

N2N CONNECT BERHAD
(523137 - K)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE
- incorporating amendments up to 30 March 2017

COMPOSITION

- (1) The company must appoint an audit committee from amongst its Directors which fulfils the following requirements:-
 - (a) the Committee must be composed of no fewer than 3 members;
 - (b) all the Committee members must be Non-Executive Directors, with a majority of them being Independent Directors;
 - (c) 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 3 years' working experience and:-
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
 - (iii) fulfills such other requirements as prescribed or approved by the Exchange.
- (2) No Alternate Director shall be appointed as a member of the Committee.
- (3) The members of the Committee shall elect a Chairman from amongst themselves who shall be an Independent Director.
- (4) In the event of any vacancy in the Committee resulting in the non-compliance of Rules 15.09(1) of the Ace Market Listing Requirements, the Company must fill the vacancy within 3 months .

QUORUM

The quorum of the Committee shall be two (2) of whom the majority of members present shall be Independent Directors.

ATTENDANCE AND MEETINGS

The Committee may invite any member of the management, employees, other Directors and representatives of the internal and external auditors to be present at meetings of the Committee.

The Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. In addition, the Chairman may call a meeting of the Committee if a request is made by any Committee member, the Company's Managing Director, or the Internal or External Auditors.

FUNCTIONS

The Committee must, amongst others, discharge the following functions:-

- (1) review the following and report the same to the Board of Directors :
 - (a) with the External Auditor, the audit plan;
 - (b) with the External Auditor, his evaluation of the system of internal controls;
 - (c) with the External Auditor, his audit report;
 - (d) the assistance given by the employees of the Company to the External Auditor;
 - (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (f) the 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;
 - (g) the quarterly results and year end financial statements, before the approval by the Board of Directors, focusing particularly on :-
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed; and
 - (iii) compliance with accounting standards and other legal requirements;
 - (h) any related party transaction and conflict of interests situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (i) any letter of resignation from the External Auditors of the Company; and
 - (j) whether there is reason (supported by grounds) to believe that the Company's External Auditor is not suitable for re-appointment; and
- (2) recommend the nomination of a person or persons as External Auditors.

PROCEDURE

The Committee may regulate its own procedure, in particular:-

- (a) the calling of meetings;
- (b) the notice to be given of such meetings;
- (c) the voting and proceedings of such meetings;
- (d) the keeping of minutes; and
- (e) the custody, production and inspection of such minutes.

AUDIT COMMITTEE REPORT

The Company must ensure that its Board of Directors prepare an Audit Committee report at the end of each financial year that complies with the following :

- (1) The Committee report must be clearly set out in the annual report of the Company.

(2) The Committee report must 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 Committee meetings held during the financial year and details of attendance of each Committee member;
- (c) a summary of the work of the Committee in the discharge of its functions and duties for that financial year of the Company and how it has met its responsibilities; and
- (d) a summary of the work of the internal audit function.

RIGHTS OF THE AUDIT COMMITTEE

The Company must ensure that wherever necessary and reasonable for the performance of its duties, the Committee must, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity;
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

REPORTING OF BREACHES TO BURSA SECURITIES

Where the Committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the ACE Market Listing Requirements, the Committee shall promptly report such matter to the Exchange.

REVIEW OF THE AUDIT COMMITTEE

The Nomination Committee of the Company must review the term of office and performance of the Committee and each of its members annually to determine whether the Committee and members have carried out their duties in accordance with their terms of reference.

SECRETARY

The Secretary to the Committee shall be the Company Secretary.