



## **A-RANK BERHAD**

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

# **TERMS OF REFERENCE - AUDIT COMMITTEE**

(V7-2025-Approved by Board on 24 June 2025)

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## **1. COMPOSITION**

The Audit Committee ("AC") shall be appointed by the Board from among 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 ("MIA"); or
- (b) If not a member of MIA, have at least three (3) years working experience; and
  - have passed the examinations specified in Part 1 of the First Schedule of the Accountant's Act 1967; or
  - be a member of one of the Associations of Accountants specified in Part II of the First 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. Alternate directors shall not 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**

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

### **(b) With Outsourced Internal Auditors**

- review the internal audit plan and the scope of work;
- review the internal audit reports, including audit findings, recommendations and Management's response, to ensure risk issues are adequately addressed; and
- conduct an annual performance assessment on the Outsourced Internal Auditors.

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

- review the audit plan, scope of work and audit procedures;
- review the results of audit, including the audit report and internal control recommendations in respect of control weaknesses noted in the course of their audit;
- review the External Auditors' report and management letter, prior to the recommendation to the Board;

- meet with the External Auditors at least twice annually before finalisation of the Audited Financial Statement for the financial year under review, without the presence of Executive Directors and Management;
- evaluate the performance, independence and objectivity of the External Auditors in providing their services, including
  - areas of audit emphasis;
  - Key Audit Matters and related disclosures in line with international auditing standards;
- conduct an annual performance assessment on the External Auditors, including their suitability and independence;
- recommend to the Board the appointment, re-appointment or removal of the external auditors and the audit and non-audit fees.

**(d) Other**

- review related party transactions to ensure they are on normal commercial terms and not detrimental to the interest of minority shareholders of the Company;
- review the Circular to Shareholders on the Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature;
- review the Audit Committee Report and the Statement on Risk Management and Internal Control for the Board's approval prior to inclusion in the Company's Annual Report;
- periodically review and update the Terms of Reference of AC in line with the latest Main Market Listing Requirements of Bursa Securities and Malaysian Code on Corporate Governance of Securities Commission Malaysia and recommended the revision to the Board for approval;
- review conflict of interest and potential conflict of interest situations that may arise within the Group;
- review and verify allocation of options under the Employees' Share Option Scheme ("ESOS") of the Company;
- conduct self-assessment on the AC's effectiveness of the Committee and the contribution of each individual committee member;
- Oversee sustainability matters, including:
  - reviewing and recommending the Terms of Reference of the Sustainability Management Committee to the Board for approval;
  - reviewing and recommending the Sustainability Policy, Sustainability Statement, and Sustainability Targets to the Board; and
- carry out such other activities, as may be authorised by the Board.

**3. AUTHORITY AND RIGHTS**

The AC is authorised by the Board within its Terms of Reference and at the Group's expense 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, of whom the majority must be Independent Directors. 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 and circulate it 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 submission 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 invite other Board members or Senior Management members to attend the meeting, where necessary. The internal auditors shall attend at meetings to present and discuss their 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 24 June 2025.