

B.I.G. INDUSTRIES BERHAD 199001003718 (195285-D)

TERMS OF REFERENCE OF AUDIT COMMITTEE

1. Composition of Audit Committee

The Audit Committee shall be appointed by the Board of Directors (“Board”) from among its members which fulfils the following requirements:

- (a) the Audit Committee shall consists of no fewer than three (3) members;
- (b) all Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Directors;
- (c) at least one (1) member of the Audit 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:
 - (aa) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (bb) he 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
 - (iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- (d) Alternate Director is not allowed to become a member of the Audit Committee.
- (e) any former key audit partner is required to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee.

The Audit Committee shall elect a Chairman from among its members who is an Independent Non-Executive Director.

The terms of office and performance of the Audit Committee and each of its members shall be reviewed by the Nomination Committee annually. However, the appointment terminates when a member ceases to be a Director.

In the event that a member of the Audit Committee resigns, passes away or for any other reason ceases to be a member and as a result, the number of members is reduced below three (3), the Board shall, within three (3) months of that event, appoints such number of new member as may be required to make up the minimum of three (3) members.

2. Objectives

The primary objectives of the Audit Committee are to:

- (i) provide assistance to the Board in fulfilling its fiduciary responsibilities, particularly in the areas relating to accounting and management controls, financial reporting and business ethics policies of the Company and its subsidiaries (Group”).
- (ii) provide greater emphasis on the audit function by serving as the focal point for communication between non-committee Directors, the External Auditors, Internal Auditors and management and providing a forum for discussion that is independent of the management. It is to be the Board’s principal agent in assuring the independence of the Company’s External Auditors, the integrity of the management and the adequacy of disclosure to shareholders.
- (iii) monitor compliance with the policies and procedures of the Group in order to provide assurance on the effectiveness of the Group’s internal control, policies and procedures.
- (iv) undertake such additional duties as may be appropriate and necessary to assist the Board.
- (v) serve as an independent and objective party in the review of the financial information presented by the management for distribution to shareholders and the general public.

3. Authority

The Audit Committee is authorised by the Board to investigate any activities within its terms of reference.

It shall have:

- (i) full and unrestricted access to any information pertaining to the Company or the Group;
- (ii) direct communication channels with both the External Auditors and Internal Auditors;
- (iii) full access to any employee or member of the management;
- (iv) the resources which are required to perform its duties; and
- (v) authority to convene meetings with the External Auditors and Internal Auditors, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

The Audit Committee is also authorised by the Board to obtain legal or other independent professional advice it considers necessary and reasonable for the performance of its duties.

4. Duties and Responsibilities

In fulfilling its primary objectives, the Audit Committee will need to undertake the following duties and responsibilities as summarised below and to report the same to the Board accordingly:

- (i) To review the quarterly results and year-end financial statements of the Company before submission to the Board.

The review shall focus on:

- any change in or implementation of major accounting policies and practices;
 - significant judgements made by management;
 - significant issues arising from audit and matters highlighted including financial reporting issues;
 - the going concern assumption;
 - compliance with the accounting standards;
 - compliance with stock exchange, legal and regulatory requirements; and
 - significant and unusual events or transactions and matters are addressed.
- (ii) To review with the External Auditors the following:
- the audit plan, scope and nature of the audit for the Company and the Group;
 - the evaluation of the system of internal controls;
 - audit report;
 - problems and reservations arising from their interim and final audits; and
 - the assistance given by employees of the Company or Group to the External Auditors.
- (iii) To review the internal audit functions on the following:
- adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - the internal audit programme, internal control, risk management, processes, risk profiles, risk registers, the results of the internal audit assessments, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function; and
 - internal audit plan, consider the major findings of internal audit, fraud investigations and actions and steps taken by management in response to audit and risk management findings.
- (iv) To review with management on a periodic basis, the Company's general policies, procedures and controls especially in relation to management accounting, financial reporting, risk management, risks and financial impact of material sustainability matters and business ethics.
- (v) To review any related party transaction, recurrent related party transactions and conflict of interest situation that arose, persist or may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts.
- (vi) To review:
- any letter of resignation from the External Auditors of the Company;
 - whether there is reason (support by grounds) to believe that the Company's External Auditors are not suitable for re-appointment; and
 - any recommendation on the nomination of a person or persons as External Auditors.
- (vii) To assess annually the suitability, calibre, objectivity and performance of the External Auditors (include independence) and Internal Auditors.

- (viii) To assess the adequacy and effectiveness of the system of internal control and accounting control procedures of the Company and the Group by reviewing the External Auditors' management letters/reports, risk registers, internal audit letters/reports and management responses.
- (ix) To undertake such other responsibilities as may be agreed to by the Audit Committee and the Board.
- (x) To report to the Board its works, significant results and findings.

5. Meetings and Reporting Procedures

Number of Meetings

The Audit Committee shall meet at least four (4) times in a year. The Chairman shall also convene a meeting of the Audit Committee if requested to do so by any members, management or the Internal or External Auditors to consider any matter within the scope and responsibilities of the Audit Committee.

Attendance of Meetings

The Group Financial Controller/Head, Internal Auditors, representatives of the External Auditors and relevant management staff shall normally be invited to attend meetings of the Audit Committee. The Audit Committee may also invite other Directors and employees to attend any of its meetings to assist in resolving and clarifying matters as and when necessary.

Quorum

A quorum shall consist of a majority of Independent Non-Executive Directors and shall not be less than two (2).

6. Secretary to Audit Committee and Minutes

The Company Secretary shall be the Secretary of the Audit Committee and as a reporting procedure; the minutes of each meeting shall be kept and circulated to the members of the Audit Committee and also to relevant persons for noting and action, where necessary.