

APEX EQUITY HOLDINGS BERHAD

[Company No.: 199001016563 (208232-A)]
(Incorporated in Malaysia)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

(1st revision approved by the Board of Directors on 9 August 2022)

1. OBJECTIVES

- 1.1 The principal objectives of the Audit Committee (“**AC**”) are to assist the Board of Directors of the Company (“**Board**”):
- 1.1.1 in discharging its statutory and fiduciary responsibilities of overseeing the management of financial risk processes and accounting and financial reporting practices within the Company and its key subsidiary company(ies) (“**Group**”);
 - 1.1.2 reviewing the quality of the Group’s accounting function, financial reporting and internal controls;
 - 1.1.3 enhancing the independence of the external and internal audit functions by providing direction to and oversight of these functions; and
 - 1.1.4 ensuring that an effective ethic programme is implemented across the Group, and to monitor compliance with established policies and procedures.
- 1.2 The ultimate responsibility for the Group’s financial reporting process rests with the Board.

2. COMPOSITION

- 2.1 The AC members shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members, all of whom shall be Independent Non-Executive Directors.
- In this respect, the Board adopts the definition of “independent director” as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”)(“Listing Requirements”) and any practice notes issued thereto.*
- 2.2 No alternate director shall be appointed as a member of the AC.
- 2.3 All members of the AC shall be financially literate, competent and are able to understand matters under the purview of the AC including the financial reporting process.
- 2.4 At least one (1) member of the AC must be:-
- (a) a member of the Malaysian Institute of Accountant (“**MIA**”); or
 - (b) if he is not a member of MIA, he must have at least three (3) years of working experience and:
 - i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or

- ii. he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - (c) fulfils such other requirements as prescribed or approved by Bursa Securities.
- 2.5 No former audit partner shall be appointed as a member of the AC before first observing a cooling-off period of at least three (3) years since the last date of the last audit he/she was involved as an audit partner.
- 2.6 The term of office and performance of the AC and each of its members shall be reviewed by the Group Nomination & Remuneration Committee annually to determine whether such AC and its members have carried out their duties in accordance with their terms of reference.
- 2.7 Members of the AC may relinquish their membership in the AC with prior written notice to the Secretary.
- 2.8 In the event of any vacancy arising in the AC resulting in the number of members falling below three (3), the vacancy shall be filled within three (3) months of that event.

3. CHAIRMAN

- 3.1 The Chairman of the AC shall be appointed by the Board and he shall not be the Chairman of the Board.
- 3.2 The Chairman is responsible for ensuring the overall effectiveness and independence of the AC. In particular, he is responsible for:
- (a) planning and conducting meetings;
 - (b) overseeing the reporting to the Board;
 - (c) encouraging open discussion during meetings; and
 - (d) developing and maintaining active on-going dialogue with the Chief Executive Officer (“**CEO**”), the Chief Financial Officer (“**CFO**”), senior management and the external and internal auditors.
- 3.3 The Chairman, together with other members of the AC shall ensure, amongst others, that:
- (a) the AC is fully informed about significant matters related to the Group’s audit and its financial statements and address these matters;
 - (b) the AC appropriately communicates its insights, views and concerns about relevant transactions and events to the internal and external auditors;
 - (c) the AC’s concerns on matters that may have an effect on the financial audit of the Group are communicated to the external auditors; and

(d) there is co-ordination between internal and external auditors.

3.4 In the event of any reason that the Chairman of AC ceases to be the Chair, the Board shall elect a new Chairman within three (3) months.

4. SECRETARY

4.1 The Secretary of the AC shall be the Company Secretary.

5. AUTHORITY

5.1 The AC is authorized by the Board, and at the expense of the Group to perform the following:

5.1.1 secure the necessary resources in order to perform its duties set out in its terms of reference;

5.1.2 investigate any matter within its terms of reference, including possible fraud, illegal acts or suspected violation of the Code of Conduct involving Management personnel or members of the Board. All employees shall be directed to co-operate as requested by the AC;

5.1.3 have full and unrestricted access to any employee of the Group and all information and documents which are required to perform its duties;

5.1.4 have unrestricted access to the CEO and CFO that is required to perform its duties;

5.1.5 obtain external legal or other independent professional advice as necessary at the cost of the Group;

5.1.6 convene meetings with the external auditors, internal auditors and the Company Secretary without the attendance of other directors or employees of the Group; and

5.1.7 be able to invite outsiders with relevant experience to attend its meetings, if necessary.

5.2 The AC shall report to the Board on matters considered and its recommendations thereon.

6. DUTIES AND FUNCTIONS

The duties and responsibilities of the AC are as follows:

6.1 Financial reporting

(a) To review the quarterly and year-end financial statements, before approval by the Board, focusing particularly on:

- (i) whether there have been changes in or adoption of new accounting policies;
 - (ii) whether there have been changes in the presentation of the financial statements;
 - (iii) whether there are significant auditing and financial reporting matters, material audit adjustments, material fluctuations in balances; significant judgment and estimates made by Management, significant or unusual events or transactions highlighted by the external auditors, and how these matters are addressed;
 - (iv) whether significant contingent liabilities and commitments have been properly disclosed;
 - (v) whether the going concern assumption used in the preparation of the financial statements is appropriate;
 - (vi) whether the financial statements are in compliance with the accounting standards and other legal requirements;
 - (vii) whether the financial statements taken as a whole provide a true and fair view of the financial position and performance of the Group and Company; and
 - (viii) whether there are any qualifications in the auditors' report that must be discussed and properly acted upon.
- (b) To report its findings on the financial and management performance, and other significant matters to the Board, and if appropriate, recommend to the Board the issuance of the quarterly and year-end financial statements to Bursa Securities.
- (c) To discuss problems and issues encountered during the interim and final audits, and any matter the external auditors may wish to discuss (in the absence of Management, where necessary).

6.2 External Auditors

- (a) To consider the appointment or re-appointment of external auditors, the appropriateness of the level of audit fees and any questions regarding resignation or dismissal.
- (b) To conduct annual evaluation on the performance of the external auditors to annually assess their suitability, objectivity and independence, and undertake follow-up measures, where required, taking into consideration the following:
 - (i) the competence, audit quality and resource capacity of the external auditors in relation to the audit;
 - (ii) the appropriateness of audit fees to support a quality audit;

- (iii) the nature and extent of non-audit services rendered and the appropriateness of the level of fees paid for such services relative to audit fees.

In this connection, the AC shall review and approve all proposed non-audit services, including proposed fees, prior to work commencement to avoid situations where the audit firm inadvertently assumes the responsibilities of Management in the course of providing non-audit services, which may be a breach of the independence requirements on the part of the audit firm; and

- (iv) the conduct of and independence demonstrated by the external auditors throughout the audit engagement.

In this connection, the AC shall obtain written confirmation from the external auditors that they are, and have been, independent in accordance with all relevant professional and regulatory requirements.

- (c) To discuss with the external auditors before the audit commences, their audit plan, the nature and scope of their audit and their co-ordination with component auditors where more than one (1) audit firm is involved in the audit of the Group's financial statements.
- (d) To review the external auditors' management letter and Management's response to their suggestions for improvements.
- (e) To ensure that assistance and full access to all information and documents and records required by the auditors is given by Management to the external auditors.
- (f) To review with the external auditors, their evaluation of the system of internal controls and their audit report and to report the same to the Board.
- (g) To review any letter of resignation from the external auditors of the Company or any of its subsidiaries.

6.3 Internal Audit

- (a) To perform the following in relation to the internal audit function:
 - (i) review the adequacy of the scope, functions, competency and resources of the internal audit function to ensure that it has the necessary authority to carry out its work, effective and able to function independently;
 - (ii) review the annual internal audit plan, processes and the results of all internal audit assignments (including any special investigations) undertaken and ensure that appropriate actions are taken based on the recommendations;

- (iii) review the budget and ensure sufficient resources are allocated to the internal audit function;
 - (iv) ensure that the internal audit function is independent of the activities it audits and that the head of internal audit reports functionally to the AC directly;
 - (v) appraise the performance of the internal audit function on an annual basis;
 - (vi) ensure that the person responsible for internal audit has relevant experience, sufficient standing and authority to enable him to discharge his functions effectively;
 - (vii) ensure that the personnel assigned to undertake internal audit have the necessary competency, experience and resources to carry out the function effectively;
 - (viii) approve any appointment or termination of senior staff members of the internal audit function;
 - (ix) take note of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning; and
 - (x) take note that the internal auditors are continuously keeping abreast with developments in the profession, relevant industry and regulations to ensure that they are able to perform their role effectively including undertaking root-cause analysis to provide strategic advice and suggest meaningful business improvements.
- (b) To determine the remit of the internal audit function.

6.4 Internal Controls

To perform the following in relation to internal controls:

- (i) Oversee the Group's internal controls framework to ensure operational effectiveness and efficiency, reduce the risk of unreliable financial reporting, adequate protection of the Group's assets from misappropriation and encourage legal and regulatory compliance.
- (ii) Monitor systems and procedures with external and internal auditors, which are designed to provide a satisfactory and effective level of internal controls, asset protection and management information.
- (iii) Monitor the Group's operations via appropriate internal audit reviews, to ascertain if adequate attention is given to attributes of efficiency, effectiveness and economy.
- (iv) Assist the Board in setting appropriate policies on internal control system and ensure that the system is functioning adequately and that

its integrity is maintained in managing the risks of the Company and companies within the Group.

- (v) consider the major findings of internal investigations and Management's response;
- (vi) review the statement on risk management and internal control in the Company's annual report.
- (vii) Review third-party opinions on the design and effectiveness of the Group's internal control framework.
- (viii) Ensure that Senior Management is taking necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by control functions such as risk management and compliance.

6.5 Related Party Transactions

To perform the following in relation to related party transactions:

- (i) ensure that Management establishes a comprehensive framework for the purposes of identifying, evaluating, approving, reporting related party transactions and monitoring conflict of interest situations;
- (ii) review with the internal auditors their quarterly report from work performed to establish whether recurring related party transactions have been carried out in accordance with the mandate approved by shareholders and on commercial terms no more favourable than those available to non-related third parties; and
- (iii) review non-recurring corporate proposals involving related parties to ensure that they are in the best interest of the Group and not detrimental to the interest to minority shareholders.
- (iv) review any related party transaction and conflict of interest situations that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of management integrity (including recurrent related party transaction).

6.6 Other Matters

- (i) Examine and commission appropriate investigation on instances and matters, including disclosures from whistle blower that may have compromised the principles of corporate governance and the Group's code of conduct or ethics policy.
- (ii) Prepare an AC report at the end of each financial year for inclusion in the annual report pursuant to the Listing Requirements.
- (iii) Undertake such other assignments as requested by the Board from time to time or as the AC considers appropriate.

The AC shall not assume the functions of the Management, which remain the responsibility of the CEO and other members of the senior management.

7. MEETINGS

7.1 Frequency

- 7.1.1 The AC shall meet five (5) times annually, or more frequently, if deemed necessary.
- 7.1.2 The CFO and other Board members, other senior management personnel and the external auditors attend meetings upon the invitation of the AC.
- 7.1.3 The Chairman shall convene a meeting of the AC if a request is made by any AC member, the CEO, the internal auditors or external auditors.
- 7.1.4 At least twice a year and whenever necessary, the AC shall meet with the external auditors and internal auditors without the presence of non-independent directors or Management personnel.
- 7.1.5 Upon the request of the external auditors, the Chairman shall convene a meeting of the AC to consider any matter the external auditors believe should be brought to the attention of the AC.

7.2 Notice and Agenda

- 7.2.1 Any AC member may at any time, and the Secretary on the requisition of an AC member shall, summon a meeting of the AC by notice served on the AC members.
- 7.2.2 Unless otherwise agreed, the Secretary shall issue and circulate the notice of the AC meetings confirming the venue, time and date at least seven (7) working days before each meeting by e-mail at the email address provided or by any means of telecommunication to the AC members and all those who are required to attend the meeting. AC members may waive the notice of any meeting either prospectively or retrospectively if required. The agenda and meeting materials shall be emailed to the AC members and to other attendees as appropriate, at the same time when available.
- 7.2.3 Meeting papers on non-financial related matters, including minutes of the previous meeting and agenda items are to be circulated at least five (5) working days before each meeting to the AC members. Materials on financial related matters will be circulated at least three (3) working days before each meeting to the AC members.
- 7.2.4 The AC meeting agendas shall be the responsibility of the Chairman with input from the AC members, and assisted by the Secretary. Where necessary, the agenda shall include input from the

Management or other persons deemed appropriate to participate in this process.

7.3 Quorum

- 7.3.1 The quorum for AC meeting shall be a majority of the AC members present in person.
- 7.3.2 In the absence of the Chairman, the members present shall elect a Chairman from amongst them to Chair the meeting.

7.4 Meeting Mode

- 7.4.1 A meeting of the AC shall normally be conducted face-to-face to enable effective discussion; however, meetings may also be conducted by means of telephone conferencing, video conferencing or other appropriate means as determined by the AC, through which all persons participating in the meeting can hear and speak with each other.
- 7.4.2 AC members participating in any such meeting shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in the quorum accordingly.
- 7.4.3 The meeting shall be deemed to be held at the place where the largest group of those participating is assembled or, if there is no such group, where the Chairman of the meeting then is.

7.5 Voting

- 7.5.1 All decisions of the AC shall be decided by a simple majority of votes, each member having one (1) vote. Any decision or recommendation made at the AC shall be subject to the review and ultimate approval of the Board.
- 7.5.2 In case of equality of votes, the Chairman shall have a second or casting vote. Where two (2) AC members form a quorum, the Chairman of a meeting at which only such a quorum is present or at which only two (2) AC members are competent to vote in the question at issue, shall not have a casting vote.
- 7.5.3 AC members are required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

7.6 Minutes of Meetings

- 7.6.1 Minutes of each meeting shall be kept at the registered office and distributed to each member of the AC and also to the other members of the Board. The minutes of the AC meeting shall be signed by the Chairman of the said meeting or by the Chairman of the next succeeding meeting.

8. RESOLUTION

- 8.1 A resolution in writing signed, confirmed or approved by letter, email or other means of written communications by majority of the AC members sufficient to form a quorum, shall be as valid and effectual as if it has been passed at a meeting of the AC duly called and constituted.
- 8.2 All such resolutions shall be described as “Audit Committee’s Circular Resolution” and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by her in the Company’s Minutes Book. Any such resolution may consist of several documents in like form, each signed by one or more members.

9. REPORTING RESPONSIBILITIES

- 9.1 The Chairman of the AC shall orally report on the proceedings of each AC meeting to the Board at the first Board meeting following the AC meeting.
- 9.2 The AC shall make whatever recommendations to the Board it deems appropriate, on any area within its terms of reference and/or where action or improvement is needed for consideration, approval and adoption but it has no executive power to implement the recommendations on behalf of the Board.
- 9.3 Where the AC 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 AC has the responsibility of promptly reporting such matter to Bursa Securities.

10. CONTINUOUS PROFESSIONAL DEVELOPMENT

- 10.1 All AC members shall undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

11. REVIEW OF TERMS OF REFERENCE

- 11.1 The AC shall recommend any changes to its terms of reference in such manner as it deems appropriate to fulfill such other requirements as prescribed by Bursa Securities and/or to align the AC with recommended best practices and proper corporate governance, to the Board for approval. The terms of reference shall be assessed, reviewed and updated as and when necessary, not more than three (3) years.

Revision History

Version	Effective Date
1	29.11.2021
1st Revision	09.08.2022