



KUMPULAN PERANGSANG SELANGOR BERHAD
(197501002218/23737-K)
TERMS OF REFERENCE OF THE BOARD AUDIT COMMITTEE

The Terms of Reference of the Board Audit Committee shall be as follows:

1.0 CONSTITUTION

A Committee shall be established by a resolution of the Board of Directors (“the Board”) of Kumpulan Perangsang Selangor Berhad (“the Company”) and shall be known as the Board Audit Committee (“the BAC” or “the Committee”).

2.0 OBJECTIVE

The primary objective of the BAC is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, timely and accurate financial reporting and development of sound internal controls.

3.0 MEMBERSHIP

- 3.1** The BAC members shall be appointed by the Board amongst the Directors of the Company and shall comprised no fewer than three (3) Directors.
- 3.2** The members of the BAC must be Non-Executive Directors of which the majority of whom shall be Independent Non-Executive Directors of the Company.
- 3.3** At least one (1) member must be a member of the Malaysian Institute of Accountant (“MIA”) or have the relevant qualifications and experience as specified in the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).
- 3.4** The Chairman of the BAC shall be an Independent Director.
- 3.5** No alternate Director of the Board shall be appointed as a member of the Committee.
- 3.6** Any former key audit partner must have observed a cooling-off period of at least two (2) years before being eligible for appointment as a BAC member.
- 3.7** In line with Paragraph 15.20 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the Nominating Committee shall review the term of office and performance of the Committee and each of its members annually to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

4.0 MEETINGS AND QUORUM

- 4.1** The Meetings shall be held at least four (4) times a year. Additional meetings may be held upon request by any BAC member, the Management, Internal or External Auditors.
- 4.2** Any three (3) members present, the majority of whom must be Independent Directors, shall constitute a quorum.
- 4.3** At all meetings of the Committee, the Chairman of the Committee if present, shall preside. In the absence of the Committee's Chairman, the members present at the meeting shall elect a Chairman of the meeting, who shall be an Independent Director.
- 4.4** The Committee may invite any Board member or any member of the Senior Management or any relevant employee within the Group who the Committee deems fit to assist in resolving and clarifying matters.
- 4.5** The Company Secretary shall be the Secretary of the Committee.
- 4.6** Any resolution in writing, signed or assented to by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held, and may consist of several documents in the like form, each signed by one or more members of the Committee.

5.0 REPORTING RESPONSIBILITIES

- 5.1** The Committee will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board on any audit and financial reporting matters as it may deem fit.
- 5.2** If the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Malaysia Berhad ("Bursa Malaysia"), the Committee has the responsibility for reporting such matters to the relevant authority/authorities. The BAC shall have the discretion to undertake such action independently from the Board.

6.0 RESPONSIBILITIES

The BAC is to be provided with sufficient resources to undertake its duties. In fulfilling its primary objectives, the Committee will need to undertake inter-alia the following functions:

- 6.1** To review and discuss with the External Auditors the nature and scope of their Audit Plans, their evaluation of the System of Internal Controls, their Reports and findings, and their Management Letter as well as Management's response.

- 6.2** 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). Notwithstanding this, the BAC shall meet at least twice a year with the External Auditors to discuss any matter with the Committee without the presence of members of the Executive Board or Management.
- 6.3** To report regularly to the Board issues and concerns discussed during their meetings including those raised by the External Auditors and where appropriate, make necessary recommendations to the Board.
- 6.4** To review the Quarterly Results and year-end Financial Statements of the Company and the Group prior to submission to the Board and Bursa Malaysia, focusing particularly on changes in accounting policies and practices, significant audit adjustments, going concern assumptions, and compliance with accounting standards and other legal requirements.
- 6.5** To review the BAC Report and Statement on Risk Management and Internal Control (SORMIC) prior to Board approval for publication in the Company's Annual Report.
- 6.6** To review and deal with any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- 6.7** To refer matters for investigation to the Integrity and Governance Unit (IGU) in the manner set out in 6.11 below. Any such investigation shall be instituted and carried out by the Integrity and Governance Unit (IGU) and shall be reported to the Board.
- 6.8** To review and deal with any letter of resignation from the external auditors and whether there is reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment.
- 6.9** To recommend the nomination of a person or persons as external auditors.
- 6.10** To verify the allocation of the Employees Share Option Scheme ("ESOS") as being in compliance with the criteria set by the ESOS Committee and in compliance with the ESOS By-Laws at the end of each financial year.
- 6.11** In relation to the internal audit function, the Board Audit Committee are to perform the following:

 - a) To review the adequacy of the scope, functions and resources of the Internal Audit Department ("IAD") and ensure that it has the necessary authority to carry out its work and monitor and review the effectiveness of the Company's internal audit function;
 - b) To review the Internal Audit Programme and results of the internal audit process (including reviewing and dealing with any audit findings from IAD) and, where necessary, ensure that appropriate actions are taken on the recommendations of the IAD;

- c) If it is considered that an investigation is warranted in connection with any audit findings that relate to corruption/bribery, abuse of power, malpractice, misappropriation, potential misconduct and/or violation of code & ethics, the approval of the BAC Chairman is required for such an investigation to be instituted. Such investigation, once approved by the BAC Chairman, shall be instituted and carried out by the Integrity and Governance Unit (IGU) and shall be reported to the Board.
 - d) To review any appraisal or assessment of the performance of members of the IAD;
 - e) To approve any appointment or termination of senior staff members of the IAD;
 - f) To take cognizance of resignations of Internal Audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning; and
 - g) IAD shall have a session with the BAC without the presence of Management at least once a year.
- 6.12** To establish policies and procedures to assess the suitability and independence of External Auditors.
- 6.13** To consider other related matters, as defined by the Board.

7.0 AUTHORITY

- 7.1** The BAC is fully authorised by the Board to independently investigate without interference from any party any activity within its Terms of Reference. It shall have:
- (a) Full and unrestricted access to any information pertaining to the Company and the Group;
 - (b) Direct communication channels with both the External Auditors and Internal Auditors;
 - (c) Full access to any employee or member of the management; and
 - (d) The resources, which are required to perform its duties.
- 7.2** The BAC is also authorised by the Board to obtain external legal or other independent professional advice it considers necessary and reasonable for the performance of its duties.

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