

WHITE HORSE BERHAD

(Company No. 455130-X)

(Incorporated in Malaysia)

TERMS OF REFERENCE OF AUDIT COMMITTEE

(Revised w.e.f. 6 April 2018)

1. Status

The Audit Committee is a committee of the Board of Directors ("**Board**").

2. Objectives

The principal objectives of the Audit Committee are to assist the Board:-

- (a) discharging its statutory duties and responsibilities relating to financial reporting process, system of internal control and audit process of the holding company and each of its subsidiaries;
- (b) evaluating the quality of the audits performed by the internal and external auditors;
- (a) providing assurance that the financial information presented by management is relevant, reliable and timely;
- (b) overseeing compliance with laws and regulations and observance of a proper code of conduct; and
- (c) determining the quality, adequacy and effectiveness of the Group's control environment.

3. Membership

The composition of the Audit Committee are:-

Name	Position	Directorate
Rosita Yeo Swat Geok	Chairperson	Independent Non-Executive Director
Law Piang Woon	Member	Senior Independent Non-Executive Director
Chew Pei Fang (<i>retired w.e.f. 23 May 2018</i>)	Member	Independent Non-Executive Director
Liao Jung Chu	Member	Non-Independent Non-Executive Director

4. Composition of members

4.1 The Board shall appoint the Audit Committee members from amongst themselves, comprising no fewer than three (3) non-executive directors. The majority of the Audit Committee members shall be *independent directors*.

*In this respect, the Board adopts the definition of "independent director" as defined under the Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").*

4.2 All members of the Audit Committee shall be financially literate and at least one (1) member of the Audit Committee must be:-

- (a) a member of the Malaysian Institute of Accountants ("**MIA**"); or
- (b) if he is not a member of MIA, he must have at least three (3) years of working experience and:
 - i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - ii. he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- (c) fulfils such other requirements as prescribed or approved by Bursa Securities,

(hereinafter referred to as "**Professional-background Member**").

In the event the position of the Professional-background Member becomes vacant due to cessation of office from Audit Committee and/or resignation from the Board, the Board must fill the vacancy within three (3) months of such cessation/ resignation.

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

4.4 As a matter of policy, no former key audit partner shall be appointed as a member of the Audit Committee before observing a cooling-off period of at least two (2) years or such longer reasonable period as determined by the Board.

4.5 **Retirement and resignation**

If a member of the Audit Committee or Chairman of the Audit Committee resigns, dies, or for any reason ceases to be a member or Chairman resulting in non-compliance to the Terms of Reference of the Audit Committee, the Board and members of the Audit Committee shall within three (3) months of the event appoint or elect such number of the new members and Chairman of the Audit Committee respectively as may be required to fill the vacancy.

5. <u>Chairman</u>	
	<p>5.1 The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an Independent Director.</p> <p>5.2 In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman whom must be Independent Director to chair the meeting.</p> <p>5.3 The Chairman of the Audit Committee shall not be the Chairman of the Board of the Company.</p> <p>5.4 The position of the Chairman of the Audit Committee shall not be vacant for more than three (3) months from the date such vacancy arises.</p> <p>5.5 The Chairman of the Audit Committee may call for additional Audit Committee meetings at any time at his/ her discretion.</p>
6. <u>Secretary</u>	
	<p>6.1 The Company Secretary shall be the Secretary of the Audit Committee and as a reporting procedure, the Minutes shall be circulated to all members of the Board.</p> <p>6.2 The Company Secretary shall prepare the agenda of the Audit Committee meetings in consultation with the Chairman of the Audit Committee. Meeting papers shall be distributed to the Audit Committee at least three (3) days before the Audit Committee meeting.</p>
7. <u>Terms of Office</u>	
	<p>The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Nomination Committee annually to determine whether such Audit Committee and members have carried out their duties in accordance with their Terms of Reference.</p>
8. <u>Meetings</u>	
	<p>8.1 The Audit Committee shall meet at least four (4) times each year and at such other time(s), with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.</p> <p>8.2 Upon the request of the external auditors, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditors believes should be brought to the attention of the Directors or shareholders.</p> <p>8.3 Notice of Audit Committee meetings shall be given to all the Audit Committee members unless the Audit Committee waives such requirement.</p>

	<p>8.4 The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the Chairman of the Board, the Managing Director, Deputy Managing Directors, the Finance Controller, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.</p> <p>8.5 The Finance Controller, the head of internal audit and a representative of the external auditors should normally attend meetings, where required. Other Board members and employees may attend meetings upon the invitation of the Audit Committee.</p> <p>8.6 <u>Private Sessions</u></p> <p>The Audit Committee shall be able to convene meetings with the external auditors, the internal auditors or both, without the presence of executive Board members or employees, whenever deemed necessary and at least twice a year with the external auditors.</p> <p>8.7 Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.</p>
9. <u>Minutes</u>	
	<p>9.1 Minutes of each meeting shall be kept at the registered office and distributed to each member of the Audit Committee and also to the other members of the Board. The Audit Committee may inspect the minutes of the Audit Committee meetings at the registered office during official business hours.</p> <p>9.2 The minutes of the Audit Committee meetings shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.</p>
10. <u>Quorum</u>	
	<p>The quorum for the Audit Committee meeting shall be the majority of members present whom must be independent directors.</p>
11. <u>Circular Resolutions</u>	
	<p>A resolution in writing signed by a majority of the Audit Committee members for the time being and not being less than two (2) Audit Committee members shall be as valid and effectual as if it had been passed at a meeting of the Audit Committee duly called and constituted. Any such resolution may consist of several documents in like form each signed by one (1) or more Audit Committee members. Any such document may be accepted as sufficiently signed by an Audit Committee member if transmitted to the Company by telex, telegram, cable, facsimile or other electrical or digital written message to include a signature of an Audit Committee member.</p>
12. <u>Reporting</u>	
	<p>12.1 The Audit Committee Chairman shall report on the proceedings of each Audit Committee meeting to the Board.</p>

	<p>12.2 The Audit Committee shall report to the Board, either formally in writing, or verbally, as it considers appropriate on the matters within its Terms of Reference at least once a year, but more frequently if it so wishes.</p> <p>12.3 The Audit Committee shall report to the Board on any specific matters referred to it by the Board for investigation and report.</p> <p>12.4 The Audit Committee shall prepare an Audit Committee Report each year concerning its activities in compliance with these Terms of Reference to be tabled to the Board and for inclusion in the Company’s Annual Report.</p> <p>12.5 The Audit Committee may from time to time submit to the Board its recommendation on matters within its purview, for the Board’s decision.</p> <p>12.6 The External Auditors and the internal audit function shall report directly to the Audit Committee, respectively.</p>
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	13. Authority
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	<p>The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the expense of the Company,</p> <p>(a) have explicit authority to investigate any matter within its Terms of Reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the Audit Committee.</p> <p>(b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group.</p> <p>(c) obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary.</p> <p>(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any).</p> <p>(e) where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main LR, the Audit Committee shall promptly report such matter to Bursa Securities.</p>
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	14. Duties and Responsibilities
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	(a) Oversight of External Auditors
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	<p>14.1 To consider the appointment of the external auditors, the audit fee and any question of resignation or dismissal; and whether there is any reason (supported by grounds) to believe that the external auditors is not suitable for re-appointment;</p> <p>14.2 To discuss with the external auditors before the audit commences; the nature and scope of the audit; to review and approve the Audit Plan prepared by the external auditors for the applicable financial year;</p>
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	<p>14.3 To review with the external auditors, his evaluation of the system of internal controls; and his audit reports;</p> <p>14.4 To review the external auditors’ management letter and management’s response;</p> <p>14.5 To review with the external auditors, the potential key audit matters to be raised in the audited financial statements for the applicable financial year and management’s response to address such matters;</p> <p>14.6 To obtain feedback from the external auditors, the assistance rendered the employees of the Group to the external auditors and to ensure co-ordination where more than one audit firm is involved;</p> <p>14.7 To establish policies governing the circumstances under which contracts for the provision of non-audit services can be entered into a procedure that must be followed by the external auditors;</p> <p>14.8 To monitor independence and qualification of external auditors;</p> <p>14.9 To conduct the assessment on independence and to obtain written assurance from the external auditors confirming that they are, and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements;</p> <p>14.10 To conduct an annual assessment on the performance of the external auditors for the past financial year and to make recommendation for their re-appointment to the Board for consideration.</p>
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(b) Oversight of Internal Audit Function

	<p>To review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;</p> <p>14.11 To review the Internal Audit Programme and results of the internal audit assessments, investigation undertaken and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;</p> <p>14.12 To review any appraisal or assessment of the performance of members of the internal audit function;</p> <p>14.13 To approve any appointment or termination of senior staff members of the internal audit function; and</p> <p>14.14 To take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;</p> <p>14.15 To determine the remit of the internal audit function;</p> <p>14.16 To establish and review on a regular basis, the Internal Audit Charter as a guiding document for the internal audit function;</p>
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	14.17	To review the Internal Auditing Standard Operating Procedures maintained by the internal audit function on a regular basis;
(c) Oversight of Financial Reporting		
	14.18	To review the quarterly and year-end financial statements of the Board, focusing particularly on:- <ul style="list-style-type: none"> • change in or implementation of major accounting policy changes; • significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed; • the going concern assumption; and • compliance with accounting standards and other legal requirements
	14.19	To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management, where necessary);
(d) Oversight of Risk Management activities		
	14.20	To review the principal risks identified by Management and/or internal audit function and ensuring the implementation of appropriate internal controls and mitigation measures;
	14.21	To review the Statement of Risk Management and Internal Control for inclusion in the Annual Report;
(e) Oversight of Related Party Transactions (“RPTs”)		
	14.22	To consider any RPTs 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;
	14.23	To review the quarterly RPT reports prepared by the internal audit function and to recommend the same to the Board for notation;
	14.24	To establish and review on a regular basis, the procedures set out for identification and verification of RPTs;
	14.25	To issue a Statement of Audit Committee for inclusion in the Circular to Shareholders in relation to the Proposed Renewal of Shareholders’ Mandate for entering into Recurrent RPTs;
	14.26	To review the <i>draft</i> Circular to Shareholders in relation to the Proposed Renewal of Shareholders’ Mandate for entering into Recurrent RPTs;
(f) Others		
	14.27	To review the Audit Committee Report for inclusion in the Annual Report and to recommend the same to the Board for approval;

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	<p>14.28 To report its findings on the financial and management performance, and other material matters to the Board;</p> <p>14.29 To consider the major findings of internal investigations and management's response;</p> <p>14.30 To verify the allocation of employees' share option scheme ("ESOS") in compliance with the criteria as stipulated in the by-laws of ESOS of the Company, if any;</p> <p>14.31 To consider other topics as defined by the Board; and</p> <p>14.32 To consider and examine such other matters as the Audit Committee considers appropriate.</p>
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