

## AUDIT COMMITTEE REPORT

The Board of Directors of the Manager is pleased to present the Audit Committee Report for the financial year ended 31 December 2022.

The Audit (“AC”) was established to assist the Board of Directors of the Manager (“the Board”) in fulfilling its responsibilities to review, assess and oversee Atrium REIT’s operations in the areas of financial reporting process, risk management and internal control framework, suitability and independence of external auditors, and an effective internal audit function, with the main objective of protecting the interests of unitholders.

### COMPOSITION

The AC comprises three (3) members, all of whom are Independent Non-Executive Directors. The AC members of the Manager as at the date of this report are as follows:

**Chng Boon Huat**  
Chairman

**Soong Kwong Heng**  
Member

**Tor Peng Sie**  
Member

The Board is of the view that the AC members have the relevant knowledge, skills and experience to discharge their responsibilities effectively. The AC has written Terms of Reference which deals with its authority and duties. These Terms and Reference remained unchanged and can be viewed from the Company official website.

### TERMS OF REFERENCE

The AC is governed by the Terms of Reference which is available in the Manager’s website at [http://ir2.chartnexus.com/atriumreit/docs/corp\\_governance/Terms-of-Reference-Audit-Committee.pdf](http://ir2.chartnexus.com/atriumreit/docs/corp_governance/Terms-of-Reference-Audit-Committee.pdf)

### MEETINGS

The AC shall meet at quarterly intervals or such other intervals as the AC shall decide. The quorum necessary for the transaction of the business of the AC shall be two (2) members. For FY2022, the AC had four (4) meetings without the presence of other Directors and employees, except at the invitation of the AC. Only the Chief Financial Officer (“CFO”) and Head of Risk and Compliance (“HRC”) were invited to the AC meeting to facilitate communication and to provide clarification on issues relating to financial statements and business operations.

The attendance of the AC members for the meetings held for FY2022 was as follows: -

Member	Designation	Number of AC Meeting	Attendance	Percentage of Attendance (%)
Chng Boon Huat	Independent Non-Executive Director	4	4	100
Soong Kwong Heng	Independent Non-Executive Director	4	4	100
Tor Peng Sie	Independent Non-Executive Director	4	4	100

## AUDIT COMMITTEE REPORT (CONT'D)

### SUMMARY OF ACTIVITIES

The AC's activities for FY2022 comprised the following: -

- a) On 27 January 2022, the AC reviewed the Internal Audit report prepared by our outsourced independent internal audit firm, PKF Advisory Sdn. Bhd. ("PKF") in relation to Property Management and Payment Process. The overall assessments result was satisfactory, with certain risk areas being highlighted by PKF and the AC has requested the management to manage these risk areas by including it in the risk register for more effective risk management.
- b) On 27 January 2022, Mr Lee Wee Hong, the partner of our External Auditors, BDO PLT presented its Audit Completion Report for the financial year ended 31 December 2021 to the AC for review, which include the following main areas:
  - i) Audit Status;
  - ii) Findings of Significant Auditor Attention and Key Audit Matters;
  - iii) Compliance with Laws and Regulations, Fraud-Related Matters and Review of Material Litigations and Claims;
  - iv) Summary of Misstatements;
  - v) Opinion on Statutory Reporting Matters; and
  - vi) Professional Independence.

The AC was satisfied with the above review, and its recommendations on the draft audited financial statements for the financial year ended 31 December 2021 were presented to the Board for approval at its meeting on 27 January 2022. The audited financial statements which were included in the Annual Report, were issued to the Unitholders on 28 February 2022.

- c) On 27 January 2022, the AC reviewed and approved the Risk Register presented by the Manager. The report noted that appropriate control measures in relation to the risk's environmental components (i.e., investment, financial and sustainability) were in place, either preventive, detective and/or corrective, to mitigate the impact of the identified risks and reduce the likelihood of occurrences. The Manager has also reviewed and updated the Systematic Review on Implementation of Adequate Procedures in order to ensure that the Manager is kept updated on the potential corruption risks that may be faced by the management on the day-to-day operations.
- d) The AC reviewed the quarterly financial reports and income distribution of Atrium REIT for the fourth quarter of 2021 at its meeting on 27 January 2022.

The AC has also on 27 April 2022, 27 July 2022 and 26 October 2022 reviewed the first, second and third quarterly financial reports and income distributions respectively, to ensure that the quarterly reports were in compliance with the Malaysia Financial Reporting Standards (MFRS) 134 Interim Financial Reporting, Part A and Part D of Appendix 9B of the Listing Requirements and the relevant approved accounting standards so as to give a true and fair view of the quarterly results.

The AC subsequently presented its recommendations to the Board for approvals before announcing the quarterly reports and income distributions to Bursa Securities.

- e) On 28 April 2022, the AC initiated and endorsed the External Auditor Policy which formalises the appointment and retirement of an External Auditor. This policy sets out the guidelines and procedures to assess the suitability, objectivity, independence and overall performance of the External Auditor for Atrium REIT.

## AUDIT COMMITTEE REPORT (CONT'D)

### SUMMARY OF ACTIVITIES (CONT'D)

- f) On 27 July 2022, the AC reviewed the effectiveness and independence of our internal audit function and after the review, the AC was of the view that it was timely for the internal audit function to be refreshed. The AC then proceeded to assess the suitability of the new internal audit service provider and agreed with the management's recommendations to change our internal audit service provider from PKF to Sterling Business Alignment Consulting Sdn Bhd.

The AC presented its recommendation to the Board for approval at its meeting on 28 July 2022.

- g) The AC reviewed the scope of work and internal audit plan for the internal audit function and decided that the scope of work for the internal audit function for FY2022 would focus on Tenancy Management and Payment Process.

Subsequently, on 27 October 2022, the newly appointed internal auditor, Sterling Business Alignment Consultants Sdn Bhd conducted an internal audit on the Tenancy Operational and Administration Management, and Finance and Accounts processes. The overall assessment was found to be satisfactory.

- h) On 27 October 2022, the AC reviewed and discussed with our External Auditors on the Audit Planning for FY2022, in respect of the following areas:

- i) Engagement and reporting responsibilities;
- ii) Audit approach;
- iii) Materiality and performance materiality;
- iv) Areas of significant auditor attention;
- v) Engagement team;
- vi) Reporting, deliverables and audit fees;
- vii) Auditing updates; and
- viii) Financial reporting updates.

- i) The AC had two (2) private sessions with the External Auditors on 27 January 2022 and 26 January 2023 without the presence of the Executive Director and management, to discuss audit issues and concerns that the External Auditors might wish to highlight to the AC. The AC was also informed by the External Auditors that they had received good cooperation from the management and they were able to access all the necessary information to carry out their functions effectively.

- j) Reviewed on a quarterly basis, all related party transactions entered into by Atrium REIT.

- k) Reported to the Board on matters and issues discussed during the AC meetings, together with applicable recommendations for approvals.

## AUDIT COMMITTEE REPORT (CONT'D)

### INTERNAL AUDIT FUNCTION

The internal audit function of the Manager was outsourced to an independent internal audit firm, Sterling Business Alignment Consulting Sdn Bhd (“SBAC”) and reports to the AC. The AC in ensuring that its responsibilities are fully discharged in accordance with the International Standards for the Professional Practice of Internal Auditing, reviews the audit plan, scope of work and resources of the internal audit function as well as the competency and experience of the Internal Auditors.

The audit findings of the Internal Auditors together with its recommendations and the Manager’s action plans will be presented and deliberated at the AC meetings. The recommendations made by the Internal Auditors once approved by the AC, will be implemented accordingly by the Manager. The Board will be updated on the results of the internal audit review of the Manager’s internal control system.

Detailed information of internal audit activities is disclosed in the Statement on Risk Management and Internal Control.