

This is the Terms of Reference of the Audit Committee referred to in the Directors' Resolution in Writing dated 29 April 2016 and signed by me for purposes of identification



Shalet Marian
The Chairman of the Board of Directors

7-ELEVEN MALAYSIA HOLDINGS BERHAD

(Company No. 1058531-W)

(Incorporated in Malaysia)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE
(Revised and adopted on 29 April 2016)

1. Composition of members

The Board of Directors (the "**Board**") shall appoint the Audit Committee members from amongst themselves, comprising no fewer than three (3) members, all of whom shall be non-executive directors, where the majority shall be Independent Non-Executive Directors.

*In this respect, the Board adopts the definition of "Independent Non-Executive Director" as defined under the Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements (the "**Listing Requirements**").*

All members of the Audit Committee shall be financially literate and at least one (1) member:

- (a) shall be a member of the Malaysian Institute of Accountants ("**MIA**"); or
- (b) if he/she is not a member of the MIA, he/she must have at least three (3) years of working experience and:
 - i. he/she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - ii. he/she must be a member of one (1) of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967.
- (c) fulfills such other requirements as prescribed by Bursa Securities.

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

Retirement and resignation

If a member of the Audit Committee resigns, dies, or for any reason ceases to be a member resulting in non-compliance with the composition criteria as stated in paragraph 1 above, the Board shall within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.

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2. Chairman

The members of the Audit Committee shall elect a Chairman (the "**Chairman**") from amongst their number who shall be an Independent Non-Executive Director.

A vacancy resulting in the non-compliance with the requirement on the election of an independent Chairman of the Audit Committee must be filled within three (3) months.

3. Secretary

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

4. Terms of Office

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

5. Meetings

The Audit Committee shall meet at least four (4) times a year, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. Additional meetings may be convened by the Chairman of the Audit Committee, or at the requisition of other Committee members with the Chairman's discretion, to discuss matters within the terms of the Audit Committee in between scheduled meetings. If a member is unable to be physically present, the member may choose to participate via video or teleconference.

Notice of Audit Committee meetings shall be given to all Audit Committee members. The Secretary of the Audit Committee, in consultation with the Chairman, shall draw up the agenda of the meeting. The agenda, together with the relevant papers, should be targeted to be circulated at least seven (7) days prior to each Committee meeting.

In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who shall be an Independent Non-Executive Director to chair the meeting.

Upon the request of the external auditors, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matters the external auditors believe should be brought to the attention of the Directors or shareholders.

The Chairman of the Audit Committee shall engage on a continuous basis with the Chairman of the Board, Senior Management such as the Chief Executive Officer and the Deputy Chief Executive Officer, the internal auditors and the external auditors in order to be kept informed of matters affecting the Company.

Attendance of other Directors, employees or external parties, e.g. representatives of the internal and external auditors, at any particular Audit committee meeting shall be at the invitation of the Audit Committee, but not necessarily for the full duration of the meeting.

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The Audit Committee shall meet with the external auditors without the presence of executive Board members or Management at least twice a year and whenever necessary.

Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.

6. Minutes

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Audit Committee and also to the other members of the Board. The Audit Committee Chairman shall report on the proceedings of each meeting to the Board.

The minutes of the Audit Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

7. Quorum

The quorum for the Audit Committee meeting shall be the majority of members present or via video/teleconferencing who must be Independent Non-Executive Directors.

8. Reporting

As a reporting procedure, the minutes of each Audit Committee meeting shall be tabled for the Board's notation and circulated to all members of the Board once the minutes have been confirmed by the Audit Committee.

The Audit Committee shall report to the Board, either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference at the next Board meeting after each Audit Committee meeting.

The Audit Committee shall report to the Board on any specific matters referred to it by the Board for investigation and report.

An Audit Committee Report shall be prepared at the end of the financial year pursuant to Paragraph 15.15 of the Listing Requirements.

9. Objectives

The principal objectives of the Audit Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Company and each of its subsidiaries. In addition, the Audit Committee shall:

- (a) evaluate the quality of the audits performed by the internal and external auditors;
- (b) provide assurance that the financial information presented by management is relevant, reliable and timely;

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- (c) oversee the Company's compliance with laws and regulations and observance of a proper code of conduct; and
- (d) determine the quality, adequacy and effectiveness of the Group's control environment.

10. Authority

The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the expense of the Company:

- (a) have explicit authority to investigate any activity within its terms of reference. All employees shall be directed to co-operate as requested by members of the Audit Committee;
- (b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and Senior Management of the Company and the Group;
- (c) obtain other independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary;
- (d) have direct communication channels, and be able to convene meetings without Management's presence, with the internal and external auditors and person(s) carrying out the internal audit function or activity; and
- (e) where the Audit Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Audit Committee shall promptly report such matter to Bursa Securities.

11. Duties and Responsibilities

The duties and responsibilities of the Audit Committee are as follows:

- (a) to consider and recommend the appointment of the external auditors, the audit fee and any question of resignation or dismissal, taking into consideration of the external auditors' independence, experience and qualification;
- (b) to establish policies governing the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the external auditors;
- (c) 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 audit firm is involved;
- (d) to review with the external auditors the audit plan, the evaluation of the system of internal controls and the audit report, as well as the assistance given by Management to the external auditors;

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- (e) to review the quarterly and year-end financial statements of the Group before its recommendation of the same to the Board, focusing particularly on:
- any change in, or implementation of, accounting policies and practices;
 - significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
 - the going concern assumption;
 - compliance with applicable financial reporting standards and other legal requirements;
- (f) to discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss (in the absence of Management, where necessary);
- (g) to review the external auditors' management letter and Management's response;
- (h) to do 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 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 the internal audit plan, consider the internal audit reports and findings of the internal auditors, fraud investigations and actions and steps taken by Management in response to audit findings;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of internal auditors;
- (i) to consider any related party transactions and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of management integrity;
- (j) to report its findings on the financial and management performance and other material matters to the Board;
- (k) to consider the major findings of internal investigations and Management's response;
- (l) to monitor the integrity of the Company's financial statements;

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- (m) to monitor the performance of the internal audit function;
- (n) to monitor the Company's compliance with relevant laws, regulations and code of conduct;
- (o) to review the adequacy and effectiveness of risk management, internal control and governance systems;
- (p) to review the Company's procedures for detecting fraud and whistle-blowing;
- (q) to consider and examine such other matters as the Audit Committee considers appropriate; and
- (r) to consider other matters as delegated by the Board.

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