

EURO HOLDINGS BERHAD (646559-T)
TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Membership

The Audit Committee shall be appointed by the Directors from amongst their numbers (pursuant to a resolution of the Board of Directors) and shall be composed of not fewer than three (3) members, all of whom shall be non-executive directors with the majority being independent directors.

Qualification

At least one member of the Audit Committee:

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

The members of the Audit Committee shall elect a chairman from among their members who is an Independent Director.

In the event the elected Chairman is not able to attend a meeting of the Audit Committee, a member of the Audit Committee shall be nominated as Chairman for the meeting. The nominated Chairman shall be an Independent Director.

A member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Board of Directors so that a replacement may be appointed before he/she leaves.

If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member, which results in the number of members be reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

The term of office and performance of the Audit Committee and each of the members shall be reviewed by the Board 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.

Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It shall:-

- i. have explicit authority to investigate any matters within its terms of reference;
- ii. have the resources which it needs to perform its duties;
- iii. have full access to any information pertaining to the Company which it requires in the course of performing its duties;
- iv. have unrestricted access to the Group Managing Director and any other senior management staff of the Group;

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TERMS OF REFERENCE OF THE AUDIT COMMITTEE

- v. have direct communication channels with the external auditors and internal auditors;
- vi. be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company; and
- vii. be able to convene meetings with the external auditors excluding the attendance of the executive directors or management of the Company, whenever deemed necessary.

Where the Audit 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 Main Market Listing Requirements of Bursa Securities (“MMLR”), the Audit Committee shall promptly report such matter to Bursa Securities.

Responsibilities and Duties

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

- i. to assess and review the nomination of external auditors, the audit fee and any questions of resignation or dismissal;
- ii. to review the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
- iii. to discuss with the external auditor before the audit commences, the nature and scope of the audit;
- iv. recommend any appointment or termination of the internal auditor;
- v. to review the effectiveness and the adequacy of the scope, functions, competency and work resources of the internal audit functions and that it has the authority to carry out its work;
- vi. 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 and to report to the Board accordingly;
- vii. take cognizance of resignation of internal auditor and provide the resigning internal auditor an opportunity to submit reasons for resigning;
- viii. to review the effectiveness of the internal control and management information systems;
- ix. to review the quarterly results and year-end financial statements of the Company with both the external auditors, if applicable, and management, prior to the approval by the Board of Directors, focusing particularly on:-
 - changes in or implementation of major accounting policies and practices;
 - major judgemental areas, significant and unusual events;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with applicable accounting standards, MMLR and other legal and statutory requirements;
- x. to review the external auditors’ audit report;
- xi. to review any management letter sent by the external auditors to the Company and the management’s response to such letter;
- xii. to convene meetings with the external auditors, the internal auditors, excluding the attendance of other directors and employees of the Company on problems and reservations arising from the audits, and any matter the auditors may wish to discuss;
- xiii. to review the assistance given by the Company’s officers to the external auditors;

EURO HOLDINGS BERHAD (646559-T)
TERMS OF REFERENCE OF THE AUDIT COMMITTEE

- xiv. to provide any regulatory authorities with such information concerning the Group in such form and within such time limits as the authorities may require;
- xv. to ensure strict compliance by the Group with the MMLR and all relevant legislations, guidelines and regulations issued by regulatory authorities;
- xvi. to review proposals and implement action plans to effect proposals to meet and maintain required standards and guidelines;
- xvii. Review and assess the Group's risk management strategies, policies and risk tolerance based on the recommendation of the management so that the Group continues to meet best practices;
- xviii. Review and evaluate reports (on periodic basis) outlining the risk exposure, risk portfolio composition and risk management activities presented by the Risk Management Consultant after having reviewed and approved by Senior Management;
- xix. to review the Group's sustainability strategies and material economic, environmental and social matters;
- xx. to review the management of material economic, environmental and social matters;
- xxi. to review all related-party transactions and potential conflict of interests situations; and
- xxii. to consider other areas as defined by the Board.

Meeting and Minutes

The Audit Committee shall meet at least four (4) times a year and such additional meetings, as the Chairman shall decide in order to fulfill its duties. Upon the request of the Committee members, external auditors or internal auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters that the auditors believe should be brought to the attention of the Directors or shareholders.

The Company Secretary or other appropriate senior official shall act as Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to the committee members prior to each meeting and taking attendance for the Audit Committee meeting. The Secretary shall also be responsible for keeping the minutes of Audit Committee and circulating them to committee members and to the other members of the Board of Directors.

A quorum shall consist of a minimum of two (2) audit committee members and the majority of the members present must be independent directors.

The Group Chief Financial Officer, representatives of the internal and external auditors shall normally attend meetings. Other board members and employees may attend the Audit Committee Meetings upon the invitation of the Audit Committee specific to the relevant meetings. A representative of the external auditors shall attend the meeting to consider the final audited financial statements and such other meetings determined by the Committee. The Chairman shall exercise the right to require those who are in attendance to leave the room when matters to be discussed are likely to be contentiously hampered by their presence or confidentiality of matters needed to be preserved.