

**ASTRO MALAYSIA HOLDINGS BERHAD**  
**(Incorporated in Malaysia – Company No. 932533-V)**

**AUDIT COMMITTEE CHARTER**

**1. Function of the Audit Committee**

- 1.1. The Audit Committee (“Committee”) of Astro Malaysia Holdings Berhad (“Company”) will assist the Board of Directors (“Board”) in fulfilling the Board’s responsibilities with respect to its oversight responsibilities. The Committee will review and monitor the integrity of the Company’s and its subsidiaries’ (“Group”) financial reporting process, its management of risk and system of internal control, its audit process as well as compliance with legal and regulatory matters including, its own code of business conduct, and such other matters, that may be specifically delegated to the Committee by the Board from time to time.
- 1.2. Although the Committee is delegated the powers and responsibilities as set out in this Charter by the Board pursuant to the Articles of Association of the Company, it is not the responsibility of the Committee to plan or conduct audits on the Group’s financial statements. This responsibility remains with management who is to ensure that the Group’s financial statements are complete and accurate, and are in compliance with generally accepted accounting principles. The Group’s external auditor is responsible for conducting audit(s) in accordance with generally accepted auditing standards on consolidated and other statutory financial statements.
- 1.3. The Committee is authorised to conduct investigations, to resolve disputes between management and the external auditor, if any, and to require management to disclose all information as the Committee deems appropriate.

**2. Composition of the Audit Committee**

***Requirements***

- 2.1. The Committee shall be appointed by the Board from among its members and shall comprise of at least three (3) Directors, the majority of whom shall be independent directors as defined in the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and/or any relevant recommendation of the Malaysian Code on Corporate Governance. All members of the Committee must be non-executive directors.
- 2.2. The Board shall appoint the Chairman of the Committee who shall be an independent Non-Executive Director.
- 2.3. Each member of the Committee should be financially literate and must be able to read, analyse, interpret and understand financial statements, including the Group’s balance sheet, income statement, and cash flow statement in order to effectively discharge their functions.
- 2.4. At least one member of the Committee shall meet any of the following required qualifications:
  - 2.4.1 be a member of the Malaysian Institute of Accountants; or
  - 2.4.2 if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years’ working experience and he must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act 1967 or he must be a member of one of the associations of accountants specified in Part 2 of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
  - 2.4.3 fulfills such other requirements as prescribed or approved by Bursa Securities, where applicable

In determining the required qualification, the Board will also observe any other relevant requirements that may be announced by Bursa Securities as a directive from time to time, where applicable.

### ***Appointment***

- 2.5 The Board on the recommendation of the Nomination and Corporate Governance Committee shall appoint the members of the Committee.
- 2.6 Alternate directors shall not be appointed as members of the Committee.
- 2.7 Each independent member of the Committee shall serve for a period of up to 3 years, extendable by no more than 2 additional 3-year periods, unless approved by the shareholders of the Company that the affected member continues to exercise independent and objective judgement.
- 2.8 Any vacancy due to retirement or resignation of a Committee member, or for any other reason which results in a change of the composition of the Committee that does not comply with the composition of the Committee as required herein, must be filled or rectified within three (3) months.

### **3. Authority of the Audit Committee**

- 3.1. The Committee is duly authorized by the Board to:
  - 3.1.1 investigate any activities within its charter
  - 3.1.2 seek any information that it requires from any employee of the Group and to be provided with full and unrestricted access to such information
  - 3.1.3 maintain direct communication channels with the external and internal auditors
  - 3.1.4 obtain external legal or independent professional advice or invite outsiders with relevant experience to attend the Committee meetings and to advise the Committee, if the Committee deems it appropriate to carry out its functions under this Charter
  - 3.1.5 have access to the Group's resources, at the Group's expense, to perform the Committee's duties
  - 3.1.6 convene meetings with the internal and external auditors (excluding the attendance of other directors and management), if necessary
  - 3.1.7 recommend steps or proposed courses of action, where required, to the Board on matters arising from the discharge of the Committee's duties and responsibilities.

### **4. Responsibilities of the Audit Committee**

The Committee shall:

#### ***Financial Reporting and Compliance***

- 4.1 Review Financial Statements:
  - 4.1.1 Monitor and review with appropriate officers of the Group and the external auditors, the annual, interim and any other related formal financial statements and announcements of the Group prior to approval of the Board and public release thereof, focusing on:
    - (a) the quality and integrity of the financial statements, including but not limited to the clarity and completeness of the financial disclosures therein;
    - (b) significant financial reporting issues and decisions requiring an element of judgement;
    - (c) the extent to which financial statements are affected by any unusual transactions;

- (d) changes in accounting policies and practices, and implementation of such changes;
  - (e) compliance with applicable approved financial reporting standards, legal and regulatory requirements;
  - (f) significant adjustments resulting from the external audit;
  - (g) the going concern assumption; and
  - (h) the Board's statement on internal control systems, where applicable and the policies and procedures for identifying and assessing business risks and the management of those risks by the Group.
- 4.1.2 Discuss among the Committee members, without the presence of the Management or the external auditors if deemed necessary, the financial information obtained.
- 4.1.3 Review and ensure corporate disclosure policies and procedures of the Group (pertaining to accounting, audit and financial matters) comply with the disclosure requirements as set out in the Listing Requirements of Bursa Securities, the Malaysian Code on Corporate Governance and other regulatory requirement that may be announced from time to time, where applicable.
- 4.2 Review Other Accounting, Audit and Financial Matters: Review such other matters in relation to the accounting, auditing and financial reporting practices and procedures of the Group as the Committee may, at its own discretion, deem desirable in connection with the review functions described above.
- 4.3 Review Related Party Transactions: Review any related party transaction entered into by the Group to ensure:
- 4.3.1 that the transactions have been conducted on the Group's normal commercial terms at an arm's length basis, on terms which are not more favourable to the related party than those generally available to the public;
  - 4.3.2 that the internal control procedures relating to such transactions are sufficient and have been complied with; and
  - 4.3.3 compliance with the Listing Requirements and Practice Notes of Bursa Securities that are in force from time to time.
  - 4.3.4 practices and procedures for recurrent related party transactions disclosed in the circular for shareholders' mandate are consistent with established management practices.
- 4.4 Review Other Matters:
- 4.4.1 Review the Code of Business Ethics and the effectiveness of the programme established by management to monitor and enforce compliance with the Code of Business Ethics.
  - 4.4.2 Review matters in relation to legal compliance, conflicts of interest and investigations as the Committee may, at its own discretion, deem desirable in connection with the review functions described above.
  - 4.4.3 Review and discuss in a general manner the content of management commentary, press releases and analyst presentations given in respect of any quarterly and annual financial reporting.

#### ***Risk Management and Internal Control***

- 4.5 Review Systems of Risk Management: Review with members of senior management of the Group, the Head of Corporate Assurance, the external auditors and, where necessary, any other relevant persons, the adequacy and effectiveness of the Enterprise Risk Management process to identify key organizational risks and the systems or processes in place to monitor and manage these risks.
- 4.6 Review Systems of Internal Controls: Review with the external auditors, the Head of Corporate Assurance, the General Counsel and, where necessary, any other relevant persons, the adequacy and integrity of the Group's internal controls including information technology security and control, the Group's financial, auditing and accounting organizations and personnel and the Group's policies and compliance procedures with respect to business practices.

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- 4.7 Review Systems and/or Processes to manage fraud: Review with members of senior management of the Group, the Head of Corporate Assurance, the external auditors and, where necessary any other relevant persons, the procedures in place by management to prevent and detect fraud including cyber fraud, and deficiencies in internal controls that may expose the Group to other significant internal or external fraud losses and any disciplinary action in respect of fraud taken against the responsible parties.
- 4.8 Review Statement on Risk Management and Internal Control: Review with the external auditors, the Group's Statement on Risk Management and Internal Control for inclusion in the Annual Report, where applicable.
- 4.9 Apply guidance set out in the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" on the key elements needed in maintaining a sound system of risk management and internal control and the process that should be considered in reviewing its effectiveness. The Committee should annually receive assurance from the Chief Executive Officer and Chief Financial Officer on whether the Group's risk management and internal control system is operating adequately and effectively and report to the Board.

***Internal Audit***

- 4.10 Review Independence of the Internal Audit Function: Review the internal audit function (Corporate Assurance Division) to ensure its activities are performed independently and with impartiality, proficiency and due professional care. The Committee should recommend to the Board the authority and the areas of responsibility of the internal audit function. For this purpose, the Committee must approve the Corporate Assurance Charter which defines the purpose, authority, scope and responsibility of the Corporate Assurance function of the Group. The Committee should also determine the remit of the internal audit function.
- 4.11 Review Internal Audit Plans: Review with the Head of Corporate Assurance and appropriate members of the Corporate Assurance Division, the plans for and adequacy of the scope of their ongoing audit activities including the authority and the adequacy of competency and resources to carry out its function. The Head of Corporate Assurance will be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within the Group.
- 4.12 Review Internal Audit Reports: Review with the Head of Corporate Assurance and appropriate members of the Corporate Assurance Division, their periodic reports of the audit activities, key findings and recommendations, management's response to the recommendations and ensure that appropriate action is taken on their recommendations. This would include the extent of assistance and cooperation given by the Group's management and employees to support the activities of the Division.
- 4.13 Review Internal Audit Division: Monitor effectiveness and review the performance of the Corporate Assurance Division and provide appraisal on the performance of the Head of Corporate Assurance including compliance with the Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing and results of the quality assurance and improvement programme, to management and, where appropriate, the Board.
- 4.14 Approve the appointment or termination of senior Internal Audit members: Recommend to the Board to approve the appointment or termination of the Head of Corporate Assurance. Review the appointment or termination of senior members of the Corporate Assurance Division and take cognizance of resignations of senior members as well as to provide the resigning staff an opportunity to submit his/her reason for resigning.

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**External Audit**

- 4.15 Nomination, Resignation and Dismissal of External Auditors: Recommend to the Board annually and at other appropriate times, and through the Chairman, to the shareholders for approval at the annual general meeting, the firm to be retained as the Group's external auditors and the terms of engagement and remuneration to be paid to the external auditors in respect of the audit services provided. This would include an annual review of the effectiveness of the external auditor, the qualifications, expertise and the adequacy of resources provided by the external auditor.

The Committee will review and report to the Board and subsequently to the shareholders, any proposed resignation (including letter of resignation from the external auditors) or dismissal of the external auditors and whether there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment together with the Committee's recommendation. Where the external auditor is removed from office or has issued a notice of their intention to do so, the Committee shall concurrently forward to Bursa Securities and the Registrar of Companies, a copy of any written representations or written explanations of the resignation made by the external auditors.

- 4.16 Review Suitability and Independence of External Auditors: Review the information provided by management and the external auditors relating to the suitability and independence of such firm, including, among other things:

- 4.16.1 external audit firm's compliance with Malaysian regulations and ethical guidance relating to rotation of audit partner<sup>1</sup>, the level of fees that the Group pays in proportion to the overall fee income of the firm, office and partner and other related regulatory requirements.
- 4.16.2 assurance that representatives of the external audit firm have no family, financial, employment, investment or any other business relationship with the Group, other than that in the normal course of business.
- 4.16.3 the employment of former employees of the external audit firm within key management positions within the Group.
- 4.16.4 relationship between the Group and the external audit firm including the non-audit services which was provided, and expected to be provided by the external auditors.

The Committee is responsible for (1) ensuring that the external auditor submits on a periodic basis to the Committee a formal written statement delineating all relationships between the auditor and the Group, consistent with applicable standards for auditors independence, and to obtain confirmation from the external auditors that they are, and have been, independent throughout the conduct of the audit engagement, (2) actively engaging in dialogue with the external auditor with respect to any disclosed relationship or services that may impact the objectivity and independence of the external auditor and (3) taking, or recommending that the Board take, appropriate action, to oversee the independence of the external auditor.

- 4.17 The Committee shall ensure that the provision of non-audit services by the external auditor comply with the policy on the provision of non-audit services by the external auditor to ensure that the objectivity and independence of the audit firm are not impaired. The policy provides guidance, but not limited to, the following:

- 4.17.1 The scope of the non-audit services, e.g.:
  - The external auditor audits its own firm's work
  - The external auditor is put in a role of an advocate for the Group
  - The external auditor makes management decisions for the Group
  - A mutuality of interest is created
  - Any other ethical considerations deemed relevant

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<sup>1</sup> The Malaysian Institute of Accountants By-Laws (on professional ethics, conduct and practice under Section 290.151 provides that in respect of an audit of a public interest entity, an individual shall not be a key audit partner for more than 5 years.

4.17.2 The non-audit fees charged in context with the audit fees

- 4.18 Review External Audit Plans: Review with the external auditors their plans for, and the scope and cost effectiveness of their annual audit and other examinations, prior to the commencement of such activities. This should include the evaluation of systems of internal controls and risk management processes, to the extent performed as part of the external audit.
- 4.19 Conduct of External Audits: Review the assistance given by the Group and the Group's employees to the external auditors and ensure co-ordination where more than one (1) audit firm is involved and between the external and internal auditors.
- 4.20 Review the External Auditors' representations on their Quality Control Procedures and steps taken by the auditor to respond to changes in regulatory and other requisite requirements.
- 4.21 Review External Audit Results: Review with the external auditors, the report of their annual audit, or proposed report of their annual audit, the accompanying management letter and response, the report of their reviews of the Group's interim financials, and the problems and reservations arising, including significant audit adjustments, if any. The scope will also include the reports on the results of such other examinations outside the course of the external auditors' normal audit procedures that the external auditors may from time to time undertake.
- 4.22 Review Recommendations of External Audit: Review with the Head of Corporate Assurance and appropriate members of the Corporate Assurance Division, recommendations made by the external auditors and such other matters, if any, as such persons or other officers of the Group may desire to bring to the attention of the Committee.

#### **Share Schemes**

- 4.23 Verify shares and/or share options allocated: Review the verification performed by the Corporate Assurance Division on the allocation of shares or share options to the Group's eligible employees and eligible executives in accordance with allocation criteria established pursuant to the by-laws governing the relevant share scheme, on a quarterly basis, where applicable and ensure that a statement by the Committee verifying such allocation is included in the annual report.

#### **Whistleblowing**

- 4.24 Review the procedures that the Group has implemented to address allegations made by whistleblowers, to ensure that there is proportionate and independent investigation of such allegations and that appropriate follow-up action is taken and brought to the attention of the Committee, where necessary.

### **5. Meetings of the Audit Committee**

- 5.1 The Chairman of the Committee will, in consultation with the other members of the Committee, the Group's external auditors and the appropriate officers of the Group, be responsible for calling meetings of the Committee, establishing the agenda therefor and supervising the conduct thereof.
- 5.2 The Committee shall meet at least four (4) times during each financial year, or more frequently as it may determine necessary, to comply with its responsibilities as set forth herein. In order to form a quorum for a meeting of the Committee at least two (2) members must be present and the majority of the members present must be independent directors.
- 5.3 Only the Chairman and the members are to be present at a meeting of the Committee. The Committee may, at its discretion, request Board members, any officer or employee of the Group or the Group's external legal counsel or external auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

- 5.4 The Committee may meet with management (including the Chief Executive Officer, Chief Financial Officer), the Head of Corporate Assurance, the external auditors and others in separate private sessions to discuss any matter that the Committee, management, the external auditors or such other persons deem should be discussed privately. Such meetings should offer free and open communications among the Committee, management, staff of the Corporate Assurance Division and external auditors.
- 5.5 The Committee shall meet with the external auditors and the Head of Corporate Assurance or appropriate members of the Corporate Assurance Division at least twice in each financial year in separate private sessions.
- 5.6 The external or internal auditors may request a meeting of the Committee if they consider that one is necessary to consider any matter the external or internal auditors wish to bring to the attention of the Board or shareholders of the Group.
- 5.7 The Committee may regulate its own procedures, in particular on the conduct of the Committee meetings, including attendance at a meeting by being present in person or by participating in the meeting by means of video or teleconference. The Committee should record its deliberations in terms of the issues discussed and the conclusions in discharging its duties and responsibilities, with the minutes kept and distributed to each member of the Committee and of the Board.
- 5.8 The Chairman of the Committee should engage on a continuous basis with senior management such as the Chairman, the Chief Executive Officer, Chief Financial Officer, Head of Corporate Assurance and the external auditors in order to be kept informed of matters affecting the Group.
- 5.9 The Secretary of the Company shall be the Secretary of the Committee. The Secretary shall circulate the minutes of the Committee meetings to all members of the Committee and the Board. The Secretary shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

## **6. Consultants**

- 6.1. The Committee may retain at the Group's expense, at such times and on such terms as the Committee determines at its sole discretion, special legal, accounting or other consultants to advise and assist it in complying with its responsibilities as set forth herein.

## **7. Reporting**

- 7.1. The Chairman of the Committee shall report its activities to the Board at each financial quarter meeting and where appropriate in any other manner and time, as it deems necessary.
- 7.2 The Committee shall prepare where applicable, with the assistance of management, the external auditors and external legal counsel (if necessary), a formal report for inclusion in the annual report that must disclose the following:
- 7.2.1 the Committee's composition, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the directors are independent or otherwise);
  - 7.2.2 the Committee's terms of reference;
  - 7.2.3 the number of Committee meetings held during the financial year and the details of attendance of each Committee member and the details of relevant training attended by each Committee member;

7.2.4 the summary of the Committee's activities in discharging its functions and duties for that financial year of the Group, which may include among others;

(a) review the following and report the same to the Board:

- (i) with the external auditor, the audit plan and audit report;
- (ii) with the external auditor, his evaluation of the system of internal controls;
- (iii) the assistance given by the employees of the Group to the external auditor;
- (iv) 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;
- (v) 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;
- (vi) the quarterly results and year-end financial statements, before the approval by the Board, focusing particularly on:
  - changes in or implementation of major accounting policy changes;
  - significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and
  - compliance with accounting standards and other legal requirements;
- (vii) any related party transaction and conflict of interests situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (viii) any letter of resignation from the external auditors of the Company; and
- (ix) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and

(b) recommend the nomination of a person or persons as external auditors; and

7.2.5 the existence of an internal audit function and its activities, or if there is no internal audit function, an explanation of the mechanisms that enable the Committee to discharge its function effectively; and

7.2.6 the report should also include the steps taken to ensure the external auditor's independence.

7.3 The Chairman of the Committee will be present at the annual general meeting to address queries relating to the Committee's activities and matters within the scope of the Committee's responsibilities.

7.4 When the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities, the Committee must promptly report such matter to Bursa Securities, where applicable.

## **8. Annual Review of Charter**

8.1 The Committee shall review and reassess, with the assistance of management, the external auditors and external legal counsel (if necessary), the adequacy of the Committee's charter in light of new best practices and new legal or regulatory requirements, at least annually and recommend the proposed changes to the Board.



**9. Annual Self-Assessment Review**

- 9.1 The Committee shall conduct a self-assessment to monitor their overall effectiveness in meeting their responsibilities and report the results to the Board at least annually. In particular, the Board shall review the composition, term of office, performance and effectiveness of the Committee and each of its members to determine whether the Committee has carried out their duties in accordance with this Charter. All such evaluations or assessments by the Board should be properly documented.

**10. Training and Ongoing Education**

- 10.1 For new Committee members, an induction programme which covers amongst others, an overview of the company, the roles and responsibilities of the Committee, operations and current issues, the role and scope of external and internal audit and the board's expectations of the performance of Committee members shall be provided. The induction programme shall include meetings or discussions with other Committee members, senior management, Head of CA and external auditors.
- 10.2 The Company strongly encourages Committee members to seek continuing professional education to keep abreast of developments not only in the area of financial reporting but also in regulatory compliance, technology, internal controls, business risk and the implications of significant changes that may affect the company or industry.

**Approved by the Board on 14 September 2016.**