



**A-RANK BERHAD**

(Company No. 633621-X)  
(Incorporated in Malaysia)

**TERM OF REFERENCE -  
AUDIT COMMITTEE**

(V2-2018 - Approved by Board on 29 June 2018)

## **TABLE OF CONTENTS**

<b>1. COMPOSITION .....</b>	<b>1</b>
<b>2. DUTIES &amp; RESPONSIBILITIES .....</b>	<b>1</b>
<b>3. AUTHORITY AND RIGHTS.....</b>	<b>2</b>
<b>4. MEETING, MINUTES AND PROCEDURE.....</b>	<b>2</b>

## **1. COMPOSITION**

The Audit Committee ("AC") shall be appointed by the Board from amongst its number and shall consist of at least three (3) members, all of whom must be Independent Non-Executive Directors. All members of the AC shall be financially literate and at least one member of the AC:

- a) Must be a member of the Malaysian Institute of Accountants; or
- b) If he/she is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience; and
  - he/she must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountant's Act 1967; or
  - he/she must be a member of one of the Associations of Accountants specified in Part II of the 1st Schedule of the Accountant's Act, 1967; or
- c) Fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

The members of the AC shall elect from amongst their number a Chairman. No alternate director shall be appointed as a member of the AC. In the event of any vacancy in the AC resulting in the non-compliance of the above requirements, the vacancy shall be filled within three (3) months.

A former key audit partner of the Company or any entity within the Group shall not be eligible to be considered or appointed as a member of the AC until the expiry of a cooling-off period of at least two (2) years from the date he ceases to be the key audit partner.

## **2. DUTIES & RESPONSIBILITIES**

In fulfilling its primary objectives, the AC shall undertake the following responsibilities and duties, and report the same to the Board; where appropriate:

- a) with the external auditors, the audit scope and plan;
- b) with the external auditors, an evaluation of the quality and effectiveness of the accounting system;
- c) with the external auditors, the audit report;
- d) the assistance rendered by employees of the Company and its subsidiaries (the "Group") to the auditors;
- e) with the internal auditors, the adequacy of the scope, duties, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- f) with the internal auditors, the adequacy and integrity of the internal control system and the efficiency of the Group's operations and efforts taken to reduce the Group's operational risks;
- g) the internal audit programme, processes and results, and the actions taken on the recommendation of the internal audit function;
- h) the appointment, performance and remuneration of the internal audit staff;

- i) the appointment and performance of the external auditors, the audit fee and any questions of resignation or dismissal before making recommendations to the Board;
- j) the quarterly results and annual financial statements of the Company and Group prior to the approval by the Board, focusing particularly on:
  - any changes in accounting policies and practices;
  - significant adjustments or unusual events arising from the audit;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements;
- k) any related party transaction and conflict of interest situation that may arise within the Company/Group, including any transaction, procedure or course of conduct that raises questions of management integrity;
- l) with the external and internal auditors, major audit findings, reservations or material weaknesses and the Management's responses in resolving the audit issues reported during the year; and
- m) such other activities, as authorised by the Board.

### **3. AUTHORITY AND RIGHTS**

The AC is authorised by the Board within its terms of reference and at the cost of the Group to investigate any matter and shall have the resources which are required to perform its duties.

The AC also has full and unrestricted access to any information pertaining to the Group and has direct communication channels with the internal and external auditors, and be able to convene meetings with external auditors, and full access to any employee or member of the Management without the presence of the Executive Directors, whenever deemed necessary.

The AC is authorised to obtain independent professional or other advice and to secure the attendance of outsiders with the relevant experience and expertise if it considers this necessary.

### **4. MEETING, MINUTES AND PROCEDURE**

Meetings shall be held not less than four (4) times a year. Additionally the Chairman shall convene a meeting of the Committee if requested to do so by its member, the management or the internal or external auditors to consider any matters within the scope and responsibilities of the Committee. The quorum for each meeting shall be two (2) members.

The Company Secretary shall be appointed Secretary of the AC and in conjunction with the Chairman, shall draw up the agenda which shall be sent to all members of the AC and other persons who may be required/invited to attend. All meetings to review the quarterly results and annual financial statements shall be held prior to such quarterly results and annual financial statements being presented to the Board for approval. The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee members and to the other members of the Board of Directors.

The external auditors have the right to appear and be heard at any meeting of the AC and shall appear before the AC when required to do so by the AC.

The AC may, as and when deemed necessary, invite other Board members and senior management members to attend the meeting. The internal auditors, if any, shall be in attendance at meetings of the AC to present and discuss the audit findings and the recommendations relating to such findings.

The AC shall regulate the manner of the proceedings of its meetings. It is the AC's discretion to meet with the external auditors at least twice a year without the presence of the Executive Directors. If the AC members are satisfied with the reporting practices as well as the level of independence shown by the external auditors or they are able to clarify matters directly with the external auditors and do not feel the need to convene an additional meeting, this meeting shall not be held.