



## **AWANBIRU TECHNOLOGY BERHAD**

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

# **TERMS OF REFERENCE OF AUDIT COMMITTEE**

**Updated as at 5 July 2021**

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## 1. OBJECTIVES

The objectives of the Audit Committee ("AC") are to 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 the "Company") and its subsidiaries (the "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 (the "Board") 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 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 member of the AC shall be: -

2.6.1. A member of the Malaysian Institute of Accountants ("MIA"); or

2.6.2. Alternatively a person who has at least three (3) years working experience and must fulfill 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. Fulfils such other requirements as prescribed or approved by the Exchange from time to time.

2.7 The Nomination Committee 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 before being appointed as a member of the AC.

- 2.9 In the event of any vacancy in the AC resulting in the non-compliance of the Bursa Securities Listing Requirements, the Board shall fill the vacancy within three (3) months from the date of the vacancy.

### 3. RESPONSIBILITIES AND DUTIES

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

- 3.1 To review the quarterly and annual financial statements of the Company, focusing particularly on the following:
- 3.1.1. Any significant changes to accounting policies and practices;
  - 3.1.2. Significant adjustments arising from the audits;
  - 3.1.3. Compliance with accounting standards and other legal requirements;
  - 3.1.4. The going concern assumption;
  - 3.1.5. Whether the financial statements taken as whole provide a true and view of the Company's financial position and performance;
  - 3.1.6. Significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and
  - 3.1.7. Significant impairment(s) to be made by the Company.
- 3.2 To review any Related Party Transaction ("RPT") and conflict of interest situation that may arise within the Company including any transaction, procedure or course of conduct that raises questions of Management integrity.
- 3.3 To consider annually the Risk Management Framework adopted within the Company and to be satisfied that the methodology employed allows the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner that will allow the Group to minimize losses and maximize opportunities.
- 3.4 To ensure that the system of internal controls is soundly conceived and in place, effectively administered and regularly monitored.
- 3.5 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.
- 3.6 To obtain assurance that proper plans for control have been developed, prior to the commencement of major areas of change within the organisation.
- 3.7 To be satisfied that the strategies, plans, manning and organisation for internal auditing are communicated down through the Company which SPECIFICALLY, list out below:
- 3.7.1. To review the internal audit plans and to be satisfied with their consistency with the Risk Management Framework used, the adequacy of

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- coverage and the audit methodologies employed;
- 3.7.2. To be satisfied that the internal audit function within the Company has the proper resources and standing to enable them to complete their mandates and approved audit plans;
  - 3.7.3. To review status reports from internal audit and ensure that appropriate action is taken on the recommendations of the internal audit function. To recommend any broader reviews deemed necessary as a consequence of the issues or concerns identified;
  - 3.7.4. To review any appraisal or assessment of the performance of the members of the internal audit function, to approve any appointment or termination of senior staff members of the internal audit function and to inform itself of any resignations of internal audit staff members and reasons thereof;
  - 3.7.5. To ensure internal audit has full, free and unrestricted access to all activities, records, property and personnel necessary to perform its duties;
  - 3.7.6. To request and review any special audit which it deems necessary;
  - 3.7.7. To ensure there is co-ordination between internal and external auditors.
- 3.8. To review with the external auditors the nature and scope of their audit plan and report.
  - 3.9. To review any matters concerning the appointment and re-appointment, audit fee and any questions of resignation or dismissal of the external auditors.
  - 3.10. To review and evaluate factors related to the independence of the external auditors and assist them in preserving their independence.
  - 3.11. To be advised of significant use of the external auditors in performing non-audit services within the Group, considering both the types of services rendered and the fees, such that the position as auditors are not deemed to be compromised.
  - 3.12. To review the external auditors' findings arising from audits, particularly any comments and responses in management letters as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.
  - 3.13. 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 Audit Committee itself.
  - 3.14. To review with the external auditors the Statement of Internal Controls of the Group for inclusion in the Annual Report.
  - 3.15. To review the annual AC report to the Board which includes the composition of the AC, number of meetings held, a summary of its works and the existence of an

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internal, audit function and summary of the works of that function for inclusion in the Annual Report.

- 3.16 To review the Board's statements on compliance with the Malaysian Code of Corporate Governance (“MCCG”) for inclusion in the Annual Report.
- 3.17 To review ordinary and extraordinary dividend payments.
- 3.18 To act on any other matters as may be directed by the Board.

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

- 4.1 The AC with the authorization by the Board shall, whenever necessary, and reasonable to 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. In the event that any member of the AC shall need to seek external professional advice in furtherance of his duties, he or she shall first consult with and obtain the prior approval from the Chairman 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. That the Head of Internal Audit shall report directly to the AC and shall have direct access to the Chairman of the AC on all matters of control and audit. All proposals by Management regarding the appointment, transfer and removal of the Head of Internal Audit of the Company shall require prior approval of the AC. Any inappropriate restrictions on audit scope are to be reported to the AC without any delay.
  - 4.1.8. Provide its recommendations to the Board for its consideration and approval.

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## 5. MEETINGS

### 5.1. Frequency

- 5.1.1. The AC shall meet at least four (4) times annually and at such additional meetings, as the Chairman shall decide, in order to fulfil its duties.
- 5.1.2. The Chief Financial Officer (“CFO”) or its equivalent and the Head of Internal Audit shall normally attend meetings of the AC.
- 5.1.3. 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 Audit Committee's attention.
- 5.1.4. By invitation of the AC, the Company shall ensure that other directors and employees attend any particular committee meeting where their attendance is required in relation to a specific meeting.

### 5.2. Quorum

- 5.2.1. The meeting shall have a quorum of three (3) members of whom shall be Independent Non-Executive Directors.
- 5.2.2. In the absence of the Chairman, 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, for drawing up the agenda and circulating it, supported by explanatory documentation to committee 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 committee members and to other members of the Board.
- 5.4.2. Minutes shall be distributed to AC members and shall be approved by the Chairman of the meeting at which the proceedings are held or by the Chairman 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.

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## 5.5. Meeting Mode

- 5.5.1. All or any members of the AC shall normally be conducted face-to-face to enable effective and efficient discussion, however in certain circumstances may participate in a meeting 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 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 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.

## 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 described as "**Audit Committee Members' Circular Resolution**" and 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 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 committee Chairman.
- 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 RC Committee and any other person required to attend.
- 5.8.3. The AC meeting agendas shall be the responsibility of the Chairman of AC with input of the 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.

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5.8.4. Supporting papers shall be sent to the AC Committee 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 by post by courier to his registered address as appearing in the Register of Directors or to the address provided by the AC Committee member, as the case may be.

## **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 Board: 23 November 2011</b> <b>Updated and adopted by Board on: 31 October 2012</b> <b>Updated and adopted by Board on: 5 July 2021</b></p>
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