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MEDA INC
MEDA INC BERHAD
(Company No. 507785-P)

AUDIT COMMITTEE
TERMS OF REFERENCE

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TERMS OF REFERENCE OF AUDIT COMMITTEE

The terms of reference of the Audit Committee shall be as follows:

1) Membership

The Committee shall be appointed by the Board from amongst its Directors (except alternate directors) which fulfils the following requirements:-

- (a) the audit committee must be composed of no fewer than three (3) members;
- (b) all the audit committee members must be non-executive directors, with a majority of them being independent directors; and
- (c) all members of the Committee should be financially literate and at least one member of the audit committee:
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and;
 - (aa) he must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (bb) 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
 - (iii) fulfils such other requirements as prescribed or approved by the Exchange from time to time .

The members of the Committee shall select a chairman from among their number who shall be an independent director.

No alternate director of the Board shall be appointed as a member of the Committee.

The Board shall within three (3) months of a vacancy occurring in the Committee which result in the number of members reduced below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Board shall review the term of office and performance of the Committee and each of its members annually.

The Committee should observe a cooling off period of at least 2 years before appointing any former key audit partner as its member. (Practice 8.2 of Code 2017)

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2) Authority

The Committee shall, in accordance with the procedure determined by the Board and at the cost of the Company:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources, which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

3) Functions

The functions of the Committee shall include the following:

- i) To review and discuss the following with the external auditors :-
 - a) their audit plan
 - b) their evaluation of the internal controls system
 - c) their audit report
 - d) the assistance given by the employees of the Company to them
 - e) their suitability, objectivity and independence such as ensuring the provision of non-audit services would not impair the external auditors independence and obtaining written assurance from the external auditors confirming they have been independent through out the conduct the audit engagement;
 - f) to carry out annual review to assess their competency, audit quality and resource capacity in relation to the audit.

- ii) To review the following in respect of internal auditors :-
 - a) the adequacy of the scope and plan, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - b) the internal audit program, processes and results of the internal audit program, processes or investigation undertaken and ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - c) the effectiveness of the internal controls systems;
 - d) the major findings of internal audit and management's response;
 - e) the appraisal or assessment of the performance of members of the internal audit function;

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- iii) To review the quarterly results and year end financial statements, prior to submission to the Board for their approval, focusing particularly on :-
 - a) going concern assumptions,
 - b) changes in accounting policies and practices
 - c) significant and unusual events
 - d) compliance with applicable financial reporting standards and other legal requirements;
- iv) To review any related party transaction and conflict of interest situation that may arise within the Company or Group, including any transaction, procedure or course of conduct that raises questions of management integrity;
- v) To consider and recommend the nomination and appointment, the audit fee and any question of resignation, dismissal or re-appointment of the external auditors;
- vi) To discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of management, where necessary);
- vii) To review the external auditors' management letter and management's response;
- viii) To approve any appointment or termination of senior staff members of the internal audit function;
- ix) To take cognizance of resignations of internal audit staff members;
- x) To ensure adequate monitoring and review of the effectiveness of the systems established by management to identify, assess, manage and monitor the various risks arising from the activities of the Company;
- xi) Such other functions as may be agreed to by the Audit Committee and the Board.

4) Meetings

Meetings of the Committee shall be held not less than four (4) times a year.

The external auditors may request a meeting if they consider that one is necessary and shall have the right to appear and be heard at any meeting of the Committee.

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The Chairman shall convene a meeting whenever any member of the Committee requests for a meeting by giving not less than three (3) clear days notice thereof unless such requirement is waived by all members.

Written notice of the meeting together with the agenda shall be given to the members and external auditor where applicable.

The quorum for a meeting for the Committee shall be two (2), provided always that the majority members present must be independent directors.

The Chairman of the Committee should engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the company.

The Committee meet with the external auditors without Executive Board members and Management present at least twice a year.

Other Board members and employees may attend any particular meeting only at the Committee's invitation.

The Chairman shall not have a casting vote.

5) Reporting Procedures

The Secretary shall maintain minutes of the proceedings of the meetings of the Committee and circulate such minutes to all members of the Board.