

Malpac Holdings Berhad (197424-V)

Terms of Reference – Audit Committee

The Terms of Reference are as follows:-

1. Objectives

- Review the financial statements of the Group and subsidiaries to ensure that the financial statements are prepared in accordance with applicable financial reporting standards and provisions of the Companies Act 2016;
- Evaluate the internal and external audit process;
- Review and assess the standards and level of commitments of the corporate governance, internal control processes and risk management of the Group and subsidiaries;
- Ensure that the Group and subsidiaries are in compliance with the latest Main Market Listing Requirements (“MMLR”), accounting standards and any other statutory requirements;

2. Committee Member & Composition

- The Audit Committee shall be appointed by the Board of Directors from amongst its Directors and shall consist no fewer than three (3) members, comprise solely Non-Executive Directors with the majority being Independent Directors. The Chairman of the Audit Committee must be an Independent Director;
- At least one member of the Audit Committee: -
 - Must be a member of the Malaysian Institute of Accountants (MIA), or
 - If he/she is not a member of the MIA, he/she must have at least 3 years’ working experience in accounting and/or finance related industry and
 - Has passed the examinations specified in Part I of the First Schedule of the Accountant Act 1967; or
 - Be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

- Fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad;
- No Alternative Director is allowed as a member of the Audit Committee;
- In the event of any vacancy resulting in non-compliance of the minimum of three (3) members requirement, the Board shall upon the recommendation of the Nomination Committee, appoint such number of Directors to fill up such vacancy within three (3) months of the vacancy;
- Require a former key audit partner of the External Auditor to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.

3. Authority

The Audit Committee is empowered to, in accordance with the procedures determined by the Board of Directors and at the cost of the Company:-

- Investigate any matters within its term of reference;
- Have full access to all information in relation to the Companies and its subsidiaries;
- Have direct communication channels with the External Auditors and Internal Auditors;
- To convene meetings with the Internal Auditors without the presence of Executive Directors and employees of the Company, whenever deemed necessary;
- To convene meetings with the External Auditors at least twice a year with or without the presence of the Executive Directors and management staff;
- Obtain independent professional or other advice as necessary;

Notwithstanding anything to the contrary hereinbefore stated, the Audit Committee does not have executive powers and shall report to the Board of Directors on matter considered and its recommendations thereon, pertaining to the Group.

4. Meetings

- The Audit Committee shall meet at least four (4) times per financial year;

- The quorum for the meeting shall consist of two members of which majority of members present must be Independent Directors;
- The Directors, employees, auditors or others may attend the Audit Committee meetings upon the invitation of the Audit Committee;

5. Minutes

The Group's Company Secretary shall be the secretary to the Audit Committee. The Secretary shall maintain minutes of the proceedings of the meeting and circulate such minutes to all members of the Audit Committee. The Chairman of the Audit Committee shall report on each meeting to the Board of Directors.

6. Duties and responsibilities

The duties and responsibilities of the Audit Committee shall be:

- To review the unaudited quarterly financial results and annual audited financial statements prior to the approval of the Board, particularly on :-
 - Significant adjustment resulting from the audit;
 - The going concern assumptions;
 - Any changes in accounting policies;
 - Compliance with accounting standards and Bursa Listing requirements.
- To consider any related party transactions that may arise within the Group; and
- To evaluate the external internal audit process.
 - External Audit
 - To discuss with the External Auditors, their audit plan which state the nature and scope of audit;
 - To review the major audit findings arising from the final external audit;
 - To review with the External Auditors, their evaluation on the systems of internal control;
 - To perform annual review and assessment of the External Auditors' performance, suitability, objectivity and independence and make recommendation(s) to Board of Directors for re-appointment or

removal at the Group AGM. In assessing the suitability, objectivity and independence of the external auditor, the Audit Committee establishes policies and procedures that consider among others:

- The competence, audit quality and resource capacity of the external auditor in relation to the audit;
 - The nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
 - Obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of audit engagement in accordance with the terms of all relevant professional and regularly requirements.
- To recommend the audit and non-audit fees based on the outcome of the annual assessment; and
 - To require at least a two (2) year “cooling off” period before any key audit partner of the External Auditor is being appointed as a Director of the Company.
- Internal Audit
 - To review with the internal auditors, their scope, functions, competency and adequacy of resources, authority, internal audit program and results, processes or investigation undertaken and the action on their recommendations;
 - To establish an Internal Audit Function which is effective and able to function independently; and
 - The Internal Auditors shall report directly to the Audit Committee.

Chairman : Johari Low Bin Abdullah
Members : Muhayuddin Bin Musa
: Gan Teck Chong @ Gan Kwan Chong

Terms of Reference have been reviewed and adopted by the Audit Committee on 23 May 2018