



**MMS VENTURES BERHAD**

*(Company No. 647125 - P)*  
(Incorporated in Malaysia)

**AUDIT COMMITTEE**

**TERMS OF REFERENCE**

**1. Composition/Appointment**

- 1.1 The Committee shall be appointed by the Board of Directors from amongst their members.
- 1.2 The Committee must be composed of not fewer than three (3) members, all of whom must be non-executive directors, with a majority of them being Independent Directors.
- 1.3 At least one member of the Committee:
  - (i) must be a member of the Malaysian Institute of Accountants (MIA); or
  - (ii) if he/she is not a member of the MIA, he/she must have at least three (3) years' working experience; and
    - he/she must have passed the examination specified in Part I of the First Schedule of the Accountants Act 1967; or
    - he/she must be a member of one (1) of the Associations of Accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  - (iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").
- 1.4 No alternate Director shall be appointed as a member of the Committee.
- 1.5 A former key audit partner must observe a cooling-off period of at least 2 years before being appointed as a member of the Committee.
- 1.6 The members of the Committee shall elect a Chairman from amongst its members who is an Independent Director.
- 1.7 The Nominating Committee must review the term of office and performance of the Committee and each of its members annually to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.
- 1.8 In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirements of Bursa Securities pertaining to composition of the Committee, the Board shall within three (3) months of that event fill the vacancy.

## **2. Meetings**

### **2.1 Frequency**

- meetings shall be held not less than four (4) times a year.
- upon the request of any Committee members, internal or external auditors, the Chairman of the Committee shall convene a meeting to consider any matter he believes should be brought to the attention of the Directors or Shareholders.

### **2.2 Quorum**

- a quorum shall consist of a majority of independent Directors.

### **2.3 Secretary**

- the Company Secretary shall be the secretary of the Committee or in her absence, another person authorised by the Chairman of the Committee.

### **2.4 Attendance**

- the Head of Finance Department and the Head of Internal Audit shall normally attend meetings.
- other Directors, employees and a representative of the external auditors may attend any particular meeting only at the Committee's invitation, specific to the relevant meeting.
- at least once a year, the Committee shall meet with the external auditors without the presence of any executive Board members.

### **2.5 Reporting Procedure**

- the minutes of each meeting shall be circulated to all members of the Board.

### **2.6 Meeting Procedure**

The Committee shall regulate its own procedures, in particular:

- the calling of meetings;
- the notice to be given of such meetings;
- the voting and proceedings of such meetings;
- the keeping of minutes; and
- the custody, production and inspection of such minutes.

## **3. Rights/Authority**

### **3.1 The Committee shall in accordance with the procedure determined by the Board and at the cost of the Company:**

- (a) have explicit authority to investigate any matter within its terms of reference;
- (b) have the resources which it needs to perform its duties;
- (c) have full access to any information which it requires in the course of performing its duties;
- (d) have unrestricted access to all employees of the Group;
- (e) have direct communication channels with the external and internal auditors;
- (f) be able to obtain independent professional or other advice in the performance of its duties;
- (g) be able to convene meetings with external auditors, the person(s) carrying out the internal audit function, or activity or both, excluding the attendance of the other directors and employees of the Company, whenever deemed necessary;
- (h) be able to invite outsiders with relevant experience to attend its meeting, whenever deemed necessary; and
- (i) the internal auditors shall report directly to the Committee.

### **3.2 The Committee is authorised by the Board to carry out the duties mentioned above and the Board and Management shall give all assistance that is necessary to enable the Committee to discharge its duties.**

## **4. Duties/Responsibilities**

The duties and responsibilities of the Committee shall include the following:

### **4.1 External Audit**

- (a) to review the nomination of external auditors and their audit fees;
- (b) to review the nature, scope and quality of external audit plan/arrangements;
- (c) to review quarterly and year-end financial statements of the Group, before submission to the Board, focusing in particular on the going concern assumption, compliance with accounting standards and regulatory requirements, any changes in accounting policies and practices, significant issues arising from the audit and major judgmental issues;
- (d) to review with the external auditors, their evaluation of the system of internal controls;
- (e) to review any letter of resignation from the external auditors;
- (f) to consider and review whether there is reason (supported by grounds) to believe that the Group's external auditors are not suitable for re-appointment; and
- (g) to review the assistance given by the Group's officers to the external auditors.

### **4.2 Internal Audit**

- (a) to review the adequacy of the scope, functions, competency and resources of the internal auditors and that they have the necessary authority to carry out their work;
- (b) to review the internal audit programme and results of the internal audit process and when necessary, ensure that appropriate actions are taken on the recommendations of the internal auditors;
- (c) to review any appraisal or assessment of the performance of members of the internal auditors;
- (d) to consider and review whether there is reason (supported by grounds) to believe that the Group's internal auditors are not suitable for appointment; and
- (e) to take cognizance of resignations of internal auditors and provide them an opportunity to submit their reason for resigning.

### **4.3 Audit Reports**

The reports of the Committee and the external and internal auditors and corrective actions taken shall be tabled for discussion by the Board.

### **4.4 Financial Reporting**

To review quarterly results and year-end financial statements prior to the approval of the Board, focusing particularly on:

- (a) changes in or implementation of major accounting policies and practices;
- (b) significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions and how these matters are addressed; and
- (c) compliance with accounting standards and other regulatory requirements.

### **4.5 Related Party Transactions**

To review any related party transactions and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that may raise questions on Management integrity.

### **4.6 Major Findings**

To consider major findings of internal investigations and Management's response.

### **4.7 Other Matters**

To consider other topics as defined by the Board.

## **5. Audit Committee Report**

The Committee shall ensure that an audit committee report is prepared at the end of each financial year that complies with subparagraph (5.1) and (5.2) below:

5.1 The audit committee report shall be clearly set out in the Annual Report of the Company;

5.2 The audit committee report shall include the following:

- (a) the composition of the Committee, including the name, designation (indicating the Chairman) and directorship of the members (indicating whether the Directors are independent or otherwise);
- (b) the number of Committee meetings held during the financial year end and details of attendance of each member;
- (c) a summary of activities of the Committee in the discharge of its functions and duties for that financial year of the Company and how it has met its responsibilities; and
- (d) a summary of the activities of the internal audit function or activity.

(TOR updated at BOD Meeting held on 16 April 2019)