

**FOUNDPAC GROUP BERHAD**  
Registration No. 201501040628 (1165946-H)  
(Incorporated in Malaysia)

**AUDIT COMMITTEE**

**TERMS OF REFERENCE**

**1.0 OBJECTIVE**

The Principal objective of the Audit Committee (“the Committee” or “AC”) is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Group. In addition, the Committee shall:-

- Evaluate the quality of the audit conducted by the internal and external auditors;
- Provide assurance that the financial information presented by management is relevant, reliably and timely;
- Oversee compliance with laws and regulations and observance of a proper code of conduct; and
- Determine the adequacy of the Group’s control environment.

**2.0 MEMBERSHIP**

- 2.1 The AC shall be appointed by the Board of Directors from amongst their members and comprising not less than three (3) members, exclusively Non-Executive Directors of whom majority shall be the Independent Directors.
- 2.2 At least one of the members of the AC must be a member of the Malaysian Institute of Accountants, or if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of working experience and either must have passed the examinations specified in Part I of the schedule of Accountants Act, 1967, or must be a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountant Act, 1967 or fulfills such other requirements as prescribed or approved by the Bursa Securities.
- 2.3 The members of the AC shall elect a chairman among their number who shall be an Independent Director. In the absence of the Committee Chairman, the remaining members present shall elect one of their members whose is an Independent Director to chair the meeting.
- 2.4 No alternate director shall be appointed as a member of the AC.
- 2.5 Where a former key audit partner<sup>1</sup> is appointed as the Independent Director of the Company, a cooling-off period of at least three (3) financial year ends is observed before the concern person can be appointed as a member of the AC.<sup>(a)</sup>
- 2.6 The office of a member shall become vacant upon the member’s resignation/retirement/removal or disqualification as a Director of the Company.
- 2.7 If a member of the AC, for whatsoever reason ceases to be a member with a result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of the events, appoints such number of new members as may be required to make the minimum number of three (3) members.

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**TERMS OF REFERENCE (continued...)**

*(a) The engagement partner and the partner responsible for the engagement quality control review as well as other audit partners, if any, on the engagement team who make decisions or judgments on significant matters with respect to the audit of the Company's financial statements on which the auditor will express an opinion.*

**3.0 AUTHORITY**

- 3.1 The AC is authorized by the Board of Directors shall have the authority to investigate any matter within its terms of reference and shall have unlimited access to both the internal and external auditors, as well as the employees of the Group. All employees are directed to co-operate with any request made by the Committee.
- 3.2 AC shall have unlimited access to all information and documents relevant to its activities, to the internal and external auditors, and to senior management of the Group.
- 3.3 AC shall have the authority to obtain independent legal or other professional advice as it considers necessary.
- 3.4 AC shall be able to convene meetings with the external/internal auditors, excluding the attendance of the other directors and employees of the Company, whenever deemed necessary.
- 3.5 AC shall have the power to establish Sub-Audit Committee(s) to carry out certain investigation on behalf of the Committee in such manner, as the Committee deem fit and necessary.

**4.0 MEETINGS AND PROCEEDINGS**

- 4.1 AC is at its liberty to determine the frequency of the meetings of at least four times annually. The quorum shall consists of two (2) members, where the majority of members present must be independent directors.
- 4.2 The Company Secretary shall be the Secretary of the Committee and shall be responsible for drawing up the agenda with concurrence of the chairperson and circulating it, supporting by explanatory documentation to committee members prior to each meeting.
- 4.3 The notice of each meeting of the AC confirming the venue, time and date and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the AC not fewer than three (3) working days prior to the date of the meeting.
- 4.4 The meetings of AC may be conducted by means of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means and the minutes of such a meeting signed by the Chairman shall be conclusive of any meeting conducted as foresaid.

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**TERMS OF REFERENCE (continued...)****4.0 MEETINGS AND PROCEEDINGS (Continued...)**

- 4.5 A resolution in writing signed or approved by letter, telex or facsimile by a majority of members (of whom at least two must be an independent Director) shall be effective for all purposes as if it were a resolution passed at a meeting of the Committee duly convened, held and constituted. Any such resolution may consist of a single document or several documents all in like form each signed by one or more members.
- 4.6 The external auditors may be invited to attend the meetings. The Committee may invite any person to be in attendance to assist in its deliberations. The other directors and employees attend any particular AC meeting only at the Committee's invitation, specific to the relevant meeting.
- 4.7 Minutes of meetings shall be taken by the AC Secretary. Minutes of all meetings shall be confirmed by the Chairman of the meeting and circulated to all the members of the AC and all the other Board members.

**5.0 DUTIES****5.1 The duties of the Audit Committee include the followings:-**

- 5.1.1. to consider the appointment or re-appointment of external auditors, the audit fee and matter relating to the resignation or dismissal of auditors, if any;
- 5.1.2 to review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to management and the management's response;
- 5.1.3 to review the quarterly and annual financial statements before submission to the Board of Directors for approval., focusing particularly on:-
- Changes in accounting policies and practices;
  - Significant and unusual events;
  - Significant adjustments resulting from the audit
  - The going concern assumption;
  - Compliance with accounting standard and other legal requirements
- 5.1.4 to discuss problems and reservations arising from the interim and final audits, and any matter the external/internal auditors may wish to discuss.
- 5.1.5 to do the followings where an internal audit function exists;
- Review the adequacy of the scope, function, 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 action is taken on the recommendations of the internal audit function;

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**TERMS OF REFERENCE (continued...)**

5.0 DUTIES (Continued...)

5.1 The duties of the Audit Committee include the followings:- (Continued...)

5.1.5 to do the followings where an internal audit function exists; (Continued...)

- 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;
- Review the resignation of internal audit staff members and provide the staff member the opportunity to submit his reasons for resigning; and
- To consider major findings of Internal investigations and management's response.

5.1.6 to review and consider any related party transaction and conflict of interest situation that arose, persist or may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity and the measures taken to resolve, eliminate, or mitigate such conflicts; and

5.1.7 to consider other topics as defined by the Board.

6.0 OTHER

6.1 These terms of reference may from time to time be amended as required, subject to the approval of the Board of FoundPac Group Berhad.