

GRAND CENTRAL ENTERPRISES BHD

Registration No. 198401019138 (131696-V)

(Incorporated in Malaysia)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. Composition

- (i) The Committee shall be appointed amongst the Board and shall consist of not less than three members. All Audit Committee members must be Non-Executive Directors with a majority of them being independent directors. No alternate director shall be appointed as a member of the Committee.
- (ii) At least one of the Audit Committee:
 - (a) must be a member of the Malaysia Institute of Accountants; or
 - (b) if he is not a member of the Malaysian Institute of Accountants, he must have at least 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.
 - (c) Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- (iii) The members of the Audit Committee shall elect a Chairman from amongst their number who is an independent director. In the event the elected Chairman is not able to attend a meeting, a member of the Audit Committee shall be nominated as Chairman for the meeting. The nominated Chairman shall be an independent director.
- (iv) If the number of members of the Committee is reduced to below three for reasons of resignation, death or otherwise, the Board must appoint such number of new members as may be required to make up the minimum number of three members within three months.
- (v) The terms of office and performance of the Committee and each of its members shall be reviewed by the Board of Directors annually to determine whether such Committee and its members carried out their duties in accordance with the Terms of Reference.

2. Authority

The Committee is granted the authority to investigate any activity with full and unrestricted access to any information of the Company and its subsidiaries, and all employees are directed to co-operate as requested by members of the Committee.

The Committee is authorised to obtain outside legal or other independent professional advice at the cost of the Company and to secure the attendance of outsiders with relevant experience and expertise at the meeting of the Committee, if it considers necessary.

3. Responsibility

The Committee is to serve as a focal point for communication between nonCommittee directors, the external auditors, internal auditors and the Management on matters in connection with financial accounting, reporting and controls. The Committee is to assist the Board in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiaries and the sufficiency of auditing relative hereto. It is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity of the management and the adequacy of disclosures to shareholders.

4. Functions

The functions of the Committee are summarised as follows:

- (i) to consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;
- (ii) 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;
- (iii) to review with the management and the external auditors the quarterly and year-end financial statements before their submission to the Board, focusing particularly on:
 - any changes in or implementation of major accounting policies and practices
 - significant unusual events
 - significant adjustments arising from the audit
 - the going concern assumption
 - compliance with accounting standards
 - compliance with stock exchange and other legal requirements

- (iv) to discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary);
- (v) to review the internal audit programme, process and the results of the internal audit programme, process or investigation undertaken and whether or not the management on the recommendations of the internal audit takes appropriate action;
- (vi) to review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- (vii) to review with external auditors, their evaluation of systems of internal controls and audit reports;
- (viii) to review the assistance given by the employees to the external auditors;
- (ix) to discuss with the external auditors the quality of the Company's financial and accounting personnel and relevant recommendations by the external auditors;
- (x) to direct and where appropriate supervise any special projects or investigation considered necessary;
- (xi) to prepare periodic reports to the Board of Directors summarising the work performed in fulfilling the Audit Committee's primary responsibilities;
- (xii) to review any related party transaction and conflict of interest situation that may arise within the Company including any transactions, procedures or conduct that raise question of management integrity; and
- (xiii) to consider other topics, as defined by the Board.

5. Meetings

- (i) The quorum for any meeting of the Committee shall be two, the majority of members present must be independent directors.
- (ii) The Committee must meet at least four times a year.
- (iii) The Finance Director (if any), the head of internal audit, a representative of the external auditors and other Board members shall have the right of attendance.

- (iv) Upon request by the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters the external auditors believe should be brought to the attention of the directors or shareholders of the Company.
- (v) The members shall cause proper minutes to be made out of the proceeding of all meetings of the Committee.
- (vi) The Secretary of the Company or such persons appointed by the Committee shall be the Secretary of the Committee.