

## **BINA PURI HOLDINGS BHD.**

### **TERMS OF REFERENCE FOR AUDIT COMMITTEE**

#### **Constitution**

The Board hereby resolved to establish a committee of the Board to be known as the Audit Committee.

#### **Membership**

The Audit Committee shall be appointed by the Directors and shall be composed of not fewer than 3 members of whom a majority shall not be: -

- a) Executive directors of the company or any related corporation;
- b) A spouse, parent, brother, sister, son or adopted son or adopted daughter of an executive director of the company or any related corporation;
- c) Any person having a relationship which, in the opinion of the board of directors, would interfere with the exercise of independent judgment in carrying out the functions of an audit committee.
- d) A former key audit partner of the existing, or previous external auditor shall observe a cooling-period of at least two (2) years before being appointed as a member of the Audit Committee.

#### **Chairman**

The members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an Independent Director. All members of the Audit Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company.

#### **Authority**

The Committee shall, in accordance with procedures determined by the Board and at the expense of the Company:

- Investigate any activity within its terms of reference, with the co-operation of all employees as directed by the Board and the Committee;
- Have full and unrestricted access to all information, documents and resources required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group;
- Obtain independent professional advice or other advice and to secure the attendance of external parties with relevant experience and expertise if necessary;
- Convene meetings with the internal or external auditors, without the attendance of the Executive Directors, whenever deemed necessary; and
- Make relevant reports when necessary to the relevant authorities when a breach of the Listing Requirements has occurred.

#### **Responsibilities and Duties**

The Audit Committee shall be the focal point for communication between external auditors, internal auditors, Directors and the Management on matters in connection with financial accounting, reporting and controls. It shall also ensure that accounting policies and practices are adhered to by the Company and its subsidiaries.

The duties of the Audit Committee shall include the following:

- i. To review the quality of the external auditors and to make recommendations on their appointment, termination and remuneration;
- ii. To review the audit plan and audit reports, including the evaluation of the internal control system with the external auditors;
- iii. To review the independence and objectivity of the external auditors and their services, including non-audit services;
- iv. To review the liaison between the external auditors, Management and the Board, and the assistance given by Management to the external auditors;
- v. To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss;
- vi. To review the external auditor's audit report, Management letter and Management's response;
- vii. To review the assistance given by the employees of the Company and its subsidiaries to the external auditor;
- viii. To consider the appointment of the internal auditor, the audit fees and any questions of their resignation or dismissal;
- ix. To review the internal audit functions namely:
  - The adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - The internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal auditor; and
  - The performance of the internal auditor, whose role includes the examination and evaluation of the Group's operations and their compliance with the relevant policies, codes and legislations;
- x. To review the quarterly reporting to Bursa Malaysia Securities Berhad and year-end annual financial statements before submission to the Board, focusing on major accounting policy changes, significant audit issues in relation to the estimates and judgement areas, significant and unusual events, and compliance with accounting standards and other legal requirements;
- xi. To monitor any related party transactions and recurring related party transactions that may arise within the Group and to report, if any, transactions that may arise within the Group and any related party outside the Group that are not based on arms-length terms and are disadvantageous to the Group;
- xii. To review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or cause of conduct that may raise questions of management integrity;
- xiii. To consider the major findings of internal investigations and Management's response;
- xiv. To verify the allocation of the Executive Share Option Scheme ("ESOS") in compliance with criteria as stipulated in the by-laws of the ESOS of the Company;
- xv. To review and monitor the effectiveness of the Group's system of internal control;
- xvi. To consider other matters as defined by the Board.

## **Meetings**

The Committee will meet at least five (5) times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. The external auditors may request a meeting if they consider that one is necessary.

The quorum for each meeting shall be two (2) members and the majority of members present must be Independent Non-Executive Directors.

The authorised officers and representatives of the external auditors may attend meetings at the invitation of the Committee. Other Board members shall also have the right of attendance upon the invitation of the Committee. If necessary, the Committee shall meet with the external auditors without executive Board members present.

The Secretary to the Committee shall be the Company Secretary or any other person appointed by the Committee.

The Secretary shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it to the Committee members prior to each meeting. The Secretary will also be responsible for keeping the minutes of the meeting of the Committee and circulating to the Committee members and to other members of the Board.

A resolution in writing signed or approved by letter by all the members of the Audit Committee who are sufficient to form a quorum shall be valid and effectual as if it had been passed at a meeting of the Audit Committee duly called and constituted. All such resolution shall be described as “Audit Committee Circular Resolution” and shall be forwarded or otherwise delivered to the Secretary without delay and shall be recorded by the Secretary in the Company’s minutes book. Any such resolution may consist of several documents in like form, each signed by one (1) or more members.

### **Reporting procedure**

The secretary shall circulate the minutes of the meetings of the Committee to all members of the Board.