



TPC PLUS BERHAD

Company No. 615330-T
(Incorporated in Malaysia under the Companies Act, 1965)

AUDIT COMMITTEE CHARTER

Reviewed by the Audit Committee and
Approved by the Board of Directors on 28 February 2018

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1. INTRODUCTION

- 1.1 This Audit Committee Charter (“the Charter”) sets out the requirements of the Board of Directors of TPC Plus Berhad for the establishment of an Audit Committee, its terms of reference and the delegation of responsibilities to such committee as at the date hereof.
- 1.2 The Audit Committee was established on 15 October 2003 by the Board through a Circular Resolution in Writing.
- 1.3 Unless otherwise stated in this Charter, “TPC” refers to TPC Plus Berhad and Board of Directors (“the Board”) and Audit Committee (or “the Committee”) refers to the Board of Directors and Audit Committee of TPC.
- 1.4 In view of the Listing Requirements of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance by Securities Commission Malaysia, this Charter aims to ensure that the Committee complies with the relevant requirements.
- 1.5 This Charter shall be assessed and reviewed at least once annually and updated as necessary, especially when there are changes to the Listing Requirements and Malaysian Code on Corporate Governance. Any change to the terms of reference shall be recommended to the Board for its approval.

2. PURPOSE

- 2.1 The primary purpose of the Committee is to assist the Board in discharging its responsibilities in the following areas:
 - 2.1.1 Proper implementation of a system of internal controls relevant to the risks of the company, the control environment and any compliance requirements;
 - 2.1.2 Overseeing accounting policies and financial reporting;
 - 2.1.3 Evaluating the internal and external audit process;
 - 2.1.4 Reviewing conflict of interest situations and related party transactions; and
 - 2.1.5 The review and monitoring of corporate governance practices within the company.

3. COMPOSITION

- 3.1 The Committee members shall be appointed by and from the Board, and shall number not less than three (3) members.
- 3.2 All members of the Committee shall be non-executive directors with a majority being independent Directors. An alternate Director cannot be appointed as a member of Committee.
- 3.3 At least 1 member of the audit committee must fulfil the following requirements:
- 3.3.1 Must be a member of the Malaysian Institute of Accountants (“MIA”); or
- 3.3.2 If he is not a member of MIA, he must have at least 3 years’ working experience and:
- (a) must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (b) 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
 - (c) such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- 3.4 a former key audit partner must observe a cooling-off period of at least 2 years before he can be appointed as a member of the Audit Committee.
- 3.5 All members of the Committee should be financially literate and undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.
- 3.6 In the event a member of Committee resigns, dies or for any other 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 that event appoint such number of new members as may be necessary to make up the number of three (3) members.
- 3.7 The members of the Committee shall elect a Chairman from among themselves, who shall be an independent Director and not the Chairman of the Board.

4. AUTHORITY

- 4.1 The Committee shall have the following authority as empowered by the Board:
- 4.1.1 The authority to conduct / order to investigate any activities or matters within its terms of reference;

- 4.1.2 To acquire the resources which are required to perform its duties;
 - 4.1.3 To seek any information it requires from any officer or employee of the company and all employees are directed to co-operate with any request made by the Committee;
 - 4.1.4 To maintain direct communication channels with the external auditors and the head of the Internal Audit function;
 - 4.1.5 To obtain such legal or other independent professional advice and to secure the attendance of such outsiders with relevant experience and expertise as it may consider necessary;
 - 4.1.6 Convene meetings with the external auditors, Internal Auditors or both, without the presence of the management and employees, whenever it deems necessary. The Committee shall also meet exclusively among itself, whenever deemed necessary; and
 - 4.1.7 Have unrestricted access to all information, documents, information system and services rendered by TPC and/or its appointed agents in relation to the performance of its function.
- 4.2 The Committee may empower one or more of its members to meet or communicate with the external auditors and/or Internal Auditors independently.

5. RESPONSIBILITIES AND DUTIES

- 5.1 Ensure that the accounts are prepared in a timely and accurate manner with frequent reviews of the adequacy of provisions against contingencies, and bad and doubtful debts. Review the final draft of the financial statement for submission to the full board of directors and ensure the prompt publication of annual accounts.
- 5.2 To assess the effectiveness of the system of internal control vis-à-vis the risks, control environment and compliance based on the result of the external and Internal Audits, and make recommendations for change in such policies or improvement in the system of internal control where deemed necessary.
- 5.3 To review with the external auditors the following:
 - 5.3.1 The audit plan, including coordination with the Internal Audit function;
 - 5.3.2 The evaluation of accounting policies and the system of internal controls;
 - 5.3.3 The audit report;
 - 5.3.4 Problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);

- 5.3.5 The management letter and management 's response;
 - 5.3.6 The adequacy of assistance given by company employees to the external auditor; and
 - 5.3.7 Resolve any disagreements between management and external auditor regarding financial reporting.
- 5.4 In relation to the Internal Audit function, to undertake the following:
- 5.4.1 Ensure the adequacy of the scope, functions, competency and resources of the Internal Audit function and that it has necessary authority to carry out its work;
 - 5.4.2 Ensure sufficiency of the Internal Audit plan and review the results of the Internal Audit plan or investigation undertaken and whether or not appropriate action is taken on the recommendations of the Internal Audit function;
 - 5.4.3 Review the effectiveness of the Internal Audit function including compliance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and make recommendations for improvement of the Internal Audit function;
 - 5.4.4 Appraise the Internal Audit function;
 - 5.4.5 Advise on any appointment or termination of the head of department and managers of the Internal Audit function;
 - 5.4.6 Take cognizance of resignations of the head of department and managers of Internal Audit function and provide the resigning individual an opportunity to submit his reason for resigning;
 - 5.4.7 Ascertain that activities undertaken by Internal Audit are in accordance with the Internal Audit Charter;
 - 5.4.8 Assess whether all significant recommendations of the Internal Audit have been properly implemented by management. Any reservation that Internal Auditor may have about control, risk, accounting and disclosure practices should be taken before and discussed by the Committee directly; and
 - 5.4.9 Recommend the financial budget for the provision of tools and system to support Internal Audit function and upgrading of knowledge for technical competencies.
- 5.5 To review and challenge where necessary, the actions and judgements of management, in relation to the company's financial statements (quarterly and year end results), operating and financial review, of the company prior to approval by the Board, focusing particularly on:

- 5.5.1 Significant changes in accounting policies and practices;
 - 5.5.2 Professional and regulatory pronouncements;
 - 5.5.3 Major judgmental area;
 - 5.5.4 Any serious difficulties or disputes with management encountered during the course of audit;
 - 5.5.5 Significant audit adjustments;
 - 5.5.6 Proposed departures from accounting standards; and
 - 5.5.7 Other matters related to the conduct of audit which are to be communicated to the Committee.
- 5.6 To review the Committee Report, Statement of Internal Control and Statement on Corporate Governance which to be included in the annual report and recommend its approval to the Board.
 - 5.7 To assess the performance of the external auditors annually, their audit fee and make recommendations to the Board on their appointment and fees.
 - 5.8 To review any letter of resignation from external auditors and any questions as to their resignation / dismissal / discharge.
 - 5.9 To recommend the nomination of a person or persons as external auditors.
 - 5.10 To report to the Board the Committee's activities, issues and related recommendations. The report of the Committee should be permanent agenda item of the Board meetings.
 - 5.11 To undertake such other functions as may be agreed to by the Committee and Board.

6. MEETINGS

- 6.1 The Company Secretary shall be the Secretary of the Committee and shall have the following key responsibilities:
 - 6.1.1 Ensure meetings are arranged and held accordingly;
 - 6.1.2 Assist the Chairman in planning the Committee's activities;
 - 6.1.3 Draw up meeting agendas in consolidation with the Chairman and the Head of Internal Audit, maintain minutes, and draft its scheduled activities for the financial year;
 - 6.1.4 Ensure structured communication between the Board and the Committee;

- 6.1.5 Ensure proceedings of meetings are recorded and the minutes circulated to and confirmed by the Committee Chairman before disseminating them to the Board;
- 6.1.6 Ensure Committee recommendations presented to the Board are supported by papers, including minutes that explain the rationale for the Committee's recommendations.

6.2 Frequency and attendance

- 6.2.1 Meetings shall be conducted at least four times annually, or more frequently as circumstances dictate;
- 6.2.2 The Chairman, in consultation with the Secretary, shall determine the frequency of the meeting and discuss the schedule of meetings with all members concerned;
- 6.2.3 The Chief Operating Officer and Chief Financing Officer may attend the meetings upon invitation of the Committee;
- 6.2.4 Other members of the board or senior management may attend the meetings upon the invitation of the Committee;
- 6.2.5 The Committee shall meet with the external auditors without executive board members and management present whenever it deems necessary;
- 6.2.6 The Head of Internal Audit shall attend all meetings on invitation. The Committee may request certain parties to withdraw from any part of the meeting.
- 6.2.7 The Committee shall invite any relevant parties from Holding company to attend its meetings.

6.3 Notice and Agenda

- 6.3.1 Proper notice shall be issued for any Committee meeting and the Chairman shall ensure that proper agenda is prepared for the meeting; and
- 6.3.2 The agenda and relevant papers for the Committee meeting must be issued at least a week in advance of each meeting.

6.4 Quorum

- 6.4.1 The quorum shall consist of two (2) members with the majority of members present being independent Directors; and
- 6.4.2 In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

6.5 Minutes

6.5.1 The discussions and conclusions of the Committee meetings should be minuted and the minutes should be entered into the minutes Register kept by the Secretary; and

6.5.2 Reproduction of any part of the minutes can be only through/by the Secretary.

7. REVIEW

7.1 The Board shall review the term of office and performance of the Committee and each of its members every year to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

8. REFERENCE

8.1 Reference materials are as follows:

8.1.1 Listing Requirements of Bursa Malaysia Securities Berhad; and

8.1.2 Malaysian Code on Corporate Governance by Securities Commission Malaysia.