GREEN PACKET BERHAD
(Company No. 534942-H)

AUDIT COMMITTEE

TERMS OF REFERENCE

1. Composition

The Committee shall be appointed from amongst the Board and shall comprise no fewer than three (3) members. All the Audit Committee members must be Non-Executive Directors, with a majority of whom shall be independent directors and at least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience as approved by the Bursa Malaysia Securities Berhad. No Alternate Director shall be appointed as a member of the Audit Committee.

In the event of any vacancy with the result that the number of members is reduced to below three, the vacancy shall be filled within three (3) months. Therefore, a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Nomination Committee annually to determine whether Audit Committee and members have carried out their duties in accordance with the Terms of Reference.

2. Chairman

The Chairman, who shall be elected by the Audit Committee, shall be an independent director.

In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who must be Independent Director to chair the meeting.

3. Secretary

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members. The Committee Members may inspect the minutes of the Audit Committee at the Registered Office.

4. Meetings

The Committee shall meet regularly in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

The Committee may call for a meeting as and when required with reasonable notice as the Committee Members deem fit. The Committee Members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

All decisions at such meeting shall be decided on a show of hands on a majority of votes.

The Internal Auditors and External Auditors may appear at any meeting at the invitation of the Audit Committee and shall appear before the Committee when required to do so by the Committee. The Internal Auditors and External Auditors may also request a meeting if they consider it necessary.

5. Rights

The Audit Committee shall:

(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 Group;
(d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity;
(e) have the right to obtain independent professional or other advice at the Company's expense;
(f) have the right to convene meetings with the Internal Auditors and External Auditors, excluding the attendance of other directors or employees of the Group, whenever deemed necessary;
(g) promptly report to the Bursa Malaysia Securities Berhad ("Bursa Securities"), or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the Main Market Listing Requirements;
(h) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise;
(i) meet as and when required on a reasonable notice;
(j) the Chairman shall call for a meeting upon the request of the Internal Auditors and External Auditors.

6. Duties

(a) To review with the External Auditors on:
- the audit plan, its scope and nature;
- the audit report;
- the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
- the assistance given by the officers of the Company to External Auditors, including any difficulties or disputes with Management encountered during the audit.
- the performance and resources of the External Auditors.

(b) To review the adequacy of the scope, functions**,** competency, resources and set the standards of the internal audit function.

(c) To provide assurance to the Board of Directors on the effectiveness of the system of internal control.

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

(e) To review with management:
- audit reports and management letter issued by the External Auditors and the implementation of audit recommendations;
- interim financial information; and
- the assistance given by the officers of the Company to External Auditors.

(f) To monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the Annual Report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

(g) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:
- changes in or implementation of major accounting policy and practices;
- significant and / or unusual matters arising from the audit;
- the going concern assumption;
- compliance with accounting standards and other legal requirements; and
- major risk management areas.

(h) To consider the appointment and / or re-appointment of Internal Auditors and External Auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors.

(i) To monitor the financing instruments of the Group to ensure that the Management actively seeks for financing facilities which comply with syariah principles and for the best interest of the Group."

General

- A copy of the terms of reference is available at www.greenpacket.com
- The terms of reference should be read together with the Policy related to assessment of External Auditors and former key audit partner's cooling off period.
- The terms of reference should be reviewed annually in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Audit Committee's responsibilities.