

NICHE CAPITAL EMAS HOLDINGS BERHAD [200001024664 (527272V)]

TERMS OF REFERENCE: AUDIT AND RISK MANAGEMENT COMMITTEE

(Revised w.e.f. 6 October 2023)

The Audit and Risk Management Committee is governed by the Terms of Reference as stipulated below.

1. Objectives

The primary functions of the Audit and Risk Management Committee (“**ARMC**”) is to assist the Board of Directors (“**Board**”) in fulfilling the following oversight objectives on the Group’s activities:

- a) Oversee the risk management framework of the Group and assess the Group’s processes relating to its risks, governance and control environment including review of the adequacy and completeness of the Group’s internal control and risk management process and recommending improvements where required;
- b) Oversee financial reporting to ensure compliance with applicable financial reporting standards;
- c) Evaluate the internal and external audit processes including issues relating to the system of internal control, risk management and governance within the Group;
- d) Investigate any concerns received on possible improprieties within the Group;
- e) Review and recommend an appropriate risk management strategy so as to ensure that business risks are effectively addressed by the Group; and
- f) Oversee compliance with laws and regulations and observance of proper code of conduct.

2. Composition of ARMC

The ARMC shall be appointed by the Board from among its members and shall consist of not less than three (3) members, all of whom shall be Non-Executive Directors with the majority being Independent Directors of the Company.

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

*In this respect, the Board adopts the definition of “Independent Director” as defined under Bursa Malaysia Securities Berhad (“**Bursa Securities**”) Main Market Listing Requirements (“**the Listing Requirements**”).*

All members should be financially literate, competent and are able to understand matters under the purview of the ARMC including the financial reporting process.

At least one (1) member of the ARMC:

- must be a member of the Malaysian Institute of Accountants (“**MIA**”); or
- if he/she is not a member of the MIA, he/she must have at least three (3) years of working experience and:
 - he/she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - he/she must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967
- fulfils such other requirements prescribed or approved by Bursa Securities.

No former audit partner of the Group’s external audit firm shall be appointed as a member of the ARMC unless the said former partner has observe a cooling-off

period of at least three (3) years, i.e. with the issuance of Niche Capital Emas Holdings Berhad's audited financial statements covering a period of not less than three (3) years, before being appointed as a member of the ARMC. The former partner herein refers to all former partners of the audit firm and/or affiliate firm (including those providing advisory services, tax consulting, etc.)

In the event that a member or the Chairman of the ARMC resigns, passes away or for any reason ceases to be a member or Chairman resulting in non-compliance with the Listing Requirements of the Bursa Securities pertaining to composition criteria of the ARMC and the election of an independent Chairman of the ARMC, the Board shall, within three (3) months of that event, appoint such number of new member(s) or Chairman as may be required to fill the vacancy.

The Nomination and Remuneration Committee and the Board shall review the terms of reference and performance of the ARMC and each of its members annually to determine whether the ARMC and its members have carried out their duties in accordance with the terms of reference.

All members of the ARMC, including the Chairman, will hold office only so long as they serve as Directors of the Company and have not been removed from the ARMC by the Board.

Chairman

The Chairman of the ARMC shall be an Independent Non-Executive Director appointed by the Board from amongst the ARMC members and who shall not be the Chairman of the Board. The ARMC Chairman shall chair all ARMC meetings but in the absence of the Chairman, the members of the ARMC can elect from amongst themselves as the Chairman of the meeting.

The Chairman of the ARMC is responsible for ensuring the overall effectiveness and independence of the ARMC.

The Chairman of the ARMC together with other members of the ARMC should ensure amongst others that:-

- the ARMC is fully informed about significant matters related to the Group's audit and its financial statements and address these matters;
- the ARMC appropriately communicates its insights, views and concerns about relevant transactions and events to internal and external auditors;
- the ARMC's concerns on matters that may have an effect on the financial or audit of the Group are communicated to the external auditors;
- there is co-ordination between internal and external auditors; and
- the ARMC is fully informed about significant matters related to the Group's risk and opportunity and review the effectiveness of management action plan to address these matters.

3. Secretary(ies) to ARMC

The Company Secretary(ies) shall be the secretary(ies) of the ARMC or in her absence, another person authorised by the Chairman of the ARMC. The Secretary(ies) of the ARMC shall be responsible for drawing up the agenda in consultation with the Chairman of the ARMC.

4. Meetings

The ARMC shall meet together for the despatch of business, adjourn and otherwise regulate their meetings, at least four (4) times a year or more frequently as circumstances dictate. In addition to the regular scheduled meeting, the Chairman shall call a meeting of the ARMC if so requested by any member of the ARMC or by the Chairman of the Board.

In addition, the Chairman shall convene a meeting of the ARMC if requested to do so by the Internal or External Auditors to consider any matters within the scope and responsibilities of the ARMC.

The Chairman of the ARMC should engage on a continuous basis with the Chairman of the Board, executive Board members, Chief Financial Officer, the Internal Auditors and the External Auditors in order to be kept informed of matters affecting the Group in a timely manner.

Questions arising at any meeting of the ARMC shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the ARMC shall have a second or casting vote.

5. Reporting Procedures

The agenda together with relevant explanatory papers and documents shall be circulated to the ARMC members at least seven (7) days prior to each meeting. The Company Secretary shall be responsible for keeping the minutes of the meeting of the ARMC, circulating them to all members of the Board.

The Chairman of the ARMC shall on behalf of the ARMC report to the Board on the proceedings of each meeting and on matters as it considers appropriate within its terms of reference at least once a year, but more frequently if it wishes, either formally in writing or verbally.

The ARMC shall report to the Board on any specific matters referred to it by the Board.

6. Meeting Procedures

The ARMC 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.

Reasonable notice of ARMC meetings shall be given in writing sent through the post, facsimile, electronic mail and by any means of telecommunication in permanent written form to all the ARMC members, except in the case of emergency, where ARMC may waive such requirement.

7. Quorum

In order to form a quorum (subject to a minimum number of two (2) members) for the meeting, the majority of the members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

8. Circular Resolution

A resolution in writing 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 an electronic or digital signature by a majority of the ARMC members for the time being, and shall be valid and effective as if it had been passed at a meeting of the ARMC duly called and constituted. 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(ies) without delay and shall be recorded by the Company Secretary(ies) in the minutes book. Any such resolution may consist of several documents in like form, each signed by one (1) or more members of the ARMC.

9. Attendance by Invitation

The ARMC may invite other Board members, Chief Financial Officer, members of senior management, the representatives of the Internal Auditors and External Auditors and other consultants to attend meetings to brief the ARMC on issues that are set out in the meeting agenda. The ARMC may invite any person to be in attendance to assist in its deliberations in any particular meeting.

The ARMC should meet with the External Auditors, Internal Auditors or both, without the presence of other executive Board members and management at least once (1) annually.

10. Rights of the External Auditors

The External Auditors have the right to appear and be heard at any meeting of the ARMC and their representative shall appear before the ARMC when required to do so by the ARMC.

11. Authority of the ARMC

The ARMC should:

- have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the ARMC;
- have the resources which are required to perform its duties;
- have full and unrestricted access to all information, documents, internal and external auditors and officers of the Company and the Group for the purpose of discharging its functions and responsibilities;
- have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity;
- be able to obtain independent professional or other advice; as it

- considers necessary at the expense of the Company;
- be able to convene meetings with the External Auditors, Internal Auditors or both, excluding the attendance of the other Directors and employees of the Group, whenever deemed necessary;
- where the ARMC 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, the ARMC shall promptly report such matter to Bursa Securities; and
- be entitled to the services of the Company Secretary(ies).

12. Duties and Responsibilities

In fulfilling its primary objectives in accordance with Paragraph 15.12 of the Listing Requirements, the ARMC shall undertake the following responsibilities and duties:

A. Financial Reporting

- To review the Company's and the Group's quarterly results and annual financial statement before submission to the Board, focusing on:
 - Changes in or implementation of major accounting policies;
 - Significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
 - Going concern assumption; and
 - Compliance with accounting standards and other legal requirements.

B. External Audit

- Recommend the nomination of a person or persons as External Auditors;
- Review the appointment and performance of External Auditors, the audit fee, the terms of reference of their appointment and any question of resignation or dismissal (supported by grounds) before making recommendations to the Board;
- Review with the External Auditors their audit plan, scope and nature of audit for the Company and the Group, their evaluation of the system of internal control, their audit report, their management letter and management's response and the assistance given by the Company's employees to the external auditors;
- Review the independence, suitability and objectivity of the External Auditors and their services, including professional fees, so as to ensure a proper balance between objectivity and value for money;
- Review the non-audit services provided to the Company for the financial year, including the nature of the non-audit services, fee levels of the non-audit services - individually and in aggregate relative to the external audit fees and safeguards deployed to eliminate or reduce the threat to objectivity and independence in the conduct of the external audit resulting from the non-audit services provided;
- To approve the non-audit services provided by the external auditors and/or their affiliates.
- Assess the adequacy and effectiveness of the system of internal control and accounting control procedures of the Company and the Group;
- Discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss (in the absence of management where necessary);

- Develop and review for recommendation to the Board, the Company's policy in relation to the provision of non-audit services by the External Auditors, which amongst others, takes into consideration:
 - whether the skills and experience of the audit firm makes it a suitable service provider for non-audit services;
 - whether there are safeguards in place to eliminate or reduce to an acceptable level any threat to objectivity or independence in the conduct of the audit resulting from non-audit services provided by the External Auditors; and
 - the nature of the non-audit services, the related fee levels and the fee levels individually and in aggregate relative to the external audit fees of the Company.

C. Internal Audit

- Review the adequacy of the scope and plan, budget, competency and resources of the Internal Auditors, and that it has the necessary authority to carry out its work;
- Ensure that Internal Auditors carry out their work according to the standards set by recognised professional bodies (such as Malaysian Institute of Accountants, Institute of Internal Auditors);
- Review internal audit plan, processes, the results of the internal audit assessment, investigation undertaken and to ensure that appropriate and prompt remedial action is taken by Management on the recommendations of the Internal Audit function;
- Review the performance of Internal Auditors, who will report functionally to the ARMC, on an annual basis;
- Approve any appointment or termination of Internal Auditors. Take cognisance of resignations/transfer of Internal Auditors and provide an opportunity to submit reasons for resigning;
- Review the adequacy and effectiveness of internal control system, including management information system and the Internal Auditors' and/or External Auditors' evaluation of the said systems;
- Ensure the internal audit work is conducted independently and the head of internal auditors reports directly to the committee; and
- Monitor the overall performance of the Company's internal audit function.

D. Related Party Transactions

- To review and monitor any related party transactions/business dealings entered into by the Company and the Group and any conflict of interest situation that arose, persist or may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity and the measures taken to resolve, eliminate or mitigate such conflicts.

E. Audit Report

- Review the External and Internal Audit reports to ensure that appropriate and prompt remedial action is taken by Management on major deficiencies in controls or procedures that have been identified.

- Review major audit findings and Management's response during the financial year with Management, External Auditors and Internal Auditors, including the status of previous audit recommendations.

F. Risk Management

- Implement and maintain a sound risk management framework which identifies, assess, manages and monitors the Group's business risks and opportunities;
- Monitor and ensure risk management processes are integrated into all core business processes;
- Annually review risk management infrastructure and risk management policies adopted by the Group, if any;
- Update the Board on risk management activities and make the necessary recommendations to the Board on risk management and internal controls, as needed; and
- Assist the Board in disclosing risk management and internal control matters under the Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report.

G. Other Matters Delegated by the Board

- Review the assistance given by the employees of the Company or Group to the External Auditors and Internal Auditors and any difficulties encountered in the course of audit work, including any restrictions on the scope of activities or access to required information;
- Verify the allocation of options granted pursuant to Employee Share Option Scheme ("**Scheme**") (if any applicable) and to ensure that the allocation is in compliance with the Bye-Laws of the Scheme;
- Direct and, where appropriate, supervise any special projects or investigations considered necessary, and review investigation reports on any major defalcations, frauds and thefts;
- Review procedures in place to ensure that the Group is in compliance with the Companies Act 2016, Listing Requirements of Bursa Securities and other legislative and reporting requirements;
- Act upon the Board of Director's request to investigate and to report to the Board any issues or concerns, activities, significant results and findings;
- Prepare reports, if the circumstances arise or at least once (1) a year, to the Board summarising the work performed in fulfilling the ARMC's primary responsibilities;
- Undertake any such responsibilities as may be agreed by the ARMC and the Board; and
- Perform the oversight function over the administration of whistleblower policy that is approved and adopted by the Board and to protect the values of transparency, integrity, impartially and accountability where the Group conducts its business and affairs.

13. Review

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

Terms of Reference of the ARMC must be made available on the Company's website.