

ANCOM LOGISTICS BERHAD [Registration No.: 196601000150 (6614-W)] (Incorporated in Malaysia)	Date of Statement :	10/08/2023
	Last reviewed and approved by the Audit Committee :	29/08/2023
	Approved by the Board of Directors :	15/09/2023

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

COMPOSITION

The Audit Committee shall be appointed by the Board of Directors ("Board") from amongst its members. It shall comprise at least three (3) members, all of whom must be Non-Executive Directors, with a majority being Independent Directors as defined in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

All members of the Audit Committee should be financially literate and at least one should be a member of the Malaysian Institute of Accountants or fulfil the requirements under Paragraph 15.09(1)(c)(ii) and (iii) of the Listing Requirements. All members of the Audit Committee should undertake continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules.

The Chairman of the Board shall not be a member of the Audit Committee. No Alternate Director can be appointed as a member of the Audit Committee.

Former key audit partners must observe a cooling-off period of at least three (3) years before they can be appointed as members of the Audit Committee. This is to avoid potential conflicts of interest, as a former key audit partner may be in a position to exert significant influence over the audit and preparation of the Company's financial statements.

The Chairman of the Audit Committee must be an Independent Non-Executive Director, and will hold office until the Board decides otherwise to appoint a new Chairman of the Committee.

If a member of the Audit Committee resigns or for any reason ceases to be a member, resulting in less than three (3) members, the Board of Directors shall within three (3) months appoint such number of new members as may be required to make up the minimum number of members. All members of the Audit Committee, including the Chairman, shall hold office until otherwise determined by the Board of Directors or until they cease to be Directors of the Company.

SECRETARY

One of the Company Secretaries shall be the Secretary of the Committee. The Secretary, in consultation with the Chairman of the Committee, will be responsible for determining the agenda for each Committee meeting. The Secretary will also be responsible for keeping proper records, including the minutes and resolutions of the Committee.

OBJECTIVES

The Audit Committee serves to assist the Board of Directors in fulfilling its fiduciary responsibilities relating to internal control, corporate accounting and reporting practices of the Company and its subsidiaries ("Group"), particularly in:

1. Maintaining good corporate governance as well as a sound system of internal control;
2. Facilitating the effective discharge of its stewardship responsibilities in respect of strategic business operations and related controls;
3. Ensuring the implementation of an appropriate risk management framework for identification of principal risks associated with the Group's business;

4. Reviewing the adequacy and integrity of the Group's risk management framework, its system of internal control and management information system; and
5. Administering the Group's Whistleblowing Policy.

FUNCTIONS

1. The duty of the Audit Committee includes the following:

A. EXTERNAL AUDIT

- (i) To consider the appointment of the External Auditors, the audit fee and any question of resignation or dismissal in accordance with the External Auditors Assessment Policy;
- (ii) To discuss with the External Auditors, prior to their audit, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved;
- (iii) To review the quarterly and year-end financial statements of the Group, focusing particularly on -
 - (a) changes in accounting policies and practices;
 - (b) significant adjustments arising from the audit including financial reporting issues, judgement calls made by Management, unusual events or transactions and how they were addressed;
 - (c) the going concern assumption; and
 - (d) compliance with accounting standards and other legal requirements;
- (iv) To discuss problems and reservations arising from the interim and final audits, the Audit Report and the External Auditors' evaluation of the Group's internal controls, as well as any matters raised in the External Auditors' management letter and Management's response; and
- (v) To obtain feedback from the External Auditors on how co-operative Management were to their requests.

B. INTERNAL AUDIT

- (i) To do the following, in relation to the Internal Audit function -
 - (a) Determine the scope and ensure that the Internal Audit function is independent of the activities it audits;
 - (b) Approve the annual internal audit programme;
 - (c) Review the competency and resources of the Internal Audit function, ensuring it has the necessary authority to carry out its work;
 - (d) Review and recommend to the Board the budget for the Internal Audit function;
 - (e) Review results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the Internal Audit function;
 - (f) Review any appraisal or assessment of the performance of members of the Internal Audit function;
 - (g) Approve any appointment or termination of senior staff members of the Internal Audit function;
 - (h) Take cognizance of resignation of Internal Audit staff members and provide the person an opportunity to submit his reasons for resigning; and
 - (i) Ensure that the Internal Audit function reports directly to the Audit Committee. However, on a day-to-day basis, the Audit Committee may select a representative to liaise with the Head of Internal Audit.
- (ii) To consider any related party transactions that may arise within the Company and the Group;
- (iii) To consider the major findings of internal investigations and Management's response; and

- (iv) To consider other topics as defined by the Board of Directors.

C. RISK MANAGEMENT

- (i) To identify, analyse, assess and prioritise the internal and external corruption risks of the Group;
- (ii) To periodically review the Risk Register to monitor the risk exposures faced by the Group's business units;
- (iii) To assess and identify risks and risk areas (including risks of corporate liabilities) and ensure that appropriate actions are taken to establish appropriate processes, systems and controls to mitigate such risks; and
- (iv) To ensure the adequacy of infrastructure, resources and systems for risk management and compliance matters.

D. WHISTLE-BLOWING

- (i) To receive, retain, investigate and act on complaints and concerns of employees of the Group and members of the public who raise genuine concerns of any wrongdoing or improper conduct involving the Group and its Directors, managers or employees in accordance with the Company's Whistle-Blowing Policy.

2. The Chief Financial Officer, the Head of Internal Audit and a representative of the External Auditors should attend all Audit Committee meetings. Other individuals may attend the meetings upon the invitation of the Audit Committee. The Audit Committee is to convene meetings with the External Auditors or internal auditor(s), or both, excluding other Directors and employees of the Company and the Group whenever it deems necessary.
3. The Chairman of the Audit Committee should engage regularly with senior management such as the Executive Vice Chairman, and/or the Deputy Chief Executive Officer (or equivalent), the Chief Financial Officer and other senior operating staff, the Internal Auditors and External Auditors in order to be kept informed of matters affecting the Company and the Group.
4. In discharging the functions as stated in (1) above, the Audit Committee shall have, at the cost of the Company:
 - (i) Explicit authority to investigate any matter within its Terms of Reference;
 - (ii) All the resources that are required to perform its duties;
 - (iii) Full and unrestricted access to any information pertaining to the Company and the Group;
 - (iv) Direct communication channels with the External Auditors and Internal Auditors, and the ability to convene meetings at its discretion with either or both of the above, without the attendance of other Directors or employees; and
 - (v) The authority to obtain independent professional and other advice and to secure the attendance of the advisers if it considers necessary.

MEETING

The Audit Committee is to meet at least every quarter. Additional meetings can be called by the Board of Directors or upon the request of any member of the Audit Committee, the External Auditors or the Internal Auditors and/or at the Chairman's discretion.

The quorum for each meeting shall be two (2) members, both of whom must be Independent Directors. The meeting agenda must be sent to all Audit Committee members and any other persons required to attend the meeting at least seven (7) days in advance unless such requirement is waived by the Audit Committee.

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Terms of Reference of the Audit Committee

Decisions of the Audit Committee will be made by majority vote. In the case of equal votes, the Chairman, or if he is absent, the Chairman of the meeting elected from amongst the Audit Committee members attending the meeting, shall have a second and casting vote.

The attendance of other Directors and/or employees of the Group at any particular Audit Committee meeting shall only be at the invitation of the Audit Committee, and such invitation shall be specific to each Audit Committee meeting.

MINUTES

The minutes of each Audit Committee meeting after being affirmed at the subsequent Audit Committee meeting and signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting, shall be deemed a correct recording of the proceedings thereat.

The minutes shall be kept by the Secretary, and can be inspected by the Audit Committee members or the Board of Directors upon request.

Copies of the minutes will be distributed to the Audit Committee members and the Board of Directors for information.