

TERMS OF REFERENCE FOR AUDIT COMMITTEE

Membership

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

1. the audit committee must be composed of no fewer than 3 members of whom a majority of the audit committee must be independent directors;
2. all members of the audit committee should be non-executive directors and financially literate;
3. the audit committee shall not appoint a former key audit partner as its member unless he has observe a cooling off period of at least two years from the date of undertaking of any role;
4. at least one (1) member of the Committee;
 - a. must be a member of the Malaysian Institute of Accountants; or
 - b. if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - 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.
 - c. fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad ("Bursa Securities")

The Board shall, within three (3) months of a vacancy occurring in the Committee which result 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.

The Nominating Committee shall review the term of office and performance of the Committee and each of its members annually.

Role and responsibilities of the Committee Chairman

The roles of the Committee Chairman are as follows:-

- Planning and conducting of meetings
- Overseeing the reporting of any potential issues and other issues discussed in its meetings to the Board thereafter
- Encouraging open discussion amongst its members and other invitees during meetings
- Maintaining active ongoing dialogue with Management and both Internal and External auditors

Procedure of the Audit Committee meetings

1. The members of the Committee shall elect a Chairman from among their numbers who is an Independent Director and shall not be the Chairman of the Board. The Board shall, within three (3) months of a vacancy occurring in the chairmanship, elect a new Chairman from among their numbers who is an Independent Director.
2. The Company Secretary shall be the Secretary to the Committee. The Secretary shall circulate minutes of the Committee meeting to all members of the Board.
3. The Committee shall meet not less than four (4) times a year and report to the Board of Directors.
4. Written notice of the meeting together with the agenda shall be given to the members of the Committee; the external auditors and any other person invited to attend the meeting, where applicable.
5. The quorum for meetings of the Committee shall be two (2) members and shall comprise of independent directors.
6. Any decision of the Committee shall be by simple majority. Where necessary and appropriate, any decision of the Audit Committee can also be made or passed by way of a written circular resolution.
7. A representative of the external auditors, the head of internal audit and the Finance Manager should normally attend meetings. Any other Directors, employees and any other persons, where applicable, shall attend any particular Committee meeting only at the Committee's invitation, specific to the relevant meeting.

8. The Chairman shall convene a meeting of the Committee if requested to do so in writing by any member, the management, or the internal or external auditors to consider any matters within the scope and responsibilities of the Committee.
9. A meeting may be convened using telephone and/or the contemporaneous linking together by telephone, other media telecommunication or such other electronic communication media of a number of the Committee members being not less than the quorum shall be deemed to constitute a meeting of the Committee wherever in the world they are, as long as
 - a. the quorum of Committee is met;
 - b. at the commencement of the meeting each Committee member acknowledges his presence thereof to all the other members taking part and such participation shall be deemed to be his presence in person;
 - c. each of the Committee members taking part is able to be heard and hear each of the other members subject as hereinafter mentioned throughout the meeting; and
 - d. the Committee members present at the commencement of the meeting do not leave the meeting by disconnecting the telephone, but the meeting shall be deemed to have been conducted validly notwithstanding that the telephone or electronic communication media is accidentally disconnected during the meeting and provided that no discussions or decisions should be made in respect of matters by the members during the disconnection and that if the telephone or electronic communication media cannot be re-connected at all, the meeting shall then be adjourned.
10. The Committee should meet with the external auditors without executive board members present at least twice a year.

Rights of the Committee

The Committee shall:

1. have explicit authority to investigate any matter within its term of reference;
2. have the resources which are required to perform its duties;
3. have full and unrestricted access to any information pertaining to the Company;
4. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
5. be able to obtain independent professional or other advice; and
6. be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Function of the Committee

The functions of the audit committee shall be:

1. To review the following and report the same to the Board of Directors –
 - a. with the external auditors, the audit plan;
 - b. with the external auditors, his evaluation of the system of internal controls;
 - c. with the external auditors, his audit report;
 - d. the assistance given by the employees of the Company to the external auditor;
 - e. the suitability, objectivity and independence of the external auditor annually;
 - f. the quarterly results and the year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
 - changes in or the implementation of major accounting policy changes;
 - 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 accounting standards and other legal requirements;
 - g. any related party transactions 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;
 - h. any letter of resignation including the written explanations of the resignation from the external auditors of the Company; and

- i. whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment.
2. To do the following, in relation to the internal audit function:-
 - a. review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its works;
 - b. review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - c. review any appraisal or assessment of the performance of members of the internal audit function;
 - d. approve any appointment or termination of senior staff members of the internal audit function; and
 - e. take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
3. To recommend the nomination of a person or persons as external auditors and internal auditors; and their audit fees.
4. To carry out other function that may be mutually agreed upon by the Committee and the Board which would be beneficial to the Company and ensure the effective discharge of the Company's duties and responsibilities.
5. To verify the criteria for allocation of options pursuant to a share scheme for employee.