

Audit Committee Report

COMPOSITION

Members of the Committee	Designation in the Company
Goh Kean Hoe (<i>Chairman</i>)	Independent Non-Executive Director
Ooi Hoy Bee @ Ooi Hooi Bee (<i>Member</i>)	Independent Non-Executive Director
Tan Kah Poh (<i>Member</i>)	Independent Non-Executive Director
Mok Kam Loong (<i>Member</i>)	Independent Non-Executive Director

TERMS OF REFERENCE

Objectives

The Audit Committee shall:

- a) assist the Board of Directors in fulfilling its fiduciary responsibilities relating to accounting and reporting practices of the Company and the Group;
- b) oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors;
- c) maintain open lines of communication between the Board of Directors, the internal auditors and the external auditors for the exchange of views and information, as well as to confirm their respective authorities and responsibilities; and
- d) determine the adequacy of the Group's administrative, operating and accounting controls.

Members

- a) The Audit Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall comprise not less than three members, of whom all shall be Non-Executive Directors, with a majority of them being Independent Directors.
- b) At least one member of the Audit Committee:
 - i) must be a member of the Malaysian Institute of Accountants ("MIA"); or
 - ii) if he is not a member of the MIA, he must have at least three years' working experience and:
 - o he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - o 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) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("BMSB").
- c) No Alternate Director shall be appointed as a member of the Audit Committee.
- d) The members of the Audit Committee shall elect a Chairman from among their number who shall be an Independent Director. The Chairman of the Audit Committee shall not also be the Chairman of the Board.
- e) The Nomination Committee shall review the term of office and performance of the Audit Committee and each of its members from time to time or as necessary to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.
- f) If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.
- g) No former key audit partner shall be appointed as a member of the Audit Committee unless and until he has observed a cooling-off period of at least two years.

Audit Committee Report

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TERMS OF REFERENCE *cont'd*

Rights

The Audit Committee shall, whenever necessary and reasonable for its performance and in accordance with a procedure to be determined by the Board of Directors and at the Company's cost:

- a) have authority to investigate any matter within its terms of reference;
- b) have 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 advice or other advice; and
- f) be able to convene meetings with the external auditors, internal auditors or both, excluding the attendance of Executive Directors and management of the Company, whenever deemed necessary.

Functions

The Committee shall discharge the following functions:

- a) review the following and report the same to the Board of Directors of the Company:
 - i) with the external auditors:
 - the audit plan and the adequacy of their areas of audit emphasis;
 - their evaluation of the system of internal controls;
 - their audit report;
 - the assistance given by the employees of the Group to the external auditors
 - ii) the suitability, objectivity and independence of the external auditor and the competency of their service team;
 - iii) 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 effectively and independently;
 - iv) 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 auditor;
 - v) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
 - o changes in or implementation of major accounting policy;
 - o significant and unusual events; and
 - o compliance with accounting standards and other legal requirements;
 - vi) any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - vii) any letter of resignation from the external auditors of the Company; and
 - viii) whether there is reason (supported by grounds) to believe that the Group's external auditors are not suitable for re-appointment.
- b) recommend the nomination of a person or persons as external auditors;
- c) prepare an Audit Committee Report at the end of each financial year;

Audit Committee Report

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TERMS OF REFERENCE cont'd

Functions cont'd

The Committee shall discharge the following functions: cont'd

- d) report promptly to BMSB where the Audit 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 BMSB's Listing Requirements;
- e) meet with external auditors at least twice a year without the presence of the Executive Directors and members of the management; and
- f) any other functions as may be agreed to by the Audit Committee and the Board of Directors.

Attendance and Meeting

- a) The quorum of the Audit Committee shall be two of whom the majority of member's present shall be Independent Directors.
- b) Apart from the members of the Audit Committee who will be present at the meetings, the Audit Committee may invite any member of the management, employees, other Directors and representatives of the external auditors to be present at meetings of the Audit Committee.
- c) The Audit Committee shall meet at least four 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 Audit Committee if a request is made by any Audit Committee member, the Company's Chairman, or the internal or external auditors.

Minutes

Minutes of each Audit Committee meeting are to be prepared and sent to its members. The Secretary shall also circulate the minutes of meetings of the Audit Committee to all members of the Board of Directors.

Secretary

The Company Secretary or his assistant shall be the Secretary of the Audit Committee.

Internal Audit Function

The internal audit function of the Group is currently outsourced to a professional services firm and reports to the Audit Committee. The primary objective of the internal audit function is to undertake independent, regular and systematic review of the risk management and internal control systems of the Group so as to provide reasonable assurance that such systems are adequate and continue to operate satisfactorily and effectively in the Group.

The internal audit function is outsourced to Resolve IR Sdn Bhd ("Resolve"), a professional services firm that provides internal audit services. Resolve is a corporate member of the Institute of Internal Auditors Malaysia ("IIAM") and its personnel assigned to carry out the work as internal auditor in LTKM are experienced and qualified. The internal auditor is free from any relationship or conflict of interest which could impair its objectivity and independence. The outsourced internal audit function has unrestricted access to all functions, records, personnel and assistance in respect of the areas of audit.

The outsourced internal audit function carries out its review in accordance to the audit plan that is approved by the Audit Committee. The outsourced internal audit function may also carry out investigations and special review at the request of Audit Committee or Management.

During the financial year under review, the internal audit function reviewed the following key business process in the Group:

- Sales and marketing cycle of poultry segment operations

Audit Committee Report

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TERMS OF REFERENCE *cont'd*

Internal Audit Function *cont'd*

The outsourced internal audit function carried out the internal audit review to monitor compliance with the Group's procedures and the results of the review has been presented to the Audit Committee at their scheduled meeting.

The cost incurred for the internal audit function for the year ended 31 March 2020 was RM20,417.

Summary of Activities

During the financial year under review, the Audit Committee carried out the following activities:

- reviewed the annual audited financial statements of the Company/Group and quarterly results of the Group prior to presentation for the Board's approval;
- reviewed the Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad for Board's approval;
- reviewed the related party transactions that had arisen within the Company or Group on quarterly basis;
- reviewed with the internal and external auditors their audit plan prior to their commencement of audit;
- reviewed the management letters and audit report of the external auditors; and
- reviewed the internal audit findings on quarterly basis based on the evaluation of the internal control system of the Group and its recommendations on system and control weaknesses noted during the course of audit.

General Information

Summary of attendance of Audit Committee meetings for the financial year ended 31 March 2020.

Audit Committee Members	No. of Meetings Attended
Ooi Hoy Bee @ Ooi Hooi Bee	5/5
Tan Kah Poh	4/5
Goh Kean Hoe	5/5
Mok Kam Loong	1/1