



# **A-RANK BERHAD**

Registration No: 200301031200 (633621-X)  
(Incorporated in Malaysia)

## **TERMS OF REFERENCE - AUDIT COMMITTEE**

(V5-2023- Approved by Board on 26 September 2023)

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## **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 be 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 Chairman of the AC shall be appointed by the members of the AC who are an Independent Director. 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 three (3) years from the date he ceases to be the key audit partner. A key audit partner means an audit partner who makes key decisions and/or judgments on significant matters with respect to the audit of the financial statements of the Company and/or its subsidiaries for a particular financial year.

## **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) Financial Reporting**

- reviewed the unaudited quarterly and year-end results of the Group before recommending to the Board for their approvals and for announcement to Bursa Securities; and
- reviewed the Audited Financial Statements of the Group and of the Company prior to submission to the Board for consideration and approval.

### **(b) With the External Auditors**

- reviewed the audit plan and scope of work as well as the audit procedures to be utilised;
- reviewed the results of audit, the audit report and internal control recommendations in respect of control weaknesses noted in the course of their audit;
- reviewed the External Auditors' report and management letter, if any, prior to the recommendation to the Board;
- met with the External Auditors twice before finalisation of the Audited Financial Statement for the financial year under review without the presence of Executive Directors or Management;

- (b) **With the External Auditors** (Continued)
- appraised the performance and evaluated the independence and objectivity of the External Auditors in providing their services, including areas of audit emphasis for the financial year and additional disclosures in the auditors' report in line with the new and amended international standards on auditing, including disclosure on Key Audit Matters;
  - conducted the annual performance assessment on the External Auditors., including their suitability and independence; and
  - made recommendation to the Board on their re-appointment and the quantum of audit and non-audit fees.
- (c) **With Outsourced Internal Auditors**
- reviewed the internal audit plan and the scope of work;
  - reviewed the internal audit reports, their findings, recommendations and the Management's response in addressing the issues highlighted to ensure that risk issues were adequately addressed; and
  - conducted the annual performance assessment on the Outsourced Internal Auditors.
- (d) **Other**
- reviewed the related party transactions including any transaction to ensure that the transactions were on normal commercial terms and not detrimental to the interest of minority shareholders of the Company;
  - in respect of the Circular to Shareholder on Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, reviewed whether the Group has in place adequate procedures and processes to monitor, track and identify recurrent related party transactions in a timely and orderly manner, and reviewed whether the review procedures adopted by the Company are sufficient to ensure that recurrent related party transactions are not more favourable to the related parties than those generally available to the public and not to detriment of the minority Shareholders;
  - reviewed and endorsed the Circular to Shareholders in relation to the Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature;
  - reviewed and endorsed the Audit Committee Report and Statement on Risk Management and Internal Control for the Board's approval prior to inclusion in the Company's Annual Report;
  - reviewed and updated the terms of reference of AC to be in line with the latest Main Market Listing Requirements of Bursa Securities and Malaysian Code on Corporate Governance and recommended the revision to the Board for approval;
  - reviewed and verified the options allocations pursuant to the Employees' Share Option Scheme ("ESOS") of the Company
  - conducted self-assessment on the effectiveness of the Committee and the contribution of each individual committee member; and
  - 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 and the quorum for each meeting shall be two (2) members. 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 Company Secretary shall be appointed as Secretary to 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.

### **5. REVIEW OF THE POLICY**

This Policies is approved and adopted by the Board of Directors and AC of A-Rank Berhad on 26 September 2023.