

TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

1. OBJECTIVES

The Terms of Reference (“**TOR**”) of the Audit and Risk Management Committee (“**the Committee**” or “**ARMC**”) of AGX Group Berhad (“**AGB**”) is established pursuant to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**AMLR**”) and approved by the Board of AGB Directors (“**Board**”).

The primary objective of the ARMC is to establish a documented, formal and transparent procedures to assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, financial reporting practices a system of risk management and internal control, the audit process and the process of monitoring compliance with laws and regulations.

The primary function of the ARMC is to assist the Board in fulfilling the following oversight objectives on the activities of the Group:

- 1.1 Maintaining good Corporate Governance as well as a sound system of internal control;
- 1.2 Provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and practices for the Group;
- 1.3 Improve the Group’s business efficiency, the quality of the accounting function, the system of internal controls and the audit function and strengthen the confidence of the public in the Group’s reported results;
- 1.4 Maintain through regularly scheduled meetings, a direct line of communication between the Board and the external Auditors as well as the internal auditors;
- 1.5 Enhance the independence of both the External and Internal Auditors’ functions through active participation in the audit process;
- 1.6 Ensuring the implementation of an appropriate risk management framework for the identification of principal risks associated with the Group’s business;
- 1.7 Strengthen the role of the Independent Directors by giving them a greater depth of knowledge as to the operations of the Group and the Company through their participation in the ARMC; and
- 1.8 Act upon the Board’s request to investigate and report on any issues or concerns with regard to the Management of the Group.

2. COMPOSITION OF THE COMMITTEE

The ARMC members shall be appointed by the Board from amongst its Non-Executive members, who fulfills the following requirements:

- 2.1 The ARMC shall consist of no fewer than three members, with the majority comprising Independent Directors. The Chairperson/ Chairman of the Board shall not be a member of the ARMC.
- 2.2 All members of the ARMC should be financially literate, competent and able to understand matters under the purview of the ARMC including the financial reporting process.
- 2.3 At least one member of the ARMC shall fulfill the following:
 - i) must be a member of the Malaysian Institute of Accountants (“**MIA**”); or
 - ii) if he/ she is not a member of the MIA, he/ she must have at least 3 years of working experience and:
 - a) he/ she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - b) he/ she 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
 - c) fulfills such other requirements as prescribed or approved by Bursa Securities.
- 2.4 The Board must ensure that no Alternate Director is appointed as a member of the ARMC.
- 2.5 Any member of the ARMC who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he/ she leaves. In the event of any vacancy in the ARMC that resulted in non-compliance with items (1) and (3) above, the Board shall, upon the recommendation of the Nomination Committee (“**NC**”) fill the vacancy within 3 months of that event.
- 2.6 Any former partner of AGB’s extend audit firm and its affiliate shall observe a cooling-off period of at least 3 years before being appointed as a member of the ARMC.
- 2.7 The term of office and performance of the ARMC and each of its members shall be reviewed by the Board via NC annually to determine whether the ARMC and members have carried out their duties in accordance with its Terms of Reference.

3. CHAIRPERSON/ CHAIRMAN

The Board shall appoint a Chairperson/ Chairman of the ARMC from among the Board members who are Independent Directors. Should the Chairperson/ Chairman be absent from any meeting, one of the members who shall be an Independent Director and who is not the Chairperson/ Chairman of the Board shall be elected as Chairperson/ Chairman by the ARMC members.

4. AUTHORITY

The ARMC is fully authorised by the Board to independently investigate without interference from any party, any matter within its terms of reference at the cost of the Company. It shall have:

- 4.1 Full and unrestricted access to any information, records, properties and personnel pertaining to the Group and the Company. All employees of the Group are required to comply with the requests made by the ARMC;
- 4.2 Direct communication channels with the External Auditors and Internal Auditors or the person(s) carrying out the internal audit function or activity;
- 4.3 Ability to convene meetings with internal and/or external Auditors, whenever deemed necessary, excluding the attendance of other Directors and employees of the Company, in order to enable the ARMC and the internal and/or external auditors to discuss problems and reservations and any other matter the internal and/or external Auditors may wish to bring up to the attention of the ARMC; and
- 4.4 Access the resources that are required to perform its duties.

The ARMC also has the authority to obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise that it considers necessary and reasonable for the performance of its duties.

5. DUTIES AND RESPONSIBILITIES

The ARMC shall carry out the following functions and duties:

5.1 Financial Statements

- i) Review the quarterly results and year-end financial statements of the Company and the Group prior to approval by the Board, focusing particularly on the following:
 - a) any changes in or implementation of major accounting policy and practices;

- b) significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed;
- c) significant adjustments resulting from audit;
- d) the going concern assumption; and
- e) compliance with accounting standards regulatory and other legal requirements.

5.2 External Audit

- i) To consider and recommend to our Board the nomination and appointment/re-appointment of the External Auditors, the audit fees, any questions of resignation or dismissal and whether there is reason (supported by grounds) to believe that the Group's external Auditors are not suitable for re-appointment;
- ii) To review the External Auditors' audit plan, nature and scope of the audit plan, audit report, evaluation of internal controls and co-ordination of the External Auditors;
- iii) To review any letter of resignation from the External Auditors and any issues regarding the resignation or dismissal of external auditors;
- iv) To review any management letter sent by the External Auditors and the Management's response to such letter;
- v) To review the financial statements of the Group with both the external Auditors and the Management;
- vi) To review all related party transactions and potential conflict of interest situations that may arise within the Group and the Company;
- vii) To review the External Auditors' findings arising from audits, particularly any comments and responses in audit recommendations, as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken; and
- viii) To assess the suitability, objectivity and independence of the External Auditor annually by considering among others;
 - the competence, audit quality and resource capacity of the External Auditor in relation to the audit;
 - the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
 - 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.

5.3 Internal Audit

- i) To review the effectiveness and adequacy of the scope, functions, resources and competency of the internal audit functions and ensure that they have the necessary authority to carry out their work;
- ii) To review the internal audit program and results of the internal audit process and where necessary, ensure that appropriate actions are taken on the recommendations of the internal Auditors and of the ARMC and thereafter report the same to the Board, where necessary;
- iii) To evaluate the performance of the Internal Audit function, including having an external review periodically to assess the competency of the function;
- iv) To review the major findings of Internal Audit investigations and Management's response and ensure that appropriate actions are taken on the recommendations of the Internal Audit function;
- v) To review and approve any appointment or termination of the Internal Auditors;
- vi) To take cognizance of the resignation of Internal Auditors and provide the resigning Internal Auditors an opportunity to submit reasons for resigning;
- vii) Direct any special investigations to be carried out by internal Auditors as and when necessary and consider the major findings of the internal investigations and Management's response;
- viii) To ensure that the Internal Audit function reports directly to the ARMC; and
- ix) To review the ARMC Report to be published in the Annual Report.

5.4 Risk Management and Internal Control

- i) To review the adequacy of Group's risk management framework and assess the resources and knowledge of the Management and employees involved in the risk management process for identifying, managing, and monitoring the critical risks that impact the Group;
- ii) To review the effectiveness of internal control systems deployed by the Management to address those risks, and they shall be reviewed and evaluated from time to time to ensure they are continuously improved as the business environment changes;
- iii) To engage management in an ongoing risk appetite dialogue and report the same to the Board;
- iv) To review and evaluate the quality and effectiveness of the internal control systems including their processes within the Group's operation, to mitigate against the risk of inefficiencies and threats to the creation of value for the Group; and

- v) To review the statements to be included in the annual report concerning risk management and internal control.

5.5 Whistleblowing and Anti-Corruption Policy

- i) Exercise its power and carry out its responsibilities as may be required from time to time under the Whistleblower Policy and anti-corruption policy guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009; and
- ii) Report to the Board any suspected frauds, irregularities, serious internal control deficiencies or suspected infringement of laws, rules and regulations that come to its attention and are of sufficient importance to warrant the attention of the Board.

5.6 Other matters

- i) The ARMC shall carry out any other function that may be mutually agreed upon by the ARMC and the Board, which would be beneficial to the Group and ensure the effectiveness of discharge of the ARMC's duties and responsibilities;
- ii) The ARMC shall review the terms of reference of the ARMC annually or if necessary;
- iii) The ARMC's actions shall be reported to the Board of Directors with such recommendations as the ARMC deems appropriate;
- iv) If the ARMC is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of the AMLR for ACE Market, the ARMC has the responsibility for reporting such matters to the relevant authority. The ARMC shall have the discretion to undertake such action independently from the Board of Directors; and
- v) To consider any other matters as delegated by the Board.

6. QUORUM AND MEETING PROCEDURES

- 6.1 The Committee shall meet at least four times during the financial year of the Company on a quarterly basis. Additional meetings shall be convened as circumstances required, with due notice of issues to be discussed and it shall record its conclusions in discharging its duties and responsibilities;
- 6.2 The Committee shall meet at least twice annually with Internal Auditors and with the External Auditors without the presence of any executive Board members or the Management;

- 6.3 The quorum for the meeting shall be two members of the ARMC who are both Independent Directors. In the absence of the Chairperson/ Chairman of the ARMC, the members present shall elect a Chairperson/ Chairman for the meeting from amongst the members present;
- 6.4 If an ARMC member is unable to be physically present at a meeting, the ARMC member may choose to participate in the meeting by way of video, tele-conferencing or other communication equipment in which event such an ARMC member shall be deemed to be present at the meeting;
- 6.5 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each members of the Committee, any other person required to attend and all other Non-Executive Directors, no later than 7 days before the date of the meeting except in the case of an emergency. Supporting papers shall be sent to Committee members and to other attendees as appropriate at the same time;
- 6.6 Unless a meeting is called on short notice, the agenda for each meeting and the meeting papers shall be circulated to the ARMC members at least five (5) full working days before each meeting;
- 6.7 Upon the request of any member of the Committee, the External Auditors or the Internal Auditors, the Chairperson/ Chairman of the ARMC shall convene a meeting of the ARMC to consider matters that should be brought to the attention of the directors or shareholders;
- 6.8 Each member of the ARMC is entitled to one vote in deciding the matters deliberated in the meeting. The decision that gained the majority of votes shall be the decision of the ARMC. In the event of an equality of votes, the Chairperson of the ARMC shall be entitled to a second or casting vote;
- 6.9 The External Auditors and Internal Auditors have the right to appear and be heard at any meeting of the ARMC and shall appear before the ARMC when required to do so by the ARMC;
- 6.10 The ARMC may invite any Board's member, any member of Management or any employee of the Group whom the ARMC thinks fit to attend its meetings, assist and provide pertinent information as necessary;
- 6.11 An ARMC member shall excuse himself/herself from the meeting during discussion or deliberations of any matter that gives rise to an actual or perceived conflict of interest situation for the ARMC members;
- 6.12 The Company must ensure that other Directors and employees attend any particular ARMC meeting only at the ARMC's invitation, specific to the relevant meeting;

- 6.13 The Company Secretaries shall be the Secretary to the ARMC. The Secretaries shall be entrusted to record all proceedings and minutes of the ARMC's meetings which shall be kept and circulated to all members of the ARMC and the Board; and
- 6.14 Subject to paragraph (1) above, in appropriate circumstances, ARMC may deal with matters by way of circular resolution in lieu of convening a formal meeting. A resolution in writing, signed by the majority of the members of the Committee shall be valid and effective as if it had been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Committee's members and shall be as valid and effective as if it were a resolution duly passed at a meeting of the Committee. Any such document may be accepted as sufficiently signed by a member of the Committee if transmitted to the Company by any technology purporting to include a signature and/or electronic signature by the said members.

7. MINUTES

- 7.1 The ARMC shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the ARMC. Such minutes shall be signed by the Chairperson/ Chairman of the meeting at which the proceedings were held or by the Chairperson/ Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated;
- 7.2 Detailed minutes of the ARMC's meetings will be made available to all Board members. A summary of significant matters and resolutions will be reported to the Board by the ARMC; and
- 7.3 The books containing the minutes of proceedings of any meeting of the ARMC shall be kept by the Company at the registered office of the Company and shall be opened to the inspection of any member of the ARMC and of the Board.

This TOR was approved and adopted by the Board on 20 February 2023.