

CAB CAKARAN CORPORATION BERHAD

(Company No. 583661-W)

(Incorporated in Malaysia)

AUDIT COMMITTEE**TERMS OF REFERENCE**

These Terms of Reference shall supersede all previous established terms of reference.

The Committee is governed by the following terms of reference:-

1.0 Membership

The Committee shall be appointed by the Board from among its members and shall consist of not less than three (3) members of whom all must be Non-Executive Directors with a majority of them being Independent Directors. An Independent Director shall be the one who fulfills the requirements as provided in the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

All Committee members shall be financially literate and at least one (1) member of the Committee must be a member of the Malaysian Institute of Accountants, or if he is not a member of the Malaysian Institute of Accountants, must have at least three (3) years working experience and either have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967, or 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.

The members of the Committee shall elect a Chairman from among their number who is an Independent Non-Executive Director. All members of the Committee, including the Chairman, will hold office until otherwise determined by the Board. No alternate director shall be appointed as a member of the Committee.

If the number of members is reduced to below three, due to whatsoever reasons, the Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

2.0 Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference and shall have the resources required to perform its duties. The Committee has full and unrestricted access to all information and documents relevant to its activities as well as to the internal and external auditors and employees of the Group.

The Committee is authorised by the Board to obtain independent professional advice or other advice subject to the consultation with the Chairman and/or the Group Managing Director, and the formal procedures sanctioned by the Board. The Committee is able to 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.

3.0 Duties and Responsibilities

The duties and responsibilities of the Audit Committee are:-

- to review with the external auditors the audit plan, evaluation on the internal controls and their audit report;
- to discuss with the external auditors before the audit commences, the nature and scope of the audit;
- to review the extent of cooperation and assistance given by the employees to the external auditors;
- to review the external auditors' management letter and management's response;
- to consider the appointment of external auditors, the audit fee and any question of resignation and dismissal;
- to review the internal audit programs and results of the internal audit process and where necessary to ensure that appropriate action is taken on the recommendations of the internal audit function;
- to review the adequacy of the scope, functions, competency and resources of the internal audit functions;
- to review any related party transactions 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;
- to review all areas of significant business and financial risk and that the said risks be contained at an acceptable level;
- to review the quarterly and year-end financial statements of the Company and the Group prior to presentation to the Board for approval, focusing particularly on the changes in and implementation of major accounting policies and compliance with accounting standards and other legal requirements;
- to annually assess on the suitability, objectivity and independence of the external audit firm;
- to establish a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee;
- to review the financial reporting process, detection of financial irregularities, to ascertain that the financial statements are consistent with operational information;
- to assess and recommend on among others the appointment and removal, scope of work, performance evaluation and budget for the internal audit function; and
- to perform such other duties if any as may be agreed to by the Committee and the Board.

4.0 Attendance, Quorum and Frequency of Meetings

The Group Finance Director, the Internal Audit Manager and representatives of the external auditors shall normally be invited to attend meetings. Other Board members and employees may also be invited to attend any of its meetings to assist in resolving and clarifying matters raised. However, the Committee shall meet with the external auditors without executive Board members present at least twice a year.

The Company Secretary shall be the secretary of the Committee.

A quorum shall consist of a majority of independent Directors.

The Committee shall meet not less than four (4) times a year. The external auditors may request for a meeting if they consider it necessary.

5.0 Reporting Procedures

The Committee is authorised to formulate its own procedures and in particular the calling of 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.

The Minutes of the meetings shall be circulated by the Secretary to the Committee members and all the other Board members.

The terms of reference were reviewed and approved by the Board on 21 December 2018.