



AUDIT COMMITTEE TERMS OF REFERENCE

1. OBJECTIVE

The Audit Committee plays a key role in the governance structure of Pintaras Jaya Berhad (“Company”) and its subsidiaries (collectively, “the Group”). The main objective of the Audit Committee (“Committee”) is to provide independent oversight of the Group’s financial reporting process, internal controls and audit-related matters.

2. COMPOSITION AND MEMBERSHIP

2.1 The Committee shall be appointed by the Board from among them and shall consist of no less than three (3) members and all the Committee members must be Non-Executive Directors, with a majority of them being independent directors.

2.2 At least one member of the Committee:

- (i) must be a member of the Malaysian Institute of Accountants; or
- (ii) must have at least three (3) years’ working experience and:
 - (a) have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (b) must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- (iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

2.3 The Board must ensure that no alternate Director is appointed as a member of the Committee.

2.4 The members of the Committee shall elect a Chairperson from among their number who is an independent Non-Executive Director.

2.5 If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board 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.

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3. RIGHTS AND AUTHORITY

- 3.1 The Committee is authorised by the Board to investigate any activity within these terms of reference. It is authorised to seek any information if requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 3.2 The Committee is authorised by the Board to seek outside legal or other professional assistance if it considers necessary.
- 3.3 The Committee has direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity and is able to convene meetings with them in the absence of the management.

4. FUNCTIONS

- 4.1 The functions of the Committee shall be:-
- a) to review the following and report the same to the Board:
- i) with the external auditors, the audit plan;
 - ii) with the external auditors, their evaluation of the system of internal accounting controls;
 - iii) with the external auditors, their audit report;
 - iv) the assistance given by the Company's officers to the external auditors;
 - v) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - vi) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit functions (if any);
 - vii) 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 the Management, significant and unusual events or transactions, and how these matters are addressed; and
 - compliance with accounting standards and other legal requirements; and

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- viii) any related party transactions and conflict of interest situation that arises, persists or may arise within the Company or the 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.
- b) to consider the nomination of a person or persons as external auditors, the audit fees and any questions of resignation or dismissal and to review whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.
- c) to promptly report to Bursa Malaysia on any matter reported by it to the Board of the Company which has not been satisfactory resolved resulting in a breach of the Bursa Malaysia Listing Requirements.
- d) to verify that the allocation of options pursuant to the Pintaras Jaya Employee Share Option Scheme as being in compliance with the criteria of allocation under the said Scheme.
- e) to assist the Board in making the required disclosure concerning the activities of the Committee for inclusion in the Annual Report and Corporate Governance Report.
- f) to carry out any functions as may be agreed to by the Committee and the Board.

5. PERFORMANCE EVALUATION

The Nomination Committee must review the term of office and performance of the Committee and each of its members annually to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

6. MEETINGS

- 6.1 The Committee will meet at least four (4) times a year and such additional meetings as the Chairperson shall decide in order to fulfill its duties. The external auditors may request a meeting if they consider that one is necessary.
- 6.2 The quorum for each meeting shall be two (2) members and the majority of members present must be independent Non-Executive Directors.
- 6.3 Members of the Committee may participate in its meeting by means of tele-conferencing, video-conferencing or any other communication equipment. Such participation in a meeting shall constitute presence in person at such meeting.
- 6.4 The Finance Manager, or any other authorised Officers and a representative of the external auditors shall normally attend meetings. 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, the internal auditors or both, without executive Board members and employees present.

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- 6.5 The Secretary shall be responsible, in conjunction with the Chairperson, for drawing up the agenda and circulating it to the Committee members prior to each meeting. A notice with full agenda and comprehensive meeting papers shall be circulated to all the Committee's members in advance of each Committee's meeting in an appropriate and timely manner. The Secretary will also be responsible for keeping the minutes of the meetings of the Committee, and circulating to the Committee members and to other members of the Board.
- 6.6 A resolution in writing, signed or approved by letter, telegram, telex, telefax or electronic means by a majority of the Committee members for the time being entitled to receive notice of a meeting of the Committee, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more of the members of the Committee and shall be recorded in the Committee's minutes book.
- 6.7 The record of papers and materials presented to the Committee, as well as minutes of the meeting and resolution in writing are maintained and kept in the registered office and are accessible to the Committee and the Board.

7. SECRETARY

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

8. REVIEW OF TERMS OF REFERENCE

This Terms of Reference will be periodically reviewed to ensure that it remains aligned with the Committee's role and responsibilities, and make any changes deemed necessary.

9. ACCESS TO TERMS OF REFERENCE

This Terms of Reference is accessible on the Company's website at www.pintaras.com.my.