



TERM OF REFERENCE AUDIT COMMITTEE

COMPANY NAME

Avangaad Berhad 199301001779 (256516-W)

PURPOSE

The primary objective of the Audit Committee (“AC”) are:

1. To ensure the openness, integrity and accountability in the Group’s activities so as to safeguard the rights and interests of the shareholders;
2. To provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices;
3. To improve the Group’s business efficiency, the quality of accounting and audit function and strengthening of public’s confidence in the Group’s reported results;
4. To maintain a direct line of communication between the Board and the External and Internal Auditors;
5. To enhance the independence of the external and internal audit functions; and
6. To create a climate of discipline and control, thus reducing the opportunity for fraud.

AUTHORITY

The AC has authority to conduct or authorise to investigate any matter within its terms of reference. It is authorised to:

1. Investigate any matter within its terms of reference, and full access to information. All employees shall be directed to co-operate as requested by members of the Committee.
2. Command the resources which are required to perform its duties.
3. Gain an unrestricted access to any information pertaining to the Group.
4. Channel direct communication with the external auditors and person(s) carrying out the internal audit functions or activities.
5. Obtain external legal or other independent professional advice if it

considers necessary.

6. To convene meetings with the external auditors, the internal auditors or both, without the attendance of other directors and employees of the Company, if deemed necessary.

COMPOSITION

1. The members of the Committee shall be appointed by the Board of Directors of Avangaad Berhad and shall consist of not less than three (3) members, all of whom must be Non-Executive Directors, with a majority of them being Independent Directors. If membership 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 fulfill the minimum requirement.
2. No alternate directors shall be appointed to the Committee.
3. At least one (1) member of the Audit Committee:
 - i. must be a member of the Malaysian Institute of Accountants (“MIA”); or
 - ii. if he is not a member of MIA, he must have at least three (3) years of working experience and:
 - he must have passed the examinations specified in Part I of the 1st Schedule in the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule in the Accountants Act, 1967; or
 - fulfils such other requirement as prescribed or approved by the Exchange.
4. The Committee Members shall collectively have:
 - i. knowledge of the industries in which the Group operates;
 - ii. the ability to read and understand fundamental financial statements, including a company’s balance sheet, income statement, cash flows statement and key performance indicators; and
 - iii. the ability to read and understand key business and financial risks and related controls and control processes.

MEETINGS

1. Meetings of the Committee shall be held not less than four (4) times during the financial year of the Company.
2. Upon the request of any member of the Committee, the Head of Internal Auditor or the External Auditor, the Chairman of the Committee shall

convene a special meeting of the Committee to consider any matter brought up by them.

3. The meetings of the Committee shall normally be attended by the Head of Internal Audit and the Management of the Company shall be represented by the Managing Director/Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer, or their nominated person(s), at the invitation of the Committee and shall excuse themselves from the meeting when so directed by the Committee.
4. The agenda for each meeting including supporting information shall be circulated at least seven (7) days before each meeting to the Committee members and all those who are required to attend the meeting.

DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee include the following:

Financial Statements

- Evaluate the quarterly interim results and annual financial statements of the Company, including but not limited to:
 - i. Any changes in accounting policies and practices;
 - ii. Significant adjustments arising from the external audit;.
 - iii. The going concern assumption;
 - iv. Compliance with accounting standards; and
 - v. Compliance with stock exchange and other legal requirements.
- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements and understand their impact on the financial statements.
- Review with management and the external auditors the results of the audits, including any difficulties encountered

Internal Control

- Review the scope of internal and external auditors' review of internal control over the Group.
- Assess the effectiveness of the Group's internal control system, including information technology security and control.
- Assess the internal process for determining and managing key risks.
- Review internal audit reports and the management's response and ensure

that appropriate action is taken in respect of these reports and Committee's resolution.

Internal Audit

- Approve the charters of internal audit function to ensure that it is adequately resourced and has the necessary authority to carry out its work.
- Approve the annual audit plan and all major changes to the plan and review the internal audit activity's performance relative to its plan.
- Review the follow-up actions taken by the management on findings and recommendations by the internal auditors.
- Review the effectiveness of the internal audit function, including conformance with the Institute of Internal Auditors' Code of Ethics and the International Standards for Professional Practice of Internal Auditing ("ISPPA").
- Meet separately with the internal auditors to discuss any matters that the Committee or internal audit believed should be discussed privately, without the attendance of other directors and employees of the Company, if deemed necessary.
- To consider the appointment and/or re-appointment of the internal auditors/consultant, the audit fee and any questions of resignation or dismissal including recommending the nomination of person(s) as auditors.

External Audit

- Recommend to the Board on the appointment and resignation of the external auditors, the audit fees and other related matters.
- Review the external auditor's proposed audit scope, approach and audit report.
- Review the external auditors' management letters and management responses.
- Meet separately with the external auditors to discuss any matters that the Committee or external auditors believed should be discussed privately, without the attendance of other directors and employees of the Company, if deemed necessary.

Compliance

- Review the effectiveness of the system of monitoring compliance with laws and regulation and the result of the management's investigation and follow-up on any instances of noncompliance.
- Review the findings of any examinations by regulatory authorities.

- Obtain regular update from management and Group’s legal counsel regarding compliance matters.
- Review any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction or business conduct that raises questions on the management integrity.

REVIREW OF THE WRITTEN TERMS OF REFERENCE

Any amendment to this term of reference can only be approved by the Board. These terms of references will be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Committee’s responsibilities.

The written terms of references should be made public in the Company’s website.