



Success Transformer Corporation Berhad (636939-W)

Term of Reference of the Audit Committee

1. Membership

The Committee shall be appointed by the Board of Directors from amongst the Directors excluding Alternate Directors which consists of not less than 3 members. All the members of the Committee must be non-executive directors, with a majority of them being independent directors.

All the members of the Committee should be financially literate and at least one member should be a member of an accounting association or body.

The Chairman shall be elected by the Committee from among their members who shall be an independent non-executive director. The Chairman should engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to keep informed of matters affecting the Company.

2. Authority

The Committee shall:

- I. Have authority to investigate any matter within its terms of reference;
- II. Have the resources which are required to perform its duties;
- III. Have full and unrestricted access to any information pertaining to the Company;
- IV. Have direct communication channels with the external and internal auditors when applicable and to the senior management of the Group;
- V. Be able to obtain independent professional or other advice; and
- VI. Be able to convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees, whenever deemed necessary.

3. Duties and Responsibilities of the Audit Committee

The Committee shall:

- a) To consider and recommend the appointment of the external auditors, the audit fees and any question of resignation or dismissal;
- b) To review the quarterly results and year ended financial statements, prior to the approval by the Board of Directors ;
- c) To convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees of the Group, whenever deemed necessary;
- d) To do the following in relation to the internal audit function :
 - to review the adequacy of the scope, function, competency and resources of the internal audit function, and that it has the necessary authority to carry out its works;
 - to review the internal audit results and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
 - review the appointment or re-appointment of the internal auditors, the audit fee and questions of resignation or dismissal; and
 - review the annual Internal Control Statement to be published in the Annual Report of the Company ;
- e) To review the related parties transactions and conflict of interest situations that may arise within the Company or the Group including transaction, procedure or course of conduct that raises a question of management integrity ;
- f) To review the related parties transactions and conflict of interest situations that may arise within the Company or the Group including transaction, procedure or course of conduct that raises a question of management integrity ;
- g) To review the application of corporate governance principles and the extent of the Group's compliance with the best practices set out under the Code, directions and guidelines established by the relevant regulatory bodies;
- h) To identify and direct any special project or investigate and to report on any issue or concern in regard to the Management of the Group ; and
- i) To consider other topics as defined by the board.

4. Frequency of meetings

Meetings shall be conducted not less than four (4) times annually. In order to form quorum for the meeting, the majority of the members present must be Independent Directors. Other meetings may be held as and when required. However, the Committee should meet with the external auditors without the presence of the executive directors, at least twice a year.