

AUDIT COMMITTEE **TERMS OF REFERENCE**

1. OBJECTIVES

The objective of the Audit Committee (“**AC**” or “**Committee**”) is to assist the Board of Directors (“**Board**”) in meeting its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies. The Committee's role is to provide oversight and guidance to the Board in discharging its fiduciary duties, particularly concerning the following key activities of the Group, which comprises Komarkcorp Berhad and its subsidiaries:

- a) Assist the Board in meeting its responsibilities relating to accounting and reporting practices of the Group;
- b) Oversee financial reporting;
- c) Assess the risks and control environment;
- d) Evaluate the internal and external audit processes and outcomes including issues pertaining to the system of internal control and risk management within the Group;
- e) Review conflict of interest situations and related party transactions;
- f) Maintain open lines of communication between the Board, the internal auditors and the external auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and
- g) Undertake any such other functions as may be determined by the Board from time to time.

2. COMPOSITION

- a) The Committee members shall be appointed by and from the Board of the Company and shall comprise of not less than three (3) members.
- b) All members of the AC must be non-executive directors with a majority of the AC must be independent directors as defined under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).
- c) No alternate Director shall be appointed as a member of AC.
- d) All members of the AC should be financially literate and are able to understand matters under the purview of the Committee including the financial reporting process. All members of the Committee should undertake continuous professional development to keep

AUDIT COMMITTEE
TERMS OF REFERENCE

themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

- e) At least one member of the AC:-
- i) must be a member of the Malaysian Institute of Accountants; or
 - ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
 - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
 - iii) fulfils the requirements as may be prescribed or approved by Bursa Securities and/or other relevant authorities from time to time; and
- f) For engagement of a former audit partner as member of the Committee, there must be a cooling-off period of at least three (3) years before being appointed as a member of the Committee.
- g) In the event of any vacancy in the AC (including Chairman) resulting in the non-compliance of item 2(a) above, the Board shall upon the recommendation of the Nomination Committee fill the vacancy within 3 months of that event.
- h) Membership in the AC is relinquished when a member ceases to be a Director or as determined by the Board. If a member wishes to voluntarily relinquish their membership, they may provide prior written notice to the Company Secretary. The Nomination Committee will then review and recommend a replacement candidate to the Board for approval.

3. CHAIRMAN

- (a) The Chairman of the Board shall not be the Chairman of the Committee. The Chairman of the Committee must be an Independent Non-Executive Director elected among the members of the Committee.

AUDIT COMMITTEE
TERMS OF REFERENCE

- (b) The Chairman of the Committee should attend the Annual General Meeting to answer any shareholder's questions on the Committee's activities, roles and responsibilities.
- (c) The Chairman together with other members of the AC ensure that:-
- the AC is fully informed about significant matters related to the Group's audit and its financial statements and addresses these matters;
 - the AC appropriately communicate the insight, views and concerns about relevant transaction and events to internal and external auditors; and
 - AC's concerns on matters that may have an effect on the financial or audit of the Group are communicated to the external auditors.

4. DUTIES AND RESPONSIBILITIES**4.1 Risk Management and Internal Control**

- 4.1.1 Review the risk profile of the Group (including risk registers) and the Company's risk management plans to mitigate business risks identified from time to time in order to safeguard shareholders' investments and the Company's assets.
- 4.1.2 Assess the effectiveness of the system of internal controls, i.e. the risks, control environment and compliance requirements based on the results of the external and internal audits.
- 4.1.3 Review the adequacy and integrity, including effectiveness, of risk management and internal control systems, management information system, and the internal auditors' and/or external auditors' evaluation of the said systems and assess the resources and knowledge of the management and employee involved in the risk management process.
- 4.1.4 Oversee the Group's internal control structure to ensure operational effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect the Group's assets from misappropriation and encourage legal and regulatory compliance.
- 4.1.5 Conduct an annual review and periodic testing of the Company's internal control and risk management framework.

AUDIT COMMITTEE
TERMS OF REFERENCE

4.1.6 Provide routine updates to the Board on key risk areas and ways to mitigate or manage those risks.

4.2 Financial Reporting and Compliance

4.2.2 Review major audit findings and Management's response during the year with Management, external auditors and internal auditor, including the status of previous audit recommendations.

4.2.3 Review the assistance given by the Group's officers to the auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.

4.2.4 Review the quarterly results and the year-end financial statements of the Group prior to approval by the Board, focusing particularly on:

- changes in or implementation of major accounting policy changes;
- significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions and how these matters are being addressed;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements.

4.3 External audit processes and outcomes

4.3.1 review with the external auditors on their audit plan, their evaluation of the system of internal controls, audit report, problems and reservations arising from the interim and final audits, the management letter and management's response and the adequacy of assistance given by the Group's employees.

4.3.2 Review any letter of resignation from the external auditors and report the same to the Board.

4.3.3 Review and evaluate the performance of the external auditor to determine their suitability for reappointment and make the relevant recommendation to the Board.

AUDIT COMMITTEE
TERMS OF REFERENCE

4.3.4 Recommend the nomination of a person or persons as external auditors, including matters related to audit fees. In considering the appointment or re-appointment of the external auditors; to consider among others:-

- (i) the adequacy of the experience and resources of the accounting firm;
- (ii) the persons assigned to the audit;
- (iii) the accounting firm's audit engagements;
- (iv) the size and complexity of the Group being audited; and
- (v) the number and experience of supervisory and professional staff assigned to the particular audit;

4.3.5 Ensure the proper policies and procedures are established and to assess the suitability and independence of external auditors, including obtaining written assurance from external auditors confirming they are and have been independent throughout the conduct of audit engagement in accordance with the terms of reference of all relevant professional and regulatory requirements.

4.3.6 Ensure the external auditors able to meet the deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan.

4.3.7 Ensure the competence, audit quality and resource capacity of the external auditors in relation to the audit.

4.3.8 Consider any concerns raised by external auditors in respect of breach or non-performance of any requirement or rules that may materially affect the financial position of the Company.

4.3.9 Review non-audit services which may be provided by the external auditors (e.g. contract and nature) and the fee for such a service. In the event that the non-audit fees paid to the external auditors are significant (e.g. constitute 50% of the total amount of audit fees paid to the external auditors), the Company is required to state the details on to the nature of non-audit services rendered in the Committee Report.

4.4 Internal audit processes and outcomes

4.4.1 In respect of the Group's internal audit function (provided by an internal audit service provider), to undertake the following and reports directly to the AC:

AUDIT COMMITTEE
TERMS OF REFERENCE

- a) review the adequacy of the scope, competency, functions, plans, resources and budget of the Group's internal audit function.
- b) approve the internal audit plan and review the results of the internal audit plan and decide whether or not appropriate actions are taken and report to the Board.
- c) review the effectiveness of the Group's internal audit function and make recommendations necessary for the improvement of the internal audit function.
- d) review any appraisal of or assessment of the performance of the Group's internal audit function.
- e) approve any appointment or removal of the Internal Auditor.
- f) ensure the internal audit function is independent of the activities it audits and the head of internal audit / the internal audit service provider (for outsourced internal audit) reports functionally to the Committee directly and review their performance on an annual basis. The head of internal audit/the internal audit service provider should have the relevant qualifications and be responsible for providing assurance to the Committee that the internal controls are operating effectively. The head of internal audit / the internal audit service provider shall be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within the Company.
- g) take cognisance of resignations of internal audit staff members (for in-house internal audit function) or the internal audit service provider and provide the resigning staff member or the internal audit service provider an opportunity to submit his reasons for resigning.

4.5 Conflict of interest situations and related party transactions (including recurrent related party transactions)

- 4.5.1 Review related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transaction annually to shareholders via the annual report.
- 4.5.2 Review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of

AUDIT COMMITTEE
TERMS OF REFERENCE

Management integrity and the measures taken to resolve, eliminate or mitigate such conflicts.

4.5.3 Ensure that the Group has adequate procedures and processes in place to monitor and track related party transactions and to review these processes.

4.6 Other responsibilities

4.6.1 The Committee shall regularly update the Board about its activities and make recommendations through copies of minutes of each meeting and circulate to all Board members once endorsed by the Chairman.

4.6.2 Review the Company's Annual Report including the Statement on Risk Management and Internal Control, Corporate Governance Report, Corporate Governance Overview Statement and other statements related to strategy, financials and performance for inclusion in the Annual Report and recommend to the Board for approval.

4.6.3 Prepare the Audit Committee report and ensuring that the Company discloses it in its Annual Report for the financial year. The Committee must disclose how it has met its responsibilities in discharging its functions and duties for the financial year (Para 15.15(3)(d));

4.6.4 Ensure that the written Terms of Reference ("**TOR**") clearly outline the Committee's authority and duties, and made available on the Company's website.

5. POWER AND AUTHORITY

The AC shall, wherever necessary and reasonable, in the execution of its duties as set out in this TOR, and in accordance with procedures determined by the Board, have authority to do the following at the cost of the Company:-

- a) have authority to investigate any matter within its TOR;
- b) have the resources which are required to perform its duties;
- c) have full and unrestricted access to any information, records, properties and personnel within the Group;

AUDIT COMMITTEE
TERMS OF REFERENCE

- d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity and with key management of the Group;
- e) obtain internal and external independent professional assist in the proper discharge of its roles and responsibilities; advice, as it deems necessary at the expense of the Company; and
- f) convene meetings with the external auditors, the persons carrying out the Internal Audit Function or both, without the presence of other directors and employees of the Group, whenever deemed necessary.
- g) have access to the advice and services of the Company Secretary.

The Chairman of the AC shall engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.

6. QUORUM AND MEETINGS

- 6.1 The quorum for a meeting shall be 2 members of the AC who are both independent directors.
- 6.2 In the absence of the Chairman, the members present shall elect a Chairman for the meeting amongst the members present.
- 6.3 The Committee shall meet at least 4 times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. However, at least twice a year the Committee shall meet with the external auditors without the presence of executive Board members.
- 6.4 The Chairman may call a meeting of the AC if a request is made by any committee member, the Company's Chief Executive Officer, or the internal or external auditors.
- 6.5 The Committee meetings shall be governed by the provisions of the Company's Constitution relating to Board meetings unless otherwise provided for in this TOR. The Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.
- 6.6 By invitation of the AC, the Chief Executive Officer, Managing Director and other appropriate officer(s) may be invited to attend the AC's meeting, where their presence are considered appropriate as determined by the AC's Chairman.

AUDIT COMMITTEE
TERMS OF REFERENCE

- 6.7 A member of the Committee shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him.
- 6.8 A member of Committee may participate in a meeting of by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.
- 6.9 The notice and agenda for each Committee meeting shall be sent to all members of the Committee and any other persons who may be required to attend the meeting within five (5) Business days.
- 6.10 The Chairman of the Committee shall report to the Board on any matter that should be brought to the Board's attention and provide recommendations of the Committee that require the Board's approval at the Board meeting.
- 6.11 The AC may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing signed by all members in lieu of convening a formal meeting shall be as valid and effectual as it had been passed at a meeting of the AC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members and may be accepted as sufficiently signed by a AC member if transmitted to the Company by email, facsimile or other electronic means or digital written message/application to include a signature of an AC member.

7. SECRETARY

- 7.1 The Company Secretary or his/her representative or other appropriate senior officer shall act as secretary of the Audit Committee.
- 7.2 The Company Secretary or his/her representative or other appropriate senior officer shall be present to record proceedings of the Committee meetings.
- 7.3 The Secretary shall have the following responsibilities:
- Ensure all meetings are arranged and held accordingly;
 - Draw up meeting agenda in consultation with the Chairman and circulate the agenda together with the relevant papers within a reasonable period prior to each meeting to enable full and proper consideration be given to issues;

AUDIT COMMITTEE
TERMS OF REFERENCE

- Prepare the minutes of the Committee meetings and record the conclusions of the Committee in discharging its duties and responsibilities;
- Ensure the minutes are endorsed by the Chairman before circulating promptly to all members of the Committee and make the same available to Board members who are not members of the Committee; and
- Ensure that the minutes of the Committee meetings are properly produced and kept at the registered office of the Company. The minutes shall be open for inspection by the Board. Any request by Management or other persons to inspect the minutes shall be subjected to the approval of the Committee for inspection if required.

8. REVISION OF THE TOR

- This TOR shall be reviewed periodically and any revision or amendment to this TOR, as proposed by the Committee or any third party, shall first be presented to the Board for its approval.
- Upon the Board's approval, the said revision or amendment shall form part of this TOR and this TOR shall be considered duly revised or amended.
- The duly revised or amended TOR shall be disclosed on the Company's website.

This Terms of Reference is revised and approved by the Board of Directors on 17 October 2024.