

SKB Shutters Corporation Berhad

AUDIT COMMITTEE

TERMS OF REFERENCE

Composition

The Committee shall be appointed by the Board from amongst its members which fulfils the following requirements:

- (a) the Audit Committee must be composed of not fewer than 3 members;
- (b) all the Audit Committee members must be non-executive directors, with a majority of them being independent directors; and
- (c) at least one member of the Audit Committee: -
 - (i) must be a member of the Malaysian Institute of Accountants (“MIA”); or
 - (ii) if he is not a member of the MIA, he must have at least 3 years’ working experience and -
 - (aa) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - (iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

If a member of the Committee resigns, dies, or for any reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of event appoint such number of new members as may be required to fill the vacancy.

No alternate director can be appointed a member of the Committee.

Quorum shall be the majority of members, whom are independent directors.

Chairman of Audit Committee

The Chairman of the Committee shall be an Independent Non-Executive Director.

In the absence of the Chairman, the members of the Committee shall elect a Chairman from among their number who shall be an Independent Non-Executive Director.

Meetings

The Audit Committee shall hold at least four (4) regular meetings each year and such additional meetings as circumstances dictate. The agenda, together with working papers, was circulated at least one week prior to each meeting to the members of the Committee.

The Management and external auditors may appear at any meeting at the invitation of the Committee and shall appear before the Committee when required to do so. The external auditors may request a meeting if they consider that one is necessary.

The Secretary shall circulate the minutes of Committee meetings to all members of the Board.

Duties and Responsibilities

The Committee believes its policies and procedures should remain flexible in order to best react to changing conditions and provide reasonable assurance to the Board that the accounting and reporting practises of the Group are in accordance with the requirements.

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The Committee will fulfil its duties and responsibilities as follows: -

- review the following and report to the Board of Directors: -
 - with the external auditors, the audit scope and plan, including any changes to the planned scope of the audit plan;
 - with the external auditors, their evaluation of the system of internal controls, major audit findings and the management's response during the year;
 - with the external auditors, their audit report to ensure that appropriate and prompt remedial action is taken by management, for major deficiencies in controls or procedures that have been identified;
 - the assistance and cooperation given by the employees of the Group to the external auditors, and any difficulties encountered in the course of audit function, including any restriction on the scope of activities or access to required information.
- to do the following in respect of the internal audit function :-
 - review the adequacy of the scope and functions of the internal auditors, 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 auditors;
 - review the performance of internal auditors; and
 - approve any appointment or termination of internal auditors.
- review the quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on :-
 - changes in or implementation of major accounting policy changes;
 - significant and unusual events;
 - the going concern assumption; and
 - compliance with accounting standards and other legislative and reporting requirements.
- review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- review the appointment and performance of the external auditors, the audit fee and any questions of resignation or dismissal before making recommendations to the Board.
- to consider the major findings of internal investigations and management response.
- to carry out such other functions as may be agreed to by the Committee and Board of Directors.

Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee.

The Committee is authorised by the Board to obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.