

## AUDIT COMMITTEE OF KKB ENGINEERING BERHAD

The Audit Committee comprises the followings: -

Name	Position	Category
Mr. Yong Voon Kar	Chairman	Independent Non-Executive Director
Ir. Othman bin Abdul Kadir	Member	Independent Non-Executive Director
Lau Nai Pek	Member	Non-Independent Non-Executive Director

### Terms of Reference

#### 1. Objective

The primary objective of the Audit Committee is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

#### 2. Composition

- (a) The Audit Committee must comprise of not less than three (3) members and all members must be Non-Executive Directors, with majority as independent directors being directors independent of management free of any relationship that in the opinion of the Board would interfere with the exercise of independent judgment on Audit Committee Members.
- (b) The Chairman of the Audit Committee shall be an Independent Director and is not the Chairman of the Board. In the absence of the Chairman, other members shall amongst themselves elect a Chairman who is also an independent director.
- (c) At least one (1) member of the Audit Committee: -
  - (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 three (3) years' working experience and:
    - (aa) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    - (bb) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
  - (iii) fulfils such other requirements as prescribed or approved by the Exchange.
- (d) Alternate Director is not allowed to become a member of the Audit Committee.
- (e) Any former key audit partner must have observed a cooling-off period of at least three (3) years before one is eligible for appointment as Audit Committee member.
- (f) If the number of members is reduced to below three (3) by reason of resignation, death or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall within three (3) months of the event, appoint such number of new members as may be required to fulfil the minimum requirement.

#### 3. Attendance

At the request of the Chairman, Directors and employees will be in attendance at the Audit Committee Meeting or for selected agenda items and representatives of the External Auditors and Internal Auditors or person(s) carrying out the internal audit function or activity may also be invited.

#### **4. Meetings**

- (a) The Audit Committee shall meet at least four (4) times a year and the quorum shall be two (2) provided always that majority of the members present must be independent directors.
- (b) At least twice a year the Audit Committee shall meet with the External Auditors without Executive Board members present.
- (c) At least once a year the Audit Committee shall meet with the Internal Auditors or person(s) carrying out the internal audit function or activity without the presence of Management or whenever it deems necessary.
- (d) The Company Secretary shall act as Secretary of the Audit Committee and shall be responsible for drawing up the agenda and circulating it and supported by explanatory documentation to committee members prior to each meeting. The Secretary shall also be responsible for keeping the minutes of meeting of the Audit Committee and circulating them to Audit Committee members and to the other members of the Board.
- (e) Unless otherwise determined by the Audit Committee members from time to time, notice of all Audit Committee meetings shall be given and circulated to all Audit Committee members and their alternates by facsimile, electronic mail or other communication modes. Except in the case of an emergency, reasonable notice of every Audit Committee meeting shall be given in writing. The majority of the Audit Committee members may waive notice of any meeting and any such waiver may be retroactive.
- (f) Audit Committee members may participate in the Audit Committee meeting by means of conference telephone, conference videophone or any similar or other communications by electronic means.
- (g) A person in communication by electronic means with the Chairman and with all other parties to the Audit Committee meeting shall be regarded for all purposes as personally attending such a meeting and shall be counted in a quorum and be entitled to vote but only for so long he has the ability to communicate interactively and simultaneously with all other parties attending the meeting including all persons attending by electronic means.
- (h) A meeting at which one or more of the Audit Committee members attends by electronic means is deemed to be held at such place as the Audit Committee members shall at the said meeting resolve. In the absence of a resolution as aforesaid, the meeting shall be deemed to be held at the place, if any, where a majority of the Audit Committee members attending the meeting are physically present, or in default of such a majority, the place at which the Chairman of the meeting is physically present.
- (i) All businesses transacted in the manner provided above by electronic means shall be deemed to be validly and effectively transacted at the Audit Committee meeting. All information and documents must be made equally available to all participants prior to or at/during the meeting.
- (j) The minutes of the proceedings shall be sufficient evidence and of the observance of all necessary formalities of the Audit Committee if certified and signed as correct record by the Chairman.

- (k) Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.
- (l) A resolution in writing signed or approved by all of the Audit Committee shall be valid and effectual as a resolution passed at a meeting of the Audit Committee.

## 5. Authority

The Audit Committee is authorized by the Board to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee. The Audit Committee shall have unrestricted access to both Internal Auditors or person(s) carrying out the internal audit function or activity and External Auditors and is authorized by the Board to obtain outside legal or other independent professional advice if it considers necessary.

## 6. Duties and Responsibilities

The duties and responsibilities of the Audit Committee are as follows: -

- (a) To review the quarterly results and year-end financial statement prior to the approval by the Board focusing particularly on:
  - the going concern assumption;
  - compliance with applicable financial reporting standards and other legal requirements;
  - any changes in accounting policies and practices; and
  - significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed.
- (b) To review the followings with External Auditors and report the same to the Board: -
  - the audit plan and report;
  - evaluation of system of internal controls; and
  - problems and reservation arising from interim and financial audits.
- (c) The Audit Committee's responsibilities in respect of the Internal Audit Function include: -
  - approving the appointment and removal of Internal Audit Function service provider;
  - assessing the performance and approving the fees of the Internal Audit Function;
  - reviewing and approving the Internal Audit Charter. The Internal Audit Charter may also be presented to the Board for approval;
  - reviewing and approving the risk-based internal audit plan and the progress of the audit plan and resource plan;
  - ensuring the adequacy of the scope of audit;
  - deliberating on internal audit reports and recommendations raised, and ensuring that Management implements the recommendations;
  - communicating reports of investigations to the Board, where appropriate;
  - ensuring the Internal Audit Function is sufficiently resourced, qualified, competent, and experienced; and
  - ensuring the Internal Audit Function has direct and unrestricted access to information, records, physical properties, and personnel that enables it to effectively carry out its role and responsibilities.

- (d) To review and report to the Board on any related party transactions and any conflict-of-interest situations that arose, persist or may arise together with the measures taken to resolve, eliminate or mitigate such conflicts within the Company or Group and as well as disclose them in the Audit Committee report annually.
- (e) To review any letter of resignation from External Auditors, and/or Internal Auditors or person(s) carrying out the internal audit function or activity of the Company or Group, whether there is reason to believe that the Company or Group's External Auditors and/or Internal Auditors or person(s) carrying out the internal audit function or activity are not suitable for re-appointment.
- (f) To review any recommendations on the nomination of a person or persons as External Auditors or Internal Auditors or person(s) carrying out the internal audit function or activity.
- (g) To annually assess or evaluate the suitability, objectivity and independence of the External Auditors and Internal Auditors or person(s) carrying out the internal audit function or activity.
- (h) To assess the adequacy and effectiveness of the system of internal control and accounting control procedures of the Company and Group by reviewing External Auditor's management letter and Management's response.
- (i) To undertake such other responsibilities as may be agreed by the Audit Committee and the Board.
- (j) To obtain written assurance from the external auditors 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.
- (k) To receive and review the report from Risk & Sustainability Committee ("RSC") and to meet and sit with the RSC where necessary.

#### **7. Review of Composition of Audit Committee**

The term of office and performance of the Audit Committee and each of the members shall be reviewed by the Nomination & Remuneration Committee (NRC) annually to determine whether the Audit Committee and its members have carried out their duties in accordance with the Terms of Reference.

*This Audit Committee's Terms of Reference is reviewed by the Board on **22 August 2024***

Revision: 12 (21.11.2023)