

**PADINI HOLDINGS BERHAD (50202-A)**  
**AUDIT COMMITTEE – TERMS OF REFERENCE**

**(1) COMPOSITION**

- (1.1) The Company must appoint an Audit Committee from amongst its Directors which fulfils the following requirements :-
- (a) the Audit Committee must be composed of no fewer than 3 members;
  - (b) all the Audit Committee members must be non-executive directors, with a majority of them being independent directors; and
  - (c) at least one member of the Audit Committee :-
    - (i) must be a member of the Malaysian Institute of Accountants;
    - (ii) or if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and :-
      - he must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
      - he must be a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act 1967.
    - (iii) fulfils such other requirements as prescribed or approved by the Exchange.
- (1.2) The Company must ensure that no alternate director is appointed as a member of the Audit Committee.
- (1.3) A former key audit partner must observe a cooling-off period of at least 2 years before being appointed as a member of the Audit Committee.

**(2) CHAIRMAN**

The members of an Audit Committee must elect a Chairman among themselves who is an independent director.

**(3) WRITTEN TERMS OF REFERENCE**

The Audit Committee must have written terms of reference which deal with its authority and duties, and such information must be made available on the Company's website.

**(4) FUNCTIONS**

Without limiting the generality of paragraph 3 above, the Audit Committee shall, amongst others, discharge the following functions :-

- (4.1) Review the following and report the same to the Board of Directors :
- (a) with the external auditor, the audit plan;
  - (b) with the external auditor, his evaluation of the system of internal controls;
  - (c) with the external auditor, his audit report;
  - (d) the assistance given by the employees of the Company to the external auditor;
  - (e) 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;
  - (f) 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 function;

- (g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on :-
  - (i) changes in or implementation of major accounting policy changes;
  - (ii) 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
  - (iii) compliance with accounting standards and other legal requirements;
- (h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (i) any letter of resignation from the external auditors of the Company; and
- (j) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment;
- (k) at least once a year, review the report from the Risk Management Committee and monitor the effectiveness of the Group's internal controls and risk management systems, with a view to ensuring that the main risks are properly identified and managed; and
- (l) review the statements to be included in the annual report concerning internal controls and risk management systems.

(4.2) Recommend the nomination of a person or persons as external auditors.

#### **(5) ATTENDANCE OF OTHER DIRECTORS AND EMPLOYEES**

The Audit Committee may invite any Director who is not an Audit Committee member and any of the Company's employees to attend any particular Audit Committee meeting.

#### **(6) PROCEDURES**

The Audit Committee may regulate its own procedures, in particular :-

- (a) the calling of meetings;
- (b) the notice to be given of such meetings;
- (c) the voting and proceedings of such meetings;
- (d) the keeping of minutes; and
- (e) the custody, production and inspection of such minutes.

#### **(7) AUDIT COMMITTEE REPORT**

(7.1) The Company must ensure that its Board of Directors prepare an Audit Committee report at the end of each financial year that complies with subparagraphs (7.2) and (7.3) below.

(7.2) The Audit Committee report must be clearly set out in the annual report of the Company.

(7.3) The Audit Committee report shall include the following :-

- (a) the composition of the Audit Committee, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the directors are independent or otherwise);
- (b) the number of Audit Committee meetings held during the financial year and details of attendance of each Audit Committee member;
- (c) a summary of the work of the Audit Committee in the discharge of its functions and duties for that financial year of the Company and how it has met its responsibilities; and
- (d) a summary of the work of the internal audit function.

**(8) REPORTING OF BREACHES TO THE EXCHANGE**

Where the Audit Committee is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the Listing Requirements, it must promptly report such matter to the Exchange.

**(9) RIGHTS OF THE AUDIT COMMITTEE**

The Audit Committee wherever necessary and reasonable for the performance of its duties, shall, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company :-

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

**(10) QUORUM OF AN AUDIT COMMITTEE**

In order to form a quorum in respect of a meeting of the Audit Committee, the majority of members present must be independent directors.

**(11) RETIREMENT AND RESIGNATION**

In the event of any vacancy in the Audit Committee resulting in the non-compliance of paragraphs 15.09(1) and 15.10 of the Listing Requirements, the Company must fill the vacancy within 3 months.

**(12) REVIEW OF THE AUDIT COMMITTEE**

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

**(13) SECRETARY**

The Secretary to the Audit Committee shall be the company secretary.