

CITAGLOBAL BERHAD
(formerly known as WZ Satu Berhad)
[Registration No. 200401027590 (666098-X)]
(Incorporated in Malaysia)

TERMS OF REFERENCE OF THE SHARIAH ADVISORY COMMITTEE

1. Introduction

The compliance with Shariah principles is an integral feature in upholding the Islamic values in the operation of a business entity. An effective and conducive Shariah framework is imperative in assuring such compliance. It will underpin a comprehensive and wholesome progression of Citaglobal Berhad (formerly known as WZ Satu Berhad) ("**the Company**") as a public company. An effective Shariah framework will harmonise the Shariah interpretations, strengthen the regulatory and supervisory oversight of the Company operation and its related industries.

2. Objectives

These objectives of the Guidelines set below are aimed at achieving the following:-

- (a) to set out the rules, regulations and procedures in the establishment of a Shariah Advisory Committee ("**SAC**");
- (b) to define the role, scope of duties and responsibilities of a SAC; and
- (c) to define relationship and working arrangement between a SAC and Board of Directors ("**BOD**") of the Company.

3. Establishment of SAC

- 3.1 A SAC of the Company is established to govern and advise all Shariah compliance matters related to the Company's business operations and activities. The SAC is also to ensure that the Company qualifies and maintains its status as a Securities Commission Malaysia ("**SC**") Shariah-compliant Securities.
- 3.2 The SAC shall be responsible and accountable for all decision, views and opinion related to Shariah matters. The SAC shall ensure that decisions made are undergoing rigorous and robust and deliberation exercise.
- 3.3 To effectively play its role, the SAC will be operating as an independent body. An independent SAC with high level of integrity will command public confidence and thereby will boost the prospect and the public image of the Company to a greater height.

4. Member of SAC

4.1 Appointment and Re-appointment

The appointment and re-appointment of a SAC member shall obtain prior written approval of the BOD of the Company.

The appointment shall be valid for a renewable term of two (2) years. In approving the appointment and re-appointment, the BOD of the Company may impose necessary conditions if deems fit in addition to the requirements in these guidelines. The failure to comply with any of such conditions shall nullify the approval.

CITAGLOBAL BERHAD
(formerly known as WZ Satu Berhad)
[Registration No. 200401027590 (666098-X)]
(Incorporated in Malaysia)

(Terms of Reference of the Shariah Advisory Committee – cont'd)

4.2 Composition

To ensure that the SAC would be able to function effectively, the composition of the SAC shall consist a minimum of four (4) members:-

- (a) Chairman;
- (b) Shariah Advisor; and
- (c) Management representative from the Company.

4.3 Qualification

At least one (1) of the SAC members (the Shariah Advisor) shall at least either have qualification or possess necessary knowledge, expertise or experience in the following areas:-

- (a) Islamic Jurisprudence (Usul al-Fiqh); or
- (b) Islamic Transaction/Commercial Law (Fiqh al-Mu'amalat).

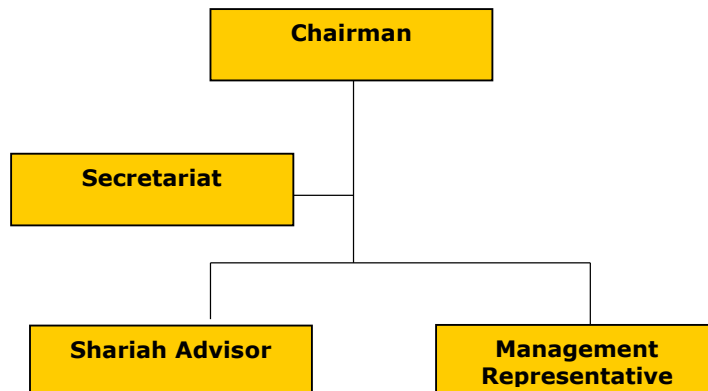
It should however be noted that paper qualification on the above subjects will not be mandatory as long as the candidate has the necessary expertise or experience in the above areas. In addition, experience and knowledge especially related on civil engineering fields, construction, oil & gas will be an advantage.

4.4 Fees and Remuneration

Fee and any other form of remuneration shall be at the discretion of the BOD of the Company.

4.5 Secretariat

In addition to the SAC, it is required to have a minimum of one (1) officer, preferably a person with knowledge in Shariah, who will serve as the secretariat to the Shariah Committee. The operative chart will be as follows:-



CITAGLOBAL BERHAD
(formerly known as WZ Satu Berhad)
[Registration No. 200401027590 (666098-X)]
(Incorporated in Malaysia)

(Terms of Reference of the Shariah Advisory Committee – cont'd)

5. Duties and Responsibilities of SAC

5.1 The main duties and responsibilities of the SAC

5.1.1 it is a primary duty of the SAC to ensure the Company to be in compliance and be listed in the List of Shariah-compliant Securities by the SC.

SC Shariah screening methodology:-

1. Business Activity Benchmarks

(a) The 5% benchmark would be applicable to the following business activities:-

- Conventional banking;
- Conventional insurance;
- Gambling;
- Liquor and liquor-related activities;
- Pork and pork-related activities;
- Non-halal food and beverages;
- Shariah non-compliant entertainment;
- Interest income from conventional accounts and instruments;
- Tobacco and tobacco-related activities; and
- Other activities deemed non-compliant according to Shariah.

(b) The 20% benchmark would be applicable to the following activities:-

- Hotel and resort operations;
- Share trading;
- Stockbroking business;
- Rental received from Shariah non-compliant activities; and
- Other activities deemed non-compliant according to Shariah.

The contribution of Shariah non-compliant to the overall revenue and profit before tax of the Company will be calculated and compared against the relevant business activity benchmarks.

2. Financial Ratio Benchmarks

The financial ratios applied are as follows:-

(a) Cash over Total Assets

CITAGLOBAL BERHAD
(formerly known as WZ Satu Berhad)
[Registration No. 200401027590 (666098-X)]
(Incorporated in Malaysia)

(Terms of Reference of the Shariah Advisory Committee – cont'd)

Cash will only include cash placed in conventional accounts and instruments, whereas cash placed in Islamic accounts and instruments will be excluded from calculation.

- (b) Debt over Total Assets
Debt will only include interest-bearing debt whereas Islamic debt/financing or sukuk will be excluded from the calculation. Both ratios, which are intended to measure riba and riba-based elements within a company's balance sheet, must be lower than 33%.

5.1.2 To advise the BOD on Shariah matters in its business operation.

The SAC shall advise the BOD on Shariah matter in order to ensure that the business operations comply with Shariah principles at all times.

5.1.3 To review and provide written Shariah opinion on proposals prior to BOD submission.

The SAC is required to record any opinion given. In particular, the Committee shall prepare written Shariah opinions in the following circumstances:-

- (a) Where the Company makes reference to the SAC for advice; or
(b) Where the new product or investment approval are subject to review in accordance with the guidelines on product and investment approval by the SAC.

5.1.4 To endorse and validate relevant documentations.

To ensure that all business transactions of the Company comply with Shariah principles in all aspects, the SAC must endorse the following:-

- (a) The terms and conditions contained in the proposal form, contract, agreement or other legal documentation used in executing the transactions; and
(b) The product manual, marketing advertisements, sales illustrations and brochures used to describe the product.

5.1.5 To assist related parties on Shariah matters for advice upon request.

The related parties of the Company operation such as its legal counsel, auditor or consultant may seek advice on Shariah matters from the SAC. The SAC is expected to provide assistance to them so that compliance with Shariah principles can be assured completely.

5.1.6 To endorse Shariah Compliance Manuals.

CITAGLOBAL BERHAD
(formerly known as WZ Satu Berhad)
[Registration No. 200401027590 (666098-X)]
(Incorporated in Malaysia)

(Terms of Reference of the Shariah Advisory Committee – cont'd)

To endorse Shariah compliance manual which specify the manner in which a submission or request for advice should be made to the Management or BOD, the conduct of the SAC and the manner of compliance with any Shariah decision. The Manual shall be endorsed by the SAC.

5.1.7 To assist the Management and BOD on reference for advice.

The SAC is to explain Shariah issues involved and make recommendations supported by relevant Shariah jurisprudential literature from the established sources. The SAC is also expected to give opinions on any matters referred by Management or BOD.

6. Frequency of Meetings and Attendance

- 6.1 The SAC meetings shall be held at least twice per financial year.
- 6.2 The SAC member is expected to contribute and allocate adequate time and efforts to discharge his duties effectively. The SAC member must attend at least 75% of the SAC meetings held in each financial year.
- 6.3 The number of SAC meetings held in the year, as well as the attendance of every SAC member shall be disclosed in the annual report. The minimum quorum of a SAC meeting shall be two-third with majority of attending members must be members with Shariah background. Decisions shall be made on the basis of two-third of the members present, with majority of the two-third votes shall be members with Shariah background.

7. Reporting Structure

With regard to the reporting structure, the SAC will report functionally to the BOD of the Company. This reporting structure reflects the status of the SAC as independent among the Company's functions. The SAC at any time shall put on record in its report or statements directed to the BOD, its concerns over any Shariah non-compliance issues.