

CHEETAH HOLDINGS BERHAD (Co No. 430404-H)

TERMS OF REFERENCE OF AUDIT COMMITTEE

The terms of reference of the Committee are as follows:-

COMPOSITION OF THE COMMITTEE

The Committee shall be appointed by the Board of Directors (“Board”) from among its members and shall be composed of no fewer than three (3) members, all of whom shall be Non-Executive Directors with a majority of them being Independent Directors as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

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

- (i) must be a member of the Malaysian Institute of Accountants; or
- (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years’ working experience and:-
 - a. he must have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or
 - b. 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 Securities.

The Chairman of the Committee is not the Chairman of the Board. No alternate director can be a member of the Committee.

The Board shall, within three (3) months of a vacancy occurring in the Audit Committee which results in the number of members being reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Board shall review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The Committee shall discharge the following functions:-

- (i) To review the following and report the same to the Board:-
 - with the External Auditor, the audit plan, his evaluation of the system of internal controls and his audit report;
 - the assistance given by the employees of the Company to the External Auditor;
 - the adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken on the recommendations of the Internal Auditor;
 - the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:-
 - a) changes in or implementation of major accounting policy changes;
 - b) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and
 - c) compliance with accounting standards and other legal requirements.
 - any related party transactions and conflict of interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - any letter of resignation from the External Auditor;
 - whether there is reason (supported by grounds) to believe that the External Auditor is not suitable for re-appointment; and
 - all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels.
- (ii) To annually review the suitability, objectivity and independence of the External Auditor taking into consideration the following:-
 - The competence, audit quality and recourse capacity of the External Auditor in relation to the audit;
 - The nature and extent of the non-audit service(s) rendered and the appropriateness of the level of fees; and
 - Obtaining written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- (iii) To consider and approve the non-audit service(s) to be provided by the External Auditor subject to the confirmation from the External Auditor that such non-audit service(s) pose no threat to the independence of the External Auditors.

- (iv) To ensure the internal audit function of the Company reports directly to the Committee.
- (v) To recommend the nomination of a person or persons as External Auditor.
- (vi) To report promptly to Bursa Securities where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements.
- (vii) Where applicable, to ensure the former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the Committee.
- (viii) The Committee should decide among others, the appointment and removal, scope of work, performance evaluation, and budget for the internal audit function.
- (ix) To carry out any other function that may be mutually agreed upon by the Committee and the Board.

RESPONSIBILITIES OF THE CHAIRMAN AND MEMBERS OF THE COMMITTEE

- (i) The Chairman of the Committee is responsible for ensuring the overall effectiveness and independence of the Committee.
- (ii) The Chairman of the Committee, together with the other members of the Committee should ensure among others that:-
 - The Committee is fully informed about significant matters related to the Company's audit and its financial statements and addresses these matters;
 - The Committee appropriately communicates its insights, views and concerns about relevant transactions and events to internal and external auditors;
 - The Committee's concerns on matters that may have an effect on the financial or audit of the Company are communicated to the external auditor; and
 - There is coordination between the internal and the external auditors.

RIGHTS OF THE COMMITTEE

Where necessary and reasonable for the performance of its duties, the Committee must, in accordance with a procedure to be determined by the Board and at the cost of the Company:-

- (i) have authority to investigate any matter within its Terms of Reference;

- (ii) have the resources which are required to perform its duties;
- (iii) have full and unrestricted access to any information pertaining to the Company;
- (iv) have direct communication channels with the External Auditor and person(s) carrying out the internal audit function or activity;
- (v) be able to obtain independent professional or other advice; and
- (vi) be able to convene meetings with the External Auditor, the person(s) carrying out the internal audit function or activity or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

PROCEDURES ON COMMITTEE MEETINGS

(i) Chairman

The Chairman who shall be an Independent Director, shall be elected by the Committee from among their members.

If at any meeting the Chairman is not present within fifteen (15) minutes after the time appointed for holding the meeting, the members present shall choose one (1) of their members, to act as Chairman.

(ii) Quorum

The quorum shall be at least two (2) members, both of whom must be Independent Directors.

(iii) Attendance

The Committee may invite other Directors, the financial controller, the Internal Auditor and a representative of the External Auditor and any other person to be in attendance to assist in its deliberations.

(iv) Calling

Any member may at any time, and the Secretary shall on the requisition of any of the members or the External Auditor summon a meeting.

(v) Frequency

Meetings shall be held at least four (4) times a year.

(vi) **Notice**

Except in the case of an emergency, reasonable notice of every meeting shall be given in writing and the notice of each meeting shall be served to any member either personally or by sending it via fax or through the post or by courier or by e-mail to such member at his registered address appearing in the Register of Directors, as the case may be.

(vii) **Voting**

A resolution put to the vote of the meeting shall be decided by a majority of votes of the members present.

In the case of an equality of votes, the Chairman shall be entitled to a second or casting vote. Save 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) members are competent to vote on the question at issue, shall not have a casting vote.

(viii) **Keeping of minutes**

The minutes shall be circulated to the Committee members in a timely manner and shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting. Thereafter, the minutes shall be presented to the Board.

(ix) **Custody, production and inspection of such minutes**

The minutes shall be kept by the Company at the Registered Office or the principal place of business in Malaysia of the Company, and shall be open to inspection of any member of the Committee without charge.

Reviewed and updated on: 21 September 2018