

AUDIT COMMITTEE

TERMS OF REFERENCE

1. Membership

- The Audit Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall consist of not less than three (3) members, all of whom shall be non-executive directors. The majority of the members shall be independent and not be:-
 - (a) executive directors of any related corporation;
 - (b) a spouse, parent, brother, sister, son or adopted son or daughter or adopted daughter of an executive director of the Company or of any related corporation;
 - (c) any person having a relationship which, in the opinion of the Board of Directors would interfere with the exercise of independent judgement in carrying out the functions of the Audit Committee.
- At least one member of the Audit Committee:-
 - (a) must be a member of the Malaysian Institute of Accountants; or
 - (b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
 - (i) he must have passed the examinations specified in Part I 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) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- The members of the Audit Committee shall elect a Chairman from among their number who shall be an independent director.
- No alternate director can be appointed 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 below three (3), 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 (3) members.
- The term of office of the Audit Committee members should be reviewed by the Board of Directors at least once every three (3) years.

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2. Authority

- The Audit Committee is authorised by the Board of Directors to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee.
- The Audit Committee shall have unlimited access to all information and documents relevant to its activities as well as to the internal and external auditors and senior management of the Group.
- The Audit Committee is authorised by the Board of Directors to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

3. Functions

The functions of the Audit Committee shall be:-

- to report to the Board of Directors after reviewing the following:-
 - (a) the audit plan with the external auditors;
 - (b) the evaluation of the system of internal controls with the external auditors;
 - (c) the audit report with the external auditors;
 - (d) the assistance and co-operation given by the employees of the Company to the external auditors;
 - (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (f) the internal audit programme, processes, the results of the internal audits, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (g) 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 and unusual events;
 - (iii) significant adjustments arising from the audit;
 - (iv) the going concern assumption; and
 - (v) compliance with accounting standards and other legal requirements;

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- (h) 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) any letter of resignation from the external auditors;
 - (j) whether there is any reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;
- to recommend the nomination of a person or persons as external auditors;
 - to consider the external auditors' fee and any questions of dismissal;
 - to discuss problems and reservations arising out of external or internal audits and any matters which the auditors may wish to bring up (in the absence of the Executive Directors and employees of the Group whenever deemed necessary);
 - to review the external auditors' management letter and management's response;
 - to consider the major findings of internal investigations and management's response;
 - to review any appraisal or assessment of the performance of members of the internal audit function; and
 - to inform itself of any appointments or resignations of internal audit staff members and provide resigning staff member an opportunity to submit his reasons for resigning;

together with such other functions as may be agreed to by the Audit Committee and the Board of Directors.

4. Meetings

- Meetings shall be held not less than four (4) times a year. The external auditors may request a meeting if they consider that one is necessary.
- The quorum for any meeting of the Audit Committee shall be two (2) members.
- The Company Secretary shall be the Secretary of the Audit Committee.
- The Secretary shall circulate the minutes of meetings of the Audit Committee to all members of the Board of Directors.