

TECHFAST HOLDINGS BERHAD (647820-D)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. TERMS OF REFERENCE

Membership

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist of not less than three (3) members, all the members must be non-executive directors with a majority of them being independent directors and at least one member of the Committee must be a member of the Malaysian Institute of Accountants or such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The member of the Audit Committee shall elect a chairman from among their number who shall be an independent director.

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

Authority

As empowered by the Board, the Audit Committee shall:

- have explicit authority to investigate any matter within its terms of reference;
- have the resources which are required to perform its duties;
- have full and unrestricted access to any information, records, properties and personnel including the chief executive officer and/or the chief financial officer of the Company and of the Group which it requires in the course of performing its duties;
- have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company;
- be able to invite outsiders with relevant experience to attend its meeting if necessary; and
- be able to convene meetings with external auditors, the internal auditor(s) or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Management shall provide the fullest co-operation in providing information and resources to the Audit Committee, and in implementing or carrying out all requests made by the Audit Committee.

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Duties and Responsibilities

The duties of the Committee shall be:

- (a) to review the quarterly and annual Financial Statements with both the external auditors and management before approval by the Board, focusing particularly on:
 - changes in accounting policies and practices;
 - implementation of major accounting policy changes;
 - significant matters highlighted including financial reporting issues, significant judgment made by management, significant and unusual events or transactions, and how these matters are addressed; and
 - compliance with accounting standards and other legal requirements.
- (b) to review with external auditors:
 - their audit plan, encompassing the nature and scope of the audit before the commencement of the audit;
 - their evaluation of the system of internal controls;
 - their audit report;
 - their audit findings; and
 - the assistance given by the employees of the Company to the external auditors.
- (c) 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;
- (d) to review internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (e) to review the effectiveness of the internal control and management information systems;
- (f) 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 on the integrity of management;
- (g) to review any letter of resignation from the external auditors of the Company;

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- (h) to review any management letter sent by the external auditors to the Company and the management's response to such letter;
- (i) to review whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;
- (j) to make recommendations to the Board on the nomination and remuneration of the external auditors;
- (k) to review the assistance given by the Company's officers to the external auditors;
- (l) to review all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and
- (m) to carry out any additional duties which may arise from time to time as prescribed by the Board.

Meetings

Meetings shall be held not less than four (4) times a year and such additional meetings as the Chairman may decide to fulfill its duties. The external auditors may request a meeting if they consider this necessary.

The Committee may require any employee and/or the external auditors and/or the internal auditor(s) to attend meetings. If necessary, the Committee shall meet with the external auditors without any Executive Director present.

In order to form a quorum in respect of a meeting of an audit committee, the majority of members present must be independent director. A quorum at each meeting shall be two (2) members.

If the Chairman is not present, the members present shall elect one (1) of their members to be the Chairman of the Meeting.

Retirement and Resignation

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 the event of any vacancy in the Audit Committee resulting in the non-compliance of the above recruitment, the Board must fill the vacancy within (3) months.

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Secretary of the Audit Committee

The Company Secretary shall be the Secretary of the Audit Committee.

Rights of External / Internal Auditors

The external auditors and internal auditors (if any) have the right to appear and be heard at any meeting for the Audit Committee and shall so appear when required by the Audit Committee.

Upon the request of the external auditors or internal auditors (if any), the Chairman of the Audit Committee shall convene a meeting of the Committee to consider any matters that the auditors believe should be brought to the attention of the directors or shareholders. The Committee may invite any persons to be in attendance to assist in its deliberations.

Functional Independence

The Audit Committee shall function independently of the other directors and officers of the Group. Such other directors and officers may attend any particular Audit Committee meeting only upon invitation by the Audit Committee, specific to the relevant meeting.

Other than as provided herein, the Audit Committee may regulate its own procedures including the calling of meeting, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.