



HCK CAPITAL GROUP BERHAD
(484964-H)

TERMS OF REFERENCE OF AUDIT COMMITTEE

1. Membership

1.1 The Audit Committee shall be appointed by the Board of Directors from amongst the Directors of the Company 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) 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 examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967 or
 - (iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

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

1.3 The members of the Audit Committee shall elect a Chairman from amongst their members who shall be an Independent Director.

1.4 In the event of any vacancy in the Audit Committee resulting in the non-compliance of paragraph 15.09 (1) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the Board must fill up the vacancy within three (3) months.

2. Authority

The Audit Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee.

The Audit Committee is also authorized by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, if it considers this necessary.

3. Duties

The duties of the Audit Committee shall be: -

- (i) to consider the appointment or re-appointment of the external auditors, the audit fee, and any question of nomination, resignation or dismissal.
- (ii) to discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one (1) audit firm is involved.
- (iii) to review the quarterly results and annual financial statements of the Company and of the Group for recommendation to the Board for approval, focusing particularly on: -
 - any changes in accounting policies and practices
 - major judgmental areas
 - significant adjustments arising from the audit
 - the going concern assumption
 - compliance with accounting standards
 - compliance with Bursa Malaysia Securities Berhad and legal requirements
- (iv) to perform the following, in relation to the internal audit function:-
 - review the adequacy of the scope, functions, competency and resources of the internal audit function and ensure that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function; and
 - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

- (v) to review any related party transactions and conflict of interest situation that may arise within the Company or the Group.
- (vi) to review with the external auditors: -
 - the audit plan
 - their audit report
 - their evaluation of the system of internal control procedures
 - the assistance given to the external auditors by the employees of the Company or any related corporation.
- (vii) to discuss problems and reservation arising from the interim and final audits, and any matters the external auditors may wish to discuss (in the absence of Executive Directors and Management where necessary)
- (viii) to keep under review the effectiveness of internal control systems, and in particular review the external auditors' management letters and management's responses.
- (ix) to consider other topics, such as health and safety issues etc., as may be agreed to by the members of the Audit Committee or the Board of Directors.
- (x) to make an audit committee report pursuant to paragraph 15.15 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements for submission to the Board for approval to include in the Company's annual report.

4. Procedures

The Audit Committee may regulate its own procedures and in particular, the calling of the meetings, the notice given of such meetings, the voting and the proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes. The Secretary shall circulate the minutes of the meeting of the Audit Committee to all members of the Board.

5. Attendance at Meetings

The quorum of the Audit Committee shall be at least two (2) members, the majority present must be independent non-executive directors.

The Head of Finance and the representative of internal and external auditors shall normally attend meetings. Other directors and employees of the Company may attend meetings at the Audit Committee's invitation. The Audit Committee shall be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

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

6. Frequency of Meetings

Meetings shall be held at least four (4) times a year. The external auditors may request a meeting if they consider that one is necessary, to consider any matter the external auditors wish to bring to the attention of the directors or shareholders of the Company.