

**RESINTECH BERHAD
AUDIT COMMITTEE
- TERMS OF REFERENCE**

1. OBJECTIVE

The objective of the Audit Committee is to assist Board of Directors (“the Board”) in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies as well as integrity in financial reporting practices of the Company and its subsidiaries (“the Group”).

2. COMPOSITION

The Audit Committee shall be appointed from amongst the Board and shall comprise no fewer than three (3) members, a majority of whom shall be independent directors and all members should be non-executive directors.

At least one (1) member must:

- (i) be a member of the Malaysian Institute of Accountants (“MIA”) or possess such other qualifications and/or experience as approved by the Bursa Malaysia Securities Berhad (“**Bursa Securities**”); or
- (ii) if he is not a member of the MIA, he must have at least three years of working experiences and:
 - He must have passed the examination specified in Part I of the 1st Schedule of the Accountant Act 1967; or
 - He must be a member of one of the Association of Accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
- (iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

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

In the event of any vacancy with the result that the number of members is reduced to below three, the vacancy shall be filled within three (3) months. Therefore a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

In case a former key audit partner is being nominated as a member of the Audit Committee, he shall observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.

~~The terms of office and performance of an audit committee and each of its members must be reviewed by the Board of Directors annually to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.~~

3. CHAIRMAN

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~~The Chairman, who shall be elected by the Audit Committee, shall be an independent director. In the even of the chairman’s absence, the meeting shall be chaired by an independent director~~ and is not the Chairman of the Board.

The Chairman should engage on a continuous basis with senior management, such as the Chairman of the Board, the Chief Executive Officer (“CEO”), the Chief

Financial Officer (“**CFO**”), the head of internal audit and the external auditors in order to be kept informed of matters affecting the company.

5. SECRETARY

The Company Secretary or any authorised person shall be the secretary of the Audit Committee (the “**Secretary**”). The Secretary shall provide assistance to the members of the Committee, including but not limited to assist the Audit Committee Chairman in planning the work of the Committee, formulating meeting agendas, maintenance of committee minutes, collation and distribution of information required by the Committee and provide practical support, as and when needed.

6. 5. MEETINGS

The Audit Committee shall meet at least ~~four~~four (44) times in each financial year and may regulate its own procedure in lieu of convening a formal meeting by means of video or teleconference. The Audit Committee also may call for a meeting as and when required with reasonable notice as the Audit Committee Members deem fit.

The quorum for a meeting shall be the majority of members present, who shall be independent directors.

The CEO and the CFO may attend the quarterly meetings upon the invitation of the Audit Committee although they do not have any voting rights.

All decisions at such meeting shall be decided on a show of hands on a majority of votes and that the Chairman shall have the casting vote should a tie arise.

The external auditors and internal auditors have the right to appear at any meeting of the Audit Committee and shall appear before the Audit Committee when required to do so by the Audit Committee. The external auditors may also request a meeting if they consider it necessary. At least twice a year and whenever deemed necessary, the Audit Committee shall meet with the external auditors without presence of Executive Director and the Management.

The Audit Committee shall meet prior to the release of the Group’s quarterly results and annual reports to discuss the proposed disclosures in the quarterly announcements and annual reports.

6. RIGHTS

The Audit Committee shall:

- a) ~~(a)~~—have authority to investigate any matter within its terms of reference;
- b) ~~(b)~~—have the resources which are required to perform its duties;

- c) have full and unrestricted access to any information pertaining to the Group;
- d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- e) have the right to obtain independent professional or other advice at the Company's expense;
- f) promptly report to Bursa Securities or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements;
- g) have the right to pass circular resolutions in writing by a majority vote from the Audit Committee:-
- h) meet as and when required on a reasonable notice; [and](#)
- i) the Chairman shall call for a meeting upon the request of the External Auditors.

7. ~~6.~~ DUTIES

(a)

~~a.~~ Risk Management & Internal Control

(b) Risk Management & Internal Control

- i. ~~i.~~ Review the adequacy of and recommend such measures to the Board on the effectiveness of the Company's risk management and risk assurance process.
- ii. Evaluate the quality and effectiveness of the Company's Internal Control system and management information systems, including compliance with applicable laws, rules, corporate governance requirements and guidelines.
- iii. Recommend to the Board the Director's Statement on Risk Management and Internal Control and any changes to the said Statement.

(1)

(c) ~~b.~~ Financial Reporting

- i. Review the quarterly results and annual financial statements before recommendation to the Board for approval for release to Bursa Securities, focusing particularly on:
 - Any changes in or implementation of accounting policies and practices;
 - Significant or material adjustments with financial impact arising from the audit;
 - Significant unusual events or exceptional activities;
 - Financial decision-making with the presumptions of significant judgments;
 - The going concern assumptions;
 - The appropriateness of management's selection of accounting policies and disclosures in compliance with approved accounting standards, stock exchange and other regulatory requirements; and
 - Compliance with applicable financial reporting standards.
- ii. Propose best practices on disclosure in financial results and annual reports of the Company in line with the recommendations set out in the Malaysian Code of Corporate Governance, other applicable laws, rules, directives and guidelines.

(d) ~~c.~~ External Audit

- i. Recommend the appointment or re-appointment of the external auditors and audit fee to your Board, after reviewing the suitability, resources, competency and independence of external auditors and the accounting firm.
- ii. Make appropriate recommendations to your Board on matters of resignation, dismissal or cessation of office of the external auditors and secure the reason of such resignation, dismissal or cessation of office.

- iii. Review and discuss the nature and scope of the external audit strategy and plan for the year.
- iv. Review and discuss issues arising from external auditors' interim and final letters of recommendation to management, including management responses and the external auditor's evaluation of the system of internal control and any other matters the external auditor may wish to discuss (in the absence of Management, if required).

(e) ~~d.~~—Internal Audit

- i. Review the adequacy of the scope, functions, competency, resources and authority of the internal audit function in carrying out its work.
- ii. Review the risk-based internal audit plans and programmes.
- iii. Ensure co-ordination between the internal and external auditors.
- iv. Review the major findings reported by internal audit and follow up on management's implementation of the recommended actions.
- v. Annually assess performance of services provided by the internal audit function.

(f) ~~e.~~ Related Party Transactions

- i. To monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- iii. To announce to Bursa Securities, if there is any related party transactions which exceed the Shareholder Mandate and provide full reason and detailed explanations.

(g) ~~f.~~ Other Matters

- i. To report to Bursa Securities, if the Audit Committee views that a matter resulting in a breach of the Listing Requirements of Bursa Securities reported by the Audit Committee to the Board has not been satisfactorily resolved by the Board.
- ii. To highlight such matters as the Audit Committee considers appropriate or as defined by the Board from time to time.

8. ASSESSMENT OF AUDIT COMMITTEE'S PERFORMANCE

The terms of office and performance of an Audit Committee and each of its members must be reviewed by the Nomination and Remuneration Committee annually to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

9. REVIEW OF THE TERMS OF REFERENCE

The Audit Committee shall recommend any changes to its term of reference in such manner as the Audit Committee deems appropriate to the Board for approval. The terms of reference shall be accessed, reviewed and updated where necessary i.e. when there are changes to the Malaysian Code on Corporate Governance, Listing Requirement or any other regulatory requirements. It should also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the Audit Committee's role.

These Terms of Reference were reviewed and approved by the Board of Directors on 31 May 2018/29 May 2013.