

SENI JAYA CORPORATION BERHAD

(Company No. 279860-X)

(Incorporated in Malaysia)

TERMS OF REFERENCE OF AUDIT COMMITTEE

(Reviewed and approved on 3 April 2018)

1. Composition of members

The Board of Directors ("Board") shall appoint the Audit Committee members from amongst themselves, comprising no fewer than three (3) non-executive directors. The majority of the Audit Committee members shall be Independent Directors.

In this respect, the Board adopts the definition of "independent director" as defined under the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and any practice notes issued thereto.

All members of the Audit Committee should be financially literate and at least one (1) member of the Audit Committee must be:-

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

No alternate director of the Board shall be appointed as a member of the Audit Committee.

No former key audit partner shall be appointed as a member of the Audit Committee unless the said former key audit partner has observed a cooling-off period of at least two years before being appointed as a member of the Committee.

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

Retirement and resignation

If a member of the Audit Committee resigns, dies, or for any reason ceases to be a member resulting in non-compliance to the composition criteria as stated above, the Board shall within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.

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2. Chairman

The Chairman of the Committee is not a Chairman of the Board. The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an Independent Director.

In the event of any vacancy in the Chairman of the Audit Committee resulting in non-compliance of the MMLR of Bursa Securities, the election of an independent Chairman of the Audit Committee shall be filled within three (3) months.

In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who must be Independent Director to chair the meeting.

3. Secretary

The Company Secretary shall be the Secretary of the Audit Committee and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

4. Meetings

The Audit Committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman of the AC may call for additional meetings at any time at the Chairman's discretion.

The Audit Committee members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

Upon the request of the external auditor, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.

Notice of Audit Committee meetings shall be given to all the Audit Committee members unless the Audit Committee waives such requirement.

The Chairman of the Audit Committee shall engage on a continuous basis with Senior Management, such as the Chairman, the Managing Director, the Head of Finance, the internal auditors and the external auditors in order to be kept informed of matters affecting the Company.

The Head of Finance, the internal auditors and external auditors should normally attend meetings. Other Board members and Management may attend meetings upon the invitation of the Audit Committee. However, the Audit Committee shall meet with the external auditors, the internal auditors or both, without executive Board members or Management present at least twice a year and whenever necessary.

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Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.

5. Minutes

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Audit Committee and also to the other members of the Board. The Audit Committee Chairman shall report on each meeting to the Board.

The minutes of the Audit Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

6. Quorum

The quorum for the Audit Committee meeting shall be the majority of members present whom must be Independent Directors.

7. Circular Resolution

A resolution in writing signed by a majority of the Audit Committee members for the time being shall be as valid and effectual as if it had been passed at a meeting of the Audit Committee duly called and constituted. Any such resolution may consist of several documents in like form each signed by one (1) or more Audit Committee members.

Any such document may be accepted as sufficiently signed by an Audit Committee member if transmitted to the Company by telex, telegram, cable, facsimile or other electrical or digital written message to include a signature of an Audit Committee member.

8. Objectives

The principal objectives of the Audit Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:-

- (a) evaluate the quality of the audits performed by the internal and external auditors;
- (b) provide assurance that the financial information presented by Management is relevant, reliable and timely;
- (c) oversee compliance with laws and regulations and observance of a proper code of conduct; and
- (d) determine the quality, adequacy and effectiveness of the Group's control environment.

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9. Authority

The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the expense of the Company,

- (a) have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the Audit Committee;
- (b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and Senior Management of the Company and Group;
- (c) obtain independent professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR of Bursa Securities, the Audit Committee shall promptly report such matter to Bursa Securities;
- (f) convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Executive Directors and Management of the Group, whenever deemed necessary;
- (g) have the authority to form Management Committee/Sub-Committee(s) if deemed necessary and fit; and
- (h) have the authority to delegate any of its responsibilities to any person or committee(s) that is deemed fit.

10. Duties and Responsibilities

The duties and responsibilities of the Audit Committee are as follows:-

- (a) To consider the appointment and/or re-appointment of the external auditors, the audit fee and any question of resignation or dismissal including recommending the nomination of person(s) as external auditors to the Board;
- (b) To assess the objectivity, performance and independence of the external auditors of the Company;
- (c) To establish policies governing the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the external auditors;

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- (d) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one (1) audit firm is involved;
- (e) To review with the external auditors on:-
- the audit plan, its scope and nature;
 - the audit report;
 - the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
 - the assistance given by the officers of the Company to the external auditors, including any difficulties or disputes with the Management encountered during the audit.
- (f) To review the quarterly consolidated results and year-end financial statements of the Company before submission to the Board, focusing particularly on:-
- changes or implementation of major accounting policy changes;
 - significant matters highlighted including financial reporting issues, significant judgments 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 legal requirements; and
 - other major areas.
- (g) To discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss (in the absence of the Management, where necessary);
- (h) To review with the Management on:-
- the audit reports and management letter issued by the external auditors and the implementation of audit recommendations;
 - the interim financial information; and
 - the assistance given by the officers of the Company to the external auditors.

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- (i) To do the following, in relation to the internal audit function:-
- review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review the internal audit plan, consider the internal audit reports and findings of the internal auditors, fraud investigations and actions and steps taken by the Management in response to audit findings;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function;
 - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
 - monitor the performance of the Company's internal audit function; and
 - monitor the performance and independence of the internal auditors.
- (j) To review related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transaction annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of Management integrity;
- (k) To report its findings on the financial and management performance, and other material matters to the Board;
- (l) To consider the major findings of internal investigations and the Management's response;
- (m) To verify the allocation of employees' share issuance scheme ("ESIS") in compliance with the criteria as stipulated in the by-laws of ESIS of the Company, if any;
- (n) To monitor the integrity of the Company's financial statements;

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- (o) To monitor the independence and qualification of the Company's external auditors;
- (p) To provide liaison between the external auditors, the Management and the Board of Directors;
- (q) To monitor the Company's compliance with relevant laws, regulations and code of conduct;
- (r) To review the adequacy and effectiveness of risk management, internal control and governance systems;
- (s) To evaluate the quality of the audits performed by the internal and external auditors;
- (t) To provide assurance that the financial information presented by the Management is relevant, reliable and timely;
- (u) To determine the quality, adequacy and effectiveness of the Group's control environment;
- (v) To consider other matters as defined by the Board; and
- (w) To consider and examine such other matters as the Audit Committee considers appropriate.

11. Reporting

The Audit Committee shall report to the Board of Directors, either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference at least once a year, but more frequently if it so wishes.

The Audit Committee shall report to the Board of Directors on any specific matters referred to it by the Board for investigation and report.

This terms of reference may change from time to time to fulfill such other requirements as prescribed by Bursa Securities.