



HeiTech Padu Berhad

TERMS OF REFERENCE AUDIT COMMITTEE

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1. OBJECTIVE

- a) The Audit Committee (“the Committee”) is established as a Board Committee of HeiTech Padu Berhad’s (“HeiTech”) Board of Directors (“Board”) to assist the Board in fulfilling its statutory and fiduciary responsibilities.

2. MEMBERSHIP

- a) The Committee members shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Committee. The Committee shall be made up of at least three (3) members.
- b) At least one member of the Committee meets the following criteria:-
 - i. must be a member of the Malaysian Institute of Accountants; or
 - ii. if the person is not a member of the Malaysian Institute of Accountants, he/she must have at least 3 years’ working experience and;
 - the person must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - the person must be a member of one of the Associations of Accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - iii. fulfil such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa”) and all other applicable laws, rules, regulations and guidelines for the time being in force.
- c) All members of the Committee must be Non-Executive Directors, majority of who shall be Independent Director. All its members should be able to read, analyse and interpret financial statements so that will be able to effectively discharge their function. The Chairman of the Board shall not be the Chairman of the Committee.
- d) The Board shall appoint the Committee Chairman who shall be an Independent Non-Executive Director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- e) No alternate Director is appointed as a member of the Committee.
- f) In the event of any vacancy i.e. retirement or resignation of the member, the vacancy must be replaced within 3 months.
- g) An audit partner who has served HeiTech would have to observe a cooling-off period of 3 years prior to being appointed as a member of the Committee.

3. AUTHORITY

- a) The Committee is authorised by the Board and at the expense of the Company to perform the following:
 - i. Investigate any matter within its terms of reference, including possible fraud, illegal acts or suspected violation of the Code of Conduct involving senior Management personnel or members of the Board. All employees shall be directed to co-operate as requested by the Committee;
 - ii. Secure the resources in order to perform its duties as set out in its terms of reference;
 - iii. Have full and unrestricted access to any employee of the Group and all information pertaining to the Group, their records, properties and personnel which are required to perform its duties;
 - iv. Have direct communication with the external auditors, internal auditors and all employees (to call any employee to be questioned at a meeting of the Committee as and when required) within the Group;
 - v. Obtain external legal or other professional advice as necessary within its terms of reference;
 - vi. Be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors, management or employees of the Company, whenever deemed necessary;
- b) The Committee shall report to the Board on matters considered and its recommendations thereon.

4. FUNCTIONS

The main functions of the Committee shall include, but not limited to the following:

- a) Review the following and report the same to the Board:
 - i. with the external auditor, the audit plan;
 - ii. with the external auditor, his evaluation of the system of internal controls;
 - iii. with the external auditor, his audit report;
 - iv. the assistance given by the employees of the listed issuer to the external auditor;
 - v. the adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;

- vi. the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken on the recommendations;
 - vii. the quarterly results and year-end financial statements, before 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 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;
 - viii. any related party transaction and conflict of interests situation that may arise within the group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - ix. any letter of resignation from the external auditors of the Company; and
 - x. whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment;
- b) Recommend the nomination of a person or persons as external auditors.
- c) Must conduct a separate meeting with the Head of Internal Audit without the presence of Management at least once a year.

5. DUTIES

The Committee is to carry out the duties below for HeiTech and its Group of Companies, as appropriate:

a) Financial Reporting

The Committee shall:

- i. Review the quarterly financial results prior to recommend for consideration and approval by the Board;
- ii. Review the annual audited financial statements to ensure compliance with the Listing Requirements of the BMSB, applicable approved accounting standards and other statutory and regulatory requirements prior to recommending for approval by the Board of Directors;

- iii. Review the impact of any changes to the accounting policies and adoption of new accounting standards as well as accounting treatments used in the financial statements; and
- iv. Obtain assurance from the President/Executive Deputy Chairman/GCEO and Chief Financial Officer that:
 - Appropriate accounting policies is being adopted and applied consistently;
 - The going concern basis applied in the annual financial statements and quarterly financial statements is appropriate;
 - Prudent judgements and reasonable estimates are being made in accordance with Malaysian Financial Reporting Standards (“MFRS”);
 - Adequate processes and controls are in place for effective and efficient financial reporting and disclosures under the MFRSs and Listing Requirement of BMSB; and
 - The annual audited financial statements and the quarterly financial statements do not contain material misstatements and give a true and fair view of the financial performance and financial position of the Group and the Company.

b) Internal Control, Risk Management and Corporate Governance.

The Committee shall:

- i. Evaluate the overall adequacy and effectiveness of the system of internal controls, risk management and corporate governance including information technology controls, the Group’s financial, audit and accounting organisations and personnel and the Group’s policies and compliance procedures with respect to business practices, through a review of the results of work performed by Internal Auditors and External Auditors and discussions with key Senior Management; and
- ii. Review and recommend to the Board for approval on the following statements to be included in annual report as follows:
 - Statement on Risk Management and Internal Control
 - Corporate Governance Report
 - Audit Committee Report
 - Statement of Corporate Governance
 - Sustainability Report

c) Internal Audit

The Committee shall:

- i. Establish an internal audit function which is independent of the activities it audits and ensure its internal audit function reports directly to the Committee;
- ii. Approve the appointment and removal of the Head of the Internal Audit function;
- iii. Appraise, assess the performance and approving the remuneration of the Head of Internal Audit function;
- iv. Consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate standing and is free from management or other restrictions;
- v. Review and approve the risk-based internal audit plan, internal audit budget and resource plan.
- vi. Review and assess the annual internal audit plan.
- vii. Ensure 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;
- viii. Review internal audit reports and ensure that appropriate and prompt remedial action is taken by the management on lapses in control or procedures that are identified in the report.
- ix. Review the results of ad-hoc audit and investigations performed by the Internal Audit department and the actions taken relating to those investigations;
- x. Review and approve the adequacy of the Internal Audit Charter which defines the purpose, authority, scope and responsibility of the Internal Audit function within the Group; and
- xi. Be able to convene meetings with the internal auditors without the presence of Directors, Management or employees of the Company, whenever deemed necessary;

d) External Audit

The Committee shall:

- i. Consider and recommend to the Board, to be put to shareholders for approval at the Annual General Meeting (AGM), in relation to the appointment, re-appointment and removal of the company's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns, the Committee shall investigate the issues leading to this and decide whether any action is required;
- ii. The Audit Committee, on the behalf of the Board of Directors is responsible for overseeing the relationship with the external auditor including (but not limited to):
 - approval of their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
 - approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - assessing annually their independence and objectivity taking into account relevant Malaysian professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services; and
 - satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the company (other than in the ordinary course of business).
- iii. Monitoring the external auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the company compared to the overall fee income of the firm, offices and partners and other related requirements;
- iv. Assess annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
- v. Meet regularly with the External Auditor, including once at the planning stage before the audit and once after the audit at the reporting stage.

- vi. Review and recommend to the Board for approval on the followings with regards to the Annual Audited Account:
- The External Auditor's terms of engagement, audit plan, nature, approach and scope of the audit;
 - The audit fees and key audit staff assigned to the audit engagement;
 - Issues arising from External Auditor's identified Key Audit Matters, and the audit procedures in addressing such Key Audit Matters, Management's Response and External Auditor's evaluation of the internal control system;
 - The significant accounting and auditing issues arising from the audit and any matters the External Auditors may wish to discuss; and
 - The External Auditors report on Directors Statement on Risk Management and Internal Control.
- vii. The Committee shall meet the external auditor at least twice in a year, without management being present to discuss amongst others, audit issues and reservations arising from the audit.
- viii. The Committee shall also review the effectiveness of the audit by:
- reviewing any representation letter(s) requested by the external auditor before they are signed by management;
 - reviewing the management letter and management's response to the auditor's findings and recommendations; and
 - developing and implementing a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.
- ix. Non-audit services that are to be rendered by the external auditor and/or be approved by the Committee. The Committee shall take into account the nature and extent of the non-audit services and the appropriateness of the level of fees. The Committee should avoid situations where the audit firm inadvertently assumes the responsibilities of management in the course of providing non-audit services.

e) Related Party Transactions

The Committee shall:

- i. Review and discuss reports on Related Party Transactions (“RPT”), Recurrent RPT (“RRPT”) and possible Conflict of Interest (“COI”) transactions to ensure that all RPT and RRPT were undertaken on an arm’s length basis and on normal commercial terms, consistent with the Company’s usual business practices and policies, which generally not more favourable than those generally available to the public and other suppliers and are not detrimental to the minority shareholders;
- ii. Monitor the threshold of the RPT and RRPT to ensure compliance with the Listing Requirements of BMSB;
- iii. Review and recommend to the Board for approval, the Circular to Shareholders in relation to the proposed renewal of shareholders’ mandate for the Company and the Group to enter into RRPT of revenue or trading nature with related parties; and
- iv. Monitor the related party transactions entered by the Company and the Group pursuant to shareholders’ mandate obtained at the Annual General Meeting.

f) Conflict Of Interest (COI)

The Committee shall:

- i. Reviewed summary of any conflict of interest or potential COI situation (excluding related party transaction) and the measures taken to resolve, eliminate or mitigate such conflicts.
- ii. Ensure if any possible COI transaction, immediate declaration must be made through the Directors’ Conflict Of Interest (DCOI) Policy.

g) Reporting Responsibilities

The Committee Shall:

- i. Make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed;
- ii. Compile and recommend to the Board a report to shareholders on its activities to be included in the Company’s Annual Report; and
- iii. Where the Committee is of the view that a matter reported by the committee to the Board has not been satisfactorily resolved resulting in a breach of applicable laws, rules, regulation and guidelines, the Committee must promptly report such matter to the relevant authorities.

6. MEETING ADMINISTRATION

6.1 Meeting Secretary

The Company Secretary or their nominee shall act as the secretary of the Committee.

6.2 Meeting Quorum

The quorum necessary for the transaction of business shall be two (2) Independent Non-Executive Directors in presence. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

6.3 Meeting Attendees

- a) Only members of the Committee have the right to attend Committee meetings. However, other individuals such as President, Group Chief Officer (GCEO), Group Chief Operating Officer (GCOO), Group Chief Financial Officer (GCFO), Executive Vice President, Chief Executive Officer (CEO), Department Head and any employees of HeiTech may be invited to attend all or part of any meeting as and when appropriate.
- b) The external auditors will be invited to attend meetings of the Committee as and when required.
- c) The Internal Auditors will be invited to attend meetings of the Committee as and when required.

6.4 Frequency of the Meeting

The Committee shall meet at least four (4) times a year at appropriate times in the reporting and audit cycle and otherwise as required.

6.5 Notice of the Meeting

- a) Meetings of the Committee shall be summoned by the secretary of the Committee at the request of any of its members or at the request of External Auditors or Head of Internal Auditors, if they consider it necessary.
- b) Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person who required to attend, no later than five (5) working days before the date of the meeting. Supporting papers shall be sent to the Committee members and to other attendees where appropriate, at the same time.

6.6 Voting

- a) Matters arising at any meeting shall be decided by a majority vote of the members present, each member having one (1) vote. In the event of equality of votes, the Chairman of the Committee shall have a second or casting vote.
- b) The Committee member required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

6.7 Minutes of the Meeting

- a) The secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- b) The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- c) Minutes of Committee meetings shall be circulated promptly to all members of the Committee and once approved to all members of the board.
- d) The Committee, through its Chairman, shall update the Board on the activities undertaken by the Committee at each Board meeting.
- e) Safekeeping of all minutes of the Committee meeting is by the Meeting Secretary.

6.8 Annual General Meeting (AGM)

The Chairman of the Committee shall attend the Annual General Meeting and prepared to respond to any shareholder questions on the Committee's activities.

7. CONTINUOUS PROFESSIONAL DEVELOPMENT

The Committee members shall undertake continuous professional development training to keep themselves abreast of relevant developments in accounting and auditing standards, practices, rules and subject matters that aids the Committee to enable them to effectively discharge their duties.

8. REVIEW OF THE TERMS OF REFERENCE

The Committee shall recommend any changes to its terms of reference in such manner as it deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated where necessary i.e., when there are changes to the Malaysian Code of Corporate Governance, Bursa Malaysia Listing Requirements or any other regulatory requirements. It should also be reviewed and updated if necessary when there are changes to the direction or strategies of the Company that may affect the Committee's role.

END

Document Control Register

No.	Date	Version	Revision	Reference	Page
1.	2001	1.0	Version 1.0	Version 1.0	-
2.	28/5/2008	2.0	Version 2.0	Version 2.0	11
3.	1/3/2023	3.0	1. Objective 2. Membership – Section b,e,f	Version 3.0 Malaysian Code on Corporate Governance (MCCG 2021) Principle B – Practice 9.1; Chapter 15 Corporate Governance Part C – Audit Committee Para 15.09 Section 2; and Chapter 15 Corporate Governance Part B – Directors Para 15.02 Section 3	1
			3. Authority – Section a sub-section i, ii, iv, vi & Section b	Chapter 15 Corporate Governance Part C – Audit Committee Para 15.17 Chapter 15 Corporate Governance Part C – Audit Committee Para 15.15 Section (1)	2
			4. Function – Section a,b,c	Chapter 15 Corporate Governance Part C – Audit Committee Para 15.12	2 – 3
			5. Duties – Section c (Internal Audit) sub-section iii	Guidance for an Effective Internal Audit Function – Section 2 sub-section 2.2	7
			5. Duties – Section e (Related Party Transactions)	Chapter 10 Transactions Part E – Related Party Transactions Para 10.08; Guidance for an Effective Internal Audit Function – Section 2 sub-section 2.2	8
			5. Duties – Section f (Conflict of Interest)	Chapter 15 Corporate Governance Part C – Audit Committee Para 15.12 Bursa Malaysia circular dated 26 May 2023 in relation to Conflict of Interest (COI). Chapter 15 Corporate Governance Part C – Audit Committee Para 15.12 (1)(h), 15.15 (f)	8
			6. Duties – Section d (External Audit) sub-section ix	Malaysian Code on Corporate Governance (MCCG 2021) – Guidance G9.3	8
			7. Continuous Professional Development	Chapter 15 Corporate Governance Part B – Directors Para 15.08	11
			8. Review of the Terms of References	Malaysian Code on Corporate Governance (MCCG 2021) Principle A – Practice 2.1	11

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