

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. KEY 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 functions

2. COMPOSITION OF AUDIT COMMITTEE

2.1 The Audit Committee shall be appointed by the Board from amongst the Directors of the Company which fulfils the following requirements:-

- a) the Audit Committee must be composed of not fewer than three (3) members;
- b) all the Audit Committee members must be non-executive directors, with a majority of them being independent directors;
- c) all members of the AC shall be financially literate and at least one (1) member of the audit committee:-
 - (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
 - (cc) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- d) no alternate director shall be appointed as an Audit Committee member;

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- 2.2 The member of the Audit Committee shall elect a Chairman among themselves who shall be an Independent Director.
- 2.3 In the event of any vacancy in an Audit Committee resulting in the non-compliance of the above, the Company must fill the vacancy within three (3) months.
- 2.4 The Chairman of the Audit Committee should engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.
- 2.5 All members of the Audit Committee, 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 Committees annually.

3. SECRETARY OF THE AUDIT COMMITTEE

The Company Secretaries of the Company or such substitute as appointed by the Directors from time to time shall act as the secretary of the Audit Committee during the term of his/her appointment.

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.

4. AUTHORITY / RIGHTS OF THE AUDIT COMMITTEE

In performing of its duties and responsibilities, the Audit Committee 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 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 Audit Committee meetings (if required) and to brief the Audit Committee; and

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- (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.

5. DUTIES AND RESPONSIBILITIES OF AUDIT COMMITTEE

The primary roles and responsibilities of the Committee with regards to the GBGAQRS Group's Internal Audit Function, External Auditors, Financial Reporting, Related Party Transactions, Annual Reporting and Investigation are as follows:

5.1 Internal Audit

- (a) to 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) to 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 audit function;
- (c) to the extend of cooperation and assistance rendered by employees of the Company;
- (d) to 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) to 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.

5.2 External Auditor

- (a) consider the appointment of the External Auditors, Audit fees, resignation or dismissal of the External Auditors;
- (b) submit a copy of written representation or submission of External Auditors' resignation to Bursa Malaysia;
- (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;

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- (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 the Group's employees to the External Auditors;
- (i) review and monitor the provision of non-audit services by the External Auditors and to ensure that they comply with the external auditor independence policy; and
- (j) the AC is responsible for requiring for 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.

5.3 Financial Reports and Bursa Malaysia Announcements

To review the quarterly and year-end financial statements of the Group and Company, and reports to Bursa Malaysia focusing particularly on:

- (a) any change in Accounting Policies and Practices, and the implementation of such changes;
- (b) significant and unusual events;
- (c) significant adjustments arising from the Audit;
- (d) litigation that could affect the results materially;
- (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

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- (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.

5.4 **Related Party Transactions**

- (a) review any related party transaction and conflict of interest situations and where appropriate, make recommendations to the Board for approval that such transactions are at arm's length and are in the best interest of the Group or Company; and
- (b) review the process used to procure the shareholders' mandate for recurrent related party transactions.

5.5 **Annual Report**

- (a) report the Audit Committee's activities for the financial year;
- (b) prepare for the Board's consideration and approval, a draft of the Audit Committee 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);
 - (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 department 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 department;

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- (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.

5.6 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.

5.7 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.

5.8 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. PROCEDURE OF COMMITTEE MEETINGS

6.1 Frequency of Meetings

The Audit Committee will 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 Audit Committee.

6.2 Calling

Any member may at any time, and the financial controller and the Secretary shall on the requisition of any of the member or the external auditors, summon a meeting.

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The Audit Committee 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 Audit Committee members as a whole to participate for the entire duration of the meeting pursuant to this provision shall constitute presence in person at such meeting, and that all information and documents for the meeting must be made available to all members prior to or at the meeting. A minute of the proceedings of such meeting is sufficient evidence of the proceedings to which it relates.

6.3 Notice

Except in the case of an emergency, reasonable notice of every meeting shall be given in writing and the notice of each meeting shall be served to the member either personally or by fax or by post or by courier or by e-mail to his registered address as appearing in the Register of Directors, as the case may be.

6.4 Chairman

The Chairman of the Committee shall chair the AC Meetings and his absence, the members.

6.5 Quorum

The quorum shall consist of a majority of independent directors and shall not be less than two.

6.6 Attendance

The financial director, the head of internal audit and a representative of the external auditors should normally attend the meetings. Other board members may attend meetings upon the invitation of the Audit Committee. However, the AC should meet with the external auditors and internal auditors or both without executive board members present at least twice a year.

6.7 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.

6.8 Circular Resolution

The AC may also deal with matters by way of circular resolutions.

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6.9 Keeping of Minutes

Minutes of each meeting shall be signed by the Chairman of the meeting at which the proceedings were held and kept as part of the statutory record of the Company upon confirmation by the Board and a copy shall be distributed to each member of the Audit Committee.

6.10 Custody, production and inspection of such minutes

The minutes shall kept by the Company at the Registered Office or the principal place of business in Malaysia of the Company, and shall be open to the inspection of any member of the committee without charge.

7. 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.

8. REVIEW OF THE TERMS OF REFERENCE

The Terms of Reference shall be reviewed annually, or as and when there are relevant changes to legal and regulatory requirements.