

ANNUM BERHAD
(fka CYMAO HOLDINGS BERHAD)
[Registration No. 199701030432 (445931-U)]
Incorporated in Malaysia

TERMS OF REFERENCE

1. Composition of The Audit Committee

- 1.1 The Audit Committee shall be appointed by the Board of Directors from amongst its members which fulfills the following requirements:
- (a) all Audit Committee Members shall be non-executive directors and no fewer than 3 members;
 - (b) a majority of the Audit Committee shall be independent directors of the Company or its related corporation;
 - (c) all Audit Committee Members should be financially literate with at least a member of the Audit Committee
 - must be a member of Malaysian Institute of Accountants; or
 - If he is not a member of the Malaysia Institute of Accountants, he must have at least 3 years working experience, and
 - (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (ii) he 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
 - fulfils such other requirements as prescribed by Bursa Securities that,
 - (a) he has a degree/masters/doctorate in accounting or finance and at least 3 years' post qualification experience in accounting or finance; or
 - (b) he has at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management for the financial affairs of a corporation; or
 - fulfils such other requirements as approved by Bursa Securities relating to the financial-related qualifications.
 - (d) no alternate director shall be appointed as a member of the Audit Committee.
- 1.2 The members of the Audit Committee shall elect a Chairman from among their members who shall be an independent non-executive director.
- 1.3 No alternate director is appointed as a member of the Audit Committee.
- 1.4 In the event of any vacancy in the Audit Committee resulting in the number of members is reduced to below 3 including the vacancy of Audit Committee Chairman, the Board of Directors shall, within 3 months of the event, appoint such number of new members as may be required to make up the minimum number of 3 members.
- 1.5 The Nomination Committee shall review the terms of office and performance of the Audit Committee annually.

2. Objectives

The main objectives of the Audit Committee are to:

- 2.1 provide assistance to the Board of Directors in fulfilling its fiduciary responsibilities, particularly in relation to the accounting and management controls and financial reporting of the Company and the Group; and
- 2.2 provide greater emphasis to audit functions performed by internal and external auditors by serving as a focal point of communication between Board of Directors, the external auditor, the internal auditor and the management by means of a forum for discussion that is independent of the management.

3. Authority Of The Audit Committee

The Audit Committee shall have the authority to:

- 3.1 investigate any matter within its terms of reference;
- 3.2 have the resources which are reasonable required to enable to perform its duties;
- 3.3 have full and unrestricted access to any information pertaining to the Company and the Group;
- 3.4 have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- 3.5 obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise where necessary; and
- 3.6 convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company,, whenever deemed necessary.

4. Functions

The functions of the Audit Committee should be to review and report to the Board on the following matters:-

- 4.1 the nomination, appointment and re-appointment of external auditor, the audit fee and any questions of resignation and dismissal.
- 4.2 the external auditors' audit plan, the nature and scope of audit, the evaluation of the system of internal controls of the Company and the Group, the external auditors' management letter and management's response.
- 4.3 the external auditors' audit reports, areas of concern arising from the audit and any other matters the external auditors may wish to discuss (in the absence of management if necessary).

- 4.4 the extent of co-operation and assistance given by the employees to the external auditors.
- 4.5 the assessment of suitability, independence and performance of external auditors;
- 4.6 in relation to the internal audit function,
- review the adequacy of the scope, functions, competency and resources of the internal audit functions and the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit processes or investigation undertaken and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function.
 - review any appraisal or assessment of the performance of members of the internal audit function; and
 - approve any appointment or termination of senior staff members of the internal audit function;
 - take cognizance of resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- 4.7 any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- 4.8 the Group's quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
- changes in or implementation of major accounting policy changes;
 - significant matters highlighted including financial report issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements;
- 4.9 any additional duties as may from time to time prescribed by the Board.

5. Meetings And Reporting Procedures

- 5.1 The Audit Committee may regulate its own procedures and in particular, the calling of the meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such minutes.
- 5.2 A quorum for meeting of the Audit Committee meeting shall be 2 members and the majority of members present must be independent directors.
- 5.3 The Audit Committee shall meet as often as the Chairman deems necessary but not less than 4 times a year. The finance director, the head of internal audit and a representative of the external auditors should normally attend the meeting of Audit Committee.
- 5.4 The Audit Committee should meet with the external auditors without executive directors present at least twice a year. The Chairman shall also convene a meeting if requested by the external auditors to consider any matter within the scope and responsibilities of the Audit Committee.

- 5.5 Other directors and employees shall attend any particular audit committee's meeting only at the invitation of the Audit Committee, whenever deemed necessary.
- 5.6 A resolution signed by all members of the Audit Committee for the time being present in Malaysia shall be as effective as a resolution passed at meeting of the Committee duly convened and held. Any such resolution may consist of several documents in the same form and each signed by one or more members of the Audit Committee.
- 5.6 The Company Secretary shall be the secretary of the Audit Committee.
- 5.7 The Secretary shall circulate the minutes of the meeting of the Committee to all members of the Board.

6. Reporting of breaches to Bursa Securities

The Audit Committee shall report promptly to the Bursa Securities on any matters reported by it to the Board of Directors which has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

Dated: 1 November 2016