



## **AWANBIRU TECHNOLOGY BERHAD**

[Reg. No. 201001038336 (922260-K)]  
(Incorporated in Malaysia)

# **TERMS OF REFERENCE OF AUDIT COMMITTEE**

**Updated as at 28 May 2024**

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## 1. OBJECTIVES

The objectives of the Audit Committee ("AC") are to amongst others review reports from internal and external auditors to validate their scope, evaluate existing policies, establish audit quality, and ensure compliance with AwanBiru Technology Berhad ("**Awantec**" or "**Company**") and its subsidiaries ("**Group**") policies and to ensure that proper processes and procedures are in place to comply with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies.

## 2. COMPOSITION AND APPOINTMENT

- 2.1 The AC shall be appointed by the Board of Directors ("**Board**") on the recommendation of the Nomination and Remuneration Committee ("**NRC**") from amongst their members and shall consist of not less than three (3) members, all of whom shall be Non-Executive Directors.
- 2.2 A majority of the AC must be Independent Directors.
- 2.3 The Chairman or Chairperson of the AC shall not be the Chairman of the Board.
- 2.4 The members of the AC shall elect a Chairman or Chairperson from amongst their number who is an Independent Director.
- 2.5 No alternate Director shall be appointed as a member of the AC.
- 2.6 At least one (1) member of the AC shall be: -
  - 2.6.1. A member of the Malaysian Institute of Accountants; or
  - 2.6.2. Alternatively, a person who has at least three (3) years of working experience fulfilling the below requirements: -
    - 2.6.2.1. Has passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
    - 2.6.2.2. A member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
  - 2.6.3. Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("**Bursa Securities**") from time to time.
- 2.7 The NRC shall review the terms of office and performance of the members of the AC annually to determine whether the members have carried out their duties in accordance with their terms of reference.

- 2.8 No former partner of the external audit firm of the Company shall be appointed as a member of the AC unless the said former partner has observed a cooling-off period of at least three (3) years. This requirement applies to all former partners of the audit firm and/or the affiliate firm (including those providing advisory services, tax consulting, etc).
- 2.9 In the event there are vacancies in the AC that cause non-compliance with items 2.1, 2.2, 2.4, and 2.6 above, the vacancies must be filled within three (3) months of the event.

### **3. RESPONSIBILITIES AND DUTIES**

The responsibilities and duties of the AC shall include, but are not limited to the following:

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#### **3.1 Corporate Reporting**

To review the quarterly results, non-financial reporting, and annual financial statements of the Company, before submission to the Board, focusing particularly on the following: -

- 3.1.1 Any significant changes to accounting policies and practices;
- 3.1.2 Significant matters highlighted including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters are addressed;
- 3.1.3 Significant adjustments arising from the audits;
- 3.1.4 Compliance with accounting standards and other legal requirements;
- 3.1.5 The going concern assumption;
- 3.1.6 Whether the financial statements taken as a whole provide a true view of the Company's financial position and performance; and
- 3.1.7 Significant impairment(s) to be made by the Company.

#### **3.2 Internal Controls**

- 3.2.1 To ensure that the system of internal controls is soundly conceived and in place, effectively administered, and regularly monitored.
- 3.2.2 To obtain assurance that proper plans for control have been developed, prior to the commencement of major areas of change within the organization.

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- 3.2.3 To recommend to the Board steps to improve the system of internal control derived from the findings of the internal and external auditors and from the consultations of the AC itself.
  - 3.2.4 To review annually the adequacy and effectiveness of the Company's internal control systems, including financial, operational, compliance, and information technology controls.

### **3.3 Internal Audit**

Review the adequacy of the scope, competency, and resources of the internal audit function and that it has appropriate standing within the Company to undertake its activities independently and objectively, including but not limited to the following: -

- 3.3.1 To approve any appointment or termination of the party that provides the internal audit function.
- 3.3.2 To review the internal audit plans, processes, the results of the internal audit assessments, the investigation undertaken, and whether or not appropriate action is taken on the recommendations.
- 3.3.3 Determine the scope of and decide on the budget for the internal audit function which reports directly to the AC, to ensure that the internal audit function is effective and can function independently. The internal audit personnel: -
  - 3.3.3.1 Should be independent of the activities they audit and free from any relationship or conflicts of interest which could impair their objectivity and independence; and
  - 3.3.3.2 Should perform audits with impartiality, proficiency, and due professional care.
- 3.3.4 To ensure internal audit has full, free, and unrestricted access to all activities, records, property, and personnel necessary to perform its duties.
- 3.3.5 To review status reports from the internal audit and ensure that appropriate action is taken on the recommendations of the internal audit function.
- 3.3.6 To recommend any broader reviews deemed necessary as a consequence of the issues or concerns identified.
- 3.3.7 To request and review any special audit which it deems necessary.
- 3.3.8 To ensure there is coordination between internal and external auditors.

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### **3.4 External Audit**

- 3.4.1 Recommend appointment, re-appointment, or removal of external auditors, and their audit fees.
- 3.4.2 Review with the external auditors the following and report the same to the Board: -
- 3.4.2.1 Audit plan, which comprises audit and non-audit services and the fees.
- 3.4.2.2 Nature, extent, and scope of non-audit services, i.e., recurring and non-recurring to ensure that they are not likely to create conflicts of interest, and to maintain objectivity and independence of external auditors.
- 3.4.2.3 Audit report.
- 3.4.2.4 Evaluations of the systems of internal controls.
- 3.4.2.5 Audit approach, including coordination of audit efforts with internal auditors, and assistance given by the employees to the external auditors.
- 3.4.2.6 External auditors' management letter and Management's response thereto.
- 3.4.2.7 Any significant audit findings, reservations, difficulties encountered, or material weakness reported by the external auditors.

### **3.5 Governance**

- 3.5.1 To review the following and report the same to the Board: -
- 3.5.1.1 The Annual Statement on Risk Management and Internal Control to be published in the Annual Report.
- 3.5.1.2 The Annual AC report to the Board which includes the following information for inclusion in the Annual Report: -
- the composition of the AC;
  - the number of AC meetings held during the financial year
  - a summary of its works;
  - the existence of an internal audit function and summary of the works of that function; and

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- a summary of any conflict of interest or potential conflict of interest across the Group through direct financial interest, indirect financial interest, non-financial interest (arising from relationships whether family, business, or professional interests), or competing loyalties or interests:
    - a) that arose during the financial year;
    - b) that might arise (potential COI) during the financial year;
    - c) as well as persisting COI from previous financial years during the financial year;
- together with the measures taken to resolve, eliminate, or mitigate such conflicts, as well as disclose them in the Annual AC report.
- 3.5.1.3 The Board's statements on compliance with the Malaysian Code of Corporate Governance for inclusion in the Annual Report.
  - 3.5.1.4 The findings of any examination, assessment, or audit by regulators.
  - 3.5.1.5 Any Related Party Transactions and conflict of interest situations that arose, perceived or may arise within the listed issuer or group including any transaction, procedure, or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts.
  - 3.5.1.6 Any letter of resignation from the external auditors or suggestions for their dismissal.
  - 3.5.1.7 Whether there is a reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment.
- 3.5.2 To establish a group-wide framework for corporate governance including a code of conduct and ethics, policies and procedures on anti-corruption, whistleblowing, managing conflict of interest, managing material sustainability risks, and policy on board diversity including gender diversity.
  - 3.5.3 To cause reviews to be made of the extent of compliance with established internal policies, standards, plans, and procedures including, for example, the Company's Code of Conduct.
  - 3.5.4 To assess processes and procedures to ensure compliance with all laws, rules and regulations, directives, and guidelines established by the relevant regulatory bodies.

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- 3.5.5 To monitor compliance with the Conflict of Interest Policy.
  - 3.5.6 Conduct a conflict of interest assessment quarterly throughout the financial year, annually during performance appraisals, and for new hires before their appointment.
  - 3.5.6 To exercise the AC powers and carry out responsibilities as may be required from time to time under the Whistleblowing Policy for the Group.
  - 3.5.7 To report to the Board any suspected frauds or irregularities, serious internal control deficiencies, or suspected infringement of laws, rules, and regulations that come to its attention and are of sufficient importance to warrant the attention of the Board.

### **3.6 Others**

- 3.6.1 To review ordinary and extraordinary dividend payments.
- 3.6.2 Carry out any other function that may be mutually agreed upon by the AC and the Board.

## **4. AUTHORITY OF THE AUDIT COMMITTEE**

- 4.1 The AC with the authorization by the Board shall, whenever necessary, and reasonably perform its responsibilities and duties, in accordance with a procedure to be determined by the Board and at the cost of the Company to perform the following: -
  - 4.1.1 Have the authority to investigate and review any matter or activity within its terms of reference.
  - 4.1.2 Have the resources or seek any information it may require from any Director or Member of Management which are required to perform its duties.
  - 4.1.3 Have full and unrestricted access to any information pertaining to the Company and the Management, and all employees of the Group are required to comply with the requests made by the AC.
  - 4.1.4 Be able to obtain external professional advice and secure the attendance of outsiders with the relevant experience and expertise if it considers this necessary. If any member of the AC needs to seek external professional advice in furtherance of his duties, he or she shall first consult with and obtain prior approval from the Chairman or Chairperson of the AC.
  - 4.1.5 To investigate any matter referred to it or that it has come across in respect of a transaction that raises questions of management integrity, possible conflicts of interest, or abuse by a significant or controlling shareholder.



- 4.1.6 Shall have direct communication channels and be able to convene meetings with the external auditors excluding the attendance of the non-independent members of the AC, whenever deemed necessary.
- 4.1.7 Provide its recommendations to the Board for its consideration and approval.

## **5. MEETINGS**

### **5.1. Frequency**

- 5.1.1 The AC shall meet at least four (4) times annually and at such additional meetings to be convened as and when necessary, as the Chairman or Chairperson of the AC shall decide, in order to fulfill its duties.
- 5.1.2 External auditors shall be entitled to attend a meeting of the AC at least once a year to make known their views on any matter under consideration by the AC or, which in their opinion, should be brought to the AC's attention.
- 5.1.3 By invitation of the AC, the Company shall ensure that other directors, relevant Management, employees, and/or external parties can attend the meetings where their attendance is required in relation to a specific meeting.

### **5.2. Quorum**

- 5.2.1 The meeting shall have a quorum of at least 50% of its Independent Non-Executive Directors
- 5.2.2 In the absence of the Chairman or Chairperson of the AC, the members present shall elect a Chairman or Chairperson from amongst them who is an Independent Director to chair the meeting.

### **5.3. Secretary**

- 5.3.1 The Company Secretary or other appropriate senior official shall act as Secretary of the AC and shall be responsible, in conjunction with the Chairman or Chairperson of the AC, for drawing up the agenda and circulating it, supported by explanatory documentation to the members prior to each meeting.

### **5.4. Meeting Minutes**

- 5.4.1 The Company Secretary shall be responsible for keeping the minutes of meetings of the AC, including the names of those present and in attendance, and circulating them to AC members and other members of

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the Board.

5.4.2 Minutes shall be distributed to AC members and shall be approved by the Chairman or Chairperson of the meeting at which the proceedings are held or by the Chairman or Chairperson of the next succeeding meeting.

5.4.3 Relevant members of Management shall be provided with the minutes and Matters Arising for follow-up on key actions required.

### **5.5. Meeting Mode**

5.5.1 All or any meetings of the AC shall by default be held physically to enable effective and efficient discussion, however in certain circumstances, a meeting may be conducted by teleconference or videoconference, or other appropriate means as determined by the AC.

5.5.2 A person so participating is deemed to be present in person at the meeting and shall be counted in a quorum accordingly.

### **5.6 Voting**

5.6.1 All resolutions of the AC shall be adopted by a simple majority vote, each member having one (1) vote.

5.6.2 An AC member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation. The nature and extent of the conflict of interest must be recorded in the minutes.

### **5.7 Decisions by Circular Resolutions**

5.7.1. A resolution in writing signed either digitally or by hand or approved by letter, or other written electronic communications by the majority of the members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting.

5.7.2 All such resolutions shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book.

5.7.3 Any such resolution may consist of several documents in like form, each signed by one (1) or more members.

### **5.8. Notice and Agenda**

5.8.1. Meetings of the AC shall be called by the Company Secretary at the request of the AC Chairman or Chairperson.

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- 5.8.2. Unless otherwise agreed, reasonable notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded at least five (5) working days prior to the meeting held to each member of the AC and any other person required to attend.
- 5.8.3. The AC meeting agendas shall be the responsibility of the AC Chairman or Chairperson with input from other members and where necessary, the agenda shall include input from other persons deemed appropriate to participate in this process and assisted by the Company Secretary.
- 5.8.4. Supporting papers shall be sent to the AC members and other attendees as appropriate, at the same time of the above item 5.8.2.
- 5.8.5. The notice of each meeting shall be served to the member either personally or by fax or e-mail or post or courier to his/her registered address as appearing in the Register of Directors or to the address provided by the AC member, as the case may be.

#### **5.9 Attendance of General Meeting**

- 5.9.1 The AC Chairman or Chairperson (or in his/her absence, or a member of the AC nominated by the Chairman or Chairperson) shall attend the general meetings to answer any shareholder questions on the AC's activities.

### **6. REVIEW OF THE TERMS OF REFERENCE**

The Terms of Reference shall be reviewed periodically by the AC in accordance with the needs of the Company, from time to time or when changes to regulatory requirements necessitate a revision, but at least once every three (3) years; any recommendation for its revision will be highlighted to the Board for approval.

<p><b>Adopted by the Board: 23 November 2011</b></p> <p><b>Updated and adopted by the Board on: 31 October 2012</b></p> <p><b>Updated and adopted by the Board on: 5 July 2021</b></p> <p><b>Updated and adopted by the Board on: 29 September 2022</b></p> <p><b>Updated and adopted by the Board on: 12 September 2023</b></p> <p><b>Updated and adopted by the Board on: 28 May 2024</b></p>
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