



THMY Holdings Bhd.
Quality & Efficiency

Terms Of Reference Of Audit And Risk Management Committee

1. Objectives

The primary function of the Audit and Risk Management Committee ("**ARMC**" or "**Committee**") is to assist the Board of Directors of THMY Holdings Berhad ("**Board**") ("**Company**") in fulfilling the following oversight objectives on the activities of the Company and its subsidiary(ies) ("**Group**");

- (a) Assess the Group's processes relating to its risks, governance and control environment;
- (b) Oversee financial reporting;
- (c) Evaluate the internal and external audit processes;
- (d) Oversee the risk management framework;
- (e) Review and recommend an appropriate risk management strategy so as to ensure that business risks are effectively addressed by the Group; and
- (f) Review the adequacy and effectiveness of the Group's risk management process and recommending improvements where required.

2. Composition

The Committee shall be appointed by the Board from among its members and shall consist of not less than three (3) members. The ARMC shall comprise solely of independent directors. The appointment of a Committee member shall automatically be terminated if the member ceases for any cause to be a director of the Company, or as determined by the Board.

All the members should be financially literate with at least one (1) member of the Committee:

- (a) Must be a member of the Malaysian Institute of Accountants ("**MIA**"); or
- (b) If the director is not a member of the MIA, he or she must have at least three (3) years working experience and:
 - i. He or she must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
 - ii. He or she must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- (c) Fulfils such other requirements prescribed or approved by Bursa Malaysia Securities Berhad ("**Bursa Securities**").

The members of the ARMC shall elect a chairman from amongst any of its members

(“**Chairman**”). In the absence of the Chairman, the members present shall elect one of their members to chair the meeting.

In addition, should a former partner of the external audit firm of the Company is proposed to be appointed as a member of the Committee, he is required to observe a cooling-off period of at least three (3) years prior to such appointment.

No alternate director should be appointed as a member of the Committee.

In the event that a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number is reduced below three (3) or resulting in the non-compliance of the ACE Market Listing Requirements of Bursa Securities (“**Listing Requirements**”) pertaining to the composition of the ARMC, the Board shall, within three (3) months of that event, fill the vacancy.

The Committee shall identify and appoint from amongst the employees of the Group a person who will act as the Risk Officer, i.e. the liaison person to expedite the risk management process throughout the Group and to ensure employees throughout the Group are aware of the concept and practice of risk management.

The terms of office and performance of the Committee and each of its members must be reviewed by the Nomination Committee annually to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

3. **Secretary to the ARMC**

The Company Secretary of the Board (“**Company Secretary**”) shall be the secretary of the Committee or in his or her absence, another person authorised by the Chairman. The Secretary shall be responsible for drawing up the agenda and the notice of meeting in consultation with the Chairman together with supporting explanatory documentation to members of Committee at least seven (7) days prior to each meeting.

4. **Meetings**

The Committee shall meet at least four (4) times a year or more frequently as deemed necessary by the Chairman. The Chairman will highlight any major issues and any items requiring resolution by the Board.

In addition, the Chairman shall convene a meeting of the Committee upon request by any Committee member, member of the Board, the management or internal or external auditors, to consider any matters within the scope and responsibilities of the Committee.

The Chairman should engage on a continuous basis with the Senior Management of the Group (“**Senior Management**”), Chairman of the Board, the internal auditors and the external auditors in order to be kept informed of matters affecting the Group.

Any member of the ARMC can attend the ARMC meeting either in person or by way of

telephone and video conferencing or by means of other communication equipment whereby all persons participating in the meeting are able to hear each other and be heard for the entire duration of the meeting in which event such member shall be deemed to be present at the meeting and shall be entitled to vote or be considered part of the quorum as appropriate.

5. Reporting Procedures

The secretary of the Committee shall be responsible for keeping the minutes of the meeting of the Committee and making it available to all members of the Board upon request. The Committee, through its Chairman, shall report to the Board at the next Board meeting after each Committee meeting and where appropriate, make the necessary recommendations to the Board.

6. Circular Resolution

A resolution in writing signed by a majority of the ARMC members for the time being shall be as valid and effectual as if it had been passed at a meeting of the ARMC duly called and constituted.

Any such resolution may consist of several documents in like form each signed by one (1) or more ARMC members. Any such document may be accepted as sufficiently signed by a ARMC member if transmitted to the Company in any written form by letter, facsimile, electronic mail or other forms of electronic and digital communications to include a signature of a ARMC member. All such resolutions shall be described as "Audit and Risk Management Committee Members' Resolution in Writing" and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book.

7. Meeting Procedures

The Committee shall regulate its own procedures, in particular:

- (a) The calling of meetings;
- (b) The notice to be given to such meetings;
- (c) The voting and proceedings of such meetings;
- (d) The keeping of minutes; and
- (e) The custody, production and inspection of such minutes.

8. Quorum

The quorum for any meetings shall consist of two (2) members, either present in person or by way of telephone and video conferencing or by means of other communication equipment whereby all persons participating in the meeting are able to hear each other and be heard for the entire duration of the meeting.

9. Attendance by Invitation

The Group MD/ Group CEO and Chief Financial Officer or its equivalent, the internal auditors and external auditors should normally be invited to attend ARMC meetings. The Committee may invite any other person to be in attendance to assist in its deliberation in any particular meeting. However, the Committee should meet with the external auditors without executive Board members and management present at least twice a year.

10. Rights of the External Auditors

The external auditors have the rights to appear and be heard at any meeting of the Committee and their representative shall appear before the ARMC when required to do so by the Committee.

11. Authority of the ARMC

The ARMC in performing its duties shall in accordance with a procedure to be determined by the Board and at the cost and expense of the Company, where necessary:

- Have the authority to investigate any activity within its terms of reference;
- Have the resources which are required to perform its duties;
- Have full and unrestricted access to any information, documents and employees of the Group;
- Have direct communication channels with the external auditors, internal auditors, and/or person(s) carrying out the internal audit function or activity;
- Be able to obtain independent professional advice;
- Be able to secure the attendance of external advisers and shall have the discretion to decide who else other than its own members to attend meetings, if it thinks fit; and
- Be able to convene meetings with the external auditors, internal auditors or both, without the presence of the other Directors, Senior Management and any employees

of the Group, whenever deemed necessary.

12. Duties and Responsibilities

Financial Reporting

- (a) To review the Group's quarterly results and annual financial statements before submission to the Board, focusing on:
 - i. Any changes in or implementation of accounting policies and practices;
 - ii. Major judgment areas;
 - iii. Significant adjustments proposed by the external auditors;
 - iv. Going concern assumption;
 - v. Compliance with relevant accounting standards;
 - vi. Compliance with the Listing Requirements and other legal requirements; and
 - vii. Significant and unusual events.

External Audit Function

- (a) To consider the appointment and re-appointment of the external auditors and to review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment, to consider the nomination of a person or persons as external auditors and the audit fees, the terms of reference of their appointment, and any question of resignation or dismissal;
- (b) To review with the external auditors their audit plan, scope and nature of audit for the Group, evaluation of the system of risk management and internal control, audit report, management letter and management's response and the assistance given by the Group's employees to the external auditors;
- (c) To assess the performance, suitability, objectivity and independence of external auditors based on established policies and procedures that considers, among others:
 - i. The competence, audit quality and resource capacity of the external auditors in relation to the audit;
 - ii. The nature and extent of the non-audit services rendered and appropriateness of the fees charged; and
 - iii. The written assurance procured 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.

The assessment on the suitability, objectivity and independence of the external auditors should be conducted annually.

- (d) To discuss problems and reservations arising from the interim and final audits, and any other matters that the external auditors may wish to discuss (in the absence of management where necessary); and
- (e) To discuss the contracts for the provision of non-audit services which can be entered into and procedures that must be followed by the external auditors. The contracts that cannot be entered into should include management consulting, strategic decision, internal audit and standard operating policies and procedures documentation.

Internal Audit Function

- (a) To review annually the effectiveness of the Group's internal audit function, in particular, the adequacy of the scope, functions, competency and resources of the internal audit function, and ensure that it has the necessary authority to carry out its work;
- (b) To review the internal audit plan, consider the major findings of the internal audits, internal or fraud investigations as well as actions and steps taken by management in response to the audit findings;
- (c) To meet with the internal auditors (i) at least twice every year, to discuss their remit and any issues arising from the internal audits carried out. Management of the Group shall not be present for such discussions; and (ii) regularly throughout the year as the internal auditors shall require;
- (d) To review any appraisal or assessment of the performance of members of the internal audit function;
- (e) To approve any appointment or termination of senior staff members of the internal audit function or the firm of internal auditors;
- (f) To take cognisance of resignations/ transfer of internal audit staff members and provide the resigning staff member an opportunity to submit his or her reasons for resigning; and
- (g) To review the adequacy and effectiveness of the Group's internal control systems, anti-corruption and whistle-blowing as evaluated, identified and reported by the management, internal or external auditors as well as to review whether actions taken to ratify the same are appropriate or timely.

Risk Management

- (a) To review the risk management framework, risk strategies, risk appetite and objectives of the Group;

- (b) To monitor the management's risk management practices and procedures;
- (c) To oversee the risk management procedures and methodologies of the various departments;
- (d) To review the adequacy and effectiveness of the Group's risk management process and recommend improvement where necessary;
- (e) To review the Group's risk profile and risk management reports which include management's action plan and implementation status;
- (f) To report and monitor the risk management priorities and progress of the risk mitigation plan, including oversight of reporting to the Board on an exception basis, where required, and routinely on matters of regular interest of the Board;
- (g) To oversee the overall anti-bribery and anti-corruption policy and its compliance; and
- (h) To monitor the risk control measures of corporate liability risk identified.

Sustainability

- (a) To oversee and review
- (b) the development and implementation of the Company's sustainability vision, strategy, framework, initiatives, policies and practices, and explore ways to incorporate them into the Company's overall operations and business goals;
- (c) To regularly review the sustainability framework of the Company which is grounded in the Environmental, Social and Governance ("ESG") pillars, to ensure its alignment with evolving local and global sustainability trends and developments, while also confirming its feasibility within the Company's existing resources and capabilities; and
- (d) To assist the Board with regard to the disclosures in the Sustainability Statement to be included in the Company's Annual Report.

Other Matters

- (a) To review and report any related party transactions and conflict of interest and/or potential conflict of interest situations by the Directors and Senior Management that arose, persist or may arise during the financial year together with the measures to resolve, eliminate or mitigate such conflicts;
- (b) To verify the allocation of options granted pursuant to the share issuance scheme,

if any;

- (c) To report to the Board its activities, significant results and findings;
- (d) To promptly report such matter to Bursa Securities if the Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements;
- (e) To review the Statement on Risk Management and Internal Control in the Company's annual report;
- (f) To review and disclose in the Committee Report of the annual report any conflict of interest that arose or might arise during the financial year as well as persisting conflict of interest from previous financial years; and
- (g) To undertake any such responsibilities as may be agreed by the Committee and the Board.

13. Review

The terms of reference will be subject to review from time to time by the Committee and any amendments are to be approved by the Board before becoming effective.

14. Confidentiality

Members of the Committee shall maintain strict confidentiality regarding discussions, deliberations, and decisions made during Committee meetings.

15. Interpretation

In case of any ambiguity or interpretation issue regarding this terms of reference, the decision of the Board shall be final.

16. Approval

This terms of reference is last reviewed and revised by the Board on 3 April 2025.