

AUDIT COMMITTEE TERMS OF REFERENCE

The Audit Committee was established on 18 January 2002. The terms of reference of Audit Committee shall be as follows:

1. Objectives

The primary function of the Audit Committee is to assist the Board in fulfilling its fiduciary duties as well as the following oversight objectives on the Group and its subsidiaries activities:

- (a) Evaluate the Internal and External Audit Process
- (b) Oversee financial reporting
- (c) Responsibility for maintaining a sound system of risk management and internal control, and for reviewing its adequacy and integrity

2. Membership

The Committee shall be appointed by the Board from amongst its Directors (except Alternate Directors) which fulfils the following requirements:

- (a) the audit committee must be composed of no fewer than three (3) members;
- (b) all the audit committee members must be Non-Executive Directors, with a majority of them being Independent Directors; and
- (c) at least one member of the audit committee:
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - (aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - (bb) 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
 - (iii) fulfils such other requirements as prescribed by the Exchange.

The definition of "Independent Directors" shall have the meaning given in Chapter 1.01 of the Listing Requirements of Bursa Securities.

No Alternate Director shall be appointed as a member of the Audit Committee.

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The members of the Audit Committee shall select a Chairman from among their members who shall be an Independent Director.

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 (3) 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 terms of office and performance of the Committee and its members shall be reviewed by the Nominating Committee annually to determine whether the Committee and each of its members have carried out their duties in accordance with their terms of reference.

3. Meeting and Minutes

Meetings are scheduled at least four (4) times a year. The Audit Committee shall meet with the External Auditors without the attendance of other Directors and employees of the Company at least twice a year.

Other Board members may attend meetings upon invitation by the Audit Committee and will normally be attended by the Senior Internal Auditor and upon invitation, the External or Internal Audit Consultants. Minutes of each meeting shall be distributed to each Board member. The Chairman of the Audit Committee shall report key matters discussed at each meeting to the Board.

Questions arising at any Meeting of Audit Committee shall be decided by a majority of votes, the Chairman of Audit Committee shall have a second or casting vote.

4. Circular Resolution

A resolution in writing signed by a majority of all members shall be valid and effective as if it had been passed at a Meeting of the Audit Committee. All resolutions shall be described as "Committees Circular Resolution" and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the Minutes Book. Any such resolutions may consist of several documents in the like form, each signed by One (1) or more members.

5. Quorum

A quorum shall consist of a minimum of two (2) members, both of whom must be Independent Non-Executive Directors.

6. Secretary

The Secretary of the Audit Committee shall be one of the Company Secretaries as decided by the Chairman of the Audit Committee.

The Secretary, in consultation with the Chairman of Audit Committee, shall draw up an agenda for meetings and shall be responsible for keeping the minutes of the Meeting of the Audit Committee; and the minutes shall be circulated to members of the Board.

7. Authority

The Audit Committee shall have the following authority as empowered by the Board of Directors:

- To investigate any matters within its terms of reference;
- To have the resources which are required to perform its duties;
- To have full and unrestricted access to any information, records, properties and personnel of the Group;
- To have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity;
- To be able to obtain independent professional or any other advice; and
- To 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.
- Where the Audit Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactory resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.

8. Functions

1) Financial Reporting

To review the Group's quarterly, half-yearly and annual financial statements before submission to the Board, focusing particularly on:

- Any changes in/or implementation of major changes accounting policies changes;
- Significant matters highlighted including financial reporting issues, major judgmental areas made by management, significant and unusual events or transactions and how the matters are addressed;

- Significant adjustments resulting from the audit;
- The going concern assumptions;
- Compliance with accounting standards; and
- Compliance with regulatory requirements.

2) External Auditors

- i) To review the following and report the same to the Board for deliberation and approval or decision:
 - (a) audit plan, which comprised audit and non-audit services;
 - (b) results of audit report;
 - (c) keep under review the effectiveness of internal control systems and in particular review the External Auditor's management letter and the management's response, if applicable; and
 - (d) annual audited financial statement of the Group to ensure compliance with the Companies Act, 2016, Main Market Listing Requirements, applicable accounting standards and other legal and regulatory requirements.
- (ii) To conduct annual assessment of performance of the External Auditor, including assessment of their suitability and independence in performing their obligation, which is preferred via a formal evaluation form.
- (iii) To recommend appointment, re-appointment or removal of External Auditor, and their audit fees and any questions of resignation or dismissal, and inquire into staffing and competent of the External Auditor in performing their work.
- (iv) For good corporate governance purposes, the Company is not allowed to appoint former key audit partners of the present or former External Auditors to the Board of Directors within a two (2) years cooling period upon their last audit engagement with the Company. This is to ensure that the quality and independence of the audit is safeguarded by avoiding the potential threats which may arise when a member of an audit engagement team joins the Company (audit client) and is in a position to exert significant influence over the preparation of the Company's financial statements.

3) Internal Auditors

- (a) To review the following and report the same to the Board for deliberation and approval or decision:
 - (i) Internal Audit Programme which detail the audit areas, audit scope and timing of audit;

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- (ii) result of the Internal Audit Report with management's response to the findings, the corrective actions taken and follow-up on previous audit findings, if any;
 - (iii) annual assessment of the performance of Internal Auditors, including assessment of their suitability and independence in performing their obligations, which is preferred via a formal evaluation form and recommend the suitability of the Internal Auditors for re-appointment; and
 - (iv) any letter of resignation from Internal Auditors.
- (b) To recommend the nomination of a person or persons as Internal Auditors.
- 4) To review the following and report the same to the Board:
- (a) the risk policy and risk appetite of the Group and recommend to the Board for approval and inclusion in the Annual Statement of Risk Management and Internal Control to be published in Annual Report;
 - (b) present the Audit Committee Report to the Board for approval to be published in Annual Report; and
 - (c) any related party transactions that may arise within the Group to ensure they are transacted within the approved limits of the shareholders' mandate on recurrent related party transactions and also conflict of interest situations which arise within the Group.
- 5) To assess processes and procedures to ensure compliance with all laws, rules and regulations, directives and guidelines established by the relevant regulations bodies.
- 6) To report to the Board of Directors any suspected frauds or irregularities, serious internal control deficiencies or suspected infringement of laws, rules and regulators on which come to its attention and are of sufficient importance to warrant the attention of the Board.
- 7) To carry any functions that may be mutually agreed upon by the Audit Committee and the Board.
- 8) To consider the major findings of internal investigations and management response.
- 9) To verified the allocations of ESOS in compliance with the criteria as stimulated in the By-Law of ESOS of the Company, if any.

9. Reporting

The Chairman of the Audit Committee shall report on each meeting to the Board of Directors. The Minutes of the Audit Committee meeting shall be signed by the

Chairman of the meeting at which the proceeding were held or by the Chairman of the next succeeding meeting.

10. Review of Audit Committee Terms of Reference

The Audit Committee Terms of Reference (“ACTOR”) shall be reviewed periodically in accordance with the needs of the Group. Amendments to the ACTOR must be reviewed by the Audit Committee and approved by the Board of Directors of the Company.