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"INFOLINE TEC" GROUP OF COMPANIES

STANDARD POLICY & PROCEDURE	EFFECTIVE **1 March 2025**	REV. NO. **0**
SUBJECT **AUDIT COMMITEE**		

TERMS OF REFERENCE OF THE AUDIT COMMITTEE ("AC")

1. Objectives

The principal objectives of the AC are to assist the Board of Directors ("**Board**") in discharging its statutory and fiduciary duties and responsibilities relating to accounting and financial reporting practices of the Company and its subsidiaries ("**Group**"). In addition, the AC shall: -

(a) evaluate the quality of the audits performed by the internal and external auditors;

(b) provide assurance that the financial information presented by the management is relevant, reliable and timely;

(c) oversee compliance with laws and regulations and observance of a proper code of conduct;

(d) determine the quality, adequacy and effectiveness of the Group's control environment; and

(e) ensure financial statements comply with applicable financial reporting standards.

2. Composition of members

The Board shall elect the AC members from amongst themselves, comprising no fewer than three (3) members, all of whom shall be Independent Non-Executive Directors.

*In this respect, the Board adopts the definition of "Independent Director" as defined under Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements ("**the Listing Requirements**").*

Collectively, the AC should possess a wide range of necessary skills to discharge its duties. All members of the AC shall be financially literate and are able to understand the matters under the purview of the AC including the financial reporting process. At least one (1) member of the AC:-

(a) shall be a member of the Malaysian Institute of Accountant ("**MIA**"); or

(b) if he is not a member of the MIA, he must have at least three (3) years of working experience and:

i. he must have passed the examinations as specified in Part I of the First Schedule of the Accountants Act 1967; or

ii. he must be a member of one (1) of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

(c) fulfils such other requirements as prescribed or approved by Bursa Securities.

No alternate Director of the Board shall be appointed as a member of the AC.

No former key audit partner of the Company's external auditors shall be appointed as a member of the AC unless the said former key audit partner has observed a cooling-off period of at least three (3) years before being appointed as a member of the AC.

All members of the AC should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Retirement and resignation

If a member of the AC or Chairman of the AC resigns, dies, or for any reason ceases to be a member or Chairman resulting in non-compliance to the composition criteria as stated in paragraph 2 above, the Board shall within three (3) months of the event appoint such number of the new member(s) or Chairman of the AC respectively as may be required to fill the vacancy.

3. Chairman

The Chairman of the AC shall be an Independent Non-Executive Director elected by the Board from amongst the AC members and who shall not be the Chairman of the Board. The AC Chairman shall be a member of MIA and chair all AC meetings. In the absence of the Chairman, the members of the AC can elect from amongst themselves as the Chairman of the meeting.

The Chairman of the AC is responsible for ensuring the overall effectiveness and independence of the AC.

The Chairman of the AC together with other members of the AC should ensure amongst others that:-

- the AC is fully informed about significant matters related to the Group's audit and its financial statements and address these matters;

- the AC appropriately communicates its insights, views and concerns about relevant transactions and events to internal and external auditors;
- the AC's concerns on matters that may have an effect on the financial or audit of the Group are communicated to the external auditors; and
- there is co-ordination between internal and external auditors.

4. Secretary(ies)

The Secretary(ies) of the AC shall be the Company Secretary(ies) of the Company.

The Secretary(ies) shall be responsible for drawing up the agenda and circulating it prior to each meeting and keeping the minutes of meetings of the AC.

5. Terms of Office

The Nominating Committee of the Company shall review the term of office and performance of the AC and each of its members annually to determine whether such AC and members have carried out their duties in accordance with the AC's terms of reference.

6. Meetings

The AC shall meet together for the dispatch of business, adjourn and otherwise regulate their meetings, at least four (4) times a year or more frequently as deemed necessary. The Chairman or any other member of the AC may call for additional meetings at any time at their discretion.

Upon the request of the external auditors, the Chairman of the AC shall convene a meeting of the AC to consider any matter the external auditors believe should be brought to the attention of the AC, the Board or the shareholders.

Reasonable notice of AC meetings shall be given in writing to all the AC members unless the AC waives such requirement.

The AC may hold a committee meeting at two (2) or more venues within or outside Malaysia using any technology that gives the AC members as a whole a reasonable opportunity to participate. Any member of the AC participates at an AC meeting by way of telephone and video conferencing or by means of other communication equipment whereby all persons participating in the meeting are able to hear each other and be heard for the entire duration of the meeting in which event such member shall be deemed to be present at the meeting. A member participating in a meeting in the manner aforesaid may also be taken into account in ascertaining the presence of a quorum at the meeting. Any meeting held in such manner shall be deemed to be held at such place as shall be agreed upon by the AC members attending the meeting provided that at least one (1) of the members present at the meeting was at such place

for the duration of that meeting. All information and documents must be made equally available to all participants prior to or at/during the meeting.

The Chairman of the AC shall engage on a continuous basis with the Chairman of the Board, the Chief Executive Officer, Executive Directors, Chief Financial Officer, internal auditors and external auditors in order to be kept informed of matters affecting the Company.

The Chief Financial Officer and a representative of the internal and external auditors respectively should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the AC. The AC shall be able to convene meetings with the external auditors, the internal auditors or both, without executive Board members or employees present whenever deemed necessary.

Questions arising at any meeting of the AC shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the AC shall have a second or casting vote.

7. Quorum

The quorum shall consist of two (2) members.

8. Circular Resolution

A resolution in writing may be accepted as sufficiently signed by a member of the committee if transmitted to the Company by any technology purporting to include a signature and/or an electronic or digital signature by a majority of the AC members for the time being, shall be valid and effective as if it had been passed at a meeting of the AC duly called and constituted. All such resolutions shall be described as "AC Members' Resolution in Writing" and shall be forwarded or otherwise delivered to the Company Secretary(ies) without delay and shall be recorded by the Company Secretary(ies) in the minutes book. Any such resolution may consist of several documents in like form, each signed by one (1) or more members of the AC.

9. Minutes

Minutes of each meeting shall be kept at the registered office and distributed to each member of the AC and also to the other members of the Board.

The minutes of the AC meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence of the proceedings of the meeting duly held.

10. Reporting

The Chairman of the AC shall report to the Board on the proceedings of each meeting and on matters as it considers appropriate within a reasonable period after the conclusion of each meeting, either formally in writing or verbally.

The AC shall report to the Board on any specific matters referred to it by the Board.

11. Authority

The AC shall, in accordance with a procedure to be determined by the Board and at the expense of the Company:-

(a) have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the AC;

(b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group;

(c) obtain independent professional advice or other advice and invite outsiders with relevant experience and expertise to attend, if considers necessary;

(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

(e) where the AC is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the AC shall promptly report such matter to Bursa Securities; and

(f) be entitled to the services of the Company Secretary(ies).

12. Duties and Responsibilities

The duties and responsibilities of the AC are as follows:-

(a) to review and assess the suitability, objectivity and independence of the external auditors and internal auditors, its conduct of the annual statutory audit of the financial statements, and the engagement of external auditors for all other services.

In assessing the suitability, objectivity and independence of the external auditor and internal auditor, some relevant policies and procedures for AC shall include but not limited to the followings:

- Draw reference to the Annual Transparency Report to be presented by external auditors, if any;

- Determine the appropriateness of audit fees to support a quality audit;

- Non-audit services to be approved by the AC before services rendered by the external auditor and its affiliates while taking into account the nature and extent of the non-audit services and the appropriateness of the level of fees;

- Obtain a written assurance from the external auditor confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements;

- Conduct an annual evaluation on the performance of the external auditor and internal auditor. An evaluation form (attached as Appendix A to this document) shall be completed by the management and members of the AC. Upon completion of the evaluation form, a summary report shall be prepared and presented to the Board;

- To make appropriate recommendations to Board on matters of resignation, dismissal or cessation of office of the external auditors and secure the reason of such resignation, dismissal or cessation of office; and

- To recommend the nomination of person(s) as the External Auditors to the Board and subsequent recommendation to the shareholders for approval.

(b) to review and recommend the quarterly and annual financial statements for approval by the Board before the announcement to regulatory bodies, focusing in particular on any changes in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements.

(c) to conduct periodic reviews of the involvements of the Chief Executive Officer and Executive Directors in the companies outside of the Group, in which they have executive functions to ensure that it does not affect their role and responsibilities within the Group.

(d) to review and monitor any related party transaction/business dealings entered into by the Group and any conflict-of-interest situation that may arise within the Group to ensure that they are conducted on arms' length basis and based on terms that are fair to the Group.

(e) to consider the major findings of internal investigations and the Management's response.

(f) To do the following, in relation to the internal audit function:-

- consider and approve the appointment of the internal auditors, the internal audit fee and any question of resignation or dismissal.
- review the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work.
- review the internal audit plan and results of the internal audit assessments and investigation undertaken, and ensure that appropriate action is taken on the recommendations of the internal auditors.
- consider the internal audit reports and findings by the internal auditors, fraud investigations and actions and steps taken by the management in response to audit findings.
- review and decide on the budget allocated to the internal audit function.
- appraise or assess the performance of members of the internal audit function.
- monitor the overall performance of the Company's internal audit function.

(g) To verify the allocation of Employees' Share Option Scheme ("**ESOS**") in compliance with the criteria as stipulated in the bylaws of ESOS of the Company, if any.

(h) To report to relevant authorities on any matter reported by it to the Board which has not been satisfactorily resolved and resulting in a breach of any regulations.

(i) To verify, review and recommend any proposed declaration of dividend to the Board for approval and/or onwards shareholders' approval.

(j) To review and assess the impairment of investments.

(k) To review any banking facilities and/or any business transactions in accordance with the Discretionary Limit Authority which require AC's recommendation to the Board for approval.

(l) To perform any such other functions as may be requested by the Board.