



GHL Systems Berhad (293040-D)

Incorporated in Malaysia

**TERMS OF REFERENCE
OF
AUDIT & RISK COMMITTEE**

FEBRUARY 2022

1. Constitution

The Board of Directors ("Board") of GHL Systems Bhd. ("GHL") has resolved to establish a Committee of the Board of Directors to be known as the Audit Committee on 11 February 2003.

On 8 April 2013, the Board resolved that the Audit Committee be renamed as the Audit and Risk Committee ("ARC" or "the Committee").

2. Composition

The Committee shall be appointed by the Board from amongst its directors and shall comprise of not less than three (3) members of which comprise exclusively non-executive directors, a majority of whom are independent.

The Board shall at all times ensure that at least one (1) member of the Committee shall be:

- A registered member of the Malaysian Institute of Accounts ("MIA"); and
- If he or she is not a registered member of MIA, he or she must have at least three (3) years working experience and:
 - He or she must have passed the examination specified in Part I of the 1st schedule of the Accountants Act, 1967; or
 - He or she must be a member of the Associations of Accountants specified in Part II of the Accountants Act, 1967; or
 - Fulfil any other requirements as may be prescribed by Bursa Malaysia Securities Berhad, pursuant to the Main Market Listing requirements ("Listing Requirements").

A former partner of the external audit firm and/or the affiliate firm (including those providing advisory services, tax consulting etc) of the Company or any entity within the Group is required to observe a cooling-off period of at least three years before being appointed as a member of the Committee

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

3. Chairperson of the Committee

The Committee shall elect a Chairperson from among its members and the elected Chairperson shall be an Independent Director.

In the event the elected Chairperson is not able to attend a meeting, a member of the Committee shall be nominated as Chairperson for the meeting. The nominated Chairperson shall be an Independent Director.

4. Meetings of the Committee

Frequency

The Committee shall meet at least four (4) times a year. In addition, the Chairperson shall call for a meeting of the Committee if requested by any member of the Committee, the Board of Directors, and the internal or external auditors. Prior notice shall be given for the Committee's meetings.

The Committee may, as and when necessary, invite other members of the Board, the Internal Auditor and/or members of management to attend the meetings to provide further information or details on matters that are being discussed and deliberated.

Quorum

A minimum of **two (2) members** shall form the quorum, both of whom shall be independent directors

Secretary of the Committee

The Company Secretary shall be the secretary of the Committee and will record, prepare, and circulate the minutes of the meetings of the Committee and ensure that the minutes are properly kept and produced for inspection, if required. The Committee shall report to the Board and the minutes tabled will be noted by the Board.

5. Authority

The Committee is authorised by the Board as follows:

- a) Have explicit authority to review or investigate any matter within its terms of reference;
- b) Have the resources which it needs to perform its duties;
- c) Have full and unrestricted access to any information pertaining to GHL and its subsidiaries and associated companies ("Group") and management which it requires in the course of performing its duties, and all directors and employees of the Group are required to comply with the requests made by the Committee;
- d) Have unrestricted access to the Chief Executive Officer and the Chief Finance Officer;
- e) Have direct communication channels and is able to convene meetings with the external auditors and internal auditors; without the presence of the non-independent members of the Committee, whenever deemed necessary;
- f) Able to obtain external professional advice in the performance of its duties and secure the attendance of external parties with relevant experience and expertise if it is considered necessary, the expenses of which will be borne by the Group. In the event that any member of the Committee needs to seek external professional advice in furtherance of his or her duties, he or she shall first consult with and obtain approval from the Chairperson of the Committee.

6. Duties and Responsibilities

The responsibilities and duties of the Committee shall include the following:

(a) Financial Reporting

- i. To review the quarterly and annual financial statements of the Group prepared by the management, where necessary, together with the external auditor.

(b) External Audit

- i. To review and discuss with external auditor the audit plan, nature, and scope of audit;
- ii. To review the external auditor's audit report, and management letter, and management's response to the management letter;
- iii. To meet at least twice a year with external auditors without the presence of executive board members and management to discuss any matters or issues arising from the interim and final audits, including the level of assistance and cooperation given by the Group employees, and any other matter the external auditor may wish to discuss.
- iv. To review with the external auditor the Statement on Risk Management and Internal Control of the Group for inclusion in the Annual Report;
- v. To review and assess each year, the independence of the external auditor;
- vi. To review on an annual basis and make recommendations to the Board, the appointment or re-appointment of the external auditor;
- vii. To review any matters concerning audit fee and the reasons for the resignation or dismissal of the external auditor.

(c) Internal Audit Function

- i. To review the effectiveness of internal audit function, including the ability, competency and qualification of the internal audit team and/or outsourced internal auditors (if any) to perform its duties;
- ii. To review the adequacy of the scope, functions competency and resources, and that it has the necessary authority to carry out its work;
- iii. To review and approve the internal audit plan and the internal audit report and, where necessary, to ensure that appropriate actions are taken on the recommendations made by the internal audit function.
- iv. To receive and review, on a regular basis, the reports, findings, and recommendations of the internal audit team and/or outsourced internal auditors, and to ensure that appropriate actions have been taken to implement the audit recommendations;
- v. to ensure the internal audit team and/or outsourced internal auditors has full, free, and unrestricted access to all activities, records, property, and personnel necessary to perform its duties;
- vi. To review any matters concerning the employment or appointment (and re-appointment) of the in-house and/or the outsourced internal auditors (as the case may be) and the reasons for resignation or termination of either party;
- vii. To request and review any special audit which the Committee deems necessary.

(d) Related Party Transaction/Conflict of Interest Situations

- i. To review all related party transactions that has been done or may arise, and ensure such transaction are reported in the financial reports.
- ii. To consider the potential conflict of interest situation and monitor the conflict mitigation.

(e) Risk Management and Internal Control

The Board has delegated to the ARC the task of undertaking a periodic review of the effectiveness, adequacy, and integrity of the Groups' risk management framework and internal control systems. The Board has also established a Risk Management Committee ("RMC"), headed by the Chief Executive Officer, which shall report at least twice a year to the ARC.

- i. To assess that proper processes exists for determining, monitoring, and reviewing the risk profile of the Groups and the proper communication to the relevant business units;
- ii. To assess whether risk policies and procedures exist;
- iii. To assess managements' process for identifying, evaluating, and addressing risks;
- iv. To assess managements' process for monitoring internal controls and risk management, and to provide reasonable assurance that they continue to operate as intended and are modified as business conditions change;
- v. To assess managements' efforts to embed a risk management in all aspects of the Group's activities and promoting a risk awareness culture within the Group;
- vi. To assess the adequacy of infrastructure, resources, and systems for effective risk management;
- vii. To review and assess on an on-going basis, the periodic reports of the RMC to the Committee, including discussing with the senior management on any significant issues that require, or are subject to, remedial action or recommendations and actions taken thereon;
- viii. To receive formal feedback from the head of the internal audit function, the outsourced internal auditor (if any) and the external auditor on the adequacy of risk management and internal control systems.
- ix. To conduct an annual assessment, including seeking assurance from the Chief Executive Officer and Chief Finance Officer whether the risk management and internal control systems of the Group has been adequate and effective in all material aspects during the year under review and up to the date of approval of the statement for including in the annual report.

(f) Audit Reports

To prepare the annual Audit Committee report for the Board which includes the composition of the Audit Committee, its terms of reference, number of meetings

held, a summary of its activities, and the existence of internal audit services and summary of the activities for inclusion in the Annual Report, and to review the Board's statements on compliance with the Malaysian Code of Corporate Governance for inclusion in the Annual Report.

(g) Others

To consider any other matters as delegated by the Board.

7. Rights of Auditors

The external auditors and internal auditors have the right to appear and be heard at any meeting of the Committee and shall so appear when required by the Committee.

Upon the request of the external auditors or internal auditors or outsourced internal auditors (if any), the Chairperson of the Committee shall convene a meeting of the Committee to consider any matters that the auditors believe should be brought to the attention of the directors or shareholders.

8. Functional Independence

The Committee shall function independently from other directors and officers of the Group. Such other directors and officers may attend any particular Committee meeting only at the Committee's invitation, specific to the relevant meeting.

9. Retirement and Resignation

A member of the Committee who wishes to retire or resign should provide sufficient written notice to Board so that a replacement may be appointed before he or she leaves. In the event of any vacancy in the Committee resulting in the non-compliance of paragraph 15.09(1) of the Listing Requirements, the Board shall fill the vacancy within three months from the date of the vacancy.

10. Revision and updates

This Term of Reference will be reviewed and updated periodically to align with the changes or amendments of Main Market Listing Requirement of Bursa Malaysia, Malaysia Code on Corporate Governance, and other regulatory requirements that are consistent with the Committee's objectives and responsibilities.

This Terms of reference is first approved by the Board and is adopted by the Committee effective from 8th April 2013.

This Terms of Reference was subsequently revised upon approval on 21 February 2022.

No	GHL Systems Berhad ARC Term of Reference	Date
I	Adopted	8 th April 2013
ii	Second Revision	28 th May 2015
iii	Third Revision	27 th February 2019
Iv	Fourth Revision	21 st February 2022