

ANCOM LOGISTICS BERHAD [Registration No.: 196601000150 (6614-W)] (Incorporated in Malaysia)	Date of Revised Statement :	11/07/2024
	Last reviewed and approved by the Audit Committee :	27/8/2024
	Approved by the Board of Directors :	13/09/2024

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. the accounting and financial reporting processes of the Company and its subsidiaries ("Group");
2. the integrity of the Company's and the Group's financial statements;
3. the Group's compliance with applicable legal and regulatory requirements;
4. the adequacy and effectiveness of the Group's system of internal controls and management information system;
5. the implementation of the Group's Anti-Bribery and Anti-Corruption Policy and Whistle-Blowing Policy;
6. the conflict-of-interest situations and related party transactions; and
7. the maintenance of open channels of communication among management of the Company, the External Auditors and the Board.

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. ANTI-BRIBERY AND ANTI-CORRUPTION

- (i) To review and to update the Company's Anti-Bribery and Anti-Corruption policies and procedures to ensure they are effective and comply with relevant laws and regulations;
- (ii) To oversee the implementation and monitoring of the Company's Anti-Bribery and Anti-Corruption programme, including training and awareness initiatives amongst the Group's Directors and employees and that the policies and procedures are communicated to all Directors and employees of the Group and relevant third parties; and
- (iii) To review reports on incidents of bribery and corruption, including investigations, disciplinary actions and remediation efforts taken in relation thereof.

E. WHISTLE-BLOWING AND OTHERS

- (i) To receive, investigate and act on complaints and concerns of Directors and 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 or employees in accordance with the Company's Whistle-Blowing Policy;
- (ii) To review any related party transaction and conflict-of-interest situations that arose, persist or may arise within the Group, including any transactions, procedures or courses of conduct that raise questions of management integrity (including recurrent related party transactions) and the measures taken to resolve, eliminate or mitigate such conflicts; and
- (iii) to carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.

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 Management 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.

AUTHORITIES

In discharging the functions as stated 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 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

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attend the meeting at least seven (7) days in advance unless such requirement is waived by 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.

REPORTING RESPONSIBILITIES

The Committee Chairman shall report formally to the Board on the proceedings of each of its meeting and all matters within the Committee's duties and responsibilities. Minutes of the Audit Committee Meeting shall also be presented to the Board for notation. The Committee shall make recommendations to the Board as it deems appropriate on any area within its remit where actions or improvement are needed.

The Committee shall make an Audit Committee Report in the Company's Annual Report about its activities carried out in discharging its duties as per its Terms of Reference during the financial year. It shall make a Statement of Risk Management and Internal Control in the Company's Annual Report in accordance with Rule 15.26(b) of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), and guided by the Malaysian Code on Corporate Governance (updated on 28 April 2021), as well as the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

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.

A resolution in writing, signed or approved via any electronic means by a majority of the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Committee members.

REVISION

The Terms of Reference shall be reviewed as and when required and shall be updated in accordance with the needs of the Company and any new regulations. Any revision or amendments to the Terms of Reference shall be approved by the Board with a resolution.