

PERAK CORPORATION BERHAD

Registration No.: 199101000605 (210915-U)

AUDIT COMMITTEE

TERMS OF REFERENCE

Membership

The Audit Committee shall be appointed by the Board of Directors from amongst their members (who are not alternate directors or executive directors), comprising at least three (3) members who are independent directors. The Chairman of the Board should not be a member of the Audit Committee.

All members of the Audit Committee shall be financially literate, competent, able to understand matters under the purview of the Audit Committee and at least one member of the Audit Committee shall be a member of the Malaysian Institute of Accountants or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

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 Audit Committee before first observing a cooling-off period of at least three (3) years.

The term of office and performance of the Audit Committee and each of its members shall be reviewed annually by the Nomination and Remuneration Committee.

Chairman

The members of the Audit Committee shall elect a Chairman from amongst their number.

Vacancy, Retirement and Resignation

All members, including the Chairman, will hold office only as long as they serve as directors of the Company. If for any reason the membership of the Audit Committee fails to comply with the membership requirements, the Board shall within three (3) months of the event, appoint such number of new member as may be required to fill the vacancy.

Authority

The Audit Committee is authorised by the Board to investigate any activities within its terms of reference. It can seek outside legal or other independent professional assistance if it considers necessary.

The Audit Committee shall in principle have full, free and unrestricted access to any information pertaining to the Company and its subsidiaries (collectively, the "**Group**") in carrying out their duties and responsibilities.

Duties and Responsibilities

- (a) To recommend to the Board the appointment and reappointment of the external auditors and whether there is reason (supported by grounds) to believe that the external auditors are not suitable for reappointment, audit fee and any question of their resignation or dismissal.

TERMS OF REFERENCE OF AUDIT COMMITTEE – *continued*

- (b) To discuss with the external auditors before the audit commences, the audit plan, their evaluation of the system of internal controls and the audit reports on the financial statements and the assistance given by the Company's officers to the external auditors.
- (c) To review the quarterly financial reports and annual financial statements before submission to the Board for approval focusing particularly on :-
 - Changes in or implementation of major accounting policy changes;
 - 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
 - Compliance with accounting standards and other legal requirements.
- (d) To discuss the outcome of the interim and final audit, and any matters the auditors may wish to discuss ensuring that no management restrictions are being placed on the scope of their examinations.
- (e) To review the adequacy of the scope, function, competency and resources and the effectiveness of the internal audit function and that it has the necessary authority to carry out its work.
- (f) To review the internal audit programme, processes, the results of the internal audit programme, process or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

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- (g) To review any related party transaction and conflict of interest situation that arose, persist or may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity, and measures taken to resolve, eliminate or mitigate such conflicts.
- (h) To maintain, through regularly scheduled meetings, a direct line of communication between the Board and the external auditors as well as internal auditors.
- (i) To prepare an Audit Committee Report, for the consideration of the Board at the end of each financial year, for inclusion in the Annual Report of the Company.
- (j) To report to Bursa Malaysia Securities Berhad where the Audit 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 Securities Berhad.
- (k) To establish policies and procedures to carry out annual assessment on the performance, suitability, objectivity and independence of the external auditors taking into account the following:
 - the competence, audit quality and resource capacity of the external auditors in relation to the audit;
 - the appropriateness of audit fees to support a quality audit;
 - the nature and extent of non-audit services rendered and the appropriateness of the level of fees; and
 - obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- (l) To carry out the responsibilities as required under Whistle Blowing Policy upon receiving reports on misconduct, wrongdoing, corruption, fraud, waste and/or abuse.

TERMS OF REFERENCE OF AUDIT COMMITTEE – *continued*

Meetings

The Audit Committee shall meet at least four (4) times a year, although additional meetings may be called at any time at the Chairman's discretion and if requested by any member or internal or external auditors. The Audit Committee may 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. The Audit Committee meeting may be conducted via telephone conferencing, video conferencing or other communications equipment by means of which enable all persons to participate for the entire duration of the meeting. The Audit Committee may invite any person to be in attendance at each meeting.

The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the Chairman of the Company, the Chief Executive Officer, the Finance Director (if any), the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

A meeting shall be called by notice in writing of not less than seven (7) days or such shorter notice as may be agreed by the members.

The quorum for each meeting shall be two (2) members.

Minutes

Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and the Board. The Chairman shall report on each meeting to the Board. The minutes book shall be opened to the inspection of any director of the Company. The secretary to the Audit Committee shall be the Company Secretary.

Circular Resolution

A circular resolution in writing signed or approved by letter, facsimile, email or other electronic means by a majority of the members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting duly convened and constituted. All such resolutions shall be described as "Audit Committee's Circular Resolutions" and shall be forwarded or otherwise delivered 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 like form, each signed by one or more members.