

GENETEC TECHNOLOGY BERHAD
Registration No. 199701030038 (445537-W)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (“AC”)
(Effective from 22 October 2024)

INTERPRETATION

- (a) “The Company” means GENETEC TECHNOLOGY BERHAD [Registration No. 199701030038 (445537-W)].
- (b) “Director(s)” means director(s) for the time being of the Company.
- (c) “The Board” means the Board of Directors of the Company.
- (d) “The Group” means the Company and its subsidiary companies.
- (e) “Group Company” means any company within the Group.
- (f) “The AC” means the Committee of Directors established by the Board as the Company’s AC.
- (g) “Member(s)” means Director(s) appointed for the time being by the Board to perform the duties of a member of the AC.
- (h) “Secretary(s)” means an officer(s) appointed for the time being by the Board to perform the duties of a secretary of the AC.
- (i) “Sub-AC(s)” means a sub-committee(s) established by the AC as its sub-committee(s).
- (j) “External Auditors” means the person or firm appointed for the time being by the Company as the independent auditors of the Company.
- (k) “Internal Auditors” means the person(s) employed or engaged by the Company to perform the duties of internal auditing for the Company.
- (l) “Management” means a person or group of persons for the time being employed by the Company or Group Company (including any executive Director of the Company or Group Company) to manage the day to day business and affairs of the Company or Group Company, as the case may be.

OBJECTIVES

- 1.1 To provide additional assurance to the Board by giving objective and independent review of Group’s financial, operational and administrative controls and procedures.
- 1.2 To assist the Board in establishing and maintaining internal controls for areas of risks as well as safeguarding of assets within the Group.
- 1.3 To assess and supervise the quality of audits conducted by the Internal Auditors and External Auditors.

- 1.4 To reinforce the independence of the External Auditors and to assure that the External Auditors will have free rein in the audit process.
- 1.5 To provide a forum for regular, informal and private discussion with the External Auditors, Internal Auditors or both, excluding the attendance of other Directors and employees of the Company.
- 1.6 To reinforce the objectivity of the Internal Auditors and ensure they reports directly to the AC.

MEMBERSHIP

- 2.1 The AC shall be appointed by the Board pursuant to a Board Resolution.
- 2.2 It shall comprise of at least three (3) Members all of whom are Non-Executive Directors with a majority being Independent Directors.
- 2.3 The Chairman of the AC shall be appointed by the Board, or failing which, by the Members of the AC themselves. The Chairman shall be an Independent Director and is not the Chairman of the Board.
- 2.4 If the number of Members is reduced to below three (3) as a result of resignation or death of a Member, or for any other reason(s) the Member ceases to be a Member of the AC including the Chairman, the Board shall, within three (3) months of that event, appoint amongst such other non-executive Directors or Independent Director in case of the Chairman, a new Member to make up the minimum number required therein.
- 2.5 All Members of the AC should be financially literate.
- 2.6 At least one (1) Member of the AC:-
 - 2.6.1 must be a member of the Malaysian Institute of Accountants (“MIA”); or
 - 2.6.2 if he/she is not a member of MIA, he/she must have at least three (3) years of working experience and:-
 - (a) he/she must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - (b) he/she must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
 - 2.6.3 fulfill such other requirements as may from time to time be prescribed or approved by the Bursa Malaysia Securities Berhad.
- 2.7 An alternate Director is not eligible for membership in the AC.

AUTHORITY

- 3.1 The AC is authorised by the Board to investigate any activity within its Terms of Reference.
- 3.2 It shall have full and unlimited access of any information pertaining to the Company and its subsidiary companies as well as direct communication channels with the Internal Auditors, External Auditors and employees of the Group.

- 3.3 It shall also have the resources which are required to perform its duties inclusive the authority to obtain independent legal or other professional advice and to secure attendance of outsiders with relevant experience and expertise if it considers this necessary.
- 3.4 It shall also have the power to establish Sub-AC(s) and delegate its powers to such Sub-AC(s) for the purpose of carrying out certain investigations on its behalf in such manner as the AC deems fit and necessary and, to appoint such officers within the Group as members of the Sub-AC(s).

FUNCTIONS

- 4.1 To review the following and report the same to the Board:-
 - 4.1.1 with both the Internal Auditors and External Auditors their audit plans and reports.
 - 4.1.2 with the External Auditors, the evaluation of the adequacy and effectiveness of the internal control systems as well as the administrative, operating and accounting policies employed.
 - 4.1.3 the assistance given by the officers and employees of the Group to the Internal Auditors and External Auditors.
 - 4.1.4 the Company's quarterly and annual/year end consolidated financial statements and thereafter to submit them to the Board, focusing particularly on any changes in or implementation of major accounting policies and practices; significant adjustments arising from the audit; significant matters highlighted including financial reporting issues, significant judgments made by management significant and unusual events or transactions, and how these matters are addressed; the going concern assumption; compliance with accounting standards and other legal requirements.
 - 4.1.5 the External Auditors' management letter, Management's response and resignation letter.
 - 4.1.6 any related party transactions and conflict of interest situation that arose, persist or may arise within the Company or the Group including any transaction, procedure or course of conduct that arises questions of Management integrity and the measures taken to resolve, eliminate or mitigate such conflicts.
- 4.2 To identify and direct any special projects or major findings of internal investigations it deems necessary and management response.
- 4.3 To recommend/nominate a person or persons as the External Auditors. To consider the suitability for re-appointment of External Auditors, audit fee and any question of resignation or removal of the External Auditors.
- 4.4 To discuss with the External Auditors before the audit commences, the nature and scope of their audit and ensure co-ordination where more than one audit firm is involved.
- 4.5 To discuss problems and reservations arising from the interim and final audits, and any other matter the External Auditors may wish to discuss in the absence of Management, where necessary.

- 4.6 To verify the Grant of Awards pursuant to the Long-Term Incentive Plan (“LTIP”) as being in compliance with the criteria set out in the LTIP By-Laws.
- 4.7 To review reports and consider recommendations of the Sub-AC(s), if any.
- 4.8 To review reports of the internal audit function directly which is independent of the activities it audits and should be performed with impartiality, proficiency and due professional care.
- 4.9 To do the following, in relation to the internal audit function:-
 - 4.9.1 to establish an internal audit function which is independent of the activities it audits;
 - 4.9.2 review 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;
 - 4.9.3 review the internal audit programme, process, the results of the internal audit programme, process or investigation undertaken and whether or not appropriate actions are taken on the recommendations of the internal audit function;
 - 4.9.4 review any appraisal or assessment of the performance of members of the internal audit function;
 - 4.9.5 review of the effectiveness of the risk management, internal control and governance processes within the Group;
 - 4.9.6 approve any appointment or termination of senior staff members of the internal audit function which is performed in-house; and
 - 4.9.7 take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning which is performed in-house.
- 4.10 To carry out such other functions and consider other topics as may be agreed upon from time to time with the Board.

MEETINGS

- 5.1 The AC will hold regular meetings as and when the need arises and any such additional meetings as the Chairman of the AC so decides to fulfill its duties. AC members may participate in a meeting of the AC by means of a conference telephone or similar electronic tele-communicating equipment by means of which all persons participating in the meeting can hear each other and participate throughout the duration of the communication between the AC members and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.
- 5.2 A quorum shall consist of two (2) Members. The majority of Members present must be Independent Directors.
- 5.3 Unless otherwise determined by the Members from time to time, seven (7) days’ notice of all AC meetings shall be given except in the case of an emergency, where reasonable notice of every AC meeting shall be given in writing.

- 5.4 Matters raised and tabled at all meetings shall be decided by a majority of votes of the Members.
- 5.5 A resolution in writing, signed by a majority of the Members for the time being who are sufficient to form a quorum shall be as valid and effective as if it had been deliberated and decided upon at a meeting of the AC. Any such resolution may consist of several documents in like form, each signed by one (1) or more Members. The expression “in-writing” and “signed” include approval by legible confirmed transmission by telefax, cable or telegram.
- 5.6 Proceedings of all meetings held and resolutions passed as referred to in Clause 5.5 above shall be recorded by the Secretary and kept at the Company’s registered office.
- 5.7 Every member of the Board shall have the right at any time to inspect the minutes of all meetings held and resolutions passed by the AC and the reports submitted thereat.
- 5.8 The AC has the explicit right to convene meetings with the External Auditors, Internal Auditors or both, excluding the attendance of executive directors of board, management and/or employees. The External Auditors and Internal Auditors shall have the right to appear and be heard at any meeting and shall appear before the AC when so required by the AC.
- 5.9 Upon the request of the External Auditors, the Chairman shall convene a meeting to consider any matters the External Auditors believe should be brought to the attention of the Directors or shareholders of the Company.
- 5.10 The Executive Directors of any company within the Group, representatives of the Internal Auditors, the Management and any employee of the Group, as the case requires, may be requested to attend such meetings.
- 5.11 The finance director/officer, the head or representative of internal audit and a representative of the External Auditors shall on invitation attend the AC meetings. Other board members may attend the AC meetings upon the invitation of the AC. However, the AC shall meet with the External Auditors and/or Internal Auditors at least twice in a financial year without the presence of the executive board members of the Company.

COMPLIANCE

- 6.1 The provisions of Clauses 141, 142, 143 and 144 of the Company’s Constitution except as otherwise expressly provided in these Terms of Reference shall apply to the AC.