

TERMS OF REFERENCE FOR AUDIT & RISK COMMITTEE

1. Introduction

- (a) The Audit and Risk Committee (“**the Committee**”) of NationGate Holdings Bhd is formed and approved by the Board of Directors of the Company.
- (b) Unless otherwise stated, the following shall apply:
- (i) “Board” means the Board of Directors of the Company;
 - (ii) “Bursa Securities” means Bursa Malaysia Securities Berhad;
 - (iii) “Chairman” means the chairman of the Committee and is used in a gender-neutral sense;
 - (iv) “Company Secretary” means the Board secretary(ies) or the person(s) normally exercising the function of a Board secretary;
 - (v) “Directors” means members of our Board;
 - (vi) “Independent Director” is defined in accordance with Paragraph 1.01 of the Listing Requirements;
 - (vii) “Listing Requirements” means Main Market Listing Requirements of Bursa Securities;
 - (viii) “Management” means the executive Directors and key management personnel of the Group;
 - (ix) “Shareholders” means the shareholders of the Company;
 - (x) “the Company” or “NationGate” means NationGate Holdings Bhd; and
 - (xi) “the Group” means NationGate Holdings Bhd and its subsidiaries.
- (c) The primary function of the Committee, in line with the following statutory provisions and documents namely:
- (i) Company’s Constitution;
 - (ii) Listing Requirements;
 - (iii) Malaysian Code on Corporate Governance 2021 (“**the Code**”);
 - (iv) Corporate Governance Guide –4th Edition (“**the Guide**”) issued by Bursa Securities in 2021;
 - (v) Capital Markets and Services Act 2007; and
 - (vi) Companies Act 2016 (“**CA 2016**”)

is to assist the Board in the following areas:

- (i) to assist in discharging the Board’s fiduciary duties;
- (ii) overseeing the Company’s financial reporting process and ensuring the results of the Company’s operations are fairly presented in the Company’s financial statements;
- (iii) in complying with specified accounting standards and required disclosure as administered by Bursa Securities, relevant accounting standards bodies, and any other laws and regulations as amended from time to time;
- (iv) in presenting a balanced and understandable assessment of the Company’s position and prospects;

- (v) in establishing a formal and transparent arrangement for maintaining an appropriate relationship with the Company's auditors and to evaluate the audit process; and
- (vi) in maintaining a sound system of internal controls and risk management to safeguard Shareholders' investment and the Company's assets; and
- (vii) the review of conflict-of-interest situations and related party transactions.
- (viii) Establish, maintain, and periodically review an anti-corruption compliance programme which includes clear policies and objectives that adequately address corruption risks.

2. Authority

In carrying out its duties and responsibilities, the Committee shall have the following rights:

- (a) the explicit authority to investigate any matter within its terms of reference;
- (b) access to the resources which are required to perform its duties;
- (c) full, free and unrestricted access to any information, records, properties and personnel of the Company;
- (d) direct communication channels with the external and internal auditors;
- (e) ability to obtain independent professional or other advice at the Company's costs, and to invite external parties with relevant experience to attend the Committee meetings, if required, and to brief the Committee thereof; and
- (f) ability to convene meetings with external and internal auditors, or both, whenever deemed necessary, excluding the attendance of other Directors and employees of the Company.

Notwithstanding anything contrary to what is stated, the Committee does not have executive powers and shall report to the Board on matters considered and its recommendations pertaining to the Company and the Group.

3. Composition

- (a) The Committee shall be appointed by the Board and shall comprise at least three (3) members, consisting solely of Independent non-executive Directors which are free from any business or other relationship that would materially interfere with their judgment as members of the Committee;
- (b) A former partner of the external audit firm is required to observe a cooling-off period of at least three (3) years before being appointed as a member of the Committee.
- (c) At least one (1) member of the Committee:
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if the person is not a member of the Malaysia Institute of Accountants, the person must have at least three (3) years working experience and:

- (aa) the person must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (bb) the person must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - (cc) fulfils such other requirements as prescribed or approved by Bursa Securities;
- (d) The Chairman of the Committee shall be appointed by the members of the Committee and must not be the chairman of the Board;
 - (e) No alternate Director shall be appointed as a member of the Committee;
 - (f) All members of the Committee shall be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process;
 - (g) Members of the Committee may resign from the Committee with prior written notice of at least two (2) months to the Board and may continue to serve as directors of the Company;
 - (h) In the event of any vacancy resulting in non-compliance of the Listing Requirements of a minimum of three (3) members, the Board shall upon the recommendation of the Nomination Committee, appoint such number of directors to fill up such vacancy within three (3) months of the event; and
 - (i) All members of the Committee, including the Chairman, will hold office only so long as they serve as Directors. The Nomination Committee must review the term of office and performance of the Committee and each of its members annually to determine whether the Committee and its members have carried out their duties in accordance with its Terms of Reference.

4. Secretaries of the Committee

- (a) The Company Secretary shall be the secretary of the Committee (“**the Secretary**”). In the absence of the Secretary, the chairman of the meeting may appoint another person or the representative of the Secretary to act on behalf of the Secretary for the purpose of the meeting.
- (b) The Secretary shall have the following responsibilities:
 - (i) ensuring the Committee meetings are arranged and held accordingly;
 - (ii) assisting the Chairman in planning the Committee’s activities for the financial year;
 - (iii) drawing up meeting agenda in consultation with the Chairman and circulating the agenda, together with the relevant papers, at least seven

(7) days prior to each of the Committee meeting unless a meeting of the Committee is summoned earlier than seven (7) days;

- (iv) ensuring proper notice is issued for the Committee's meeting;
- (v) ensuring structured communication between the Board and the Committee;
- (vi) ensuring proceedings of meetings are minute and endorsed by the Chairman before dissemination to all the Directors; and
- (vii) ensuring the Committee's recommendations presented to the Board are supported by explanatory papers, including report of the Committee or minutes that explains the rationale of the Committee's recommendations.

5. Duties and Responsibilities

External Audit

- (a) Nominate and recommend the external auditors for appointment, to consider the adequacy of experience, resources, audit fee and any issue regarding resignation or dismissal of the external auditors;
- (b) Review with the external auditors, the nature, scope and plan of the audit before the audit commences and report the same to the Board;
- (c) Ensure co-ordination if more than one audit firm is involved in the audit;
- (d) Review with the external auditors, their audit report and report the same to the Board;
- (e) Review with the external auditors, their evaluation of the system of internal controls and risk management and report the same to the Board;
- (f) Review the assistance given by the employees of the Group to the external auditors and report the same to the Board;
- (g) Review any letter of resignation from the external auditors and report the same to the Board;
- (h) Review whether there is reason, supported by grounds, to believe that the external auditors are not suitable for reappointment and report the same to the Board;
- (i) Ensure that proper policies and procedures are established and to assess the suitability, objectivity and independence of external auditors on annual basis, including obtaining written assurance from external auditors confirming they are, and have been, independent throughout the conduct of audit engagement

in accordance with the terms of reference of all relevant professional and regulatory requirement;

- (i) Consider any concerns raised by external auditors pertaining to a breach or non-performance of any requirement of any rules or matters that may materially affect the financial performance and position of the Group;
 - (ii) Discuss problems and reservations, if any, arising from the interim and final audits, and any matter which the external auditors wish to discuss in the absence of the senior Management, where necessary;
 - (iii) Discuss and review the external auditor's management letter and management response, if any;
 - (iv) 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, policy and standard operating procedures documentation, strategic decision and internal audit.
- (j) Prior to making any recommendations to the Board, review the quarterly and year-end financial statements and report the same to the Board, focusing particularly on:
- (i) any major changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events;
 - (iii) the going concern assumption; and
 - (iv) compliance with accounting standards and other legal requirements.

Internal Audit

- (a) Review and report the same to the Board on the adequacy of the scope, functions, competency and resources of the internal audit function without interference from the Management, and that it has the necessary authority to carry out its work;
- (b) Review and report the same to the Board on the internal audit program, processes, the results of the internal audit program, processes or investigation undertaken, and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (c) Ensure that appropriate action is taken on the recommendations of the internal auditors, where necessary;

- (d) Review the assistance and co-operation given by the employees of the Group to the internal auditors;
- (e) Review any appraisal or assessment of the performance of the internal auditors;
- (f) Review the effectiveness of the Group's internal audit function including compliance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and make recommendations necessary for improvement of the internal audit function;
- (g) Approve any appointment or termination of the internal auditors; and
- (h) Review any letter of resignation of internal auditors and request the resigning firm to submit its reasons for resigning.

Risk Management and Internal Control

- (a) Review the adequacy of the Group's risk management framework and assess the resources and knowledge of the senior Management and employee involved in the risk management process;
- (b) Review the effectiveness of internal control systems deployed by the senior Management to address those risks;
- (c) Review and recommend corrective measures undertaken to remedy failings and/or weaknesses;
- (d) Review and further monitor principal risks that may affect the Group directly or indirectly that if deemed necessary, recommend additional course of action to mitigate such risks;
- (e) Review the statement with regard to the state of internal controls and risk management of the Group for inclusion in the Company's annual report and report the same to the Board;
- (f) Oversee the Group's internal control structure to ensure operational effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect the Group's assets from misappropriation and encourage legal and regulatory compliance including but not limited to anti-corruption mitigating procedures;
- (g) Communication and monitoring of risk assessment results to the Board; and
- (h) Actual and potential impact of any failing or weakness, particularly those related to financial performance or conditions affecting the Group.

Conflict of Interest and Related Party Transactions

- (a) Review any related party transactions including recurrent related party transactions or conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity and report the same to the Board and also:
 - (i) ensure that the Group has adequate procedures and processes to identify, monitor and track related party transactions in a timely manner, and to review these procedures and processes annually;
 - (ii) assess the sufficiency of the procedures, policies and terms of related party transactions to ensure that the transactions are fair, reasonable and on normal commercial terms and is not detrimental to the minority Shareholders; and
 - (iii) where related party transactions are not comparable to quotations or comparable pricing with unrelated third parties, to review the basis of the transactions on price determined by the Management in comparison to transactions by/to unrelated parties for substantially similar type transactions for approval by the Board.
- (b) Related party transactions and conflict of interest situations shall be a permanent agenda item of the Committee meetings.

Others

- (a) Maintain and keep under review the whistle-blowing mechanism of the Group, as well as an effective and efficient set of investigation procedures, which aims to provide protection and confidentiality.
- (b) Discuss and review the major findings of any internal investigations and the Management's response;
- (c) Perform any other work that it is required or empowered to do by statutory legislation or guidelines as prepared by the relevant government authorities;
- (d) Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee must promptly report such matter to Bursa Securities;
- (e) If applicable, to review the allocation of options during the year if any, under any of the Company's employee share issuance scheme to ensure that this was in compliance with the allocation criteria determined by the scheme committee set up for that purpose and in accordance with any related by- laws; and
- (f) Consider other topics as defined by the Board.

6. Committee Meetings

- (a) The minimum number of Committee meetings to be held in a financial year is four (4) meetings. Additional meetings may be called at any time, at the discretion of the Chairman;
- (b) The Group Managing Director and other appropriate officer(s) may be invited to attend where their presence are considered appropriate as determined by the Chairman;
- (c) The internal and external auditors have the right to appear and be heard at any meeting of the Committee and are recommended to attend each Committee meeting;
- (d) Upon the request of the internal auditors or external auditors, the Chairman shall also convene a meeting of the Committee to consider any matter the auditor(s) believes should be brought to the attention of the Board or the Shareholders;
- (e) The attendance at any particular Committee meeting by other Directors and/or employees of the Company shall be at the Committee's invitation and discretion, and specific to that relevant meeting only;
- (f) The Committee shall meet at least twice a year with the external and internal auditors without the presence of executive Board members and the senior Management;
- (g) The Committee meeting shall be conducted in face-to-face manner to enable effective discussion. If a member of the Committee is unable to be physically present, that member may choose to participate via video-conferencing or tele-conferencing, or other means as determined by the Committee;
- (h) The Committee shall meet regularly, with due notice of issues to be discussed and shall record its conclusions accordingly;
- (i) Any Committee member or invited participant with conflicting interest shall abstain from discussion and must not be present during the discussion of any related party transaction that the Committee member is interested in and any matter which gives rise to an actual or perceived conflict of interest, including matters regarding related party transactions;
- (j) The Chairman may exercise the right to request those who are in attendance to leave the room if matters discussed are confidential or may be impaired due to the presence of the individuals concerned;
- (k) The Secretary or his/her representative shall be in attendance at each the Committee meeting and record the proceedings of the meeting;

- (l) No business shall be transacted at any meeting of the Committee unless a quorum of two (2) members of the Committee, who are both Independent Directors is present. In the absence of the Chairman, the remaining members of the Committee present at a meeting shall elect one (1) of their members who must be an Independent non-executive Director to chair the meeting; and
- (m) Subject to paragraph (a) above, in appropriate circumstances, the Committee may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing signed by all members of the Committee in lieu of convening a formal meeting shall be as valid and effectual 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 members of the Committee.

7. Minutes

- (a) Minutes shall be entered into the minutes book for the Committee kept by the Company Secretary together with the attendance sheet.
- (b) Keeping of the minutes must comply with the requirements of relevant law and regulations such as the CA 2016 and Income Tax Act 1967.

8. Chairman of the Committee

- (a) The Chairman shall be an Independent non-executive Director, not the Chairman of the board and shall be appointed by the members of the Committee.
- (b) In the absence of the Chairman, the other members of the Committee shall amongst themselves elect a chairman who must be an Independent Director to chair the meeting.
- (c) The duties and responsibilities of the Chairman are to:
 - (i) steer the Committee to achieve the goals it sets;
 - (ii) ensure the overall effectiveness and independence of the Committee;
 - (iii) consult the Secretary for guidance on matters related to the Committee's responsibilities under the applicable rules and regulations, to which they are subject;
 - (iv) organize and present the agenda for the Committee meetings based on input from members of the Committee for discussion on matters raised;
 - (v) provide leadership to the Committee and ensure proper flow of information to the Committee by reviewing the adequacy and timing of documentation;

- (vi) ensure that all members are encouraged to play their role in its activities and meetings proceed efficiently;
- (vii) ensure that each agenda item is thoroughly and thoughtfully discussed by all members and consensus is reached on every Committee resolution and where considered necessary, call for a vote;
- (viii) ensure that the Committee is fully informed about significant matters related to the Company's audit and its financial statements and addresses these matters;
- (ix) ensure that the Committee appropriately communicates its insights, views and concerns about relevant transactions and events to internal and external auditors;
- (x) ensure that the Committee's concerns on matters that may have an effect on the financial or audit of the Company are communicated to the external auditor;
- (xi) manage the processes and working of the Committee and ensure that the Committee discharges its responsibilities without interference from the senior Management; and
- (xii) engage on a regular basis with senior Management, the internal and external auditors in order to be kept informed of matters affecting the Group.

9. Committee Members

Each the Committee member shall be expected to:

- (a) Provide individual external independent opinions to the fact-finding, analysis and decision-making process of the Committee;
- (b) Safeguard all internal communications and treat them as strictly private and confidential, and for the use of the Committee members only;
- (c) Consider viewpoints from the other Committee members in making decisions and recommendations in the best interest of the Board collectively;
- (d) Keep abreast of the latest corporate governance guidelines in relation to the Committee and the Board as a whole;
- (e) Demonstrate an appropriate level of vigilance and scepticism towards, among others, detection of any financial anomalies or irregularities in the financial statement

- (f) Continuously seek out best practices in terms of processes utilized by the Committee, following which these should be discussed with the rest of the Committee members for possible adoption; and
- (g) Undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

10. Disclosure

- (a) The Committee is required to prepare an Audit Committee Report (“**Committee Report**”) at the end of each financial year to be included and published in the annual report of the Company. The Committee Report shall include the following:
 - (i) Composition of the Committee, including the name, designation (indicating the Chairman) and directorship of the members (indicating whether the Directors are independent or otherwise);
 - (ii) Summary of the Terms of Reference of the Committee;
 - (iii) Number of Committee meetings held during the financial year and details of attendance of each Committee member;
 - (iv) Summary of the works carried out by the Committee in the discharge of its functions and duties for that financial year of the Company;
 - (v) Summary of the works carried out by the internal auditors; and
 - (vi) Other statements related to strategy, financials and performance for inclusion in the annual report and recommend to the Board for approval.
- (b) The Committee shall assist the Board in making the following additional statements in the Company’s annual report:
 - (i) Statement explaining the Board’s responsibility for preparing the annual audited financial statements of the Group; and
 - (ii) Statement about the state of internal controls and risk management of the Group.

11. Committee’s Performance

The Nomination Committee shall evaluate the Committee’s performance annually and the extent to which the Committee has met requirement of the terms of reference. Performance assessment may constitute a part of the annual board effectiveness assessment, pertaining to the assessment of the Committee.

12. Review and Revisions on the Terms of Reference

- (a) Any revision or amendment to this Terms of Reference, as proposed by the Committee or any third party who is not a member of the Committee, shall first be presented to the Board for its approval.
- (b) Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.
- (c) Any updates to the principles and practices set out in this Terms of Reference shall be made available on the corporate website.

