

CAREPLUS GROUP BERHAD (896134-D)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (Adopted on 22 November 2018)

Constitution

The Board of Directors (“the Board”) resolved to establish a Committee of the Board to be known as the Audit Committee (“AC” or “Committee”).

Membership

1. 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 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 :-
 - i. he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - ii. 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.
2. Alternate Director shall not be appointed as a member of the Committee.
3. The Committee shall elect a Chairman from among its members and the elected Chairman shall be an Independent Director.
4. The former key audit partner, if any, shall observe a cooling-off period of at least two (2) years before being appointed as a member of the Committee.
5. 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.
6. In the event of any vacancy in an AC member resulting in the non-compliance with paragraph 1 above, the Board shall fill the vacancy within three (3) months.
7. The Nomination Committee shall review the term of office and performance of the Committee and each of its members annually to determine whether the AC and its members have carried out their duties in accordance with the Terms of Reference.

CAREPLUS GROUP BERHAD (896134-D)

Terms of Reference of the Audit Committee (Adopted on 22 November 2018) – cont'd

Frequency of meetings

1. 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 shall be resolved through written resolutions of the Committee. Such written 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.
2. Other Board members, Senior management, Internal and External auditors may be invited to attend meetings.
3. The Committee should meet with the external auditors without the presence of executive board members at least twice in a financial year.
4. Prior notice shall be given for all meetings.

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.

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 Board.

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.

Functions

The following functions of the Committee are to review and report the same to the Board:-

1. To review, assess and monitor the performance, suitability, objectivity and independence of the internal and external auditors.
2. 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, objectivity and independence of external auditors.
3. 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;
 - c. their audit reports;
 - d. the management letter and management's response with regard to problems and reservations arising from their audits; and

CAREPLUS GROUP BERHAD (896134-D)

Terms of Reference of the Audit Committee (Adopted on 22 November 2018) – cont'd

- e. any other matters that the external auditors may wish to discuss (in the absence of management where necessary).
4. To review the assistance given by the management and employees of the Group to the external auditors.
5. To review and assess the adequacy of the internal audit scope, functions, competency, experience and resources of the internal audit functions of which the internal auditors should reports directly to the Committee and ensure that the internal auditors are able to undertake its activities independently and objectively, and that it has the necessary authority to carry out its works.
6. To review the internal audit plan, processes, the results of the internal audit assessments or investigation undertaken and whether or not appropriate action is taken on the recommendations;
7. 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.
8. To review the quarterly and year-end financial statements of the Group, before the approval by the Board of Directors, focusing particularly on:-
 - a. any changes in or implementation of major accounting policies changes;
 - b. significant matters highlighted including financial reporting issues, significant judgement made by management, significant unusual events or transactions, and how these matters are addressed; and
 - c. compliance with accounting standards and other legal and regulatory requirements.
9. To review any related party transactions and conflicts of interest situation that may arise within the Group including any transactions, procedures or course of conduct that raises questions of management integrity.
10. To review the external auditors' management letter and management's response.
11. To review and verify the allocation of options pursuant to the Employees' Share Option Scheme ("ESOS") in compliance with the criteria as stipulated in the by-law of ESOS of the Group, if any.
12. To review any letter of resignation from the external auditors of the Company.
13. To review whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment.
14. To recommend the nomination of a person or persons as external auditors.
15. To carry out such other functions or assignments as may be delegated by the Board from time to time.

CAREPLUS GROUP BERHAD (896134-D)

Terms of Reference of the Audit Committee (Adopted on 22 November 2018) – cont'd

Rights

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

1. secure full and unrestricted access to any information pertaining to the Company and its subsidiaries (“the Group”).
2. communicate directly with the external and internal auditors and all employees of the Group.
3. seek and obtain independent professional advice and to secure the attendance of outsiders with relevant experience and expertise as it considers necessary.
4. convene meetings with the external and internal auditors or both excluding the attendance of other executive directors and employees of the Company, whenever deemed necessary.

Communication to the Board

1. The minutes of each Committee meeting shall be tabled to the Board for notation.
2. The Committee may from time to time submit to the Board its recommendation on matters within its purview, for the Board's decision.
3. 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.