
- (c) At least one (1) member of the Audit Committee –
  - (i) must be a member of the Malaysian Institute of Accountants;
  - (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 I of the First 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 First Schedule of the Accountants Act 1967; or
  - (iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").
- (d) No Alternate Director is to be appointed as a member of the Audit Committee.
- (e) In case a former key audit partner is being nominated as a member of the Audit Committee, he shall observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.

### **2. Retirement and Resignation**

In the event of any vacancy resulting in non-compliance of items (1)(a), (b), (c) and item (4)(a), the vacancy must be filled within three (3) months. Therefore, a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice of not less than three (3) months to the Company.

### **3. Review of the Audit Committee**

The terms of office and performance of the Audit Committee and each of its members shall be reviewed by the Nomination Committee once a year to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.



#### **4. Chairman**

- (a) The members of the Audit Committee must elect a Chairman among themselves who is an Independent Director.
- (b) The Chairman shall not be the Chairman of the Board.
- (c) In the absence of the Chairman, the meeting shall be chaired by an Independent Director.
- (d) The Chairman should engage on a continuous basis with senior management, such as the chief executive officer, the chief operating officer, the group financial controller, the Internal Auditors and the External Auditors in order to be kept informed of matters affecting the company.

#### **5. Committee Secretary**

The Company Secretary shall be the Secretary of the Audit Committee and shall:-

- a) ensure meetings are arranged and held accordingly as per the terms of reference;
- b) assist the Chairman in planning the work of the Audit Committee;
- c) draw up meeting agendas in consultation with the Audit Committee Chairman and maintain the minutes;
- d) ensure structured communication channels between the Board and the Audit Committee;
- e) ensure proceedings of meetings are recorded and the minutes are circulated to and confirmed by the Audit Committee Chairman before disseminating them to the Board; and
- f) ensure Audit Committee's recommendations presented to the Board are supported by papers, including minutes that explain the rationale for the proposal.

#### **6. Quorum and Frequency of Meetings**

The Audit Committee shall meet at least five (5) 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 the majority of members present, who shall be independent directors.

The Audit 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 by a majority of votes. The Chairman shall have a casting vote.



The External Auditors and Internal Auditors shall 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. The Chairman shall call for a meeting upon the request of the External Auditors.

Attendance of other Directors and employees to any particular Audit Committee meeting shall only at the Audit Committee's invitation, specific to the relevant meeting.

#### **7. Private session with the External Auditors**

The Audit Committee should meet up with the External Auditors without the executive Board members and Management present at least twice a year.

#### **8. Rights**

The Audit Committee shall:

- (a) have the 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;
- (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 and/or the Internal Auditors, excluding the presence of the executive Board members, at least twice a year and whenever deemed necessary;
- (g) promptly report to Bursa Securities, or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board resulting in a breach of the listing requirements.
- (h) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise; and
- (i) meet as and when required on a reasonable notice.



## **9. Duties and Responsibilities**

The Audit Committee, as required by applicable laws, rules, or regulations and otherwise to the extent it deems necessary or appropriate, shall:-

### External Audit

- (a) consider the appointment 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 to the Board.
- (b) have policies and procedures to assess the suitability and independence of External Auditors.
- (c) review with the External Auditors on:
  - (i) the audit plan, its scope and nature;
  - (ii) the audit report;
  - (iii) the results of their evaluation of the accounting policies and systems of internal controls within the Group; and
  - (iv) the assistance given by the officers of the Company to them, including any difficulties or disputes with Management encountered during the audit.
- (d) review with Management:
  - (i) audit reports and management letter issued by the External Auditors and the implementation of audit recommendations;
  - (ii) interim financial information/ report; and
  - (iii) the assistance given by the officers of the Company to the External Auditors.

### Internal Audit

- (e) 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).
- (f) review the adequacy of the scope, competency and resources of the internal audit function.
- (g) review the internal audit plan, processes the internal audit reports, recommendations raised, investigation undertaken and whether or not appropriate action is taken on the recommendations.

### Risk Management and Internal Control

- (h) recommend such measures as to be taken by the Board on the effectiveness of the system of internal control and risk management practices of the Group.



- (i) evaluate the quality and effectiveness of Company's internal control system and management information systems, including in compliance with applicable laws, rules, corporate governance requirements and guidelines.
- (j) recommend to the Board the Directors' Statement on Risk Management and Internal Control and any changes to the said Statement.

#### Whistleblowing and fraud

- (k) review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and review the company's procedures for detecting fraud.

#### Overseeing Financial Reporting

- (l) review and deliberate the quarterly results and year-end financial statements, before the approval by the Board, focusing particularly on –
  - changes in or implementation of major accounting policy changes;
  - significant matters highlighted, including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters are addressed; and
  - compliance with accounting standards and other legal requirements.
- (m) monitor the integrity of the financial statements of the Company.
- (n) assess whether the financial report represents a true and fair view of the Company's performance and ensure compliance with the regulatory requirements.

#### Reviewing conflict of interests situations and related party transactions

- (o) review and monitor the related party transactions entered into by the Company or the Group and to determine if such transactions are 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 Board reports such transactions annually to the shareholders via the annual report.
- (p) review conflict of interests situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of Management integrity.

#### Reporting Responsibilities

- (q) report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- (r) make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.



#### Other Matters

- (s) verify the allocation of options pursuant to a share scheme for employees to ensure in compliance with the criteria for allocation of options under the share scheme, at the end of each financial year.
- (t) report to Bursa Securities, if there is any related party transaction which exceeded the Shareholders' Mandate and provide full reasoning and detailed explanations.

#### **10. Terms of Reference**

The terms of reference should be assessed, reviewed and updated at least once every three years by the Audit Committee or as and when there are changes to the Malaysian Code on Corporate Governance 2017 and the Main Market Listing Requirements.

The Audit Committee should recommend any change to the terms of reference to the Board for approval.

The assessment of the Audit Committee's terms of reference should be a rigorous process, taking into consideration the Company's circumstances and any new regulations that may have an effect on the Audit Committee's responsibilities.

The terms of reference was reviewed and approved by the Board on 6 April 2018.