

**ANCOM LOGISTICS BERHAD (Company No. : 6614-W)  
(Incorporated in Malaysia)**

**TERMS OF REFERENCE – AUDIT COMMITTEE**

**COMPOSITION**

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

All members of the Audit Committee shall be financially literate and at least one of them shall be a member of the Malaysian Institute of Accountants or a person who fulfill the requirements under Paragraph 15.09 (1) (c) (i), or (ii) or (iii) of the Listing Requirements. No Alternate Director shall be appointed as a member of the Audit Committee.

The Chairman of the Audit Committee shall be elected at the first Audit Committee meeting held after each annual general meeting of the Company, from amongst its members and he shall be an Independent Non-Executive Director. The Chairman so elected shall hold office until the commencement of the first Audit Committee meeting held after each annual general meeting of the Company.

If a member of the Audit Committee resigns or for any reason ceases to be a member which result in the number of members less than the required number of three (3), the Board of Directors shall within three (3) months of that event, 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 a Director of the Company.

The Company Secretaries shall be the Secretaries of the Audit Committee.

**OBJECTIVES**

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

1. maintaining a good corporate governance standard 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 appropriate risk management framework for identification of principal risks associated with the Group's business; and
4. reviewing the adequacy and integrity of the Group's risk management framework, its system of internal control and management information system.

## **FUNCTIONS**

1. The duty of the Audit Committee shall include the following:

### **A. EXTERNAL AUDIT**

- i. To consider the appointment of the external auditors, the audit fee and any question of resignation or dismissal;
- ii. To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination 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;
  - 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, and any matter the auditors may wish to discuss (in the absence of management where necessary);
- v. To review the external auditors' management letter and management's response;

### **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, and that it has the necessary authority to carry out its work;
  - d. review results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - e. review any appraisal or assessment of the performance of members of the internal audit function;
  - f. approve any appointment or termination of senior staff members of the internal audit function;
  - g. take cognizance of resignation of internal audit staff member and provide the resigning staff member an opportunity to submit his reasons for resigning;
  - h. 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;

2. The Head of Internal Audit and representative of the External Auditors should normally attend the Audit Committee meeting. Invitees may attend the Audit Committee meetings upon the invitation of the Audit Committee. The Audit Committee shall convene meetings with the External Auditors, Internal Auditor(s) or both, excluding the attendance of other Directors and employees of the Company and the Group whenever it deems necessary;
3. The Chairman of the Audit Committee should engage on a continuous basis with senior management such as the Chairman, the Executive Vice Chairman and/or the Chief Executive Officer or whatever named he may be called, the Chief Financial Officer and other senior operating staff, the Head of Internal Audit 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. the 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 the Internal Auditors; and
  - v. the authority to obtain independent professional and other advices and to secure the attendance of the advisers if it considers necessary.

## **MEETING**

The Audit Committee shall meet every quarterly or at other frequencies as directed by the Board of Directors and at any time upon the request of any members 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, all of whom must be Independent Directors. Agenda shall be sent to all Audit Committee members and any other persons who may be required to attend the meeting at least seven (7) days prior to the meeting unless such requirement is waived by the Audit Committee members at the meeting.

Decision of the Audit Committee shall be by a majority of votes. In the case of equality of vote, 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.

## **MINUTES**

The minutes of each Audit Committee meeting, after the same have been affirmed by 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 Secretaries and are subject to inspection by the Audit Committee members and the Board of Directors upon request.

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