



**PANTECH GROUP HOLDINGS BERHAD**  
Registration No. 200601013856 (733607-W)

**AUDIT COMMITTEE**  
**TERMS OF REFERENCE**

[Updated on 23 July 2020]

## **AUDIT COMMITTEE**

### **TERMS OF REFERENCE**

#### **1. CONSTITUTION**

The Audit Committee was formed pursuant to a resolution passed by the Board of Directors on 1 December 2006.

#### **2. MEMBERSHIP**

The Audit Committee shall be appointed by the Board of Directors from among their number and shall be composed of not fewer than 3 members of whom all must be non-executive directors, with a majority of them being independent directors.

The members of the Audit Committee shall elect a Chairman who shall be an Independent Non-Executive Director, from among themselves. The chairman elected shall be subjected to endorsement by the Board.

If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the results that the number is reduced below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

No alternate Director shall be appointed as a member of the Audit Committee.

No former key audit partner shall be appointed as a member of the Audit Committee before observing a cooling-off period of at least 2 years.

At least one member of the Committee:-

- (a) must be a member of the Malaysian Institute of Accountants; or
- (b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
  - i) he must have passed the examination specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
  - ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.
- (c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The term of office and performance of the Committee and each of its members must be reviewed by the Nominating Committee annually to determine whether the Audit Committee and members have carried out their duties in accordance with their terms of reference.

### **3. NOTICE OF MEETING AND ATTENDANCE**

The agenda for Audit Committee meetings shall be circulated before each meeting to members of the Committee. The Committee may require the external auditors and any official of the Company to attend any of its meetings as it determined. The external auditors shall have the right to appear and be heard at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee.

Meetings shall be held at least four (4) times a year with a minimum quorum of two (2) members and the majority of members present shall be independent non-executive Directors. Additional meetings may be called at any time at the discretion of the Committee.

The Committee shall meet with the external and/or internal auditors without the presence of any executive Board member and management staffs as and when deems fit. Upon the request of the external auditors, the Chairman of the Committee shall convene a meeting to consider any matter which the external auditors believe should be brought to the attention to the Board or shareholders.

The Company Secretary of the Company shall be the Secretary of the Committee.

### **4. AUTHORITY**

The Committee shall, in accordance with a procedure to be determined by the Board and at the cost of the Company:-

- a) have authority to investigate any matter within its terms of reference;
- b) have adequate resources and unrestricted access to any information from both internal and external auditors and all employees of the Group in performing its duties;
- c) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- d) be able to obtain external legal or other independent professional advice and to invite outsiders with relevant experience to attend, if necessary; and
- e) be able to 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.

## 5. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee shall include:-

- a) To review the effectiveness of the Internal Audit function, in particular:
  - (i) To ensure the internal audit function is well placed to undertake review or investigation on behalf of the Committee, and be placed under the direct authority and supervision of the Committee.
  - (ii) To review the adequacy of internal audit scope, internal audit plan, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
  - (iii) To review the results of the internal audit processes and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function.
  - (iv) To evaluate the performance and decide on the remuneration package of the Group Chief Internal Auditor.
  - (v) To approve the appointment, transfer and dismissal of Group Chief Internal Auditor and to be informed of the resignation of any Department Head in the Group Internal Audit Division, providing the resigning staff member an opportunity to submit his/her reasons for resigning.
- b) To review the effectiveness of external auditors, in particular:
  - (i) To consider the appointment of external auditors, their remuneration and matters of resignation or dismissal.
  - (ii) To review the external auditors' scope of work, audit plan and audit report.
  - (iii) To assess objectivity, performance and independence of external auditors.
  - (iv) To approve the provision of non-audit services by the external auditors, evaluating whether such non-audit services would impair their independence.
  - (v) To ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgment of the auditors.
  - (vi) To ensure that the financial statements are prepared in a timely and accurate manner.
  - (vii) To discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss (in the absence of management where necessary).
  - (viii) To review the external auditors' management letter and management's response.

- (ix) To meet with the external auditors at least once a year without the presence of the management or Executive Directors to discuss any key concerns and obtain feedbacks.
  
- c) To review the quarterly results and annual financial statements of the Group, prior to their submission for consideration and approval by the Board of Directors, focusing particularly on:-
  - (i) changes in or implementation of major new or revised accounting policies;
  - (ii) significant and unusual events; and
  - (iii) compliance with accounting standards and other legal and regulatory requirements;
  
- d) To review any related party transaction and conflict of interests situation that may arise within the company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
  
- e) To verify the allocation of options pursuant to a share scheme for employees at the end of each financial year; and
  
- f) To review the adequacy and security of the Group's procedures for handling allegations from whistleblowers.