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<p>TERMS OF REFERENCE OF AUDIT COMMITTEE</p>



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1. OBJECTIVE

The primary objectives of the Audit Committee (“AC”) are to:

- 1.1 provide assistance to the Board in fulfilling its fiduciary responsibilities and ensuring the effective governance over the appropriateness, particularly in the areas relating to the Company and its subsidiaries’ accounting and management controls, financial reporting and business ethics policies;
- 1.2 provide greater emphasis on the audit function by serving as the focal point for communication between Non-Committee Directors, the external auditors, internal auditors and the management and providing a forum for discussion that is independent of the management. It is to be the Board’s principal agent in assuring the independence of the Company’s external auditors and internal auditors, the integrity of the management and the adequacy of disclosures to shareholders; and
- 1.3 review the adequacy and effectiveness of the enterprise risk management function.

2. COMPOSITION OF AUDIT COMMITTEE

- 2.1 The AC shall be appointed by the Board from amongst the Directors of the Company which fulfils the following requirements:-
 - a) the AC must be composed of not fewer than three (3) members;
 - b) all the Audit Committee members shall comprise solely of independent directors;
 - c) all members of the AC shall be financially literate and at least one (1) member of the AC:-
 - (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 three (3) years’ working experience and:-
 - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the association of accountants specified in Part II of 1st Schedule of the Accountants Act 1967; or
 - (iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”).
 - d) no alternate director shall be appointed as an AC member;

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- 2.2 Chairman of the AC shall be appointed by the Board on recommendation of the Nomination Committee.
- 2.3 A former partner of the external audit firm of the Company shall observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.
- 2.4 In the event of any vacancy in the AC resulting in the non-compliance of items 2.1 (a) and 2.2, the Company must fill the vacancy within three (3) months.
- 2.5 All members of the AC, including the Chairman, will hold office only so long as they serve as Directors of the Company.
- 2.6 The term of office and performance of the AC and each of its members shall be reviewed by the Nomination Committee annually.

3. CHAIRMAN

- 3.1 In the absence of the Chairman of AC, the members shall elect a Chairman among themselves.
- 3.2 The Chairman of the AC together with the other AC members should engage on a continuous basis with senior management, internal and external auditors in order to be kept informed of matters affecting the Company.


4. SECRETARY OF THE AC

- 4.1 The Company Secretaries of the Company or such substitute as appointed by the AC from time to time shall act as the secretary of the AC during the term of his/her appointment.
- 4.2 The Secretary of the AC shall be entrusted to record all proceedings and minutes of all meetings of the AC, including the names of those present and in attendance. Meeting minutes shall be approved by the AC at its next meeting.

5. AUTHORITY / RIGHTS OF THE AC

In performing its duties and responsibilities, the AC shall :-

- (a) have the 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

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the internal audit function or activity;

- (e) be able to obtain independent professional or other advice at the expense of the Company and to invite outsiders with relevant experience and expertise to attend the AC meetings (if required) and to brief the AC; 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.

6. DUTIES AND RESPONSIBILITIES OF THE AC


The primary roles and responsibilities of the AC with regards to the GBGAQRS Group's Internal Audit Function, External Auditors, Financial Reporting, Related Party Transactions and Conflict of Interest Situations, Annual Reporting, Investigation, Internal Control, Reporting of Breaches to Bursa Malaysia and Other Matters are as follows:

6.1 Internal Audit

- (a) review the adequacy and relevance of the scope and functions, competency and resources of the internal audit function as well as its budget and the necessary authority to carry out its works;
- (b) review the internal audit plan of work programme and results of internal audit process and where necessary, ensure that the appropriate actions are taken on the recommendations of the internal auditor;
- (c) review the extent of cooperation and assistance rendered by employees of the Company and Group;
- (d) review the appraisal of the performance of the internal audit function including that of the senior staff and any matter concerning their appointment and termination;
- (e) approve any appointment or termination of senior staff members of the internal audit function; and
- (f) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

6.2 External Auditor

- (a) consider and recommend to the Board the appointment of the External Auditors, Audit fees, resignation or dismissal of the External Auditors;
- (b) review any letter of resignation from the External Auditors and report the same to the Board and subsequently to Bursa Malaysia;


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- (c) monitor the effectiveness of the External Auditors' performance and their independence and objectivity;
- (d) discuss with the External Auditors before the Audit commences, the Audit plan which includes the nature and Scope of the Audit, and ensure co-ordination where more than one (1) Audit firm is involved;
- (e) review major findings raised by the External Auditors and Management's responses, including the status of the previous Audit recommendations;
- (f) 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) provide a line of communication between the Board and External Auditors;
- (h) review the extent of assistance and co-operation extended by employees of the Company and Group;
- (i) approve, review and monitor the provision of non-audit services by the External Auditors and its affiliates, taking into account the nature and extent of the non-audit services and the appropriateness of the level of fees as well as to ensure that they comply with the external auditor independence policy; and
- (j) require the Group's External Auditors to submit on a periodic basis, a formal written statement delineating all relationships between the External Auditors and the Group, consistent with International Standard on Auditing 260 modified as appropriate based on the Malaysian guidelines for auditors independence, and to obtain confirmation from them that they are, and have been, independent throughout the conduct of the audit engagement.

6.3 Financial Reports and Bursa Malaysia Announcements

To review the quarterly and year-end financial statements of the Company and Group, before approval by the Board for reporting to Bursa Malaysia, focusing particularly on:

- (a) any change in Accounting Policies and Practices, and the implementation of such changes;
- (b) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
- (c) significant adjustments arising from the Audit;
- (d) litigation that could affect the results materially;

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- (e) the going concern assumption;
- (f) compliance with Accounting standards, other legal requirements and regulatory requirements;
- (g) where necessary, make appropriate recommendations to the Board for approval; and
- (h) review and ensure corporate disclosure policies and procedures of the Group (as they pertain to accounting, audit and financial matters) comply with the disclosure requirements as set out in the MMLR.

6.4 Related Party Transactions and Conflict of Interest Situations

- (a) review any related party transaction and conflict of interest situation that arose, persist or may arise within the Company and Group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts.
- (b) review and assess all disclosure of conflicts of interest by the Directors, Key Senior Management and legal representative(s) appointed by the Group, to evaluate their nature, significance and potential impact on the Group. During the process of evaluating and handling the conflict of interest, the Committee has the authority to seek independent advice or opinions to aid in their evaluation.
- (c) review the adequacy of the arrangements within the Group when dealing with any conflict of interest. Where it is appropriate, the AC shall make recommendations to the Board for approval that such transactions are at arm's length and in the best interest of the Group or Company as well as comply with the requirements as set out in the MMLR.
- (d) implement essential disciplinary measures, such as reassignment, termination, or other appropriate actions if the disclosed conflict poses a significant risk to the Group.
- (e) review the process used to procure the shareholders' mandate for recurrent related party transactions.

6.5 Annual Report

- (a) report the AC's activities for the financial year;
- (b) prepare for the Board's consideration and approval, a draft of the AC Report to be set out in the Company's annual report. This draft report must disclose amongst others:
 - (i) the AC's composition, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the directors are independent or otherwise);

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- (ii) the number of AC meetings held during the financial year, details of attendance of each AC member;
 - (iii) a summary of AC's activities in discharging its functions and duties for the financial year and how it has met its responsibilities; and
 - (iv) a summary of the activities of the internal audit function or activity;
- (c) review the Statement on Risk Management and Internal Control and the Statement on Corporate Governance prior to their inclusion in the Company's Annual Report; and
- (d) prepare for the Board's consideration and approval, the disclosure on Internal Audit functions in the Annual Report which shall include:
- (i) whether the Internal Audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
 - (ii) the number of resources in the Internal Audit function;
 - (iii) name and qualification of the person responsible for internal audit; and
 - (iv) whether the Internal Audit function is carried out in accordance with a recognised framework.

6.6 Investigations

- (a) consider major findings of internal investigations and Management's response; and
- (b) review the Company's procedures for detecting fraud and whistle blowing.

6.7 Internal Control

- (a) evaluate the overall adequacy and effectiveness of the system of internal controls including information technology controls, the Group's financial, audit and accounting organisations and personnel and the Group's policies and compliance procedures with respect to business practices, through a review of the results of work performed by Internal Audit Function and External Auditors and discussions with key Senior Management; and
- (b) review the employee code of business practice, vendor code of business practice, the whistle-blowing policy and the outcome of any defalcation cases investigated.

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6.8 Reporting of Breaches to Bursa Malaysia

Where the AC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of MMLR, the AC shall promptly report such matter to Bursa Malaysia.

6.9 Other Matters

To carry out such other functions or assignments as may be delegated by the Board from time to time.

7. PROCEDURE OF AC MEETINGS

7.1 Frequency of Meetings

The AC shall meet at least four (4) times in each financial year although additional meetings may be called at any time, at the discretion of the Chairman of the AC.

7.2 Calling

Any member of the AC may at any time, and the Group Chief Financial Officer and the Secretary shall on the requisition of any of the AC member or the external auditors, summon a meeting.

7.3 Notice and Agenda


- (a) Except in the case of an emergency, reasonable notice of every meeting either personally or by fax or by post or by courier or by e-mail to his or her registered address as appearing in the Register of Directors, as the case may be shall be given to each member of the AC at least seven (7) days before each meeting or any other shorter period as may be agreed by the AC members amongst themselves.
- (b) The agenda for each meeting including relevant documents and information requested by the AC shall be circulated to the AC members at least five (5) business days or a shorter period where it is urgent and unavoidable, prior to the meeting subject to the agreement of the AC Chairman.

7.4 Quorum

The quorum shall consist of not be less than two members.

7.5 Attendance

The Group Chief Financial Officer, the head of internal audit and a representative of the external auditors normally attend the AC meetings. Other board members may attend the

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AC meetings upon the invitation of the AC. However, the AC should meet with the external auditors and internal auditors or both without executive board members present at least twice a year.

7.6 Meeting Mode

Physical Meeting of the AC is preferred. However, the AC Meeting may be held at two (2) or more venues within or outside Malaysia using any technology by means of telephone conference, video conference or any other form of audio or audio-visual instantaneous communication that enable the AC members as a whole to participate for the entire duration of the meeting. Pursuant to this provision, attendance by the AC members as herein stipulated shall constitute presence in person/quorum at such meeting. All resolutions agreed upon by the members of AC at such a meeting shall be deemed to be as effective as a resolution passed at a meeting in person by the members of the AC duly convened and held. All information and documents for the meeting must be made available to all AC members prior to the meeting. Minutes of the proceedings of such meeting is sufficient evidence of the proceedings to which it relates.

7.7 Voting

A resolution put to the vote of the meeting shall be decided on a show of hands. In the case of an equality of votes, the Chairman shall be entitled to a second or casting vote.

7.8 Meeting Minutes


Minutes of the AC meeting shall be reviewed by the AC members and if confirmed correct, shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman at the next succeeding meeting.

7.9 Circular Resolution

- (a) A resolution in writing signed by a majority of the members of the AC shall be valid and effective as if it had been passed at a meeting of the AC.
- (b) Such resolution shall be described as "AC Circular Resolution" and shall be recorded by the Secretary in the Minutes Book.

7.10 Custody, production and inspection of Meeting Minutes

The minutes shall kept by the Company at the Registered Office or the principal place of business in Malaysia of the Company as part of the statutory record of the Company upon confirmation by the AC and a copy shall be distributed to each member of the AC and shall be open to the inspection of any member of the AC without charge.

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8. ATTENDANCE AT ANNUAL GENERAL MEETING

The AC Chairman (or in his absence, an alternative member of the AC) shall attend the Annual General Meeting of the Company.

9. ACCESS TO ADVICE

The AC shall have access to the advice and services of the Company Secretary and where necessary, to obtain independent professional or other advice at the expense of the Company and to invite outsiders with relevant experience and expertise to attend the AC meetings (if required) and to brief the AC.

10. REVIEW OF THE TERMS OF REFERENCE

The AC shall recommend any changes to its Terms of Reference in such manner as the AC deems appropriate to the Board for approval. The Terms of Reference shall be assessed, reviewed and updated where necessary i.e. when there are changes to the Malaysian Code Corporate Governance, Listing Requirements of Bursa Malaysia Securities Berhad or any other regulatory requirements. It should also be reviewed and updated when there are changes to the direction or strategies of the Company that may affect the AC's role.