

AUDIT & RISK COMMITTEE TERMS OF REFERENCE

1. PURPOSE OF THE AUDIT & RISK COMMITTEE (“ARC”)

- 1.1 The ARC shall be established by the Board of Directors with the following responsibilities:
- a) Oversee financial reporting process to ensure accurate and timely financial reporting and compliance with applicable financial reporting standards;
 - b) Evaluate the internal and external audit processes;
 - c) Oversee the risk management and internal control framework and policies of the Group and assessing the processes related to the Group’s risks and control environment;
 - d) Oversee the Group’s compliance with applicable laws, rules and regulations and has in place an appropriate Code of Conduct and Ethics; and
 - e) Review related party transactions and conflict of interest situations; and
 - f) Overseeing the implementation and monitoring of the whistleblowing policy and procedures for the Group and ensuring effective administration thereof.

2. COMPOSITION

- 2.1 The ARC shall be appointed by the Board amongst its Directors based on the recommendation of the Nomination & Remuneration Committee (NRC) and shall consist of at least three (3) members.
- 2.2 All members of ARC must be Non-Executive Directors with a majority of them being Independent Directors. No alternate Director shall be appointed as a member of the ARC. All the ARC members shall be financially literate and at least one (1) member of the ARC must meet the criteria set under the Main Market Listing Requirements (“**LR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) as follows:
- 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

- (cc) must have at least three (3) years post-qualification working experience in accounting or finance and
 - a degree/masters/doctorate in accounting or finance; or
 - a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants; or
 - iii. must have at least 7 years' experience being 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; or
 - iv. fulfils such other requirements as prescribed or approved by Bursa Securities.
- 2.3 The Chairman of the Board shall not be appointed as a member of the ARC. The ARC shall elect a Chairman from amongst its members and who is an Independent Non-Executive Director.
- 2.4 The ARC members should be competent and are able to understand matters under the purview of the ARC including the financial reporting process and collectively:
- i. have sufficient understanding and knowledge of the Group's business and industry in which the Group operates; and
 - ii. have the ability to understand key business and financial risks and related controls and control processes
- 2.5 In the event of any vacancy in the ARC resulting in non-compliance of the LR, the vacancy shall be fulfilled within three (3) months.
- 2.6 The Board or the NRC (as authorised by the Board) shall review the term of office and performance of the ARC and each of its members annually.
- 2.7 All members of the ARC, including the Chairman of the ARC will hold office only so long as they serve as Directors of the Company.
- 2.8 A former partner of the external audit firm and/or the affiliate firm (including those providing advisory services, tax consulting, etc) of the Company is to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARC.

3. ROLES AND RESPONSIBILITIES

The ARC should assume the following principal responsibilities:

3.1 Financial reporting

- 3.1.1 Review quarterly and annual financial statements of the Company following to determine whether the financial statements taken as a whole provide a true and fair view of its financial position and performance, focusing particularly on:
- a) Any changes in or implementation of major accounting policy or accounting standards;

- b) Significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or exceptional transactions and how these matters are addressed;
- c) Significant adjustments resulting from audit;
- d) Financial reporting and disclosures and compliance with regulatory requirements and accounting standards;
- e) The going concern assumptions;
- f) Litigation or actions that could affect the financial position, performance or results materially; and
- g) The integrity of the financial statements.

3.1.2 Review and monitor the Company's and the Group's finance function in respect of adequacy and sufficiency to support financial recording and reporting process to ensure accurate, complete, consistent and timely reporting.

3.2 Risk management and internal control

3.2.1 Oversee the Group's overall risk management framework and policies and review the resources in managing the risk management framework;

3.2.2 Ensure that an appropriate risk reporting structure is established to facilitate reporting of risks to the Management and the Board;

3.2.3 Review the principal risks identified and ensure implementation of appropriate risk management system to effectively identify, manage, monitor and mitigate the risks impacting the Group, and recommend for approval by the Board.

3.2.4 Review and approve the procedures and guidelines for managing risks within the Group as well as monitor and assess the risk appetite and risk tolerance for the Group.

3.2.5 Ensure that the key risks are effectively managed in accordance with the Group's risk management policies and strategies.

3.2.6 Review and deliberate reports on non-compliance findings by regulatory authorities;

3.2.7 Assess the quality, effectiveness and efficiency of the internal control in systems and processes of the Group's operations, particularly those relating to areas of significant risks.

3.2.8 Review the evaluation by the internal and External Auditors of the Group's system of internal control and Management's responses, and ensure that appropriate action is taken and thereafter report the same to the Board.

3.2.9 Review all requisite financial related reports/statements, Corporate Governance Overview Statement, ARC Report, Statement on Risk Management and Internal Control and Sustainability Statement to be disclosed in the Annual Report.

3.3 Internal audit

- 3.3.1 Review the internal audit plan including the adequacy of the scope, approach, methodology, resources and authority of the Internal Audit function in carrying out its audit activities.
- 3.3.2 Review the findings and audit recommendations reported by Internal Audit and follow-up on Management's implementation of the recommended actions to ensure all key risks and control issues are addressed.
- 3.3.3 Review the effectiveness of the audit process and assess the scope of work and budget of the Internal Audit function as well as the competency and performance evaluation of the Internal Auditor.
- 3.3.4 Report to the Board any suspected frauds or irregularities, serious internal control deficiencies or suspected infringement of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board.
- 3.3.5 Assess the appointment or removal of the person responsible for the internal audit based on factors related to suitability, resources, competency and independence of the Management and the functions which it audits.

The ARC should ensure that the internal audit function is effective, carried out objectively and is able to function independently. Thus, the person responsible for the internal audit ("**Internal Auditor**") reports directly to the ARC. The ARC should disclose-

- (i) Whether the internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- (ii) The number of resources in the internal audit department;
- (iii) The name and qualification of the Internal Auditor;
- (iv) Whether the internal audit function is carried out in accordance with the Company's internal control framework.

3.4 External audit

- 3.4.1 Review with the External Auditors their nature and scope of audit strategy and plan and their proposed audit fee for the year.
- 3.4.2 Review the External Auditors' findings arising from their audits, particularly on areas of concern raised in the management letter and management's responses to the findings of the External Auditors and the External Auditors' evaluation of the system of internal control, assistance given by the employees to the External Auditors during the course of audit and any other matters the External Auditors may wish to discuss (in the absence of Management, if required).
- 3.4.3 Assess the appointment or re-appointment of the External Auditors based on factors related to the suitability, resources, competency and independence of the External Auditors and review any questions of resignation, dismissal or cessation of office of the External Auditors.

- 3.4.4 Review any non-audit services performed by the External Auditors taking into consideration the types of services rendered and the fees and ensure that the independent position as External Auditors is not compromised.
- 3.4.5 Hold private meetings with the External Auditors without the presence of the Managing Director and Management, at least twice a year or where necessary.
- 3.4.6 Ensure the Company also adhere to the following policies and procedures:

a) External Auditors' Independence Policy

The engagement audit partner who is responsible for the financial statements of the Group are subject to the External Auditors complying with the applicable laws, rules, regulations, by-laws and standards.

In assessing the suitability, objectivity and independence of the External Auditors, the ARC should include an assessment of the competence, audit quality and resource capacity of the External Auditors in relation to the audit as well as the considerations stipulated in para 15.21 of the LR. The assessment should consider information presented in the Annual Transparency Report (“**ATR**”) of the audit firm (for firms registered with the Audit Oversight Board)/ matters that are typically covered by the ATR including the audit firm’s governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks for firms which are not required to issue an ATR.

3.5 Related Party Transactions

- i. Review related party transactions including disclosures, values of mandates and situations involving potential conflicts of interest that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- ii. Review the adequacy of processes that the Company has in place for evaluating, approving, tracking and reporting of related party transactions.

3.6 Whistleblowing, Anti-Corruption & Bribery

- a. Exercise its powers and carry out its responsibilities as stated in the Whistleblowing Policy and Procedures for the Group.
- b. Review and approve policies and procedures on whistleblowing established to address allegations raised by whistle-blowers, to ensure independent investigation is conducted and follow-up action is taken and highlighted to the Committee.
- c. Review and approve policies and procedures on anti-corruption,
- d. Review the effectiveness of anti-corruption measures taken; and
- e. Ensure that the policies and procedures on whistleblowing and anti-corruption are reviewed periodically to assess their effectiveness, and in any event at least once every 3 years.

3.7 Other responsibilities

The ARC should:

- i. ensure all its members undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules;
- ii. prepare an annual ARC Report at the end of each financial year to be included and published in the Annual Report of the Company. The ARC Report shall include all the prescribed information as stated under para 15.15 of the LR:
 - the composition of the ARC, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the Directors are independent or otherwise);
 - the number of ARC meetings held during the financial year and details of attendance of each member;
 - a summary of the work of the ARC in the discharge of its functions and duties for that financial year of the listed issuer and how it has met its responsibilities; and
 - a summary of the work of the internal audit function;
- iii. where the ARC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the LR, the ARC shall promptly report such matter to Bursa Securities;
- iv. assist the Board in making the following additional statements in the Company's Annual Report:
 - Statement explaining the Board's responsibility for preparing the annual audited financial statements of the Group; and
 - Statement on risk management and internal controls and sustainability statement.
- v. undertake any other matters as may be directed by the Board of Directors.

4. AUTHORITY

4.1 The ARC in performing its duties shall:

- i. have the authority to investigate any matter referred to it or that it has come across in respect of any transaction concerning fraud, illegal acts, corruption, suspected violation of ethics code, any transaction that raises questions of integrity, possible conflicts of interest or violations of Company's policies;
- ii. have full and unrestricted access to the Group's and Company's records, information, properties, personnel and other resources;
- iii. be able to obtain external professional advice at the expense of the Company and secure the attendance of persons with relevant experience and expertise if it considers this necessary;

- iv. have direct communication channels and be able to convene meetings with the External Auditors, the Internal Auditor or both excluding the attendance of the executive Board members and Management, whenever deemed necessary and such meetings with the External Auditors shall be held at least twice a year;
 - v. have the resources which are required to perform its duties; and
- 4.2 The Internal Auditor shall report directly to the ARC and shall have direct access to the Chairman of the ARC on all matters of internal control and audit.
- 4.3 The ARC shall report to the Board and may from time to time submit to the Board its recommendation on matters within its purview for the Board's decision.

5. MEETINGS

- 5.1 Meetings of the ARC shall be held at least four (4) times during the financial year of the Company i.e. on a quarterly basis with additional meetings to be convened as and when required by any member of the ARC, the Internal Auditor or the External Auditors to consider any matters brought up by them.
- 5.2 Meetings of the ARC must not be combined with the Board meetings to enable objective and independent discussion during the meeting.
- 5.3 If an ARC member is unable to be physically present at a meeting, the ARC member may choose to participate at a meeting by way of video or tele-conferencing or by means of other communication equipment so that the said member shall be deemed to be present at the meeting.
- 5.4 Written notice of the meeting together with the agenda shall be given to the members of the ARC and the Internal Auditor, and to the External Auditors, when required. Unless the meeting is called on a short notice basis, the Company Secretary, in conjunction with the Chairman of the ARC, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least five (5) working days prior to each meeting to the members of the ARC.
- 5.5 The quorum for a meeting of the ARC shall be two (2) members, both of whom shall be Independent Directors.
- 5.6 In the absence of the Chairman of the ARC, the members present shall elect a chairman for the meeting from amongst the members present who is an Independent Director.
- 5.7 Each member of the ARC is entitled to one (1) vote in deciding the matters deliberated in the meeting. The decision that gained the majority votes shall be the decision of the ARC. In the event of an equality of votes, the Chairman of the ARC shall be entitled to a second or casting vote. However, the Chairman of the ARC will not have a second casting vote where only 2 Directors form the quorum or at which only 2 Directors are competent to vote on the question at issue.

- 5.8 A resolution in writing described as “Written Resolutions of the ARC” signed by a majority of the ARC members shall be valid and effectual as if it had been passed at a meeting of the ARC duly called and constituted. Any such resolution may consist of several documents in the like form, each signed by one (1) or more members. The resolution in writing may be accepted as sufficiently signed by the ARC member if transmitted to the Company via facsimile or other forms of electronic communications.
- 5.9 An ARC member is required to abstain from discussions, deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation for the ARC member
- 5.10 The Managing Director, the Chief Financial Officer, finance manager and Internal Auditor shall normally attend meetings of the ARC. Non-member Directors, employees of the Group, professional advisors or external consultants may attend a meeting of the ARC only at the invitation of the ARC Chairman. The Internal Auditor shall attend the meeting to table the Risk Assessment Report, the Internal Audit Report and the Internal Audit Plan, if any. External Auditors shall be entitled to attend a meeting of the ARC at least twice a year to make known their views on any matter under consideration by the ARC or, which in their opinion, should be brought to the ARC’s attention.
- 5.11 The Chairman of the ARC shall, upon the request of the External Auditors, convene a meeting of the ARC to consider any matter the External Auditors believe should be brought to the attention of the Directors or shareholders of the Company.
- 5.12 The Chairman of the ARC should attend the Annual General Meeting to answer any shareholders’ questions on the ARC’s activities.

6. REVIEW

- 6.1 The ARC shall review and assess the adequacy of this Terms of Reference on a periodic basis determined by the ARC or as and when necessary. Any revision or amendments to the Terms of Reference shall be approved by the Board.
- 6.2 The provisions under this Terms of Reference have been drafted in a manner to also incorporate the provisions under the LR and other statutes, regulations and guidelines applicable to the ARC. In the event the applicable provisions of the LR and/or relevant governing statutes, regulations and guidelines relating to ARC are from time to time amended, modified or varied, such amendments, modifications and variations shall be deemed inserted herein whereupon this Terms of Reference shall be read and construed subject to and in accordance with the amended, modified or varied LR, statutes, regulations and guidelines.
- 6.3 The Terms of Reference of the ARC shall be made available on the Company’s website.
- 6.4 The NRC shall review the term of office and performance of the ARC and each of its members at least once annually to determine whether the ARC and members have carried out their duties and responsibilities effectively and in accordance with the Terms of Reference of the ARC and ensure that the ARC has the right composition, and sufficient, recent and relevant skills and expertise to effectively fulfil their roles.

Adopted on 10.10.2023