

AUDIT COMMITTEE - TERMS OF REFERENCE

1. Composition

The Committee shall be appointed from amongst the Board and composed of no fewer than three (3) members. All the audit committee members must be non-executive directors, with a majority of whom being independent directors and at least one (1) member must:

- (i) be a member of the Malaysian Institute of Accountants (“MIA”); or
- (ii) if he is not a member of the MIA, he must have at least three years of working experiences and:
 - He must have passed the examination specified in Part I of the 1st Schedule of the Accountant Act 1967; or
 - He must be a member of one of the Association of Accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
- (iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”).

No alternate director shall be appointed as a member of the Committee.

In the event of any vacancy with the result that the number of members is reduced to below three or there is no chairman, the vacancy shall be filled within 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 nomination committee annually 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 absence of the Chairman, the meeting shall be chaired by another member of the Audit Committee who is an Independent Director.

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. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

The Committee may call for a meeting as and when required with reasonable notice as the Committee Members deem fit. The Committee Members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

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

The internal auditors and external auditors may attend at any meeting at the invitation of the Audit Committee and shall appear before the Committee when required to do so by the Committee. The internal auditors and external auditors may also request a meeting if they consider it is 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 internal auditors and external auditors, excluding the attendance of other directors or employees of the Group, whenever deemed necessary;
- (g) promptly report to 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 internal and external auditors.

6. Duties

Risk Management and Internal Control

- i. To review the adequacy and effectiveness of the Company's risk management process and recommend further enhancement measures to the Board.

- ii. To evaluate the adequacy and effectiveness of the Company's internal control system and management information system, including compliance with the applicable rules and regulations.
- iii. To recommend to the Board the Director's Statement on Risk Management and Internal Control and any changes to the said statement.

Financial Reporting

- i. To review the quarterly results and annual financial statements before recommending to the Board for approval and release to Bursa Securities, focusing particularly on:
 - any changes in or implementation of accounting policies and practices;
 - significant or material adjustments with financial impact arising from the audit;
 - significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed;
 - the going concern assumptions;
 - the appropriateness of management's selection of accounting policies and disclosures in compliance with approved accounting standards and other regulatory requirements; and
 - compliance with applicable financial reporting standards.
- ii. To propose best practices on disclosure in the financial statements and the annual reports of the Company, to be in line with the recommendations set out in the Malaysian Code of Corporate Governance and other applicable rules and regulations.

External Audit

- i. To recommend the appointment or re-appointment of the external auditors and audit fee and non-audit fees to the Board, after reviewing the suitability, resources, competency and independence of the external auditors.
- ii. To make appropriate recommendations to the Board on matters of resignation, dismissal or cessation of office of the external auditors and secure the reason of such resignation, dismissal or cessation of office.
- iii. To review with the external auditors on:
 - the audit plan, its scope and nature;
 - the audit report;
 - the evaluation of system of internal control;
 - 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.

Internal Audit

- i. To review the adequacy of the scope, functions, competency, resources and whether it has the necessary authority to carry out its work. The Audit Committee set the standards of the internal audit function.

- ii. To review the risk-based internal audit plans, programmes and processes.
- iii. To ensure co-ordination between the internal and the external auditors.
- iv. To review the major findings reported by the internal auditors and whether or not appropriate action is taken on the recommendations of the internal audit function and follow up on management's implementation of the recommended actions.
- v. To annually assess the performance of services provided by the internal auditors.

Related Party Transactions

- i. To review and 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;
- ii. To ensure that the Directors report such transactions annually to shareholders via the annual report; and
- iii. 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.

Other Matters

- i. To report to Bursa Securities, if the Audit Committee views that a matter resulting in a breach of the Listing Requirements of Bursa Securities reported by the Audit Committee to the Board has not been satisfactorily resolved by the Board.
- ii. Direct and where appropriate supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts;
- iii. To highlight such matters as the Audit Committee considers appropriate or as defined by the Board from time to time.

REMUNERATION COMMITTEE

The terms of reference of Remuneration Committee are as follows:

COMPOSITION

The Remuneration Committee shall be appointed from amongst the Board and shall be composed of:-

- (i) no fewer than two (2) members; and
- (ii) a majority of non-executive directors.

CHAIRMAN

- A suitable Non-Executive Director shall be determined by the Board to act as the Chairman of the Remuneration Committee.
- In the absence of the Committee Chairman, the meeting shall be chaired by another Committee member.

SECRETARY

- The Company Secretary shall be the Secretary of the Remuneration 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 Remuneration Committee and circulating them to the Committee Members. The Committee Members may inspect the minutes of the Remuneration Committee at the Registered Office or such other place as may be determined by the Remuneration Committee.

MEETINGS

- The Remuneration Committee shall meet at least once a year or as and when required, to perform the duties set out in these Terms of Reference. The Committee Chairman shall report to the Board on its proceedings after each meeting.
- The quorum for a meeting shall be two (2) members.
- All decisions at such meeting shall be decided on a show of hands on a majority of votes. The Chairman shall have the casting vote should a tie arise.

AUTHORITY

The Remuneration Committee shall:

- a) have the resources which are required to perform its duties;
- b) have full and unrestricted access to resources and information as deemed appropriate for the discharge of its responsibilities to the Company; and
- c) have the right to obtain independent professional or other advice at the expense of the Company, with prior consent of the Managing Director to approve the budget;

DUTIES

The Remuneration Committee shall:

- determine and agree with the Board the remuneration framework or policy for the executive director(s), ensuring that remuneration is set at a competitive level for similar roles within comparable markets to recruit, attract, retain and motivate high calibre individuals and so structured as to align their interests with those of the Company and its shareholders;
- within the terms of the agreed remuneration framework or policy, determine individual remuneration packages for the director(s), taking due account of their recent remuneration history and the following:
 - In case of executive directors, the component parts of remuneration should be structured so as to link rewards to corporate and individual performance.
 - In the case of non-executive directors, the level of remuneration should reflect the experience and level of responsibility undertaken by the non-executive concerned.
- monitor structures and levels of remuneration for other senior executives and make recommendations, if appropriate, to ensure consistency with the Company's remuneration objectives;
- approve incentive plans for executive director(s) and senior executives, and any amendments to such plans;
- approve any major changes to employee compensation and benefit arrangements applicable to the executive director(s) and senior executives; and
- To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

NOMINATION COMMITTEE

The terms of reference of Nomination Committee are as follows:

COMPOSITION

The Nomination Committee shall be appointed from amongst the Board and shall be composed of:-

- i. no fewer than three (3) members; and
- ii. exclusively Non-Executive Directors, a majority of whom must be independent.

CHAIRMAN

- A suitable Non-Executive Director shall be determined by the Board to act as the Chairman of the Nomination Committee.
- In the absence of the Committee Chairman, the meeting shall be chaired by another Committee member.

SECRETARY

- The Company Secretary shall be the Secretary of the Nomination 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 Nomination Committee and circulating them to the Committee Members. The Committee Members may inspect the minutes of the Nomination Committee at the Registered Office or such other place as may be determined by the Nomination Committee.

MEETINGS

- The Nomination Committee shall meet at least once a year or as and when required, to perform the duties set out in these Terms of Reference. The Committee Chairman shall report to the Board on its proceedings after each meeting.
- The quorum for a meeting shall be two (2) members.
- All decisions at such meeting shall be decided on a show of hands on a majority of votes. The Chairman shall have the casting vote should a tie arise.

AUTHORITY

The Nomination Committee shall:

- a) have the resources which are required to perform its duties;
- b) have full and unrestricted access to resources and information as deemed appropriate for the discharge of its responsibilities to the Company; and
- c) have the right to obtain independent professional or other advice at the expense of the Company, with prior consent of the Managing Director to approve the budget;

DUTIES

The Nomination Committee shall:

New Appointments

- Consider and recommend to the Board candidates for directorship, proposed by the Managing Director, any senior management or any director or shareholder, taking into consideration the candidates' skills, knowledge, expertise and experience, time, commitment, character, professionalism and integrity. For the position of Independent Non-Executive Directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities as expected from Independent Non-Executive Directors.
- Before any appointment by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and the current and future needs and size of the Company. In identifying suitable candidates, the Committee may:
 - a. use or the services of external advisors to facilitate the search;
 - b. consider candidates from a wide range of backgrounds;
 - c. consider candidates on merit and against objective criteria with due regard to diversity including gender, ethnicity and age, and the appointees time commitment; and
 - d. request to consider the disclosure of any business interests that may result in a conflict of interest.
- Recommend to the Board, candidates to fill the seats on Board committees, in consultation with the chairmen of those committees. In the event that the chairman's position (regardless of board/ committee) is to be filled, to consult with the Board.
- Consider and recommend to the Board the candidates for chief executive and chief financial officer, taking into consideration the candidates' skills, knowledge, expertise and experience, time, commitment, character, professionalism and integrity.

Re-election, Re-appointment and Resignation / Termination

- Recommend to the Board, candidates for re-election of directors by shareholders under the annual re-election provisions or retirement, with due consideration to the extent to which the interplay of the director's expertise, skills, knowledge and experience with those of other Board members, as well as their roles as committee members. Attention should be paid to Independent Directors who are retained beyond nine (9) years as the Board has to provide strong justification in exceptional circumstances and seek shareholders' approval. In obtaining the shareholders' approval, the Nomination Committee should conduct an assessment of the Independent Director(s) and recommend to the Board whether the Independent Director(s) should remain independent or be re-designated.
- Matters relating to the continuation in office of any director at any time, including the suspension or termination of service of an executive director as an employee of the Company subject to the provisions of the law and their service contract.
- The re-appointment of any Non-Executive Director at the conclusion of his term of office having given due regard to his performance and ability to continue to contribute to the Board in terms of knowledge, skills and experience required.

Succession Planning

- Understand the current performance, competencies and potential of those in key positions in senior management in order to identify and develop plans for those key talents.
- Make recommendations to the Board concerning the succession plans for both executive and non-executive directors and in particular for the Chairman and Chief Executive Officer and the re-appointment of any non-executive director at the conclusion of his or her specified term of office.
- Establish a clear succession plan for senior management, giving full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board and by the Company in future. In terms of senior management, the Committee may request from time to time detailed views (either in the form of a report or otherwise) and work together with the Chief Executive Officer and/or senior management of the Company to:-
 - i. identify expected critical position vacancies and determine any future critical positions; and
 - ii. identify gaps in current employees and develop individual development plans, coaching and mentoring programmes.

Annual Performance Assessment of Board, Board Committees, Individual Directors, Chief Executive and Chief Financial Officer

- Annually review the required mix of skills, experience, diversity and other qualities, including core competencies and effectiveness of the board, as a whole, the board committees and the contribution of each individual director. All evaluations carried out by the Nomination Committee in the discharge of its functions should be properly documented.
- Annually review the time required of Non-Executive and Independent Directors. Performance assessments should be undertaken to assess whether the directors are spending enough time to fulfil their duties.
- Annually review the independence of the Independent Director and recommend to the Board whether the Independent Director(s) who has(have) exceeding the cumulative term of nine (9) years, should remain independent or be re-designated.
- Annually review the performance of the chief executive and chief financial officer.
- Annually review the terms of office and performance of an audit committee and each of its members to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

Continuous Education/ Development

- The Nomination Committee shall from time to time identify suitable orientation, educational and training programmes for continuous development of directors and ensure all directors receive appropriate continuous training programmes in order to keep abreast with developments in the industry and with changes in the relevant statutory and regulatory requirements.

Size of Board and Independent Directors

- Assess the desirable balance in board membership by reviewing the size, structure and composition of the board, taking into consideration the number of directorships.
- Assess desirable number of independent directors.
- Consider the representation of interest groups as part of boardroom diversity. Factors to consider may include gender, race, religion, nationality, gender, professional background and culture.