

TERMS OF REFERENCE – AUDIT COMMITTEE

The terms of reference are as follows:

1. Composition

The Committee shall be appointed from amongst the Board and shall comprise no fewer than three (3) members, a majority of whom shall be independent directors and all members should be non-executive directors. At least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience as approved by the Bursa Malaysia Securities Berhad.

In the event of any vacancy with the result that the number of members is reduced to below three, the vacancy shall be filled within two (2) months but in any case not later than three (3) months. Therefore a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

The terms of office and performance of an audit committee and each of its members must be reviewed by the Board of Directors 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. Chairman

The Chairman, who shall be elected by the Audit Committee, shall be an independent director. In the even of the chairman's absence, the meeting shall be chaired by an independent director.

The Chairman should engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the company.

3. Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members. The Committee Members may inspect the minutes of the Audit Committee at the Registered Office or such other place as may be determined by the Audit Committee.

4. Meetings

The Committee shall meet at least four (4) times in each financial year and may regulate its own procedure in lieu of convening a formal meeting by means of video or teleconference. The quorum for a meeting shall be the majority of members present, who shall be independent directors.

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The Committee may call for a meeting as and when required with reasonable notice as the Committee Members deem fit.

All decisions at such meeting shall be decided on a show of hands on a majority of votes.

The external auditors and internal auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee. The external auditors may also request a meeting if they consider it necessary.

5. Rights

The Audit Committee shall:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Group;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) have the right to obtain independent professional or other advice at the Company's expense;
- (f) have the right to convene meetings with the external auditors, excluding the presence of the executive board members, at least twice a year and whenever deemed necessary;
- (g) promptly report to the Bursa Malaysia Securities Berhad ("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;
- (h) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise;
- (i) meet as and when required on a reasonable notice;
- (j) the Chairman shall call for a meeting upon the request of the External Auditors.

6. Duties

- (a) To review with the external auditors on:
 - the audit plan, its scope and nature;
 - the audit report;
 - the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
 - the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.
- (b) To review the adequacy of the scope, functions and resources and set the standards of the internal audit function.
- (c) To recommend such measures as to be taken by the Board of Directors on the effectiveness of the system of internal control and risk management practices of the Group.

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- (d) To review the internal audit programme, processes the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- (e) To review with management:
 - audit reports and management letter issued by the external auditors and the implementation of audit recommendations;
 - interim financial information; and
 - the assistance given by the officers of the Company to external auditors.
- (f) To discuss problems and reservations arising from interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary).
- (g) To monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (h) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:
 - changes in or implementation of major accounting policy and practices;
 - significant and / or unusual matters arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- (i) To consider the appointment and / or re-appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors to the board.
- (j) To verify the allocation of options pursuant to a share scheme for employees as being in compliance with the criteria for allocation of options under the share scheme, at the end of each financial year.