

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. OBJECTIVE

The objective of the Audit Committee is to assist the Board of Directors in meeting its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies.

In addition, the Audit Committee shall:

- a) Oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors;
- b) Maintain open lines of communication between the Board of Directors, the internal auditors and the external auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and
- c) Determine the adequacy of the Group's administrative, operating and accounting controls.

2. COMPOSITION

The Audit Committee shall be appointed by the Directors from among their members (pursuant to a resolution of the Board of Directors) which fulfils the following requirements: -

- a) the audit committee members must be composed of no fewer than 3 members;
- b) all the audit committee members must be non-executive directors, with a majority of them are independent directors; and
- c) at least one member of the audit 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 3 years' working experience and:-
 - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
 - 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; or
 - iii) must fulfill such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad from time to time.

The members of the Audit Committee shall elect a Chairman from among their members who shall be an independent director.

If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member resulting in the non-compliance of item 2 (a) to (c) above, the Board of Directors shall, within three months of that event, appoint new member(s) as may be required to comply with the above requirements.

3. FUNCTION

The functions of the Audit Committee are as follows: -

- a) Review with the external auditors, the audit plan;
- b) Review with the external auditors, the evaluation of the system of internal controls;
- c) Review with the external auditors, the audit report;
- d) Review the assistance given by the Company's employees to the external auditors;
- e) Review the adequacy of scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- f) 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;
- g) Review the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on: -
 - (i) changes in or implementation of major accounting policy 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;** and
 - (iii) compliance with accounting standards and other legal requirements;
- h) Review 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 of management integrity;
- i) Consider the appointment of a person or persons as external auditors, the audit fees and any questions of nomination, resignation or dismissal;
- j) Review whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for reappointment;
- k) Consider the appointment of the internal auditors, the fees, and any questions of nomination, resignation or dismissal;
- l) Assess the adequacy and integrity of the risk management and internal control system through independent reviews conducted and reports it received from the internal auditors, the external auditors and the management; and
- m) Consider other topics as defined by the Board.

4. RIGHTS OF THE AUDIT COMMITTEE

The Audit Committee shall, whenever necessary and reasonable for the Company to perform of its duties, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company: -

- 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 auditors and person(s) carrying out the internal audit function or activity;
- e) be able to obtain independent professional or other advice; and
- f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the company, whenever deemed necessary.

5. **MEETING**

The Audit Committee shall meet at least four times a year and such additional meetings as the Chairman shall decide in order to fulfill 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.

The Company Secretary or other appropriate senior officer shall act as 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 committee members prior to each meeting.

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

The quorum shall be two members, a majority of whom shall be independent directors.

By invitation of the Audit Committee, the Company must ensure that other directors and employees attend any particular audit committee meeting specific to the relevant meeting.