



## ASIA FILE CORPORATION BHD

(313192-P)

(Incorporated in Malaysia)

### TERMS OF REFERENCE OF AUDIT COMMITTEE

#### **Membership**

The Committee shall be appointed by the Board from amongst the Directors of the Company. All members of the Committee should be Non-Executive Directors, with a majority of whom must be independent. It shall consist of no less than three (3) members and at least one (1) member must fulfill the following criteria:-

1. A member of the Malaysian Institute of Accountants; or
2. If he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of working experience and
  - (a) He must have passed the examination specified in Part I of the 1st Schedule to the Accountants Act, 1967; or
  - (b) He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule to the Accountants Act 1967; or
3. Fulfils such other requirements as may be prescribed or approved by Bursa Malaysia Securities Berhad from time to time.

If a former key audit partner to be suggested as a member of the Audit Committee, he / she must fulfill a cooling off period of at least three (3) years before being appointed as a member of the Audit Committee.

The Chairman of the Committee shall be an Independent Non-Executive Director. No Alternate Director of the Board should be appointed as a member of the Committee.

In the event of any vacancy in the Committee which results in the number of members to be reduced to below three (3), the Board shall fill the vacancy within three (3) months.

#### **Meeting Procedures**

The Committee is to meet at least four (4) times a year or more frequently as the need arises.

In order to form a quorum for the meeting, the majority of the members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman from amongst them.

Chief Financial Officer and Head of Internal Audit Department will usually attend the meeting and the presence of external auditors may be requested if required. The Committee may, as and when necessary, invite other Board members and senior management members to attend the meeting.

At least twice a year, the Audit Committee shall meet with the external auditors without the Executive Director and senior management being present.

In appropriate circumstances, the Audit Committee may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting.

An Audit Committee member 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 the member. Where this results in insufficient quorum, the Audit Committee has the right to appoint another one or more Director(s), who meets the membership criteria.

### **Authority**

In fulfilling its duties, the Committee is granted the authority to:-

1. Investigate any activities of the Group within its term of reference;
2. Have unrestricted access to information;
3. Directly communicate with the employees of the Group and/or external auditors;
4. Obtain at the cost of the Group legal and other necessary professional advice it considers necessary;
5. Be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the listed issuer, whenever deemed necessary; and
6. Report to the relevant authorities on any unresolved issues which result in breaching of any regulatory requirement.

### **Scope of Responsibilities**

The duties and responsibilities of the Committee encompass the followings:-

1. To review the audit scope and plan with external auditors;
2. To review external audit reports to ensure that prompt corrective actions are taken to address issues (including any deficiencies in internal control system) highlighted;
3. To review the assistance and cooperation rendered by the Group's employees to the external auditors;
4. To consider the performance of the external auditors, their appointment, audit fees and issues of resignation or dismissal;
5. To review the followings in respect of the internal audit functions:-
  - (a) Adequacy of the scope, functions, competency and resources of the internal audit functions and whether it has the necessary authority to carry out its work;
  - (b) To review the findings of the internal audit function and to ensure appropriate actions were taken and recommendation implemented; and
  - (c) The effectiveness of the internal audit function.
6. To review the quarterly results and year-end financial statements, prior to Board's approval, focusing mainly on:-
  - (a) Changes in implementation of major accounting policies;
  - (b) Significant or unusual events; and
  - (c) Compliance with accounting standards and other legal requirements.
7. To review any related party transaction and situation where conflict of interest may arise;
8. To review the allocation of options pursuant to Asia File Corporation Bhd Employees Share Option Scheme; and
9. To undertake any responsibilities as authorized by the Board.

**Disclosure**

1. The Committee shall assist the Board in making disclosures concerning the activities of the Committee, in the Audit Committee Report, to be issued in the annual report.
2. The Board requires all Directors to adhere to the procedures as set out in the Group's Conflict of Interest Policy where actual or potential conflict of interest may arise. All Directors must declare and notify to the Company by completing the Conflict of Interest Declaration Form (as set out in Appendix A of Conflict of Interest Policy) as and when the conflict of interest or potential conflict of interest arises at the earliest opportunity when the Director becomes aware of such conflict. The conflict of interest will to be escalated to the Audit Committee ("AC") and the Board of Directors ("the Board") and where such circumstances are permitted by the Board and AC shall not be deemed a breach of the Code. The Directors are required to make a declaration of conflict of interest or potential conflict of interest by completing the Conflict of Interest Declaration Form (as set out in Appendix A of Conflict of Interest Policy) on an annual basis for continuous monitoring.

These Terms of Reference were updated by the Board on 1 July 2023.