

## **AUDIT COMMITTEE TERMS OF REFERENCE**

### **1 CONSTITUTION**

The Board of Directors (“the Board”) of Sealink International Berhad (“Sealink” or “the Company”) resolved on 28 May 2008 to establish a committee known as the Audit Committee, whose Terms of Reference are refreshed from time to time in tandem with changes to the Malaysian Code on Corporate Governance and/or the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), as the case may be, which affect the role of the Audit Committee.

The function of the Audit Committee shall extend to Sealink and all its subsidiary companies (collectively known as the “Group”).

### **2 OBJECTIVE**

The Audit Committee has been appointed primarily to oversee the financial reporting process of the Company, the audit process and review related party transactions and conflict of interest situations.

### **3 MEMBERSHIP**

3.1 The members of the Audit Committee shall be appointed by the Board from amongst its directors which fulfil the following requirements:

- (a) The Audit Committee must be composed of not fewer than three (3) members of whom all shall be non-executive directors with a majority of them being independent directors.
- (b) At least one member of the 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 three (3) years’ working experience; and
    - (aa) he must have passed the examinations specified in Part I of the 1<sup>st</sup> 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 1<sup>st</sup> Schedule of the Accountants Act 1967; or
  - (iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia-

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

3.3 In the event of any vacancy resulting in the non-compliance of paragraph 3.1 above, the Board shall within three (3) months of that event, appoint such number of new members required to fulfil the minimum requirement.

3.4 The members of the Audit Committee shall elect a Chairman from among their number who shall be an independent non-executive director.

3.5 The Audit Committee has a policy that requires a former partner of the external auditor to observe a cooling off period of at least three (3) years before being appointed as a member of the Audit Committee.

- 3.6 The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.
- 3.7 The terms of office and performance of the Audit Committee, and each of its members must be reviewed by the Nominating Committee annually to determine whether the Audit Committee, and its members have carried out their duties in accordance with the terms of reference.
- 3.8 Written Terms of Reference which deal with its authority and duties, and such information is available on Sealink's website at [www.asiasealink.com](http://www.asiasealink.com)

#### **4 PROCEEDINGS**

- 4.1 In order to form a quorum in respect of an Audit Committee meeting, the majority of members present must be independent non-executive directors.
- 4.2 The Secretary of the Company shall be the Secretary of the Audit Committee.
- 4.3 The Audit Committee shall meet not less than four (4) times a year. Prior to the meeting, the Secretary shall send notice to all Audit Committee members at least seven (7) days prior to the meeting.
- 4.4 Minutes of each meeting shall be kept at the registered office of the Company and circulated to all members within fourteenth (14) days after each meeting.
- 4.5 Minutes shall be confirmed at the following meeting of the Audit Committee.
- 4.6 No Director or employee shall attend any meeting of the Audit Committee except at the Audit Committee's invitation, specific to the relevant meeting.
- 4.7 Decisions of the Audit Committee shall as far as possible be made by consensus, failing which the decision will be made by a simple majority.

#### **5 AUTHORITY**

To enable it to carry out its duties and responsibilities unhindered, the Audit Committee is accorded with the following power by the Board:

- (i) have authority to investigate any matter within its terms of reference;
- (ii) have full and unrestricted access to any information pertaining to the Company and its subsidiaries;
- (iii) have the resources which are required to perform its duties;
- (iv) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (v) be able to obtain independent professional or other advice, with the cost thereof borne by the Company; and
- (vi) be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company or its subsidiaries, whenever deemed necessary.

#### **6 FUNCTIONS OF THE AUDIT COMMITTEE**

Pursuant to paragraph 15.12 of the MMLR of Bursa Malaysia, the Audit Committee must discharge the following functions:

- 6.1 review the following and report the same to the Board of Directors:

- (i) with the external auditor, the audit plan;
- (ii) with the external auditor, his evaluation of the system of internal controls;
- (iii) with the external auditor, his audit report;
- (iv) the assistance given by the employees of the Company to the external auditor;
- (v) the adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- (vi) the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken on the recommendations;
- (vii) the quarterly results and year-end financial statements, before the approval by the Board, focusing particularly on:
  - (a) changes in or implementation of major accounting policy changes;
  - (b) significant matters highlighted including financial report issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and
  - (c) compliance with accounting standards and other legal requirements;
- (viii) any related party transaction and conflict of interest situation that arose , persist or may arise within the Company or its subsidiaries including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts;
- (ix) any letter of resignation from the external auditors;
- (x) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and
- (xi) recommend the nomination of a person or persons as external auditors.

7.1 The Board shall ensure that its Board of Directors prepare an Audit Committee Report at the end of each financial year that complies with subparagraphs 7.2 and 7.3 below.

7.2 The Audit Committee Report must be clearly set out in the annual report of the Company.

7.3 The Audit Committee Report shall include the following:

- (a) the composition of the Committee, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the directors are independent or otherwise);
- (b) the number of Audit Committee meetings held during the financial year and the details of attendance of each Audit Committee member;
- (c) a summary of the work of the Audit Committee in the discharge of its functions and duties for that financial year of the Company and how it has met its responsibilities;
- (d) a summary of the work of the internal audit function; and
- (e) a summary of any conflict of interest or potential conflict of interest situation reviewed by the audit committee pursuant to paragraph 6.1(viii) (excluding a related party transaction), and the measures taken to resolve, eliminate, or mitigate such conflicts.

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