

Sarawak Cable Berhad

Audit Committee Terms of Reference

1. Constitution

The functions and authority of the Audit Committee extend to Sarawak Cable Berhad (“the Company”) and all its subsidiary companies, collectively referred to as “the Group”.

2. Primary Objectives

The Audit Committee has been formed with the following objectives:-

- (a) enhance openness, integrity and accountability in the activities of the Group and the Company so as to safeguard the rights and interests of the shareholders;
- (b) provide assistance to the Board of Directors in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices;
- (c) enhance the Group’s and the Company’s business effectiveness and efficiency, quality of the accounting and audit functions and strengthen the public’s confidence in the reported results of the Group and the Company;
- (d) maintain, through regularly scheduled meetings, a direct line of communication between the Board of Directors and the internal and external auditors; and
- (e) enhance the independence of the internal audit functions.

3. Membership

The Audit Committee shall be appointed by the Board of Directors among themselves and must consist of not less than three (3) members. All members of the Audit Committee must be non-executive directors, with a majority of them being independent directors. No alternate director shall be appointed as a member of the Audit Committee.

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

- must be a member of the Malaysian Institute of Accountant (“MIA”); or
- must have at least three (3) years’ of working experience if he is not a member of MIA and:-
 - must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad (“Bursa Securities”).

3. Membership (contd.)

The Committee shall require a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Committee. In this regard, a key audit partner refers to the engagement partner, the individual responsible for the engagement of quality control review, and other audit partners, if any, on the engagement team who make key decisions or judgements on significant matters with respect to the audit of the financial statements of the Company on which the auditor will express an opinion.

If membership of the Audit Committee for any reason falls below three (3) members, the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to fulfil the minimum requirement.

4. Chairman

The members of the audit committee must elect a chairman among themselves who is an independent director. In the event of any vacancy, it must be filled within three (3) months. In the absence of the Chairman at the meeting, members present at the meeting shall elect one (1) of them to chair the meeting.

5. Secretary

The Secretary to the Audit Committee shall be any one (1) of the joint company secretaries.

6. Quorum

A quorum shall consist of a majority of independent directors and shall not be less than two (2) independent directors.

7. Meetings and Minutes

The Audit Committee shall hold at least four (4) meetings a year. Additional meeting may be held as and when necessary, upon request by any Audit Committee member, the management, internal or external auditors. The Internal Audit Manager and the Group Financial Controller are normally invited to attend the meetings. Other members of the Board of Directors, employees and representative of external auditors shall attend the meetings upon the invitation of the Audit Committee.

A resolution in writing signed by all Audit Committee members shall be deemed to have been passed at a meeting held on the date on which it was signed by the last member.

The Audit Committee shall meet with the external auditors, excluding the attendance of other Directors and employees of the Group and the Company, at least twice a year.

The Audit Committee may also meet with the internal auditors, excluding the attendance of other Directors and employees of the Group and the Company, whenever deemed necessary.

Minutes of meetings shall be kept and distributed to each member of the Audit Committee and the Board of Directors. The Chairman of the Audit Committee shall report on each meeting to the Board of Directors.

8. Review of the Composition of the Audit Committee

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

9. Authority

The Audit Committee is authorised by the Board of Directors to:-

- (a) investigate any activity/matter within its terms of reference and shall have unrestricted access to all employees of the Group and the Company;
- (b) have the resources in order to perform its duties as set out in its terms of reference;
- (c) have full and unrestricted access to any information pertaining to the Group and the Company;
- (d) have direct communication channels with the internal and external auditors;
- (e) obtain external legal or other independent professional advice as necessary; and
- (f) convene meetings with the internal auditors, external auditors or both, excluding the attendance of other Directors and employees of the Group and the Company.

Notwithstanding anything to the contrary hereinbefore stated, the Audit Committee does not have executive powers and shall report to the Board of Directors on matters considered and its recommendations thereon, pertaining to the Group and the Company.

10. Responsibility

Where the Audit committee is of the view that a matter reported by it to the Board of Directors has not been satisfactory resolved resulting in a breach of the Main Market Listing Requirements of Bursa Securities, the Audit Committee has the responsibility to promptly report such matter to Bursa Securities.

11. Functions and Duties

The duties of the Audit Committee are to:-

- (a) consider the nomination, appointment, re-appointment, resignation and dismissal of external auditors, the auditors' remuneration and any questions of resignation or dismissal;
- (b) consider whether there is reason (supported by grounds) to believe that the external auditors of the Group and the Company are not suitable for re-appointment;
- (c) review the nature and scope of audit plans prepared by the internal and external auditors before the audit commence, and ensure co-ordination where more than one (1) audit firm is involved;

11. Functions and Duties (contd.)

- (d) review the audit reports prepared by the external auditors, the major findings and the management's responses thereto;
- (e) discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to bring up;
- (f) review the quarterly and annual financial statements of the Group and the Company, primarily focusing on the matters set out below, before submission to the Board of Directors for approval:-
 - any changes in or implementation of major accounting policies and practices, where applicable;
 - significant matters highlighted including financial reporting issues,
 - significant judgements made by management;
 - significant and unusual events or transactions and how these matters are addressed;
 - the going concern assumption; and
 - compliance with accounting standards and other regulatory/legal requirements.
- (g) consider the internal audit reports, major findings and the management's responses thereto on any internal investigations carried out by the internal auditors and ensure that appropriate action is taken by the management in respect of the audit observations and the Audit Committee's recommendations;
- (h) review the auditors' evaluation of the systems of internal controls;
- (i) review the adequacy of the scope, functions, competency and resources of the internal audit functions and whether it has the necessary authority to carry out its work;
- (j) review any appraisal or assessment of the performance of the members of the internal audit function;
- (k) approve any appointment or termination of senior staff members of the internal audit functions;
- (l) be informed of any resignation of the internal audit staff members and to provide the resigning staff member an opportunity to submit his or her reasons for resigning;
- (m) review the assistance given by the Group's and the Company's employees to the internal and external auditors;
- (n) review any related party transactions and conflict of interests situation that may arise within the Group or the Company including any transaction, procedure or course of conduct that raises questions of the management integrity; and
- (o) perform such other functions as may be agreed to by the Audit Committee and the Board of Directors.