

## **1. Objectives**

- 1.1 The primary objective of the Audit Committee (“AC” or “Committee”) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control, which include, among others, the following:
- (a) Oversee the Group’s financial reporting process and the integrity of the Group’s financial statements;
  - (b) Assess the Group’s processes in relation to its risks, governance and control environment;
  - (c) Review conflict of interest situations and related party transactions; and
  - (d) Evaluate the internal and external audit processes and performance.

## **2. Composition of AC**

- 2.1 The Board shall elect and appoint Committee members from amongst their numbers on recommendation of the Nomination Committee, comprising no fewer than three (3) Directors, the majority of whom shall be independent non-executive Directors of the Company.
- 2.2 The Board shall at times ensure that at least one (1) member of the Committee shall be:
- (a) a member of the Malaysian Institute of Accountants (“MIA”); or
  - (b) if he or she is not a member of MIA, he must have at least three (3) years of working experience and:
    - (i) he or she must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
    - (ii) he or she must be a member of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  - (c) fulfills such other requirements prescribed or approved by the Bursa Malaysia Securities Berhad (“Bursa Securities”).
  - (d) all members must be financially literate and are able to understand matters under the purview of the Committee including the financial reporting process.
- 2.3 If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.

- 2.4 The Chairman of the Committee shall be an independent non-executive Director who is not the Chairman of the Board. No alternate Director of the Board shall be appointed as a member of the Committee. The Nomination Committee shall review the terms of office of each of its members annually.
- 2.5 All members of the Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting standards, practices and rules.
- 2.6 No former key audit partner of the Company's external auditors shall be appointed to the Committee unless he/she has observed a cooling-off period of at least two years before being appointed as a member of the Committee.

### **3. Secretary to AC**

- 3.1 The Company Secretary shall be appointed Secretary of the Committee ("the Secretary"). The Secretary, in consultation with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers to the members of the Committee, at least one (1) week prior to each meeting.

### **4. Meetings**

- 4.1 The Committee shall meet at least five (5) times a year or more frequently as circumstances shall dictate. The Chairman of the Committee is accountable for the agenda. The Chairman of the Committee will highlight any major issues and any items requiring resolution by the Board.
- 4.2 In addition, the Chairman shall convene a meeting of the Committee if requested to do so by any member, the management of internal or external auditors to consider any matters within the scope and responsibilities of the Committee.
- 4.3 The Chairman of the AC should engage on a continuous basis with senior management, such as the Chairman of the Board, the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), the Internal Auditors and the External Auditors in order to be kept informed of matters affecting the company.
- 4.4 The Chairman of the Committee should be present at the Annual General Meeting to answer questions on the AC's activities and on matter that are within the scope of the AC's responsibilities.

## **5. Reporting Procedures**

- 5.1 The agenda together with relevant explanatory papers and documents shall be circulated to the Committee members prior to each meeting. The minutes of the meeting of the Committee, shall be circulated to all members of the Board. The Chairman shall submit an annual report to the Board summarising the Committee's activities during the year and the related significant results and findings.

## **6. Meeting Procedures**

- 6.1 The Committee shall regulate its own procedures, in particular:
- (a) the calling of meetings;
  - (b) the notice to be given to such meetings;
  - (c) the voting and proceedings of such meetings;
  - (d) the keeping of minutes; and
  - (e) the custody, production and inspection of such minutes.

## **7. Quorum**

- 7.1 A quorum shall consist of 2 Committee members; however it must be made up of a majority of independent Directors.

## **8. Attendance by Invitation**

- 8.1 The Executive Director (ED), CEO, CFO, the Internal Auditors and the representative of the External Auditors should normally be invited to attend the meetings. The Committee may invite any person to be in attendance to assist in its deliberations in any particular meeting. However, the Committee should meet with the External Auditors without Executive Board members and management present at least once a year.

## **9. Rights of the External Auditors**

- 9.1 The External Auditors have the right to appear and be heard at any meeting of the Committee and their representative shall appear before the AC when required to do so by the Committee.

## **10. Authority of the AC**

### 10.1 The Audit Committee should:

- (a) Have authority to seek any information it requires from employees or investigate any activity within its terms of reference;
- (b) Have the resources which are required to perform its duties;
- (c) Have full and unrestricted access to all information, documents and officers of the Company and the Group for the purpose of discharging its functions and responsibilities;
- (d) Have direct communications channels with the internal and external Auditors and senior management of the Group and shall 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; and
- (e) Be able to obtain legal or other independent professional advice as it considers necessary at the expense of the Company.

## **11. Duties and Responsibilities**

### 11.1 The duties and responsibilities of the Committee shall be:

#### **Financial Reporting**

- (a) To review the Company's and the Group's quarterly results and annual financial statements before submission to the Board, focusing on:
  - (i) Any changes in or implementation of accounting policies and practices;
  - (ii) Major judgment areas;
  - (iii) Significant adjustments proposed by the external auditors;
  - (iv) Going concern assumption;
  - (v) Compliance with accounting standards;
  - (vi) Compliance with stock exchange and legal requirements; and
  - (vii) Significant and unusual events
- (b) To ensure finance function is:-
  - (i) carried out by the right personnel with the skills, experience, training and authority suitable to the industry and the complexity of the Company's business; and
  - (ii) equipped with adequate resources and right infrastructure to support financial reporting process.

### **External Audit process**

- (c) To review with the external auditors their audit plan, scope and nature of audit for the Company and the Group, their evaluation of the system of internal control, their audit report, audit findings, their management letter and management's response including previous audit findings and recommendations as well as the assistance given by the Company's employees to the external auditors, any difficulties encountered in the course of the audit work and any restrictions on the scope of activities or access to required information.
- (d) To review any letter of resignation from external auditors, whether there is any reason to believe that the external auditors is not suitable for re-appointment and recommend the nomination of person(s) as external auditors and the audit fees, the terms of reference of their appointment and any question of resignation or dismissal.
- (e) To discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss (in the absence of management where necessary).
- (f) To conduct the annual assessment on the suitability, objectivity and independence of external auditor as well as effectiveness of the audit process.

### **Internal Audit process**

- (g) To perform the following, in relation to the internal audit function:
  - (i) Review the adequacy of the scope, functions, competency, experience and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - (ii) Review the internal audit programme and results of the internal audit programme, processes or investigation undertaken and, where necessary, ensure that appropriate actions are taken on the recommendations of internal audit function;
  - (iii) Review the internal audit plan, consider the major findings of the internal audits, internal or fraud investigations and actions and steps taken by management in response to audit findings;
  - (iv) Review any appraisal or assessment of the performance of members of the internal audit function;
  - (v) Approve any appointment or termination of senior staff members of the internal audit function as well as the performance evaluation and remuneration of those in the internal audit function; and

- (vi) Take cognisance of resignations/transfer of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

### **Related Party Transactions**

- (h) To review and report to the board any related parties transactions and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (i) To evaluate that management establishes a comprehensive framework for the purpose of identifying, evaluating, approving and monitoring such situations and transactions.

### **Risk Management**

- (j) To determine that there is a robust process in place for identifying, managing and monitoring critical risks; oversee execution of that process; and ensure it is continuously improved as the business environment changes.
- (k) To provide timely input to management on critical risk issues.
- (l) To engage management in an ongoing risk appetite dialogue as conditions and circumstances change and new opportunities arise.
- (m) To oversee the conduct and review the results, of company-wide risk assessments, including the identification and reporting of critical risks.
- (n) To oversee the management of certain risks, with regard to the complexity and significance of these risk exposures.
- (o) To provide advice to the board on risk strategies and coordinate the activities of the various standing board committees for risk oversight.
- (p) To promote a healthy risk culture and watch for dysfunctional behaviour that could undermine the effectiveness of the risk management process.

### **Others**

- (q) To review the internal control environment or assess the effectiveness and adequacy of the internal control.
- (r) To verify the allocation of option granted pursuant to the Employee Share Option Scheme.
- (s) To report to the Board its activities, significant results and findings.

- (t) To review procedures in place to ensure that the Group is in compliance with the Companies Act 2016, Bursa Securities Listing Requirements and other legislative and reporting requirements.
- (u) To promptly report such matter to the Bursa Securities if the Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements.
- (v) To discuss the contracts for the provision of non-audit services which can be entered into and procedures that must be followed by the external auditors. The contracts cannot be entered into should include management consulting, strategic decision, internal audit and standard operating policies and procedures documentation.
- (w) To direct and where appropriate supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts.
- (x) To review the adequacy and completeness of the Group's risk management process and recommending improvements where required.
- (y) To review accuracy and adequacy of the Chairman's statement in the directors' report, corporate governance disclosures, interim financial reports and preliminary announcement in relation to the preparation of financial statements.
- (z) To undertake any such responsibilities as may be agreed by the Committee and the Board.

## **12. Review**

- 12.1 The terms of reference will be subjected to assess, review and updated periodically by the Committee and any proposed changes are to be approved by the Board before becoming effective.
- 12.2 The written Term of Reference is made available for reference on the Company's website.

## **13. Effective Date**

- 13.1 The terms of reference is effective 13 September 2018.