

OVERSEA ENTERPRISE BERHAD
(Company No. 317155-U)
(Incorporated in Malaysia)

AUDIT COMMITTEE

TERMS OF REFERENCE

1. OBJECTIVES

The purpose of setting up the Audit Committee (AC) is to assist the Board of Directors (Board) in fulfilling its statutory and fiduciary responsibilities, particularly the Company and its subsidiaries' financial reporting process, system of internal controls and risk management processes.

2. COMPOSITION

- (a) The AC shall be appointed by the Board from among the Directors of the Company and consist of not less than three (3) members. All the AC members must be Non-Executive Directors, with a majority of whom being Independent Directors. No Alternate Director shall be appointed as a member of the AC.
- (b) At least one of the members of the AC:-
 - I Must be a member of the Malaysian Institute of Accountants (MIA); or
 - II. If he/ she is not a member of the MIA, he must have at least three (3) years of working experience; and
 - i. he/she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
 - ii. he/she 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 Fulfills such other requirements as prescribed or approved by the Exchange.
- (c) In the event of any vacancy in the AC resulting in non-compliance of Section 2(a) of this Terms of Reference, the Company must fill the vacancy within three (3) months to ensure compliance with the requirement of Bursa Malaysia Securities Berhad.

3. CHAIRMAN

The members of the NC shall elect a Chairman from among its members who shall be an Independent Non-Executive Director. The appointment of the Chairman of the NC shall be approved by the Board.

4. AUTHORITY

- (a) The AC is authorized by the Board to investigate any matter within its Terms of Reference and shall have unlimited access to both the Internal and External Auditors, as well as the employees of the Group. All employees are directed to co-operate with any request made by the AC;
- (b) The AC shall have unlimited access to all information and documents relevant to its activities, from the Internal and External Auditors and the management team of the Group;
- (c) The AC shall have the authority to obtain independent legal or other professional advice

as it considers necessary at the expense of the Company, with prior consent from the Board;

- (d) The AC shall be able to convene meetings with the External or Internal Auditors, excluding the attendance of the other Directors and employees of the Company, whenever deemed necessary; and
- (e) The AC shall have the power to establish Sub-Audit Committee(s) to carry out certain investigation on behalf of the AC in such manner, as the AC deem fit and necessary.

5. SECRETARY

The Company Secretary shall act as secretary to the AC and shall be responsible to minute the proceedings and resolutions of all meetings of the AC, keeping minutes of meetings of the AC and circulating them to the AC members.

6. MEETING

- (a) Meetings shall be held not less than four (4) times a year. On the request by any of the AC's Members, External Auditors, Internal Auditors or at the discretion of the Chairman of the AC, additional meetings may be held.
- (b) Full agenda and meeting papers shall be circulated to the AC's members at least seven (7) days before meeting;
- (c) When necessary, the AC may invite other Board members, senior management staff, External Auditors, Internal Auditors or independent professional advisers to attend AC meetings.
- (d) Member of the AC shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him/her.
- (e) The AC shall meet with the External Auditors without the presence of the executive board members at least twice a year.
- (f) The proceedings of all meetings shall be properly minuted and circulated to all Directors for their perusal prior to the confirmation of the minutes by the Chairman as a correct record.

7. QUORUM AND CASTING VOTE

The quorum of the meeting shall be two (2) Independent Directors. In the absence of the Chairman, the members shall elect from among themselves a Chairman who must be an Independent Director to chair the meeting. The AC's Chairman shall have a second or casting vote.

8. CIRCULAR RESOLUTION

The AC may from time to time and if deemed appropriate, consider and approve and/or recommend relevant matters via a circular resolution in writing, in lieu of formally convening a meeting. The circular resolution shall be as valid and effectual as if it has been passed by a meeting of the AC duly convened. The AC's circular resolution must be signed or approved by a majority of the AC members. The interested AC's member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

9. ASSESSMENT OF THE AUDIT COMMITTEE

The AC shall perform annual self-assessment to assess its effectiveness in carrying out the duties in accordance with the Terms of Reference and report to the Board the result of the assessment.

The Board, with the assistance of the Nominating Committee, shall review the composition, performance and effectiveness of the AC and each of its members annually to determine the effectiveness of the AC and each of its members in carrying out the duties as set out in the Terms of Reference.

10. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the AC shall include:-

- (a) To review the financial statements of the Company and the Group before recommending to the Board of Directors, focusing particularly on:-
 - i. Public announcements of results and proposed dividend payment;
 - ii. Any changes in or implementation of major accounting policies and practices;
 - iii. Significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
 - iv. Significant adjustments resulting from the audit;
 - v. The going-concern assumptions;
 - vi. Compliance with accounting standards; and
 - vii. Compliance with stock exchange and legal requirements.
- (b) To recommend the appointment of the External Auditors, their audit fee and any question of their resignation or dismissal to the Directors of the Company;
- (c) To assess the suitability and independence of the External Auditors and recommended to the Board for re-appointment and the audit fee thereof;
- (d) To discuss the nature and scope of the audit with the External Auditors before the audit commences;
- (e) To meet the External Auditors, without the presence of other directors and employees), at least twice in each financial year to discuss problems and reservations arising from the interim and final audits and any matters the External or Internal Auditors may wish to discuss;
- (f) To review the internal audit plan, 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;
- (g) To review and evaluate the adequacy and effectiveness of the Group's accounting policies, procedures and internal controls;
- (g) To review the adequacy of the scope, functions, competency and resources of the internal audit function and to ensure that it has the necessary authority to carry out its works;
- (h) To review the internal audit reports, discuss major findings and management's response and ensure appropriate action is taken on the recommendations on a timely basis.
- (i) To review the appraisal or assessment of the performance of the staff of the internal audit function; to approve any appointment or termination of senior staff of the internal audit function;
- (j) To keep under review the effectiveness of the risk management and internal control system and in particular, review External Auditors' management letter and

management's response;

- (k) To review any related party transaction and conflict of interests situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
- (l) Monitor the extent of non-audit work, if any, to be performed by the External Auditors to ensure that the provision of non-audit services does not impair their independence or objectivity.

11. REVIEW OF THE TERMS OF REFERENCE

The AC shall, from time to time and at any time that it deems necessary, review its Terms of Reference of the AC to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval. In reviewing the Terms of Reference, the AC shall take into consideration any relevant corporate governance guidelines and may seek advice and input from the Company Secretary.