

# AUDIT COMMITTEE

## TERMS OF REFERENCE

### Objective

1. The principal objective of the Audit Committee (AC) is to assist the Board in fulfilling its oversight responsibilities of the Group's financial reporting process and internal control system.

### Membership

2. The AC shall be appointed by the Board from among their members and shall consist of no fewer than three (3) non-executive directors. All AC members should be non-executive directors, with a majority of them being independent directors.

All members of the AC shall be financially literate and at least one (1) member should be a member of an accountancy association or body.

3. The AC shall elect a Chairman from among their members who shall be an Independent Non-Executive Director. In the absence of the Chairman, the remaining members present shall among themselves elect a Chairman who must be an independent director to chair the meeting.
4. In the event of any vacancy in the AC resulting in the non-compliance with 2 above, the Board of Directors shall fill the vacancy within three months.

### Authority

5. The AC is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
6. The AC is authorised by the Board to obtain external, legal or independent professional advice and to secure the attendance of such external advisors with relevant experience if considered necessary.
7. The AC is authorised to convene meetings with the external auditors, the internal auditors or both, without the presence of other directors and employees, whenever deemed necessary.
8. The AC is authorised to have direct communication channels with the external auditors and persons carrying out the Internal Audit function or activity.

### Duties

9. The duties of the AC shall be
  - (a) Oversight of financial reporting:
    - (i) Review the quarterly and annual financial statements and consolidated financial statements of the Company and of the Group with the Management and external auditors and recommend to the Board of Directors for consideration; and
    - (ii) Review any related party transactions or conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.

# AUDIT COMMITTEE (CONT'D)

## Duties (cont'd)

- (b) Oversight of external auditors:
  - (i) Review with them, their audit plan, scope and areas of audit;
  - (ii) Review with them, their evaluation of the system of internal controls and audit findings;
  - (iii) Review with them, their audit report;
  - (iv) Review with them, their management letters and management responses;
  - (v) Review with them, the adequacy of the co-operation given by the Company's officers in the course of audit; and
  - (vi) Review with Management, the performance, competency, independence and suitability of the external auditors for recommendation to the Board for reappointment, the audit fee and any matter of resignation or dismissal.
  
- (c) Oversight of internal auditors:
  - (i) 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 work;
  - (ii) Review the annual Internal Audit plan, programme and results of the Internal Audit process and, where necessary, ensure that appropriate actions are taken by Management on the recommendations of the Internal Audit function;
  - (iii) Evaluate annually the performance of the Internal Audit function;
  - (iv) Review the performance appraisal or assessment of the Internal Audit staff;
  - (v) Approve any appointment or termination of senior staff members of the Internal Audit function; and
  - (vi) Take cognizance of resignations of Internal Audit staff members and provide the resigning staff members an opportunity to submit their reasons for resigning.
  
- (d) To consider any other functions as may be agreed between the AC and the Board of Directors.

## Attendance, Quorum and Frequency of Meeting

10. The Chairman of the AC should engage on a continuous basis with senior Management, such as the Chairman, the Chief Executive Officer, the Chief Financial Officer, the Chief Audit Executive and the external auditors in order to be kept informed of matters affecting the Company and the Group.
11. The Chief Financial Officer, Chief Audit Executive, and representatives of the external auditors shall normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the AC. However, the AC shall meet with the external auditors without the presence of Executive Board members at least twice a year and whenever necessary.
12. In order to form a quorum in the AC meeting, the majority of members present must be Independent Directors.
13. The Committee shall meet not less than 4 times a year. The external auditors may request for a meeting if they consider necessary.
14. Questions arising at any meeting of the AC shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the AC shall have a second or casting vote.

## Minutes

15. The Chief Audit Executive shall act as Secretary to the AC. The Minutes of each AC meeting shall be kept at the registered office and distributed to each member of the AC and also to the other members of the Board. The AC Chairman shall report on each meeting to the Board.
16. The minutes of the AC meetings shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.