

## **TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

The terms of reference of the Audit Committee are as follows:

### **1. Responsibilities**

- (a) Assessing the risks and control environment.
- (b) Overseeing financial reporting.
- (c) Evaluating the internal and external audit process.
- (d) Reviewing conflict of interest situations and related party transactions.

### **2. Authority**

In conducting its duties and responsibilities, the Audit Committee shall have:

- (a) the authority to investigate any matter within its Terms of Reference.
- (b) full and unrestricted access to any information pertaining to the Company and the Group including the right to invite other Directors and/or Management of the Company to attend any particular Audit Committee meeting to discuss specific issues.
- (c) direct communication channels with the external and internal auditors.
- (d) the right to obtain independent professional or other advice as necessary.

### **3. Duties**

The duties of the Audit Committee are:

- (a) To review and consider the appointment, resignation and dismissal of external auditors and the appropriateness of their audit fee, and to consider and approve the external auditors' non-audit engagement services.
- (b) To assess the suitability, objectivity and independence of the external auditors based on policies and procedures in place and taking into consideration information presented in the external auditors' Annual Transparency Report.
- (c) To discuss with the external auditors, prior to the commencement of audit, the nature and scope of audit, to obtain their written assurance of independence and to ensure coordination of audit where more than one audit firm is involved.
- (d) To review and assess the financial statements prior to the approval of the Board, ensuring:
  - going concern assumption
  - compliance with accounting standards, timeliness disclosure and regulatory compliance requirements
  - changes in or implementation of accounting policies and practices and ensuring a true and fair view of the Group's and the Company's financial position and performance
  - significant matters highlighted including financial reporting matters, unusual events, transactions and judgements made by Management
  - understanding of Management's representations

- (e) To discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss, and to discuss with the independent non-executive Directors in private (excluding the attendance of other Directors and Management/Executive of the Company) arising from the above matters.
- (f) To review the external auditors' management letter and management's response thereto.
- (g) To require a former partner of the external audit firm of the Company to observe a cooling-off period of at least 3 years before being appointed a member of the Audit Committee.
- (h) To establish the following with the internal audit function:
  - review the adequacy of the scope, functions, competency, performances and resources requirements of the internal audit function and that it has the necessary authority and independence to carry out its work
  - review and approve the annual internal audit plan which includes the audit programmes
  - ensure co-ordination of external audit with internal audit
  - consider the major findings of internal audit reviews/investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function
  - approve the appointment and removal of the head of the internal audit function
  - approve the budget for the internal audit function
  - review and evaluate the effectiveness of risk management, internal control, anti-corruption, whistle-blowing and governance process
- (i) To review any related party transaction including recurrent related party transaction, and conflict of interest situation that arose, persist or may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts.
- (j) To consider the appointment of independent advisers for corporate proposals involving related parties.
- (k) To assess the quality and effectiveness of the system of internal control and efficiency of operations, and to review the risk policy and implementation of the risk management framework. Continually reviewing and monitoring the effectiveness of control systems and sound risk management.
- (l) To perform a peer, self and Audit Committee assessment annually to assess its effectiveness in carrying out its duties.
- (m) To promptly report to Bursa Malaysia Securities Berhad on any matter where the Audit 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 Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- (n) To perform any other such duties and functions as may be directed by the Board.