

POWER ROOT BERHAD (733268-U)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Objectives

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following oversight objectives on the Group activities:

- Assess the Group's processes relating to its risk management control environment;
- Oversee financial reporting; and
- Evaluate the internal and external audit processes

Composition

The Board shall elect and appoint Committee members from amongst their members, comprising no fewer than three (3) Directors, all of whom shall be Non-Executive Directors and a majority of whom shall be Independent Directors of the Company. No alternate Director of the Board shall be appointed as a member of the Committee.

The Board shall at all times ensure that at least one (1) member of the Committee shall be:

- A member of the Malaysian Institute of Accountants ("MIA"); or
- if he or she is not a member of MIA, he must have at least three (3) years of working experience and:
 - (i) he or she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (ii) he or she must be a member of the associations of accountants specified in Part II of the Accountants Act 1967.

If a member of the Committee resigns or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.

The Chairman of the Audit Committee shall be elected among the members of the Audit Committee, who is not the Chairman of the Board and shall be an Independent Director.

A former key audit partner is to observe a cooling-off period of at least two (2) years before being appointed a member of the Audit Committee.

The Nominating Committee shall review the term of office and performance of an audit committee and each of its members annually to determine whether the audit committee and its members have carried out their duties in accordance with their terms of reference.

The Board shall review the term of office and performance of an audit committee and each of its members at least once every three (3) years to determine whether the audit committee and its members have carried out their duties in accordance with their terms of reference.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Quorum and Committee's procedures

Meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate.

In order to form a quorum for the meeting, the majority of the members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

A meeting may be convened using conference telephone, conference videophone or any similar or other communications by electronic means as permits all persons participating in the meeting or communicate with each other simultaneously and instantaneously. A person so participating shall be regarded for all purposes as personally attending such a meeting and shall be counted in a quorum and be entitled to vote.

The Company Secretary or any other suitable person shall be appointed Secretary of the Committee ("the Secretary"). The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee. The minutes shall be circulated to members of the Board.

The Committee may, as and when deemed necessary, invite other Board members and senior management members to attend the meetings.

The Chairman shall submit an annual report to the Board summarizing the Committee's activities during the year and the related significant results and findings.

The Committee shall meet at least twice a year with the external auditors in separate sessions to discuss any matters without the presence of any executive member.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

Circular Resolutions

A resolution in writing signed or approved by letter, electronic mail or facsimile by the majority of the members and constituting a quorum, shall be valid and effectual as if it had been passed at a meeting of the Audit Committee. All such resolutions shall be forwarded or otherwise delivered to the Secretary and shall be recorded by the Secretary in the Company's minute book. Any such resolution may consist of several documents in like form, each signed by one (1) or more members.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Authority

The Committee is authorized to seek any information it requires from employees, who are required to cooperate with any request made by the Committee.

The Committee shall have full and unlimited access to any information pertaining to the Group.

The Committee shall have direct communication channels with the internal and external auditors and with senior management of the Group and shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the other directors and other employees of the Group, whenever deemed necessary.

The Committee shall have the resources that it requires to perform its duties. The Committee can obtain, at the expense of the Company, outside legal or other independent professional advice it considers necessary.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Securities' Listing Requirements, the Committee shall promptly report such matter to the Bursa Securities.

Responsibilities and duties

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:

- Review the appointment or re-appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board;
- Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money;
- Review with the external auditor before the commencement of each audit, the audit scope and plan, including any changes to the planned scope of the audit plan;
- Review major audit findings and the management's response during the year with management, external auditors and internal auditors, including the status of previous audit recommendations;
- To discuss any problems and reservations arising from the interim and final audits and any matters the auditor may wish to discuss (in the absence of management where necessary);
- For the internal audit function,
 - ~ Review the adequacy of the internal audit scope and plan, functions and resources of the internal audit function and that it has the necessary authority to carry out its work, and
 - ~ Review 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;
- Review the adequacy and integrity of internal control systems, including enterprise risk management, management information system, and the internal auditors' and/or external auditors' evaluation of the said systems;

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

- Review the quarterly results and the annual financial statements, prior to the approval by the Board focusing particularly on:-
 - ~ Changes in or implementation of major accounting policy changes;
 - ~ Significant or unusual events;
 - ~ Compliance with accounting standards and other legal requirements; and
 - ~ Going concern assumptions
- Review procedures in place to ensure that the Group is in compliance with the Companies Act 2016, Bursa Securities' Listing Requirements and other legislative and reporting requirements;
- Review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises question on management integrity;
- Direct and where appropriate supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts;
- Prepare reports as the circumstances dictate or at least once (1) a year, to the Board summarizing the work performed in fulfilling the Committee's primary responsibilities; and
- Any other activities, as authorised by the Board