GUH HOLDINGS BERHAD (4104-W)

TERMS OF REFERENCE OF AUDIT COMMITTEE

Constitution

The Board of Directors (the Board) should establish an Audit Committee comprising at least three (3) members, a majority of whom are independent. All members of the Audit Committee should be Non-Executive Directors. The Board should provide the Audit Committee with written terms of reference which deal clearly with its authority and duties.

Objective

The primary objective of the Audit Committee is to assist the Board in the effective discharge of its fiduciary responsibilities:

(i) to review the results of internal and external audit activities to ensure the audit findings are brought up to the highest level for consideration;

(ii) to comply with all the applicable accounting standards and required disclosure policies of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

(iii) to ensure the compliance and consistency of the corporate governance framework as set out by the relevant regulatory authorities.

Composition

The Audit Committee shall be appointed from amongst the Directors of the Company who fulfils the following requirements:

(i) the Audit Committee must be composed of no fewer than three (3) members;

(ii) all the Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Directors; and

(iii) at least one (1) member of the Audit Committee:

  (a) must be a member of Malaysian Institute of Accountants; or

  (b) if he is not a member of 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 associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

  (c) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad (Bursa Securities).

(iv) the Chairman shall be elected from among the members who shall be an Independent Director.

(v) no alternate Director is appointed as a member of the Audit Committee.

The Board shall review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee and its members carried out the duties in accordance with the terms of reference.

Retirement and Resignation

In the event of any vacancy in the Audit Committee resulting in the non-compliance of subparagraphs above, the Company must fill the vacancy within three (3) months.

Meetings and Minutes

The Audit Committee will meet as frequently as the Chairman shall decide in order to discharge its duties but no less than 4 times a year. The Audit Committee members, senior management and the internal auditors shall normally attend meetings. External auditors are also invited to attend the meetings. The external auditors may request a meeting if they consider and deem necessary. Where circumstances arise, the Audit Committee members shall meet with the external auditors without any management and/ or executive officer of the Group being present.

A quorum consists of two (2) members present and a majority of whom must be Independent Directors.

The Company Secretary shall be the secretary of the Audit Committee or in his/her absence, another person authorized by the Chairman of the Audit Committee. The secretary shall be responsible for drawing up and circulating the agenda and notice of meetings together with the supporting explanatory documentation to each Audit Committee members prior to meeting. The secretary shall also be responsible to record, maintain and circulate the minutes of each meeting to all members and the Board, and the Chairman of the Audit Committee shall report on key issues discussed at each meeting to the Board.

Authority

The Audit Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee.

The Audit Committee is authorized by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Duties

The following are the main duties and responsibilities of the Audit Committee collectively:

(1) To review the quarterly results and year end financial statements of the Group prior to submission to the Board, focusing particularly on:

- the going concern assumption;
- changes in or implementation of major accounting policies and practices;
- significant and unusual events arising from the audit; and
- compliance with accounting standards and other legal requirements.

(2) To consider the nomination and appointment of external auditors and their audit fee and propose to the Board.

(3) To consider any questions of resignation or dismissal from external auditors.

(4) To discuss with the external auditors on the following:

(i) before the audit commences the nature and scope of the audit, and to ensure co-ordination where more than one audit firm is involved;

(ii) the audit report, audit plan and their evaluation of the system of internal control.

(5) To review the management letter and management's response of the external auditors.

(6) To discuss with external auditors without the presence of management, if any problems or reservations arising from the interim and final audits.

(7) To do the following in relation to the internal audit function:

(i) to review the adequacy of competency, the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;

(ii) to review the internal audit programme, processes, the results of internal audit or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(iii) to review any appraisal or assessment of the performance of member(s) of the internal audit function;

(iv) to approve any appointment or termination of member(s) of the internal audit function;

(v) to take cognizance of resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning.

(8) To review the risk management reports in relation to the adequacy and integrity of the Group's internal control system.

(9) To consider and monitor 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 of management integrity.

(10) To carry out any other functions as may be directed by the Board from time to time.