



RGB International Bhd.
[Registration No. 200301001411 (603831-K)]
(Incorporated in Malaysia)

AUDIT COMMITTEE

TERMS OF REFERENCE

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1. **Membership**

The Committee shall be appointed by the Board amongst the Directors excluding Alternate Directors, and shall consist of not less than 3 members all of whom shall be non-executive and financially literate, a majority of whom are Independent Non-Executive Directors.

The Chairman of the Committee shall be an Independent Non-Executive Director appointed by the Board. The Chairman of the Committee shall not be the Chairman of the Board.

No former partner of the Company's external audit firm and/or the affiliate firm (including those providing advisory services, tax consulting, etc.) shall be appointed as a member of the Committee before observing a cooling-off period of at least 3 years.

In the event of any vacancy in the Committee, the Board must within 3 months, appoint such number of new members as may be required to make up the minimum of 3 members.

At least 1 member of the Committee:

- (a) must be a member of Malaysian Institute of Accountants ("MIA"); or
- (b) if he or she is not a member of MIA, he or she must have at least 3 years of working experience and:
 - (i) he or she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (ii) he or she must be a member 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 Bursa Malaysia Securities Berhad ("Bursa Securities").

2. **Authority**

The Committee is granted the authority to investigate any activity of the Group within its terms of reference, to obtain the resources which it needs, and to have full and unrestricted access to information and all employees are directed to cooperate with any request made by the Committee. The Committee is empowered to obtain independent professional or other advice and retain persons having special competence as necessary to assist the Committee in fulfilling its responsibility. The Committee shall have direct communication channels with the external and internal auditors and with senior management of the Group and shall 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. If the Committee is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements ("MMLR"), the Committee shall promptly report such matter to Bursa Securities.

3. **Responsibilities**

The Committee is to serve as a focal point for communication between non-Committee Directors, the external auditors, the 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 Group and the sufficiency of auditing relating thereto. It is 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. **Duties**

The duties of the Committee are:

- (a) to review with the external and internal auditors whether the employees of the Group have given them the appropriate assistance in discharging their duties;
- (b) to review the adequacy of the scope, budget, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- (c) to review the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken by management on the recommendations;
- (d) to appraise the performance of the head of internal audit and review the appraisals of senior staff members of the internal audit;
- (e) to approve any appointment or termination of the head of internal audit and senior staff members of the internal audit function and to review any resignations of internal audit staff members and provide resigning staff members an opportunity to submit reasons for resigning, where necessary;
- (f) to establish the Group's Risk Register and risk management policies and guidelines;
- (g) to oversee corruption risk management, including the conduct and review of corruption risk assessment at least annually in accordance with MMLR, in order to provide assurance that the Group is operating in compliance with its policies and procedures in relation to corruption;
- (h) to include corruption risk as one of the risks assessed in the Group's Risk Register;
- (i) to assist the Board in monitoring the effectiveness of Compliance Committee in carrying out the necessary compliance monitoring activities and to ensure adequate compliance procedures are in place to prevent the occurrence of corrupt practices in relation to the business activities;

- (j) to compile the following on a quarterly basis for reporting to the Board:
 - (i) number of whistleblowing cases reported and the investigation outcome; and
 - (ii) results of any compliance monitoring activities to prevent occurrence of corrupt practices;
- (k) to review the Anti-Bribery & Corruption Policy and Whistleblowing Policy at least once every 3 years and to make recommendations to the Board thereon;
- (l) to review the quarterly results and year-end financial statements of the Group, prior to the approval by the Board, whilst ensuring that they are prepared in a timely and accurate manner, focusing particularly on:
 - (i) changes in or implementation of major accounting policies;
 - (ii) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions and how these matters are addressed; and
 - (iii) compliance with accounting standards and other legal requirements;
- (m) to review any related party transaction and conflict of interests situation that arose, persist or may arise within the 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;
- (n) to review with the external auditors, the audit report, the nature and scope of their audit plan and their evaluation of the system of internal controls;
- (o) to recommend to the Board on the appointment and the annual re-appointment of external auditors, their audit fees and any questions on resignation and dismissal;
- (p) to conduct an annual assessment of the suitability, objectivity and independence of the external auditors pursuant to the External Auditors Assessment Policy;
- (q) to review the co-ordination of the audit approach and ensure coordination where more than one audit firm of external auditors is involved and the co-ordination between the external and internal auditors;
- (r) to discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
- (s) to review the external auditors' management letter and management's response;

- (t) to consider the major findings of internal investigations and management's response; and
- (u) to perform any other functions as authorised by the Board.

5. Meetings

The Committee is to meet at least 4 times a year and as many times as the Committee deems necessary with due notice of issues to be discussed sent to all members.

A quorum of 2 members, of which the majority of members present must be Independent Non-Executive Directors, is required for all meetings.

The meetings and proceedings of the Committee are governed by the provisions of the Constitution of the Company regulating the meetings and proceedings of the Board so far as the same are applicable.

The personnel primarily responsible for the management of the Group's financial affairs and the representatives of the internal auditors shall be in attendance at meetings of the Committee as and when required.

The Committee may invite external auditors, other directors or members of the management and employees of the Group to be in attendance during meetings to assist in its deliberations.

At least twice a year, the Committee shall meet with the external auditors, in the absence of the executive directors and the management staff, to discuss the audit findings and any other observations that they may have during the audit process.

The external auditors may also request for a meeting if they consider it needful.

Minutes of each meeting are to be prepared to record its conclusions in discharging its duties and responsibilities and sent to the Committee members, and the Company's Directors who are not members of the Committee.

6. Written Resolution

A resolution in writing signed by all members shall be valid and effectual as if it had been passed at a meeting of the Committee. All such resolutions shall be forwarded to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book. Any such resolution may consist of several documents in the like form, each signed by 1 or more members. The expressions "in writing" or "signed" include approval by legible confirmed transmission by facsimile, telex, cable, telegram or other forms of electronic communications.

7. Continuous Professional Development

The Committee members shall undertake continuous professional development training to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.