

TERMS OF REFERENCE OF AUDIT COMMITTEE

1.0 COMPOSITION

1.1 The Audit Committee shall be appointed by the Board from amongst the Non-Executive Directors of the Company and shall consist of not fewer than 3 members of whom:-

- a) majority of the Audit Committee must be Independent Directors;
- b) are financially literate and at least one member of the Audit Committee;
 - must be a member of the Malaysian Institute of Accountants; or
 - if he is not a member of the Malaysian Institute of Accountants, he must have at least 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 association of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967 or
 - fulfils such other requirement as prescribed or approved by the Bursa Malaysia Securities Berhad (“Bursa Securities”) from time to time.

1.2 No alternate director shall be appointed as a member of the Audit Committee.

1.3 For engagement of a former key audit partner as member of the Committee, there must be a cooling-off period of at least two years before being appointed as a member of the Committee.

1.4 If a member of the Audit Committee resigns, passes away or for any other reason ceases to be a member resulting in the number of Independent Directors comprising less than the majority of the members or the members is reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to comply with the requirement that the Independent Directors constitute a majority or to make up the minimum number of three (3) members as the case may be.

1.5 The Board must via Nominating Committee to review the terms of office and the performance of the Audit Committee and its members annually to determine whether the Audit Committee and members have carried out their duties in accordance with its Terms of Reference.

2.0 CHAIRMAN

2.1 The Chairman of an Audit Committee shall not be the Chairman of the Board. The Chairman of the Audit Committee must be an Independent Director. In the absence of the Chairman elected, the Audit Committee shall be chaired by any of the Independent Directors.

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2.2 The Chairman should engage on a continuous basis with Senior Management, such as the Chairman of the Board, Managing Director, Finance Manager, Internal Auditors and External Auditors in order to be kept informed of matters affecting the Company.

3.0 QUORUM AND ATTENDANCE

3.1 In order to constitute a quorum, the majority of members present at an Audit Committee meeting must be Independent Directors. The Chairman of the committee may request that the Managing Director, Executive Director, members of the management, the Internal Auditors and representatives of the External Auditors be present at the meetings of the Committee.

4.0 MEETINGS

4.1 The Committee shall hold meetings on no fewer than four (4) occasions a year, although additional meetings may be called, as and when necessary by the Chairman of the Committee. These meetings will usually be:-

- a) Prior to the announcement of the quarterly results;
- b) Prior to the meeting of the full Board to approve the financial statements for the current year; and
- c) Upon request of any member of the Committee or the External Auditors/Internal Auditors whereby the Chairman of the Committee shall convene a meeting of the Committee to deliberate matters brought up by the External Auditors/Internal Auditors.

4.2 In addition to the above, the Audit Committee shall meet with the External/Internal Auditors without the Executive Board members or members of the management or employees present, whenever deemed necessary.

4.3 By invitation of the Audit Committee, the Group Chief Executive Officer, Managing Director and other appropriate officer(s) may be invited to attend the Audit Committee, where their presence is considered appropriate as determined by the Audit Committee Chairman.

4.4 The Committee meetings shall be governed by the provisions of the Company's Constitution relating to Board meetings unless otherwise provided for in the Term of Reference. The Audit Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.

4.5 A member of Audit Committee may participate in a meeting of by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

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- 4.6 The notice and agenda for each Audit Committee meeting shall be sent to all members of the Audit Committee and any other persons who may be required to attend the meeting within seven (7) days.
- 4.7 The Chairman of the Committee shall report to the Board on any matter that should be brought to the Board's attention and provide recommendations of the Committee that require the Board's approval at the Board meeting.
- 4.8 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 thereof, including details of relevant training attended by each Committee member.
- 4.9 The Audit Committee may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing signed by all members in lieu of convening a formal meeting shall be as valid and effectual as it had been passed at a meeting of the Audit Committee duly convened and held.

5.0 SECRETARY AND MINUTES OF MEETING

- 5.1 The Company Secretary shall be the secretary to the Audit Committee and shall be present at all meetings to record minutes. Minutes of each meeting shall be prepared and entered into the Minutes Book of the Company provided for the purpose and sent to the Audit Committee members and shall be made available to all Board members. The minutes shall be signed by the Chairman of the Audit Committee.
- 5.2 The Secretary shall have the following responsibilities:
- 5.2.1 Draw up meeting agenda in consultation with the Chairman and circulate the agenda together with the relevant papers within a reasonable period prior to each meeting to enable full and proper consideration be given to issues;
 - 5.2.2 Ensure the minutes are circulating to all members of the Audit Committee and make the same available to Board members who are not members of the Audit Committee; and
 - 5.2.3 Ensure that the minutes of the Audit Committee meetings are properly produced and kept at the registered office of the Company. The minutes shall be open for inspection by the Board. Any request by Management or other persons to inspect the minutes shall be subjected to the approval of the Audit Committee for inspection if required.

6.0 AUTHORITY

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

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- 6.1.1 have the authority to investigation any matter within its terms of reference;
- 6.1.2 have the resources which are required to perform its duties;
- 6.1.3 have full and unrestricted access to any information including records, properties and personnel within the Group;
- 6.1.4 have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity (if any);
- 6.1.5 be able to obtain internal and external independent professional to assist in proper discharge of its roles and responsibilities or other advice, as it deems necessary;
- 6.1.6 be able to convene meetings with the External/Internal Auditors, excluding the attendance of the Executive Board members or members of the management or employees, at least twice a year and whenever deemed necessary.
- 6.1.7 promptly report to the Bursa Securities or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements; and
- 6.1.8 have the right to pass resolutions by a simple majority vote from the Audit Committee and that the Chairman shall have the casting vote should a tie arise.

7.0 RESPONSIBILITIES OF THE AUDIT COMMITTEE

- 7.1 The responsibilities of the Audit Committee are:
 - 7.1.1 to serve as a focal point for communication between non-audit committee directors, the External Auditors, Internal Auditors and the Management;
 - 7.1.2 to assist the Board in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Group and the sufficiency of auditing relative thereto;
 - 7.1.3 to assist the Board in assuring the independence of the Company's External Auditors, the integrity of Management, the adequacy of disclosures to shareholders, and the adequacy of internal controls; and
 - 7.1.4 to assist the Board to ensuring the effective management of risks

8.0 DUTIES AND FUNCTIONS OF THE AUDIT COMMITTEE

8.1 Financial Reporting and Compliance

- 8.1.1 to review the quarterly results and annual financial statements, prior to the approval by the Board, focusing particularly on:
 - a) any changes in or implementation of any accounting policies and practices;
 - b) significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions and how these matters are being addressed;

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- c) going concern assumptions; and
 - d) compliance with applicable accounting standards and other legal requirements.
- 8.1.2 to discuss problems and reservations arising from the interim and final audits, and any matters the External/Internal Auditors may wish to discuss (in the absence of Management where necessary);
- 8.1.3 to review with the External Auditors, their management letter and management's response;

8.2 Evaluate the internal and external audit processes and outcomes

- 8.2.1 review with the external auditors on their audit plan, their evaluation of the system of internal controls, audit report, problems and reservations arising from the interim and final audits, the management letter and management's response and the adequacy of assistance given by the Group's employees.
- 8.2.2 Review any letter of resignation from the external auditors and report the same to the Board.
- 8.2.3 Review whether there is any reason that the external auditor is not suitable for reappointment and make the relevant recommendation to the Board.
- 8.2.4 Recommend the nomination of a person or persons as external auditors, including matters related to audit fees. In considering the appointment or re-appointment of the external auditors; to consider among others:-
- i) the adequacy of the experience and resources of the accounting firm;
 - ii) the persons assigned to the audit;
 - iii) the accounting firm's audit engagements;
 - iv) the size and complexity of the Group being audited; and
 - v) the number and experience of supervisory and professional staff assigned to the particular audit;
- 8.2.5 Ensure the proper policies and procedures are established and to assess the suitability and independence of external auditors, including obtaining written assurance from external auditors confirming they are and have been independent throughout the conduct of audit engagement in accordance with the terms of reference of all relevant professional and regulatory requirements.
- 8.2.6 Ensure the external auditors able to meet the deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan.
- 8.2.7 Ensure the competence, audit quality and resource capacity of the external auditors in relation to the audit.
- 8.2.8 Consider any concerns raised by external auditors in respect of breach or non-performance of any requirement or rules that may materially affect the financial position of the Company.
- 8.2.9 Review non-audit services which may be provided by the external auditors (e.g. contract and nature) and the fee for such service. In the event that the non-audit fees paid to the external auditors are significant (e.g. constitute 50% of the total amount of audit fees paid

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to the external auditors), the Company is required to state the details on to the nature of non-audit services rendered in the Committee Report.

8.2.10 In respect of the Group's internal audit function (provided by a internal audit service provider), to undertake the following and reports directly to the AC:

- i) review the adequacy of the scope, functions, competency and resources of the internal audits functions, and that it has the necessary authority to carry out its work;
- ii) review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
- iii) review the effectiveness of the Group's internal audit function and make recommendations necessary for the improvement of the internal audit function;
- iv) review any appraisal or assessment of the performance of members (or the audit firm as the case may be) of the internal audit function;
- v) to approve any appointment or termination of senior staff members (or the audit firm as the case may be) of the internal audit function; and
- vi) to note resignation of internal audit staff members (or the audit firm as the case may be) and provide the resigning staff member (or the audit firm as the case may be) an opportunity to submit his reasons for resigning.
- vii) to ensure the internal audit function is independent of the activities it audits and the head of internal audit reports directly to the Audit Committee. The head of internal audit should have the relevant qualifications and be responsible for providing assurance to the Audit Committee that the internal controls are operating effectively. The head of internal audit will be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within the Company.

8.3 To do the following in relation to the risk management:

8.3.1. to review the adequacy of risk management and receive reports from the internal auditors and external auditors on the effectiveness of controls in each major risk area; and

8.3.2. to comment annually on the effectiveness of risk management activity in the Group on the basis of audit received and the annual report from the management.

8.4 Review conflict of interest situations and related party transactions (including recurrent related party transactions)

8.4.1 Review any conflicts of interest and related party transactions including recurrent related party transactions that may arise within

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- the Group, including any transaction, procedure or course of conduct that raises question on Management's integrity;
- 8.4.2 Ensure that the Group has adequate procedures and processes in place to monitor and track related party transactions and to review these processes; and
- 8.4.3 Oversight any conflict of interest or potential conflict of interest situation that may arise.

8.5 Others such as the followings:

- 8.5.1 Review the Company's Annual Report including approving the Statement on Risk Management and Internal Control, the Statement on Corporate Governance and other statements related to strategy, financials and performance for inclusion in the Annual Report and recommend to the Board for approval.
- 8.5.2 To consider the major findings of internal investigation and management's response; and
- 8.5.3 To consider other topics as defined by the Board.

9.0 REVISION OF THE TERMS OF REFERENCE

- 9.1 Any revision or amendment to the Terms of Reference, as proposed by the Audit Committee or any third party, shall first to be presented to the Board for its approval.
- 9.2 Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

The Term of Reference of AC has been approved by the Board of Directors on 13 February 2019.