



Registration no. 199101012045 (222357-P)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Version 2

EFFECTIVE DATE: 1 APRIL 2020

1	OBJECTIVES	<p>The principal objectives of the Audit Committee ("the Committee") are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Committee shall:-</p> <ul style="list-style-type: none"> (a) evaluate the quality of the audits performed by the internal and external auditors; (b) provide independent oversight that the financial information presented by management is relevant, reliable and timely; (c) oversee compliance with laws and regulations and observance of a proper code of conduct; (d) determine the quality, adequacy and effectiveness of the Company's control environment; and (e) ensure financial statements comply with applicable financial reporting standards.
2	COMPOSITION	<p>The Committee shall be appointed from amongst the Board and shall comprise no fewer than three (3) members, all of whom shall be Independent Directors.</p> <p>All members of the Committee should be financially literate and at least one (1) member of the Committee must be:-</p> <ul style="list-style-type: none"> (a) a member of the Malaysian Institute of Accountant ("MIA"); or (b) if he is not a member of MIA, he must have at least three (3) years of working experience and: <ul style="list-style-type: none"> i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or ii. he must be a member of one (1) of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or (c) fulfills such other requirements as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities").

		<p>No alternate director shall be appointed as a member of the Committee.</p> <p>A former key audit partner shall observe a cooling off period of at least two (2) years before being appointed as a member of the Committee.</p> <p>The term of office and performance of the Committee and each of its members shall be reviewed by the Nomination and Remuneration Committee annually to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.</p>
3	RIGHTS	<p>The Committee in performing its duties shall have authority to investigate any matter within its terms of reference and given adequate resources to perform its duties. The Committee shall have full and unrestricted access to any information or persons within the Company and the Group as well as direct communication channels with external auditors and person(s) carrying out the internal audit functions or activities.</p>
4	CHAIRMAN	<p>The members of the Committee shall elect a Chairman from amongst their number.</p> <p>In the absence of the Chairman of the Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman to chair the meeting.</p> <p>The Chairman of the Committee shall not be the Chairman of the Board.</p>
5	RETIREMENT AND RESIGNATION	<p>If any member of the Committee retires, re-designates, resigns, dies, or for any reason ceases to be a member or the Chairman resulting in non-compliance with paragraphs 2 and 4 above, the Board and the members of the Committee shall within three (3) months of the event appoint/elect such new member(s) or Chairman as may be required to fill the vacancy.</p>
6	SECRETARIES	<p>The Company Secretaries shall be the secretaries of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.</p>
7	MEETINGS	<p>The Committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.</p>

		<p>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 auditors believe should be brought to the attention of the directors or shareholders.</p> <p>Notice of Committee meetings shall be given to all the Committee members unless the Committee waives such requirement.</p> <p>The Committee members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.</p> <p>The Chairman of the Committee shall engage on a continuous basis with the Chairman of the Board, senior management, such as the Chief Financial Officer, the internal auditors and the external auditors in order to be kept informed of matters affecting the Company.</p> <p>The Chief Financial Officer and a representative of the internal and external auditors respectively should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Committee. The Committee shall be able to convene meetings with the external auditors, the internal auditors or both, without executive Board members or employees present whenever deemed necessary and at least twice a year with the external auditors.</p> <p>Questions arising at any meeting of the Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Committee shall not have a second or casting vote.</p>
8	MINUTES	<p>Minutes of each meeting shall be kept at the registered office and distributed to each member of the Committee and also to the other members of the Board. The Chairman shall report on the proceeding of each meeting to the Board.</p> <p>The minutes of the Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.</p>

		The Committee members may inspect the minutes of the Committee at the Company's registered office or such other place as may be determined by the Committee.
9	QUORUM	The quorum for the Committee meeting shall be two (2) members who are independent directors.
10	CIRCULAR RESOLUTION	A resolution in writing signed by a majority of the Committee members for the time being shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted. Any such resolution may consist of several documents in like form each signed by one (1) or more Committee members. Any such document may be accepted as sufficiently signed by an Committee member if transmitted to the Company by telex, telegram, cable, facsimile or other electrical or digital written message to include a signature of a Committee member.
11	REPORTING	<p>The Committee shall report to the Board, either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference at least once a year, but more frequently if it so wishes.</p> <p>The Committee shall report to the Board on any specific matters referred to it by the Board for investigation and report.</p>
12	AUTHORITY	<p>The Committee shall, in accordance with a procedure to be determined by the Board and at the expense of the Company,</p> <ul style="list-style-type: none"> (a) have explicit authority to investigate any activity within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the Committee; (b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group; (c) have full and unrestricted access to all documents and resources which are required to perform its duties including assigning a competent person or function to be responsible for all anti-corruption compliance matters; (d) obtain, at the expense of the Company, other independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary;

		<p>(e) have direct communication channels with the internal and external auditors and person(s) carrying out the internal audit function or activity (if any); and</p> <p>(f) where the Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR, the Committee shall promptly report such matter to Bursa Securities.</p>
13	DUTIES AND RESPONSIBILITIES	<p>The duties and responsibilities of the Committee are as follows:-</p> <p>(a) To consider the appointment and/or re-appointment of the internal auditors and external auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person(s) as auditors;</p> <p>(b) To establish policies governing the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the external auditors;</p> <p>(c) To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one (1) audit firm is involved;</p> <p>(d) To review with the external auditors on:-</p> <ul style="list-style-type: none"> • the audit plan, its scope and nature; • the audit report; • the results of their valuation of the accounting policies, controls and systems within the Group; and • the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit; <p>(e) To review the quarterly reports on consolidated results and year-end financial statements of the Company before submission to the Board, focusing particularly on:-</p> <ul style="list-style-type: none"> • changes in or implementation of major accounting policy changes;

		<ul style="list-style-type: none"> • significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; • compliance with applicable accounting standards and other legal or regulatory requirements; • significant adjustments arising from the audit; • the going concern assumption; and • major judgement areas. <p>(f) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management, where necessary);</p> <p>(g) To ensure fair and transparent reporting and prompt publication of the financial accounts;</p> <p>(h) To review with Management:-</p> <ul style="list-style-type: none"> • audit reports and management letter issued by the external auditors and the implementation of audit recommendations; • interim financial information; and • the assistance given by the officers of the Company to external auditors; <p>(i) To do the following, in relation to the internal audit function:-</p> <ul style="list-style-type: none"> • review the adequacy of the scope, functions, competency and resources of the internal audit and compliance functions, and that each function has the necessary authority to carry out its work; • review, challenge and approve the internal audit charter, internal audit annual budget, audit and compliance plans, risk assessment and audit methodology and ensure adequacy of their scopes, robustness in the planning process and sufficient resources to implement the plans independently and
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		<p>objectively, and that they have the necessary authority to carry out their work;</p> <ul style="list-style-type: none"> • review compliance reports, discuss major findings and deficiencies in internal controls and management response and ensure agreed actions are taken timely; • approve the appointment or termination of the heads of assurance and compliance and assess their performance; • review any difficulties encountered in the course of audit or compliance work, including any restrictions on the scope of activities or access to required information; • review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function; • review the internal audit plan, consider the internal audit reports and findings of the internal auditors, fraud investigations and actions and steps taken by Management in response to audit findings; • review any appraisal or assessment of the performance of members of the internal audit function; • approve any appointment or termination of senior staff members of the internal audit function; and • take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reason for resigning; <p>(j) To consider any related party transaction 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 Directors report such transaction annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including</p>
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		<p>any transaction, procedure or course of conduct that raises questions of Management integrity;</p> <p>(k) To report its findings on the financial and management performance, and other material matters to the Board;</p> <p>(l) To consider the major findings of internal investigations and management's response;</p> <p>(m) To monitor the integrity of the Company's financial statements;</p> <p>(n) To review the independence and qualification of the Company's external auditors;</p> <p>(o) To monitor the performance of the Company's internal audit function;</p> <p>(p) To assist the Board in applying principles and good practices of corporate governance, sustainability and corporate responsibility towards the Group's stakeholders and to ensure compliance with applicable regulatory and legal requirements;</p> <p>(q) To oversee the internal controls framework to ensure operational effectiveness and adequate protection of the Group's assets;</p> <p>(r) To ensure that proper processes and procedures are in place to comply with all laws, regulations and rules established by all relevant regulatory bodies;</p> <p>(s) To consider and examine such other matters as the Committee considers appropriate; and</p> <p>(t) To carry out the following, in relation to whistleblowing policies:-</p> <ul style="list-style-type: none"> • to establish and implement policies and procedures on whistleblowing consistent with the Whistleblower Protection Act 2010; • to review whistleblowing reports and deliberate on the course of action for cases that are brought to the Committee; • The Committee will monitor the responses to the Group's whistleblowing channel and other mechanisms used to raise concerns, and to oversee
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		<p>actions following breaches of the ethics and business integrity policy or allegations of misconduct; and</p> <ul style="list-style-type: none"> • Review the major findings of internal investigations and Management's response and recommend the rectifications needed. <p>(u) To consider other matters as defined by the Board.</p>
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