

TERMS OF REFERENCE

AUDIT COMMITTEE

The Audit Committee is currently made up of the following Directors:

Chairman:

Datuk Abang Haji Abdul Karim Bin Tun Abang Haji Openg

Members:

Dato' Awang Bemee Bin Awang Ali Basah

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1. Appointment/Composition

The members of the Committee shall be appointed by the Board amongst its Directors and their period of appointment shall be concurrent with their tenure in the Board. No alternate director shall be appointed as a member of the Committee. The Audit Committee shall consist of not less than three (3) members all of whom shall be Non-Executive Directors with a majority of them being Independent Directors.

At least one (1) member of the Committee:-

1. must be a member of the Malaysian Institute of Accountants; or
2. if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience; and
 - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (b) he must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
3. fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

A quorum for each meeting shall be two (2) members, all of whom must be Independent Directors. The Chairman of the Committee shall be appointed by the members of the Committee among their number and shall be an Independent Non-Executive Director. The Chairman of the Committee shall not be the Chairman of the Board.

The Board shall, within three (3) months of a vacancy occurring in the Audit Committee which results in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

Any former key audit partner must have observed a cooling-off period of at least 2 years before being eligible for appointment as a member of the Audit Committee.

The Board shall review the term of office and performance of an Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

2. **Authority**

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is also authorised to seek any information relevant to its activities it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

3. **The functions of the Committee shall be:**

(a) to review and report the same to the Board of Directors

- (i) with the external auditor, the audit plan;
- (ii) with the external auditor, his evaluation of the system of internal controls;
- (iii) with the external auditor, scope of their audits and their audit reports;
- (iv) the assistance given by the employees of the Company and Group to the external auditor;
- (v) 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;
- (vi) the internal audit plan, processes, the results of the internal audit assessments, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (vii) any appraisal or assessment of the performance of members of the internal audit functions;
- (viii) the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
 - changes in or implementation of major accounting policy changes and practices;
 - significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
 - compliance with applicable approved accounting standards in Malaysia and other legal and regulatory requirements; and
 - the going concern assumption
- (ix) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (x) Audit Committee Report and Statement on Risk Management and Internal Control to be published in the Annual Report;
- (xi) the adequacy and effectiveness of risk management, internal control and governance systems;
- (xii) any letter of resignation from the external auditors of the Company; and
- (xiii) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for reappointment;

- (b) to assess the performance of the external auditors and to recommend to the Board the nomination of a person or persons as external auditors and their audit fee;
- (c) approve the appointment or termination of senior staff members of the internal audit functions;
- (d) take cognizance of resignation of internal audit staff members and provide resigning staff an opportunity to submit the reasons for resigning; and
- (e) to consider any other matters as appropriate and within its terms of reference or as authorised by the Board.

4. **Meetings**

Meetings shall be held not less than four (4) times a year. In addition, the Chairman may call a meeting of the Committee if a request is made by any Committee members, the Company's Executive Chairman/Group Managing Director or the internal or external auditors. Meetings will be attended by the members of the Committee and the Company Secretary who shall act as the Secretary of the Committee.

Participants may be invited from time to time to attend the meetings depending on the nature of the subject under review. These participants may include Directors, General Managers, Division Heads, representatives from the Finance Department, internal auditors and external auditors. The Committee shall have the authority to convene meetings with external auditors, internal auditors or both, excluding the attendance of other Directors and employees of the Company whenever deemed necessary. However, at least twice a year, the Committee shall meet with the external auditors without the Executive board members present.

5. **Reporting Procedure**

The Secretary shall maintain minutes of the proceedings of the meetings and circulate such minutes to all members of the Board.