

BERTAM ALLIANCE BERHAD (305530 A)
(Incorporated in Malaysia)

TERMS OF REFERENCE OF AUDIT COMMITTEE (“AC”)

1. Composition of the AC

The Committee shall be appointed by the Board of Directors from among the Directors of the Company and consist of not less than 3 members, the majority of whom shall be Independent Non-Executive Directors.

All members of the Committee should be Non-Executive Directors. No Alternate Director shall be appointed as a member of the AC.

All the members of the AC should be financially literate and at least one (1) member of the AC:-

- a. must be a member of the Malaysian Institute of Accountants (MIA); or
- b. if he is not a member of the Malaysian Institute of Accountants (MIA), he must have at least 3 years of working experience and
 - he must have passed the examination specified in Part I of the 1st Schedule to the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule to the Accountants Act, 1967; or
 - fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

A member of the AC who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

In the event of any vacancy in the AC resulting in the non-compliance with Para 15.09(1) of the Main Market Listing Requirements, the Company shall fill the vacancy within three (3) months.

The Board of Directors must review the term of office and performance of the Committee and each of its members at least once every 3 years to determine whether the AC and members have carried out their duties in accordance with the Terms of Reference.

2. Chairman

The Chairman shall be elected by the AC from among their members who shall be an Independent Non-Executive Director. The Chairman of the AC should engage on a continuous basis with Senior Management, the Head of Internal Audit and the external auditors in order to be kept informed of matters affecting the Company.

3. Rights of the AC

The AC shall –

- (i) have authority to investigate any matter within its terms of reference;
- (ii) have the resources which are required to perform its duties;
- (iii) have full and unrestricted access to any information pertaining to the Company;
- (iv) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (v) be able to obtain independent professional or other advice; and
- (vi) be 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.

4. Functions of the AC

The AC shall:-

- (i) consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal;
- (ii) review and monitor the suitability and independence and evaluate the performance of the external auditors for re-appointment; To review the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the external auditors;
- (iii) obtain written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements;
- (iv) discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- (v) review the quarterly and year-end financial statements of the Company, focusing particularly on–

- any change in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- (vi) discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
- (vii) review the external auditor's management letter and management's response;
- (viii) do the following, in relation to the internal audit function–
- 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;
 - review the internal audit programme and results of the internal audit process 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;
 - approve any appointment or termination of senior staff members of the internal audit function; and
 - take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- (ix) consider any related-party transactions that may arise within the Company or Group;
- (x) monitor any related party transaction and conflict of interest situation that may arise within the Group including the effectiveness of the control procedure on related party transactions;
- (xi) consider the major findings of internal investigations and management's response; and
- (xii) consider other topics as defined by the Board.

5. **Meetings**

(i) Quorum

The quorum for the meeting of the AC shall be two (2) members, the majority of whom must be Independent Non-Executive Directors. If at any meeting, the Chairman of the AC is not present within fifteen (15) minutes of the time appointed for holding the same, the members of the AC present shall choose one of their numbers who shall be an Independent Non-Executive Director to be Chairman of such meeting.

(ii) Frequency of Meeting

At least four (4) meetings are held in a year. However, meetings are also held as and when required or upon the request of the external auditors to consider any matters that the external auditors believe should be brought to the attention of the Directors and /or shareholders. The AC shall meet with the external auditors without the presence of the Executive Directors at least once a year.

(iii) Notice and Venue

The notice of the AC meetings shall be circulated before each meeting to members of the AC. Except in the case of an emergency, reasonable notice of every meeting shall be given in writing and the notice of each meeting shall be served to the member either personally or by fax or e-mail or by post or by courier to his registered address as appearing in the Register of Directors or to the address provided by the AC member, as the case may be.

The AC meeting may be held at two (2) or more venues within or outside Malaysia using any technology that enables the AC members as a whole to participate for the entire duration of the meeting, and that all information and documents for the meeting must be made available to all members prior to or at the meeting.

(iv) Reporting and Voting

Minutes of each meeting shall be circulated to the AC members and presented to the Board.

The Chairman shall report on each meeting to the Board. The Company Secretary or such substitute as appointed by the Board or AC from time to time shall be the Secretary of the AC.

Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman shall have a second or casting vote except where only 2 AC members form a quorum or at which only 2 AC members are competent to vote on the question at issue, the Chairman shall not have a casting vote.

(i) Attendance at Meeting

The presence of external auditors and internal auditors at any meeting of the AC can be requested if required by the AC.

Other members of the Board and officers of the Company may attend the meeting (specific to the relevant meeting) upon the invitation of the AC.

6. Keeping and Inspection of Minutes

The Company shall cause minutes of all proceedings of the AC Meeting to be entered in books kept for that purpose.

Minutes of each meeting signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting shall be evidence of the proceedings to which it relates.

The books containing the minutes of proceedings of the AC Meetings shall be kept by the Company at the Registered Office or any other place as may be determined by the Board and shall be open to the inspection of any members of the Board of Directors or AC members without charge.

7. Circular Resolutions

The AC is also allowed to carry out their resolutions by way of Circular Resolutions. A resolution in writing signed or approved via letter, telex, facsimile, email by all AC members shall be effective for all purposes as a resolution passed at a meeting of the AC duly convened, held and constituted. Any such resolution may be contained in a single document or may consist of several documents all in the like form signed by one or more members.