



# AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

**KUCINGKO**

Corporate Address

H-G-03 Glomac Square  
Jalan SS6/16A, Kelana Jaya  
47301 Petaling Jaya  
Malaysia

maomao@kucingko.com

## 1. Definition

- “Board”** : The Board of Directors of the Company.
- “Committee”** : The Audit and Risk Management Committee of the Company.
- “Company”** : Kucingko Berhad (formerly known as Kucingo Sdn Bhd) or by whatever name it is called from time to time.
- “Directors”** : The directors for the time being of the Company or such number of them as having authority to act for the Company.
- “External Auditors”** : An External Auditor performs an audit, in accordance with specific laws or rules, of the financial statements of a company, government entity, other legal entity, or organisation, and is independent of the entity being audited.
- “Group”** : The Company and its subsidiaries.
- “Internal Auditors”** : A trained professional tasked with providing independent and objective evaluations of company financial and operational business activities.
- “Listing Requirements”** : Bursa Malaysia Securities Berhad’s ACE Market Listing Requirements including any relevant practice and/or guidance notes, directives, guidelines issued pursuant thereto and any amendment, modification, supplemental to the listing requirements that may be made from time to time.
- “Secretary”** : Any person or persons jointly appointed to perform the duties of a secretary of the Company including any person(s) appointed temporarily and any representative of the secretary.



## 2. Date Established

The Committee was established on 01/05/2024.

## 3. Objectives

The Committee is a committee of the Board with the key objective to assist the Board to fulfil its oversight responsibilities on the Company. We're here to review a broad spectrum of reports, covering corporate accounting, sustainability, internal controls, and financial reporting practices from Internal and External Auditors. We're going to validate the scope of these reports, assess existing policies, and make sure audits align with the Group's policies. We take risk assessment seriously by identifying principal enterprise risks and implementing robust risk assessment systems. We're here to make sure proper processes and procedures are in place by ensuring that we follow all laws, rules, regulations, directives, and guidelines set by relevant regulatory bodies.

## 4. Composition

Our Committee is a skilled and diverse crew, handpicked by the Board. We're all about unity, so we're rolling in with no fewer than three (3) members who are all Non-Executive Directors. Financial literacy and competence are traits that we hold dear. We need members who can skillfully navigate through the matters within our Committee's scope, including the financial reporting process.

Among our ranks, we must have at least one (1) member who meets the following criteria:

- 4.1. A proud member of the Malaysian Institute of Accountants ("MIA").
- 4.2. If not part of MIA, they should have a minimum of three (3) years' work experience.
  - 4.2.1. Plus, they need to have passed the exams mentioned in Part I of the First Schedule of the Accountants Act 1967, or
  - 4.2.2. Be a member of any of the associations of accountants noted in Part II of the same Schedule.
- 4.3. Alternatively, they should have a minimum of three (3) years' post-qualification experience in accounting or finance.
  - 4.3.1. This experience can be paired with a degree/masters/doctorate in accounting or finance, or
  - 4.3.2. Membership in a professional accountancy organisation that's a full member of the International Federation of Accountants.

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- 4.4. A member with at least seven (7) years' experience as a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
- 4.5. Fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

The Chairman of the Board will not be a member of our crew.

Additionally, no alternate Director will be assigned to our Committee.

Former key audit partners of the external audit firm and/or affiliate firm, including those providing advisory services and tax consulting must wait for at least three (3) years before joining our ranks.

If we ever find ourselves short-handed with less than three (3) members, we're tasked to fill that gap within three months.

## 5. Chairman

Our Chairman is like the leader of the pack, elected from the Committee members. They're our go-to Independent Non-Executive Director, and their appointment is approved by the Board.

If our Chairman of the Committee is taking a break, the rest of the Committee members will elect a temporary leader from among themselves for that meeting.

Our Chairman is the messenger responsible for sharing all the details, findings, and recommendations from our Committee with the Board of Directors. Anything that needs the Board's attention and approval will be presented by our Chairman at the Board meeting.

## 6. Secretary

The Company Secretary works closely together with our Chairman of the Committee to prepare the meeting agenda. They make sure all the meeting materials are in the hands of every member, so everyone is all on the same page.

## 7. Meetings

We have a commitment to convene at least four (4) meetings annually. And if the need arises, the Chairman can call for a meeting, ensuring the right conversations happen at the right time.

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To bring the meeting to life, we need at least two (2) Committee members present. It's about having the right mix of perspectives to create well-rounded decisions.

Our Secretary plays the role of organiser, summoning the gathering. If Committee members raise their hand for a meeting, the Secretary gets things moving. Unless in emergency cases, we provide a written notice period of 1 to 5 business days for every Committee meeting.

Surprise guests like other Board members and employees might also join upon invitation.

Whenever the External Auditor makes a request, the Chairman of the Committee acts promptly, convening a Committee meeting to address any matters that warrant attention from the Directors or shareholders. Furthermore, Management, the Internal Auditor, and the External Auditor can request a private session with us to discuss concerns.

Distance won't dim our Committee members' participation. Via conference calls, video calls, or similar communication methods they can join discussions from afar, making sure every voice is heard. It's like they're right there in the room with us, and that counts as being "present" and satisfies our meeting requirements.

In cases of a conflict of interest, a Committee member is required to disclose the conflict and refrain from participating in the vote concerning the matter. If the Chairman of the Committee is the one facing a conflict of interest, the remaining Committee members present shall, by a simple majority, designate one of their number present at the meeting to serve as an ad hoc chairman for that specific meeting.

When it's time to make decisions, we go with the flow of the majority. Whatever most members agree upon becomes our course of action. When the majority speaks, that's the Committee's final say.

## 8. Minutes

The minutes of every meeting find a home at the Company's registered office, ready to be shared with every Committee member and the rest of the Board. The Chairman updates the Board on the meeting's highlights.

To ensure accuracy, the minutes are signed by either the Chairman of the meeting at which the proceedings were held or the Chairman of the next succeeding meeting.

Committee members have an open invitation to inspect the minutes at the registered office or any other spot the Committee decides on.

The Committee reports back to the Board, providing insights on specific matters referred to us.

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Our Secretary circulates the minutes of our Committee meetings to every member of the Board, ensuring everyone's in the loop.

## 9. Circular Resolution

We've got a convenient way to make decisions outside of our meetings. All it takes is a written resolution signed by most of our Committee members, and it's as good as if we'd gathered in person and made the call.

This resolution can come in the form of several documents, each signed by two (2) or more Committee members. We even accept digital signatures, so you can transmit these documents by forms of electronic communications.

## 10. Authority

The Committee is authorised by the Board to:

- 10.1. Dig into any matter within our terms of reference.
- 10.2. Have adequate resources required at our fingertips.
- 10.3. Have full and unrestricted access to information about the Company.
- 10.4. Maintain direct communication lines with both the External Auditor and Internal Auditors.
- 10.5. Bring in external professionals or invite experts with the right experience to our meetings when necessary.
- 10.6. Convene meetings with the External Auditor, the Internal Auditors, or both when the need arises.

## 11. Responsibilities and Duties

Our roles and responsibilities include:

### 11.1. Financial Reporting

We review the Group's quarterly results and year-end financial statements before they make their way to the Board. Our focus includes:

- 11.1.1. Assessing major accounting policy changes or implementations.
- 11.1.2. Delving into significant matters highlighted in the financial statements including the "Key Audit Matters" and unusual events or transactions, and the strategies to address them.

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11.1.3. Examining significant adjustments originating from the audit.

11.1.4. Ensuring compliance with accounting standards and legal requirements.

11.1.5. Weighing the going concern assumption.

## 11.2. External Audit

For the external audit, we take the following steps:

11.2.1. We consider the appointment and re-appointment of the External Auditor. We also assess the External Auditor's experience and resources, determining their audit fee.

11.2.2. We review any resignation letters from the External Auditor and address any queries related to resignation or dismissal.

11.2.3. Every year, we give the External Auditors a thorough checkup on their suitability, objectivity and independence, taking into consideration the following:

- We assess the competence, audit quality, and resource capacity of the External Auditors.
- We dive into the Annual Transparency Report (ATR) of the external auditors, if available. If there's no ATR, we engage in discussions with audit firms about their governance, leadership structure, and how they maintain audit quality and manage risks.
- We check if the audit fees are fair and support a quality audit.
- We look into the non-audit services and fees related to those services. We review and approve all proposed non-audit services and fees before they commence work.
- We ask the External Auditors to confirm in writing that they are and have been independent throughout the audit engagement, following all the rules and regulations.
- We conduct an annual performance evaluation of the external auditors and take follow-up action if needed.

11.2.4. We sit down with the External Auditor for a thorough discussion about the audit plan before the audit begins. This plan sets the stage, outlining the audit's nature and scope, especially when multiple audit firms are involved in the Group's financial statements.

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- 11.2.5. We review with the External Auditors, their evaluation of the system of internal controls and their audit report, reporting the same to the Board;
- 11.2.6. We analyse significant findings, reservations, difficulties encountered or material weaknesses, along with the audit report. We also examine how Group officers support the External Auditor.
- 11.2.7. We converse with the External Auditor reviewing their management letter and the responses from management.
- 11.2.8. We evaluate whether there are grounds to believe that the External Auditor isn't suitable for re-appointment.
- 11.2.9. Our discussions include reviewing contracts for non-audit services that the External Auditor could potentially enter into. We establish procedures to follow for such contracts. However, the contracts can't involve services like management consulting, policy and standard operating procedures documentation, strategic decision-making, and internal audit.

### 11.3. Internal Audit

For the internal audit, we take the following steps:

- 11.3.1. We ensure the suitability of candidates to be in-house Internal Auditors. This includes defining their job description and remuneration.
- 11.3.2. We assess the adequacy of the scope, functions, and resources of the firm of Internal Auditors engaged for the internal audit function. We ensure they have the necessary authority to carry out their duties.
- 11.3.3. We review the internal audit plan, processes, assessment results, and any investigations conducted. We ensure appropriate actions are taken on the recommendations provided by the internal audit function.
- 11.3.4. We delve into the major findings of internal audit investigations, along with management's responses. We ensure proper actions are taken based on internal audit recommendations.
- 11.3.5. We review and approve any appointments, terminations, or resignations of the Internal Auditors.

We engage in constructive conversations with the Internal Auditors, reporting the following to the Board:

- 11.3.6. We assess the annual audit plan, focusing on risk-based coverage of significant risk areas, ensuring it has risk-based coverage in all the right places, especially the significant risk areas. We ensure the plan has all the authority it needs to carry out its work.



11.3.7. We evaluate the effectiveness of the internal audit processes, along with resource requirements, competency, and budget of the internal audit function.

11.3.8. We review the internal audit report, including findings, commentaries, and recommendations. We ensure that remedial actions are properly followed up.

11.3.9. We examine the effectiveness of internal control and risk management systems, sharing insights if necessary.

11.3.10. We report on the Internal Auditors' findings regarding deficiencies in internal control and management's response to these concerns.

## 11.4. Review Related Party Transactions and Conflict of Interest

11.4.1. When it comes to related party transactions and conflicts of interest, if anything comes up within the Company or the Group that raises questions about management integrity, we're on it. We report everything we find to the Board.

11.4.2. We make sure the Group has procedures in place to monitor and track related party transactions, reviewing these processes regularly to ensure they're up to the task.

## 11.5. Risk Management and Internal Control

11.5.1. We assess the adequacy of the Group's risk management framework. This includes evaluating the resources and knowledge of the management and employees involved in the risk management process.

11.5.2. We review the effectiveness of the internal control systems implemented by Management to address identified risks.

11.5.3. We assess and recommend corrective measures to address any identified failings or weaknesses within the risk management process.

11.5.4. We delve into and continuously monitor principal risks that could directly or indirectly impact the Group. If needed, we recommend additional courses of action to mitigate these risks.

11.5.5. We effectively communicate and monitor the results of risk assessments to the Board.

11.5.6. We bring to the forefront any actual or potential impacts resulting from failings or weaknesses, especially those linked to the Group's financial performance or conditions.

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## 11.6. Sustainability Reporting

We're dedicated to driving sustainability through effective identification, management, and reporting of material sustainability matters impacting our Group's economic, environmental, and social aspects. Our aim is to achieve sustainability goals across the Group.

## 11.7. Other Matters

- 11.7.1. We actively oversee the anti-bribery management of our Group.
- 11.7.2. We oversee the implementation of the Whistleblowing Policy and procedures of the Group.
- 11.7.3. We verify the allocation of options under the scheme. This verification is conducted by the Committee to ensure compliance with the criteria mentioned earlier. This assessment takes place at the end of each financial year.
- 11.7.4. We take compliance seriously and ensure adherence to all laws, rules, regulations, directives, and guidelines established by regulatory bodies.
- 11.7.5. To review the Annual Statement on Risk Management and Internal Control, Audit and Risk Management Committee Report, Corporate Governance Overview Statement and Corporate Governance Report to be published in the Annual Report.
- 11.7.6. We're open to taking on any additional functions that are mutually agreed upon by the Committee and the Board.

## 12. Communication

The Committee prepares a comprehensive annual report detailing its activities in alignment with these terms of reference. This report is presented to the Board and is included in the Group's Annual Report.

The minutes of each Committee meeting are shared with the Board for notation.

The Committee has the right to provide recommendations to the Board on matters within its purview.

In instances where the Committee believes that a reported matter hasn't been resolved satisfactorily, leading to a potential breach of the Listing Requirements or other regulatory mandates, the Committee promptly escalates the matter to the relevant authorities, such as the Securities Commission of Malaysia, Bursa Malaysia Securities Berhad, or other relevant bodies.

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## 13. Review of the Committee

Every year, the Nomination Committee takes a close look at our term of office and how we've been performing and make sure we've been carrying out our duties according to our terms of reference.

## 14. Review of the Terms of Reference

Our Committee will recommend any needed changes to our terms of reference to the Board for approval.

Our terms of reference are dynamic. We'll review and update them when there are changes to the Malaysian Code of Corporate Governance, Listing Requirements, or any other regulatory obligations. Additionally, if the Group's direction or strategies shift in a way that impacts our Committee's role, we'll ensure our terms of reference reflect these changes.

This Terms of Reference was adopted by the Board on 01/05/2024.

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