



GOLDEN PHAROS BERHAD

(Registration No. 1986010003051 (152205-W))

Terms of Reference AUDIT COMMITTEE

TERMS OF REFERENCE OF AUDIT COMMITTEE

MEMBERSHIP

1. The Audit Committee ("AC") shall be appointed by the Board of Directors from among their number and shall comprise of not fewer than three ("3") members who fulfil the following requirements:
 - i. All the AC members must be Non-Executive Directors, with a majority of them being Independent Directors; and
 - ii. all the AC members should be financially literate;
 - iii. at least one (1) member:
 - a. must be a member of the Malaysian Institute of Accountants (MIA); or
 - b. if he is not a member of the MIA, he must have at least three (3) years' working experience and:
 - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
 - 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;
 - fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").
 - iv. No alternate Director shall be appointed as a member of the AC.
 - v. A former key audit partner may be appointed as a member of the AC, but must observe a cooling-off period of at least three ("3") years prior to his appointment.
2. The chairman of the AC shall be appointed by the Board from among their Independent Directors, and who must not be the Chairman of the Board.
3. The terms of office and performance of the Committee and each of its members must be reviewed by the Board of Directors at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.
4. In the event of any vacancy in the Committee resulting in the non-compliance of the listing requirements of the Bursa Securities pertaining to the composition of the audit committee, the Board of Directors shall, within three months of that event, fill the vacancy.

MEETINGS

1. Frequency
 - a) Meetings shall be held not less than four times a year.
 - b) Upon the request of the external auditor, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditor believes should be brought to the attention of the Directors or shareholders.
2. Quorum
 - a) A quorum shall consist of a majority of Independent Directors.

- 3 Secretary
 - a) The Company Secretary shall be the Secretary of the Committee or in his absence, another person authorized by the Chairman of the Committee.
- 4 Attendance
 - a) The Chief Executive Officer, the Head of Internal Audit, the Head of Finance, and the representative of the external auditor shall normally attend meetings.
 - b) Other Directors and employees may attend any meeting only at the invitation of the Committee.
 - c) The Committee shall meet with the external auditors without any executive Board member present at least once a year.
- 5 Reporting Procedures
 - a) The minutes of each meeting shall be circulated to all members of the Board together with the Board meeting papers.
- 6 Meeting Procedure

The Committee shall regulate its own procedures, in particular:

 - a) the calling of meetings;
 - b) the notice to be given of such meetings;
 - c) the voting and proceedings of such meetings;
 - d) the keeping of minutes; and
 - e) the custody, production and inspection of such minutes.
- 7 Circular Resolutions
 - a) Circular Resolutions signed by all the members shall be valid and effective as if it had been passed at a meeting of the Committee.

RIGHTS

The Committee in performing its duties shall, in accordance with a procedure to be determined by the Board of Directors:

- a) have 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 auditor and person(s) carrying out the internal audit function or activity;
- e) be able to obtain independent professional or other advice; and
- f) be able to convene meetings with external auditors, the internal auditors or both, with the exclusion of other directors and employees of the Company, whenever deemed necessary.

FUNCTIONS

The functions of the Committee, amongst others, shall include the following:

- 1 To review with the external auditor:
 - a) the audit plan;
 - b) his evaluation of the system of internal controls;
 - c) his audit report; and
 - d) his management letter and Management response.

- 2 To review:
 - a) the assistance given by the employees of the Company to the external auditor;
 - b) the quarterly results and year-end financial statements, prior to the approval of the Board of Directors, focusing particularly on:
 - i. the going concern assumption;
 - ii. changes in or implementation of major accounting policies;
 - iii. significant and unusual events; and
 - iv. compliance with accounting standards and other legal requirements.
 - c) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions or any other matter regarding the integrity of Management; and
 - d) the Statement of Corporate Governance prior to the approval by the Board of Directors.

- 3 In respect of the appointment of external auditors:
 - a) to review whether there are reasons (supported by grounds) to believe that the external auditors are not suitable for reappointment;
 - b) to consider the nomination of a person or persons as external auditors and the audit fee; and
 - c) to consider any question on the resignation or dismissal of external auditors.

- 4 In respect of the internal audit function:
 - a) to review the adequacy of the scope, functions, competency and resources of the internal audit function and to ensure that it has the necessary authority to carry out its work;
 - b) to review the internal audit programme, its results, processes, and/or investigations and evaluate whether appropriate action is taken as per the recommendations of the internal audit function;
 - c) to review any appraisal or assessment of the performance of members of the internal audit function;
 - d) to approve any appointment or termination of senior staff members of the internal audit function;
 - e) to be informed of any resignation of internal audit staff member and provide the resigning staff member an opportunity to submit his reasons for resigning;

- f) the internal audit function must be independent of the activities it audits; the internal audit activity should be free from interference in determining the scope of internal audit, performing the work, and communicating results;
- g) the internal audit function reports directly to the Audit Committee;
- h) at the end of each financial year, to review and verify the allocation of new Shares offered or vested pursuant to the company's Long Term Incentive Plan; and
- i) to accomplish its goals by bringing an objective and disciplined approach to evaluate and improve the effectiveness of risk management, internal control, anti-corruption, whistleblowing and governance processes.

5 In respect of risk management:

- a) to review the context within which risk is managed in relation to the Company's strategic direction and objectives;
- b) to oversee and provide oversight and direction for the implementation of risk management in the Company and the consistent application of the Enterprise Risk Management ("ERM") principle;
- c) to oversee the formulation of the Group's overall ERM and strategies, including policies, procedures, systems, capability and parameters to identify, assess and manage risks, including any new or emerging threat, to ensure they are relevant and appropriate to the Group's position and business;
- d) to advise and report on the overall risk appetite, tolerance and strategy on managing business risks;
- e) to review and deliberate the Management report on the Group's key business risks and to ensure that internal controls and business plans are adequate and effective and that appropriate timely mitigation measures and actions are taken by Management to address, manage and monitor the risks;
- f) to recommend to the Board, the approval of and/or amendments to the Group risk management framework and the strategies, including policies, procedures, systems, capability and parameters, whichever relevant;
- g) to periodically review the Company's risk management framework and supporting structure;
- h) to consider the contextual risks and recommend to the Board, the mitigation of the risks identified;
- i) to review the risk profile of the Group (including risk registers) and risk action plans to manage and/or mitigate business risks as identified from time to time; and
- j) to review the Group's Statement on Risk Management and Internal Control ("SORMIC") and to recommend it to the Board of Directors for approval and for inclusion in the Annual Report.

6 To promptly report to Bursa Securities, any matter that the Committee had brought to the Board of Directors that it feels was not satisfactorily resolved, thus resulting in a breach of the Listing Requirements.

7 To carry out other functions as may be agreed to by the Committee and the Board of Directors.