

C.I. HOLDINGS BERHAD

(Company No.: 37918-A)

(Incorporated In Malaysia)

TERM OF REFERENCE FOR AUDIT COMMITTEE

1. Composition

The Audit Committee shall be appointed by the Board from amongst its directors and shall consist of not less than three (3) in numbers. All members of the Audit Committee must be non-executive directors, a majority of whom shall be independent directors.

No alternate director is appointed as a member of the Audit Committee.

In the event of any vacancy in the Audit Committee resulting in the number of members reduced to below three (3), the Board shall within three (3) months appoint a new member to fill the vacancy.

2. Membership

At least one (1) member of the Audit Committee :-

- (a) must be a member of the Malaysian Institute of Accountants; or
- (b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and :-
 - (i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - (ii) he 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
- (c) must have a degree/ master/ doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or
- (d) must have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or
- (e) possess such other requirements relating to financial-related qualifications or experience as prescribed or approved by Bursa Malaysia Securities Berhad.

3. Chairman

The members of the Audit Committee shall elect a Chairman from among their members who shall be an independent non-executive director.

4. Quorum

The quorum of the Audit Committee meeting shall not be less than two (2), the majority of whom shall be independent non-executive directors.

5. Meeting

- (a) the Audit Committee shall have at least four (4) meetings in a financial year and such additional meetings as the Chairman shall decide in order to fulfil its duties;
- (b) the Audit Committee meeting shall be chaired by the Chairman; or in his absence, another member who is an independent non-executive director nominated by the Audit Committee.
- (c) the Company Secretary shall act as Secretary of the Audit Committee and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting;
- (d) the Secretary of the Audit Committee shall be entrusted to record all proceedings of meetings;
- (e) the Audit Committee may invite any Board member or any member of the senior management or any employees within the Company or the Group to attend any particular Audit Committee meeting; and
- (f) the Audit Committee shall report to the full Board from time to time, its recommendation for consideration and implementation and the final decision shall be the responsibility of the Board.

6. Voting and Proceeding of Meeting

The decision of the Audit Committee shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote. Provided that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question in issue, the Chairman shall not have a casting vote.

Circular Resolutions signed by all the members shall be valid and effective as if it had been passed at a meeting of the Audit Committee.

7. Minutes

- (a) The Audit Committee shall cause minutes to be duly recorded and entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Audit Committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.
- (b) Minutes of the Audit Committee meetings will be made available to all Board members. A summary of significant matters of each meeting of the Audit Committee and resolutions (if any) will be reported to the Board by the Chairman of the Audit Committee.
- (c) The books containing the minutes of proceedings of any meeting of the Audit Committee shall be kept by the Company at the registered office of the Company, and shall be opened for the inspection of any member of the Audit Committee and the Board.

8. Authority

The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the cost of the Company :-

- (a) the authority to investigate any matter within its terms of reference;
- (b) the resources which are required to perform its duties;
- (c) full and unrestricted access to any information, records, properties and personnel of the Company and of the Group;
- (d) direct communication channels with the external auditors and internal auditors;
- (e) the right to obtain independent professional or other advice and to invite any person with relevant experience and expertise to attend the Audit Committee meeting whenever deemed necessary; and
- (f) the right to convene meeting with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

9. Functions and Responsibilities

The functions and responsibilities of the Audit Committee shall include the following :-

- (a) to consider the appointment, resignation and dismissal of external auditors and make appropriate recommendations to the Board :-
 - (i) the audit fees; and
 - (ii) the non-audit service(s) to be provided subject to the confirmation from the external auditors that such non-audit service(s) does not affect the independence of the external auditors.
- (b) to review with the external auditors of the Company :-
 - (i) the audit plan;
 - (ii) the audit report;
 - (iii) their management letter and management's response; and
 - (iv) the assistance given by the employees of the Company and the Group to the external auditors.
- (c) to discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss (in the absence of management where necessary);
- (d) to review and consider 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;
- (e) to review the internal audit programme, processes, the reports prepared by the internal audit department and to ensure that appropriate action is taken on the recommendations of the internal audit function;
- (f) to review any appraisal or assessment of the performance of members of the internal audit function;
- (g) to approve any appointment or termination of senior members of the internal audit function;
- (h) to be informed of any resignation of internal audit staff and provide an avenue for resigning staff to explain or submit the reasons for resignation;
- (i) to review the quarterly financial results and annual audited financial statements of the Group before recommending the same for the Board's approval, focusing particularly on :-

- (i) compliance with accounting standard and any other legal requirements;
 - (ii) any changes in or implementation of accounting policies and practices;
 - (iii) significant and unusual events and adjustments arising from the audit;
and
 - (iv) the going concern assumption.
- (j) 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 may raise questions on management integrity;
 - (k) to consider the reports, major findings and management's responses thereto on any internal investigations carried out by internal audit function;
 - (l) to verify, on an annual basis, the allocation of options under a share scheme for employees to ensure compliance with the allocation criteria determined by the Company's share option committee and in accordance with the By-Laws of the relevant option scheme;
 - (m) to promptly report to Bursa Malaysia Securities Berhad of a matter reported by the Audit Committee to the Board of Directors which has not been satisfactorily resolved resulting in a breach of the Listing Requirements; and
 - (n) such other functions or responsibilities as may be agreed to by the Audit Committee and the Board.

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

10. Review of the Audit Committee

The Nomination Committee of the Company shall review the term of office and performance of the Audit Committee and each of its members annually to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.