

## **TERM OF REFERENCE OF AUDIT COMMITTEE**

**Appendix A**

### **MEMBERS**

#### **Koh Win Ton**

Chairman, Independent Non-Executive Director (appointed as chairman on 21 March 2017)  
CPA Australia; Member, Malaysia Institute of Accountants

#### **Lee Kok Jong**

Member, Independent Non-Executive Director (appointed on 24 August 2017)

#### **Wong Chin Chin**

Member, Independent Non-Executive Director (appointed on 21 March 2017)

### **TERMS OF REFERENCE**

#### Composition of members

The members of the Audit Committee shall be appointed by the Board from among its members and shall consist of at least three (3) members. All the Audit Committee members must be Non-Executive Directors with a majority of them being Independent Directors.

At least one of the members of the Audit Committee:

- (a) Must be a member of the Malaysian Institute of Accountants (MIA); or
- (b) If he is not a member of MIA, he must have at least 3 years' working experience and:
  - (i) He must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
  - (ii) 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
- (c) He must fulfill such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Malaysia").

All members are required to be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process. All members should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

The Audit Committee shall elect an Independent Director from amongst the members as its Chairman. The Chairman of the Audit Committee is not the Chairman of the board.

No alternate director can be appointed as a member of the Audit Committee. The terms of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once in every three (3) years to determine whether the Audit Committee and its members have carried out their duties in accordance with the terms of reference.

#### Quorum

To form a quorum, the majority of members present must be Independent Directors.

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## **Appendix A**

### Objectives

The primary objectives of the Committee are to:

- (a) Provide assistance to the Board in fulfilling its fiduciary responsibilities, particularly in the areas relating to the Company and its subsidiary companies' ("the Group") accounting and internal control systems, financial reporting and business ethics policies;
- (b) Provide greater emphasis on the audit function by serving as the focal point for communication between non-Committee Directors, the external auditors, internal auditors and management and providing a forum for discussion that is independent of the management. It is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity of the management and the adequacy of disclosures to shareholders; and
- (c) Undertake such additional duties as may be appropriate and necessary to assist the Board.

### Secretary

The Secretary of the Committee shall be the Company Secretary.

### Frequency and Attendance of Committee Meetings

- (a) Meetings shall be held at least on a quarterly basis and as and when required during each financial year.
- (b) Other Board members, employees, and/or representatives of the external and/or internal auditors may attend any meeting at the Audit Committee's invitation.
- (c) A Committee Member shall be deemed to be present at a meeting of the Committee if he participates by instantaneous telecommunication device and all members of the Committee participating in the meeting of the Committee are able to hear each other and recognise each other's voice, and for this purpose, recognition constitutes prima facie proof of participation. For the purposes of recording attendance, the Chairman or Secretary of the Committee shall mark on the attendance sheet that the Committee Member was present and participating by instantaneous telecommunication device.
- (d) A Committee Member may not leave the meeting by disconnecting his instantaneous telecommunication device unless he has previously obtained the express consent of the Chairman of the Meeting and a Committee Member will be conclusively presumed to have been present and to have formed part of the quorum at all times during the Committee Meeting by instantaneous telecommunication device unless he has previously obtained the express consent of the Chairman of the Meeting to leave the meeting.
- (e) Minutes of the proceedings at a Committee Meeting by instantaneous telecommunication device will be sufficient evidence of such proceedings and of the observance of all necessary formalities if certified as correct minutes by the Chairman of the Meeting.
- (f) Instantaneous telecommunication device means any telecommunication conferencing device with or without visual capacity.
- (g) A resolution in writing signed and approved by a majority of the Committee and who are sufficient to form a quorum shall be as valid and effective as if it had been passed at a Meeting of the Committee duly called and constituted.

### Minutes

The minutes of each meeting shall be kept and distributed to each member. All minutes of meetings shall be circulated to every member of the Board. The Chairman of the Committee shall report on each meeting to the Board.

### Authority

- (a) To investigate any matter of the Group, within its terms of reference, where it deems necessary, investigate any matter referred to it or that it has come across in respect of a transaction that raises questions of management integrity, possible conflict of interests, or abuse by a significant or controlling shareholder;
- (b) To have resources which are required to perform its duties;
- (c) To have full and unrestricted access to any information pertaining to the Group;
- (d)
  - (i) Have direct communication channels with the external auditors;
  - (ii) Have direct authority over the internal audit function of which is independent from management and operations;
- (e) Be able to obtain and seek outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary;
- (f) Be able to convene meetings with the external auditors, the internal auditors or both, to the exclusion of other directors and employees of the Company; and
- (g) To have full access to any employee or member of the management.

### Duties and Responsibilities

In fulfilling its primary objective, the Audit Committee will need to undertake the following duties and responsibilities and report the same to the Board of Directors:

- (a) To assess and monitor the suitability, objectivity and independence of the external auditor according to the External Auditors Policies and Procedures ;
- (b) To discuss with the external Auditor, before the audit commences, the audit plan, scope and nature of the audit of the Company and the Group;
- (c) To review the audit report with external auditors and are fully informed about significant matters related to the Company's audit and its financial statements and address these matters;
- (d) To review the follow-up actions taken by Management on findings and recommendations by the internal and external auditors;
- (e) To review the external auditors management letters and the management response;

### Duties and Responsibilities (Cont'd)

- (f) To review the Group's quarterly results and the Group's annual Financial Statements, prior to the approval by the Board of Directors. The review is focused particularly on:
  - (i) Any changes in or implementation of major accounting policy;
  - (ii) Significant and unusual events;
  - (iii) Significant adjustments and issues arising from the audit;
  - (iv) The going concern assumption; and
  - (v) Compliance with applicable accounting standards and other legal requirements.
- (g) To review any related party transaction and conflict of interests situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (h)
  - (i) To recommend the appointment of external auditors, their remuneration and inquire into their resignation or dismissal;
  - (ii) Where the External Auditor are removed from office by resolution passed under section 276 of the Companies Act 2016, the Company shall give a notice of that fact to the Registrar of Companies within fourteen days, pursuant to section 278 (1) of the Companies Act 2016. Whereas, when the External Auditors give notice to the Company of their desire to resign as External Auditors, the Committee shall send a copy of the notice to the Registrar of Companies within seven days from the receiving of a notice of resignation, pursuant to section 282 (1) of the Companies Act 2016; and
  - (iii) Upon the resignation of External Auditor, the former key audit partner is required to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.
- (i) To assess whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment;
- (j) To review the assistance and co-operation given by the employees of the Company to the external auditors;
- (k)
  - (i) To review the adequacy of the scope, functions, resources and competency of the internal audit function and that it has the necessary authority to carry out its work;
  - (ii) If the internal audit function is outsourced, to consider and recommend the appointment or termination of the internal auditors, the fee and inquire into the staffing and competence of the internal auditors in performing their work; and
  - (iii) If the internal audit function is performed in-house, to approve any appointment or termination as well as the appraisal of performance of senior staff members of the internal audit function. Also, to be informed of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reason for resignation.
- (l) To review the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal auditor;

Duties and Responsibilities (Cont'd)

- (m) To carry out such functions as may be agreed between the Audit Committee and the Board of Directors; including but not limited to reviewing the acquisition or disposal of any major investment or fixed asset;
- (n) To communicates its insights, views and concerns about relevant transactions, events and matters that have an effect on the financial and audit to internal and external auditors
- (o) To report to Bursa Malaysia on matters reported by it to the Board that has not been satisfactorily resolved by the Board; resulting in a breach of the Listing Requirements of Bursa Malaysia.