



ASTRAL ASIA BERHAD

Registration No. 199601002254 (374600-X)
(Incorporated in Malaysia)

Audit Committee (Terms of Reference)

Objectives

The principal objective of the Audit Committee (“AC”) of Astral Asia Berhad (“AAB”) is to assist the Board of Directors (“Board”) in discharging its duties and responsibilities in the area of corporate disclosure and transparency, public accountability of the Company and its subsidiaries. The AC also endeavours to adopt practices aimed at maintaining appropriate standards of corporate responsibility and integrity to the Company’s shareholders.

Composition

The AC shall consist of not less than three (3) members all of whom must be Non-Executive Directors and a majority of whom are Independent Directors. All members of the AC must consist of Non-Executive Directors. At least one (1) member of the AC is a member of the Malaysian Institute of Accountants (“MIA”) or alternatively a person who must have at least 3 years working experience and have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967 or is a member of one of the associations of accountants specified in Part II of the said Schedule or alternatively a person who has fulfilled such other requirements as prescribed or approved by Bursa Malaysia.

No alternate director is to be appointed as a member of the AC. The term of office and performance of the AC and each of its members shall be reviewed by the Board annually to determine whether the AC have carried out their duties in accordance with their terms of reference. In the event of any vacancy in the AC resulting in the non-compliance of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), the vacancy must be filled within three (3) months.

The AC has a policy that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.

Chairman

The members of the AC shall elect a Chairman from amongst their number who shall be an independent director.

In the absence of the Chairman of the AC, the other members of the AC shall amongst themselves elect a Chairman who must be an independent director to chair the meeting.

Authority

The AC is authorised by the Board to:-

1. investigate any activity within the scope of the AC's duties;
2. have the resources which are required to perform its terms of reference;
3. have full and unrestricted access to any information as required to perform their duties;
4. obtain any information it requires from any employee(s);
5. obtain outside legal or independent professional advice;
6. able to convene meetings with external auditors or both, excluding the attendance of other directors and employees of the Group, and with other external parties, whenever deemed necessary;
7. have the authority to form management / sub-committee(s) if deemed necessary and fit; and
8. have the authority to delegate any of its responsibilities to any person or committee(s) that is deemed fit.

Duties & Responsibilities

1. To review the following and report the same to the Board of the Company:
 - i. the audit plan with external auditors;
 - ii. with the external auditors, his evaluation of the system of the internal controls;
 - iii. with the external auditors, their management letter and the management's response;
 - iv. with the external auditors, their audit report;
 - v. the assistance given by the employees of the Company to the external auditors;
 - vi. the nomination or re-appointment of the external auditors and their audit fees as well as matters pertaining to resignation or change of the external auditors;
 - vii. the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - viii. the internal audit programme, 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;
 - ix. to review quarterly results, and year end financial statements, prior to the approval of the Board of Directors, focusing particularly on:

- changes in or implementation of major accounting policy changes;
 - significant and unusual events;
 - compliance with approved accounting standards and other legal requirements;
 - compliance with the Listing Requirements;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - major judgmental areas.
- x. to review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
 - xi. to report its findings on the financial and management performance and other material matters to the Board;
 - xii. to consider the major findings of internal investigations and management's response; and
 - xiii. to consider and approve the non-audit service(s) to be provided by the external auditors subject to the confirmation from the external auditors, that such non-audit service(s) pose no threat to the Independence of the external auditors; and
 - xiv. any other matters as directed by the Board.
2. The AC shall establish an internal audit function which is independent of the activities it audits.
 3. The AC shall oversee all internal audit functions and is authorized to commission investigations to be conducted by internal audit as it deems fit.
 4. The internal auditor shall report directly to the AC and shall have direct access to the Chairman of the AC.
 5. All proposals by management regarding the appointment, transfer or dismissal of the internal auditor shall require the prior approval of the AC.
 6. The AC shall prepare an Annual Report to the Board that provides a summary of the activities of the AC and the internal audit function or activity for inclusion in the Company's Annual Report.
 7. The AC may report any breaches of the Listing Requirements, which have not been satisfactorily resolved, to the Bursa Securities.

Meetings

1. The AC shall meet at least four (4) times per financial year to discuss any matters raised by the Auditors in discharging their functions. The quorum for a meeting of the AC shall be two (2) of which the majority must be independent directors.

2. The Secretaries to the AC shall be the Company Secretaries of the Company or any other person appointed by the AC. The Secretaries shall be responsible for the co-ordination of administrative details including calling the meetings, voting and keeping of minutes.
3. A representative of the Company's department heads and the external auditors shall normally attend the meeting as and when required.
4. The procedures of the meeting are as follows :
 - i. The members may regulate their meetings as they think fit;
 - ii. Every notice convening meetings shall specify the place, the day, the hour and the agenda of the meeting and shall be given to all members at least seven (7) days before the meeting.
 - iii. Any question arising at any meeting of members shall be decided by a majority of votes and a determination by a majority of members. In the case of an equality of votes the Chairman shall not have any casting vote including but not limiting to the case where the quorum is made up of only two (2) members;
 - iv. The Minutes of the meetings shall be kept at the registered office of the Company;
 - v. The AC shall report on each meeting to the Board.

Review of the Terms of Reference

The Terms of Reference shall be reviewed and may be amended by the AC as and when it deems appropriate and shall be presented to the Board for approval.