

# CAREPLUS GROUP BERHAD (896134-D)

## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

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### 1. COMPOSITION

- i. The Committee shall be appointed by the Board from among its members and shall comprise not less than three (3) members, whereby all members must be Non-Executive Directors and financially literate with a majority of them being Independent and Non-Executive Directors, and at least one (1) member of the Committee:-
  - a. must be a member of the Malaysian Institute of Accountants; or
  - b. if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and :-
    - o he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - o he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  - c. fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.
- ii. Alternate Director shall not be appointed as a member of the Committee.
- iii. The Committee shall elect a Chairman from among its members and the elected Chairman shall be an Independent Director.
- iv. In the event, the elected Chairman is not able to attend a meeting, the remaining members present shall elect one of themselves as Chairman for the meeting. The elected Chairman shall be an Independent Director.
- v. If a member of the Audit Committee resigns, retires, dies or for any other reason ceases to be a member which resulting in the non-compliance with point 1 (i) above, the Board shall fill the vacancy within three (3) months.
- vi. The Board shall review the term of office and performance of the Committee and each member at least once every three (3) years.

### 2. MEETINGS

- i. **Frequency of meetings**
  - a. Meetings shall be held not less than four (4) times a year. However, additional meetings may be called at anytime depending on the scope of activities of the Committee. In the event issues requiring the Committee's decision arise between meetings, such issues may be resolved through circular resolutions of the Committee. Such circular resolution in writing shall be valid and effectual if it is signed or approved by letter, facsimile or any electronic means by all members of the Committee.
  - b. Other Board members, senior management, internal and external auditors may be invited to attend meetings.
  - c. Prior notice shall be given for all meetings.

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Terms of reference of the Audit Committee.....cont'd

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**ii. Quorum**

The minimum quorum for the meeting is two (2) members of the Committee, a majority of members present must be Independent and Non-Executive Directors.

**iii. Secretary**

The Company Secretary shall be the secretary of the Committee. The Secretary shall circulate the notice and minutes of the Committee to all members of the Committee.

**iv. Minutes of the Committee Meeting**

Every meeting of the Committee must be recorded either by the Company Secretary or any other person approved by the Committee to take minutes and such minutes must be signed by the Chairman of the Meeting as evidence that the meeting was duly convened and held.

### **3. FUNCTIONS**

The functions of the Committee are as follows:-

- i. To consider any matters concerning the appointment and re-appointment, the audit fee and any questions of resignation or dismissal of external auditors; and further ensure the suitability and independence of external auditors.
- ii. To review with the external auditors:
  - a. Their audit plan, scope and nature of the audit of the Group;
  - b. Their evaluation and findings of the system of internal controls; and the audit reports on the financial statements;
  - c. The management letter and management's response with regard to problems and reservations arising from their audits;
  - d. the assistance given by the management and staff of the Group to the external auditors; and
  - e. any other matters that the external auditors may wish to discuss (in the absence of management where necessary).
- iii. To review and assess the adequacy of the scope, functions, competency and performance of the internal audit functions of which the internal auditors should reports directly to the Committee. The internal auditors must be an independent, objective assurance and must have the relevant qualification and be responsible for providing assurance to the Committee that internal control is operating effectively;
- iv. To review the adequacy and effectiveness of the Group's internal control systems and risk Management framework as evaluated, identified and reported by the Management, internal or external auditors as well as to review the appropriate and timely corrective actions undertaken to ratify the same.

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Terms of reference of the Audit Committee.....cont'd

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- v. To review the quarterly and year end financial statements of the Group, focusing particularly on any changes in or implementation of major accounting policies and practices, significant adjustments arising from the audit, the going concern assumption and compliance with applicable approved accounting standards and other legal and regulatory requirements.
- vi. To review any related party transactions and conflicts of interest situations that may arise within the Company or Group including any transactions, procedures or course of conduct that raises questions of management integrity.
- vii. To carry out such other functions or assignments as may be delegated by the Board from time to time.

## 4. AUTHORITY

The Committee is authorised by the Board to investigate any activity within its term of reference at the cost of the Company:-

- i. To secure full and unrestricted access to any information pertaining to the Company and its subsidiaries;
- ii. To communicate directly with the external and internal auditors and all employees of the Group;
- iii. To seek and obtain independent professional advice and to secure the attendance of outsiders with relevant experience and expertise as it considers necessary; and
- iv. To convene meetings with the external and internal auditors or both excluding the attendance of other directors and employees of the company, whenever deemed necessary.

## 5. COMMUNICATION TO THE BOARD

- i. The minutes of each Committee meeting shall be tabled to the Board for notation.
- ii. The Committee may from time to time submit to the Board its recommendation on matters within its purview, for the Board's decision.
- iii. 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Committee must promptly report such matter to Bursa Securities.