



**PANTECH GROUP HOLDINGS BERHAD**  
(Company No. 733607 W)

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

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#### **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.

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 Board at least once every three (3) years.

### **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 and recommend the appointment of external auditors, the audit fee and any questions of resignation or dismissal including the nomination of person or persons as external auditors;
- b) To review with the external auditors, their scope of work, the audit plan and audit report;
- c) To review with the external auditors, their evaluation on the effectiveness of the system of internal controls;
- d) To review the assistance and cooperation given by the employees of the Company to the external auditors;
- e) To review the adequacy of the scope, functions, competency and adequacy of resources of the internal audit functions and authority to carry out its work;
- f) To review the internal audit programme, processes and findings of the internal audit processes or investigation undertaken and whether or not appropriate corrective actions are taken on the recommendations of the internal audit function;
- g) To review the Internal Audit Plan and the Internal Audit Report;
- h) 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;
- i) 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;
- j) To review the competency, professionalism and independency of the external auditors; and
- k) To verify the allocation of options pursuant to a share scheme for employees at the end of each financial year.