



**AUDIT COMMITTEE
TERMS OF REFERENCE**

Date	Description
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1.0 Introduction

Given the importance of an Audit Committee (“the AC”) to the governance structure of the Company, Paragraph 15.09 of Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Listing Requirements”) has mandated the establishment of the AC. The AC is guided by the terms of reference as set out below

2.0 Composition of the AC

2.1. The AC shall be appointed by the Board of Directors (“Board”) from among its members and shall consist of not fewer than three (3) members.

2.2. All members of the AC must be Non-Executive Directors with a majority of them being independent.

2.3. At least one (1) member of the AC:-

- (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 three (3) years’ working experience and
 - (aa) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or



- (iii) fulfills such other requirements as prescribed or approved by Bursa Securities.
- 2.4. No Alternate Director shall be appointed as a member of the AC.
- 2.5. The AC will ensure that no former key audit partner will be appointed as a member of the AC until the person has observed a cooling-off period of not less than two (2) years before his/her appointment as a member of the AC.
- 2.6. Chairman of the AC shall be elected from among the AC members of Independent Non-Executive Director, who is not the Chairman of the Board.
- 2.7. The Company Secretary shall be the Secretary of the AC.
- 2.8. The Nomination Committee must review the term of office and performance of the AC and each of its members annually to determine whether the AC and its members have carried out their duties in accordance with their terms of reference. Notwithstanding the foregoing, in the event the member ceases to be a Non-Executive Director in accordance with paragraph 2.2 above, the membership in the AC shall automatically be terminated.
- 2.9. In the event that a member of the AC 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 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.

3.0 Authority

The AC is authorised by the Board and at the expense of the Company to:-

- (i) investigate any matter within its terms of reference;
- (ii) secure resources in order to perform its duties;
- (iii) have full and unrestricted access to any information pertaining to the Company and the Group;
- (iv) have direct communication channels with the external auditors and internal auditors;
- (v) obtain external legal or other independent professional advice as necessary;
- (vi) convene meetings with the external auditors, the internal auditors or both, without the attendance of other Directors and employees of the Group, whenever deemed necessary;
- (vii) conduct an investigation where there is possible fraud, illegal acts or suspected violation of the Code of Conduct and Business Ethics involving members of the Board and Senior Management with the assistance from internal audit department; and
- (viii) report any matter that is not satisfactory resolved resulting in a breach of the Listing Requirements to Bursa Securities

4.0 Functions

The AC performs, among others, the following functions:-

4.1. Financial Reporting Review

To review the unaudited quarterly results and the audited year-end financial statements of the Group with the Management and external auditors prior to the approval by the Board, focusing particularly on:

- (a) Changes in or implementation of major accounting policies and practices;
- (b) Significant adjustments arising from the audit including significant and unusual events or transactions, and how these matters are addressed and resolved;
- (c) The going concern assumption; and
- (d) Compliance with accounting standards and other regulatory requirements

4.2. External Audit

- (a) To consider the nomination and make recommendations to the Board on the appointment, re-appointment, resignation and dismissal of the external auditors;
- (b) To approve the terms of engagement and audit fee to be paid to the external auditors in respect of audit services provided;

- (c) To assess the qualification, expertise and resources, effectiveness and independence of the external auditors; and
- (d) To discuss with the external auditors, prior to the commencement of audit, the nature and scope of the audit, their audit plan and coordination of audit where more than one (1) audit firm is involved

4.3. Internal Audit

- (a) To review 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;
- (b) To review the internal audit plans, programmes, activities and staffing needs;
- (c) To review the major findings of internal audit investigation and Management's responses and ensure appropriate actions are taken on the recommendations of the internal audit function;
- (d) To approve any appointment or termination of senior staff members of the internal audit function; and
- (e) To review the regular internal reports to Management prepared by the internal audit.

4.4. Related Party Transactions

- (a) To ensure that Management establishes a comprehensive framework to identify, evaluate, approve, report and monitor any related party transactions and conflict of interest situations that may arise within the Group, including any transaction, procedure or course of conduct that raises questions of Management integrity, and that the Directors must report such transactions annually to the shareholders in the annual report.

4.5. Risk Management and Internal Control

- (a) To review the effectiveness of the Group's overall enterprise risk management framework, strategies, policies and systems to identify, assess and manage risks; and
- (b) To assess the adequacy and effectiveness of the system of risk management and internal control based on the reports it received from independent reviews

4.6. Whistleblowing Mechanism

- (a) The Company has in place a mechanism to allow its employees and stakeholders to raise genuine concerns about possible wrongdoing in financial reporting, accounting, auditing or other related matters to the Chairman of the AC. The AC shall ensure that the mechanism provides adequate safeguards against victimisation of persons using such mechanism to report wrongdoing or improper conduct to the Chairman of the AC.



4.7. Share Issuance Scheme (“Scheme”)

- (a) To verify the allocation of shares to the eligible employees under the Scheme and ensure the same is disclosed in the Company’s annual report at the end of each financial year, if any.

5.0 Meetings and Minutes

- 5.1. The AC shall meet at least four (4) times in a financial year. The Chairman shall also convene a meeting of the AC if requested to do so by any member, the Management or the internal or external auditors to consider any matter within the scope and responsibilities of the AC.
- 5.2. The Independent Non-Executive Directors, the Group Chief Executive Officer, the Group Accountant, the Head of Internal Audit, the Head of Risk Management and representative of the external auditors shall normally be invited to attend the meetings. However, the AC may invite any other person to be in attendance to assist in resolving and clarifying matters raised, where necessary.
- 5.3. Notice of each AC meeting confirming the venue, time and date and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be circulated to each member of the AC at least seven (7) days prior to the scheduled meeting.
- 5.4. The presence of two (2) AC members shall form a quorum.
- 5.5. The Company Secretary shall be the Secretary of the meeting.
- 5.6. AC meeting shall normally be conducted face-to-face to enable effective discussions. Such meeting may also be conducted via telephone

conferencing, video conferencing or other appropriate electronic means as determined by the AC.

- 5.7. Minutes of each AC meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next meeting. Minutes shall be distributed to each AC members and also to other members of the Board. The Head of Internal Audit and relevant members of Senior Management shall also be provided with the minutes for follow-up actions.
- 5.8. A resolution in writing signed by all members of the AC shall be valid and effectual as if it had been passed at a meeting of the AC. The expression “in writing” shall include confirmed transmission by email, facsimile or other forms of electronic communications. Any such resolution may consist of several documents in like form, each signs by one (1) or more members.
- 5.9. The AC shall meet with the external auditors without the presence of any Executive Directors at least once a year, if deemed necessary.

6.0 Review of the Terms of Reference

- 6.1. The terms of reference shall be assessed, reviewed and updated at least once annually and where necessary i.e. when there are changes to the Malaysian Code on Corporate Governance, Listing Requirements or any other regulatory requirements. It should also be reviewed and updated to reflect the directions or strategies adopted by the Group.