

BERJAYA CORPORATION BERHAD
[Registration No. 200101019033 (554790-X)]
(Incorporated in Malaysia)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. MEMBERSHIP

The Audit Committee (“Committee”) shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, all of whom shall be Non-Executive Directors. The majority of the Committee Members shall be Independent Directors and at least one (1) member of the Committee must be a member of the Malaysian Institute of Accountants or possesses such other qualifications and requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”). No former audit partner shall be appointed as a member of the Committee before observing a cooling-off period of at least three (3) years. No alternate director shall be appointed as a member of the Committee.

If a member of the Committee resigns, dies or for any other reason ceases to be a member resulting in the number of members being reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members. The terms of office and performance of the Committee and each of its members shall be reviewed by the Nomination Committee annually.

2. QUORUM

A quorum for the Committee shall consist of two (2) members and a majority of the members present must be Independent Directors.

3. CONDUCT OF MEETINGS

The Committee may participate the meeting in person or by means of teleconference, video conference, audio/visual communications or such other communication device or facilities available from time to time. The person shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in quorum accordingly.

4. CHAIRMAN

The Chairman of the Committee, shall be an independent non-executive director appointed by the Board and shall not be the Chairman of the Board. The responsibilities of the Chairman of the Committee, amongst others, are as below:-

- a) Planning and conducting meetings;
- b) Reporting on each meeting of the Committee to the Board;
- c) Encouraging open discussion during meetings;
- d) Ensuring that the meetings run efficiently and each agenda item is thoroughly and thoughtfully discussed by all members of the Committee;
- e) Maintaining active ongoing dialogue with management and both internal and external auditors; and
- f) Attending general meetings to answer any questions raised by the shareholders on the Committee's activities.

5. SECRETARY

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman of the Committee, for drawing up the agenda and circulating it, supported by explanatory documentation to the Committee members 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 and to the other members of the Board.

6. FREQUENCY OF MEETINGS

Meetings shall be held not less than five (5) times a year and will normally be attended by the Director charged with the responsibility of the Group's finance and Head of Internal Audit. The presence of external auditors will be requested if required and the external auditors may also request a meeting if they consider it necessary.

7. AUTHORITY

The Committee is authorised by the Board, and at the cost of the Company, to:-

- a) 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 Company or the Group;
- d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- e) be able to obtain external legal or other independent professional advice as necessary; and
- f) convene meetings with the external auditors, the internal auditors, or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

8. DUTIES

The duties of the Committee shall be:-

- a) To review and recommend the appointment of external auditors, the audit fee and any questions of suitability, resignation or dismissal including the nomination of person or persons as external auditors;
- b) To discuss with the external auditors on the following:-
 - i) audit plan including nature and scope of audit and to ensure coordination of audit where more than one audit firm is involved;
 - ii) the evaluation of the system of internal controls; and
 - iii) assistance given by the employees of the Company to the external auditors;
- c) To review the quarterly results and year-end financial statements prior to the approval by the Board, focusing particularly on:-
 - changes in or implementation of major accounting policy changes;
 - significant matters highlighted including financial reporting issues, significant judgements 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 prepare Audit Committee Report at the end of each financial year;
- e) To discuss problems and reservations arising from the interim and final external audits, and any matters the external auditors may wish to discuss (in the absence of management, where necessary);
- f) To review the external auditors' management letter and management's response;
- g) To establish policies and procedures to assess the performance, suitability, objectivity and independence of external auditors that considers, among others:-
 - the competence, audit quality and resource capacity of the external auditor in relation to the audit;
 - the nature and extent of the non-audit services rendered and 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.

The assessment on the suitability, objectivity and independence of the external auditors should be conducted annually;

- h) To do the following with regard to related party transactions (including recurrent related party transactions) and conflict of interest situations:-
- To review any related party transaction and conflict of interest situation that arose, persist or may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity; and the measures taken to resolve, eliminate, or mitigate such conflicts; and
 - Ensure that the Group had adequate procedures and processes in place to monitor, track and identify recurrent related party transaction and to review these procedures and processes on a half yearly basis;
- i) To do the following with regard to the internal audit function:-
- review the adequacy of scope, functions, competency and resources of the internal audit department and that it has the necessary authority to carry out its work;
 - review the internal audit plan, processes, the results of the internal audit assessments, investigations undertaken and whether or not appropriate action is taken on the recommendations;
 - ensure coordination of external audit with internal audit;
 - consider the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - to review related party transactions entered into by the Company and its subsidiaries, and to ensure that the Directors report such transactions annually to shareholders via the annual report; and
 - to review and monitor the effectiveness of internal control systems and to evaluate the systems with the external auditors;
- j) To carry out such other responsibilities, functions or assignments as may be defined jointly by the Committee and the Board of Directors from time to time; and
- k) In compliance with Paragraph 15.16 of the Listing Requirements of Bursa Securities, where 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, the Committee must promptly report such matter to Bursa Securities.

9. CIRCULAR RESOLUTIONS

A resolution in writing signed or approved by letter, telex, facsimile, telegram or other forms of electronic communication, by a majority of the members of the Committee and who are sufficient to form a quorum, shall be as valid as effectual as if it had been passed at a meeting of the Committee duly convened and held. Such resolutions may consist of several documents in the like form, each signed by one (1) or more members of the Committee and shall be forwarded to the Company Secretary without delay and recorded by the Company Secretary in the minutes book.

10. REVIEW OF THE TERMS OF REFERENCE

The members of the Committee will assess, review and update the above terms of reference periodically or as and when there are changes to the regulatory requirements and changes to the direction or strategies of the Company that may affect the Committee's roles and recommend the changes for approval by the Board.

The latest copy of the terms of reference of the Committee shall be made available on the Company's website.