

# **AUDIT COMMITTEE TERMS OF REFERENCE**

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### **1. Composition**

The Audit Committee shall be appointed amongst the Board members and shall comprise no fewer than three (3) members; a majority of whom, including the Chairman, shall be independent directors and all members should be non-executive directors. At least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience as approved and prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities").

### **2. Retirement and Resignation**

In the event of any vacancy with the result that the number of members is reduced to below three, the vacancy shall be filled within three (3) months. Therefore a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

### **3. Review of the Audit Committee**

The terms of office and performance of the Audit Committee and each of its members shall be reviewed by the Nomination Committee once a year to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

### **4. Chairman**

The Chairman shall be an Independent Director. In the absent of the Chairman, the meeting shall be chaired by an independent director.

The Chairman should engage on a continuous basis with senior management, such as the chief executive officer, the chief operating officer, the group financial controller, the Internal Auditors and the External Auditors in order to be kept informed of matters affecting the company.

### **5. Committee Secretary**

The Company Secretary shall be the Secretary of the Audit Committee and shall has the following key responsibilities:-

- a) Ensure meetings are arranged and held accordingly;
- b) Assist the Chairman in planning the Audit Committee Meeting;
- c) Draw up meeting agendas in consultation with the Audit Committee Chairman, maintain the minutes, and draft its scheduled activities for the financial year;
- d) Ensure structured communication channels between the Board and the Audit Committee;
- e) Ensure proceedings of meetings are recorded and the minutes circulated to and confirmed by the Audit Committee Chairman before disseminating them to the Board; and
- f) Ensure Audit Committee's recommendations presented to the Board are supported by papers, including minutes that explain the rationale for the proposal.

### **6. Quorum and Frequency of Meetings**

The Audit Committee shall meet at least four (4) times in each financial year and may regulate its own procedure in lieu of convening a formal meeting by means of video or teleconference. The quorum for a meeting shall be the majority of members present, who shall be independent directors.

The Audit Committee may call for a meeting as and when required with reasonable notice as the Committee Members deem fit.

All decisions at such meeting shall be decided by a majority of votes.

The External Auditors and Internal Auditors shall have the right to appear at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee. The External Auditors may also request a meeting if they consider it necessary.

#### **7. Private session with the External Auditors**

The Audit Committee should meet the External Auditors without executive board members present at least twice a year.

#### **8. Rights**

The Audit Committee shall:

- (a) have the authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Group;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) have the right to obtain independent professional or other advice at the Company's expense;
- (f) have the right to convene meetings with the external auditors, excluding the presence of the executive board members, at least twice a year and whenever deemed necessary;
- (g) promptly report to Bursa Securities, or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements;
- (h) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise;
- (i) meet as and when required on a reasonable notice; and
- (j) the Chairman shall call for a meeting upon the request of the External Auditors.

#### **9. Duties and Responsibilities**

The Audit Committee, as required by applicable laws, rules, or regulations and otherwise to the extent it deems necessary or appropriate, shall:-

##### External Audit

- (a) To consider the appointment and/or re-appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors to the Board.
- (b) To have policies and procedures to assess the suitability and independence of External Auditors.
- (c) To review with the External Auditors on:
  - (i) the audit plan, its scope and nature;
  - (ii) the audit report;
  - (iii) the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
  - (iv) the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.
- (d) To review with Management:
  - (i) audit reports and management letter issued by the External Auditors and the implementation of audit recommendations;
  - (ii) interim financial information/ report; and
  - (iii) the assistance given by the officers of the Company to the External Auditors.

#### Internal Audit

- (e) To discuss problems and reservations arising from interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary).
- (f) To review the adequacy of the scope, functions and resources of the internal audit function.
- (g) To review the internal audit programme, processes the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

#### Risk Management and Internal Control

- (h) To recommend such measures as to be taken by the Board on the effectiveness of the system of internal control and risk management practices of the Group.
- (i) To evaluate the quality and effectiveness of Company's internal control system and management information systems, including in compliance with applicable laws, rules, corporate governance requirements and guidelines.
- (j) To recommend to the Board the Directors' Statement on Risk Management and Internal Control and any changes to the said Statement.

#### Whistleblowing and fraud

- (k) To review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and review the company's procedures for detecting fraud.

#### Overseeing Financial Reporting

- (l) To monitor the integrity of the financial statements of the Company, including the quarterly reports on consolidated results and annual financial statements before recommendation to the Board for approval for releasing to the Bursa Securities, focusing particularly on:
  - changes in or implementation of major accounting policy and practices;
  - significant and/or unusual matters arising from the audit;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements.
- (m) To assess whether the financial report represents a true and fair view of the Company's performance and ensure compliance with the regulatory requirements.

#### Reviewing conflict of interest situations and related party transactions

- (n) To monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to the shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

#### Reporting Responsibilities

- (o) To report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- (p) To make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

Other Matters

- (q) To verify the allocation of options pursuant to a share scheme for employees as being in compliance with the criteria for allocation of options under the share scheme, at the end of each financial year.
- (r) To report to Bursa Securities, if the Committee views that a matter resulting in a breach of the Main Market Listing Requirements reported by the Committee to the Board has not been satisfactorily resolved by the Board.
- (s) To report to Bursa Securities, if there is any related party transaction which exceeded the Shareholders' Mandate and provide full reasoning and detailed explanations.

**10. Terms of Reference**

The terms of reference should be assessed, reviewed and updated at least once every three years by the Audit Committee or as and when there are changes to the Malaysian Code of Corporate Governance and the Main Market Listing Requirements.

The Audit Committee should recommend any change to the terms of reference to the Board for approval.

The assessment of the Audit Committee's terms of reference should be a vigorous process taking into consideration the Company's circumstances and any new regulations that may have an effect on the Audit Committee's responsibilities.

# **NOMINATION COMMITTEE**

## **TERMS OF REFERENCE**

## **NOMINATION COMMITTEE TERMS OF REFERENCE**

The terms of reference are as follows:-

### **Composition and Appointment**

The Nomination Committee shall be appointed amongst the Board members and shall:-

- (i) comprise no fewer than two (2) members; and
- (ii) comprise exclusively non-executive directors, a majority of whom must be independent.

The term of a Nomination Committee member shall automatically be terminated when he ceased to be a Director.

The Chairman of the Nomination Committee should be selected amongst the Nomination Committee members and should be the Senior Independent Non-Executive Director identified by the Board.

### **Purpose**

1. Ensuring a formal and transparent procedure for the appointment of new directors to the Board.
2. Recommend to the Board, candidates for all directorships and on board committees.
3. Selecting, compensating, monitoring and overseeing succession planning.

### **Duties**

1. To recommend candidates for all directorships to be filled by shareholders or the Board;
2. To recommend candidates to fill the seats on Board Committees;
3. To recruit and retain the best available Directors;
4. To assess the contribution of each individual Director;
5. To review annually the Board structure, size, composition and the balance between Executive Directors, Non-Executive Directors and Independent Directors to ensure that the Board has the appropriate mix of skills and experience including core competencies which Directors should bring to the Board and other qualities to function effectively and efficiently;
6. To take the necessary steps to ensure that women candidates are sought as part of the Company's recruitment exercise to meet its gender diversity policy;
7. To assess annually the contribution of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO");
8. To consider, in making its recommendation, candidates for CEO and CFO;
9. To review annually the Independence of Independent Directors;
10. To ensure existence of an appropriate framework and succession plan for the Executive Director and Senior Management of the Company;
11. To recommend Directors who are retiring (by rotation) for re-election and termination of Board membership for appropriate reasons;

12. To recommend to the Board the removal of a Director from the Board or management if the Director or management is inefficient, errant and negligent in discharging his/her responsibilities;
13. To ensure that all Board appointees undergo the necessary training programmes prescribed by the applicable statutory and regulatory bodies;
14. To ensure adequate training and orientation is given to new Directors with respect to the business, structure and management of the Group as well as the expectations of the Board with regards to their contribution to the Board and Group;
15. To establish and implement processes for assessing the effectiveness of the Board as a whole, the Committees of the Board and assessing the contribution of each Director; and
16. To consider other matters as referred to the Nomination Committee by the Board.
17. To identify suitable orientation, educational and training programmes for continuous developments of Directors.
18. To review the term of office and performance of Audit Committee and each of its members annually to determine whether the Audit Committee have carried out their duties in accordance with their terms of reference.

In developing its procedures and making recommendations to the Board, the Nomination Committee will take into account of:-

- (a) The provisions of the Company's Articles of Association, the Companies Act, 1965, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other laws and regulations, if any, in respect of the appointment, removal, etc of directors;
- (b) The need for the Board to operate an open and transparent appointment process. This may include public advertisement or direct approaches being made to individuals who may be suitable or organisations that may be able to advise;
- (c) The overall composition and balance of the Board.

## **Meetings**

1. The number of meetings which the Nomination Committee shall hold will depend on the circumstances but as a minimum, there must be at least one (1) meeting in a financial year. Additional meetings shall be scheduled as considered necessary by the Nomination Committee or Chairman. The Nomination Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.
2. The quorum for a meeting shall be two (2) members. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.
3. The Nomination Committee may request other Directors, members of management and consultants as applicable to participate in Nomination Committee meetings, as necessary, to carry out the Nomination Committee's responsibilities.

# **REMUNERATION COMMITTEE**

## **TERMS OF REFERENCE**

## REMUNERATION COMMITTEE - TERMS OF REFERENCE

The terms of reference are as follows:-

### *Composition*

The Remuneration Committee shall be appointed from amongst the Board and shall:-

- (i) comprise no fewer than three (3) members; and
- (ii) comprise a majority of non-executive directors.

### *Duties*

1. To recommend to and advise the Board of Directors the remuneration and terms of conditions (and where appropriate, severance payments) of the Executive Directors (including Executive Chairman and Managing Director).
2. To establish a formal and transparent procedure for developing policy on remuneration packages of individual directors, taking into consideration the following:
  - In case of executive directors, the component parts of remuneration should be structured so as to link rewards to corporate and individual performance.
  - In the case of non-executive directors, the level of remuneration should reflect the experience and level of responsibility undertaken by the non-executive concerned.
3. Where possible, and to allow it to meet its duties, the Remuneration Committee should seek comparative information on remuneration and conditions of service in comparable organizations, within and without sectors of industry.
4. When considering severance payments, the Remuneration Committee should bear in mind that it must represent the public interest and avoid any inappropriate use of public funds. Care should be taken to avoid determining a severance package that public opinion might deem to be excessive.
5. To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

Directors, whether executive or non-executive, should abstain from discussion and from participating in decisions of their own remuneration packages.

### *Meetings*

- The Remuneration Committee shall meet at least once a year or as and when required, and report to the Board of Directors after each meeting.
- The quorum for a meeting shall be two (2) members.

# **OPTION COMMITTEE**

# **TERMS OF REFERENCE**

## **TERMS OF REFERENCE OF THE OPTION COMMITTEE**

The Option Committee comprises the Chairman/Chief Executive Officer, Executive Director/Chief Operating Officer, an Independent Non-Executive Directors of the Company.

The quorum for a meeting shall be two (2) and meetings shall be held as and when the Option Committee is required to deliberate on regent matter.

The Option Committee's responsibilities are as follows:-

- To administer the Option in accordance with the Bye-Laws of the Kelington Employees' Share Option Scheme ("ESOS") and, in such manner, as it shall at its discretion deem fit and, within such powers and duties as are conferred upon it by the Board; and
- To review and amend, at any time and from time to time, any provisions of the ESOS and the Bye-Laws, provided that the amendments are not prejudicial to the eligible employees and with the prior approval of the shareholders of the Company. Such modification/variation shall be subject to the approvals of the Board and the relevant authorities.

The functions of the Option Committee shall be governed by the Bye-Laws which, inter alia, include:-

- To select employees of the Company and its eligible subsidiary companies who are eligible to participate in the initial offer and subsequent offers of the ESOS and, determine the number of new shares to be allocated to the eligible employees according to the grading of employees and each band of years of service;
- To determine the number of options exercisable by the eligible employees for each year during the duration of the ESOS, the date of the initial offer and subsequent offers and the exercise price for each offer at which the eligible employees are entitled to subscribe under an option and, the period during which the option may be exercised; and
- To formulate guidelines/procedures for the administration of the ESOS.