

# **GEORGE KENT (MALAYSIA) BERHAD**

(Company No. 1945-X)

## **TERMS OF REFERENCE FOR AUDIT COMMITTEE**

### **Constitution**

1. The Audit Committee (“AC”) was established by the Board of Directors (“the Board”) of the Company at its meeting held on 3 March 1994; and
2. The Board shall ensure that the composition and functions of the AC comply as far as possible with Bursa Malaysia Securities Berhad’s Main Market Listing Requirements as well as other regulatory requirements.

### **Membership**

1. The AC shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three members who must be Non-Executive Directors, the majority of whom shall be Independent Directors.
2. All members of the AC should be financially literate and must be able to read, analyse, interpret and understand financial statements, and ask pertinent questions about the Company’s financial reporting process. They should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.
3. At least one member of the AC:
  - (i) must be a member of the Malaysian Institute of Accountants; or
  - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three years’ working experience and -
    - (aa) must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    - (bb) must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
  - (iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
4. No Alternate Director shall be appointed as a member of the AC.
5. A former key audit partner of the Company or any entity within the Group shall not be eligible to be considered or appointed as a member of the AC until the expiry of a cooling-off period of at least two years from the date he ceases to be the key audit partner.
6. The members of the AC shall select a Chairman from among their numbers who shall be an Independent Director. The Chairman of the AC shall not be the chair of the Board.
7. If a member of the AC resigns, dies or for any other reason ceases to be a member resulting in non-compliance of Paragraphs 1, 3 and 6 above, the Board shall, within

three months of that event, appoint such number of new members as may be required to fill the vacancy.

8. The term of office and performance of the AC and each of its members shall be reviewed by the Nominating Committee annually to determine whether such AC and members have carried out their duties in accordance with their terms of reference.

### **Authority**

1. 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 AC.
2. The AC is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
3. The AC shall have full and unlimited access to any information pertaining to the Group. The AC shall be able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of the Group, whenever deemed necessary. The AC shall have the resources that are required to perform its duties.

### **Objectives**

1. To assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices of the Company and the Group;
2. To maintain, through regularly scheduled meetings, a direct line of communication between the Board and the External Auditors as well as the Internal Auditors; and
3. To act upon the Board's request to investigate and report on any issue or concern with regard to the management of the Group.

### **Duties and Responsibilities**

1. The duties and responsibilities of the AC are:
  - (a) to review the Group's quarterly results and year-end financial statements before approval by the Board, focusing particularly on:
    - (i) changes in or implementation of major accounting policy changes;
    - (ii) significant matters highlighted, including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions and how these matters are addressed;
    - (iii) the going-concern assumption;

- (iv) significant adjustments arising from the audit; and
  - (v) compliance with accounting standards and other legal requirements.
- (b) to review with the External Auditors on the following and report the same to the Board:
- (i) the audit plan;
  - (ii) the audit report, findings and recommendations;
  - (iii) their evaluation of the system of internal controls; and
  - (iv) the assistance given by the Company's officers to the auditor.
- (c) to consider and review the appointment or re-appointment and performance of the External Auditors, the audit fees and the letter of resignation (if any) from the External Auditors or whether there is reason (supported by grounds) to believe that the External Auditors are not suitable for re-appointment, before making a recommendation to the Board.
- (d) to review the non-audit services provided by the External Auditors and/or their affiliated firms to the Company, including the nature and fees of the non-audit services.
- (e) to review the following in relation to the internal audit function and report the same to the Board:
- (i) the effectiveness of the Group's internal control system;
  - (ii) 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; and
  - (iii) the internal audit programme and processes, the results of the internal audit programme and processes or investigations undertaken, and whether or not appropriate actions are taken on the recommendations of the internal audit function.
- (f) to ensure the internal audit function is independent of the activities it audits, the Head of Internal Audit reports functionally to the AC and reviews their performance on an annual basis.
- (g) to consider the findings of internal investigations arising from the concerns reported under the Whistle Blowing procedures, and based on the recommendation made, to decide on the course of action to be taken.
- (h) to review any related party transaction 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.
- (i) to direct any special investigations on the Group's operations to be carried out by Internal Audit Department or any other appropriate agencies.

- (j) to discuss problems and reservations arising out of external or internal audits and any matters which the auditors wish to bring up in the absence of the Executive Directors and Management when necessary.
- (k) to perform any other functions as may be agreed to by the AC and the Board.

### **Attendance at Meetings**

1. At the invitation of the AC, the Internal Audit Manager, the Head of Finance & Control, and representative(s) of the External Auditors shall normally attend meetings. Other Board members shall also have the right of attendance. However, at least twice a year the Committee shall meet with the External Auditors without executive Board members present.
2. The Internal Audit Manager shall be the Secretary of the AC.

### **Meetings**

1. Meetings shall be held four (4) times a year or at such other time(s) as it deems necessary to fulfil the AC's responsibilities. The External Auditors may request a meeting if they consider that one is necessary.
2. The quorum for the AC shall consist of a majority of Independent Directors.

### **Reporting Procedures**

The Secretary shall circulate the minutes of AC meetings to all its members.

Date: 19 March 2018