

C.I. HOLDINGS BERHAD
Registration No. 197801000889 (37918-A)
(Incorporated In Malaysia)

TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE

1. Objectives

This Terms of Reference for Audit and Risk Management Committee ("Terms of Reference") outlines the manner in which the Audit and Risk Management Committee ("ARMC") shall assist the Board in discharging its statutory and other responsibilities relating to internal controls, financial and accounting matters, compliance and risk management. The Terms of Reference adheres to good corporate governance principles and aims to optimise the Company's compliance with best practice requirements.

2. Composition

The ARMC shall be appointed by the Board from amongst its directors and shall consist of not less than three (3) members. All members of the ARMC must be non-executive directors, a majority of which shall be independent directors.

No alternate director can be appointed as a member of the ARMC and the members of the ARMC may be removed at any time by the Board.

In the event of any vacancy in the ARMC resulting in the number of members to fall below three (3), the Board shall within three (3) months appoint a new member to fill the vacancy.

It is required for a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.

3. Membership

At least one (1) member of the ARMC:-

- (a) must be a member of the Malaysian Institute of Accountants ("MIA"); or
- (b) if he/she is not a member of the MIA, he/she must have at least three (3) years' working experience and:-
 - (i) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - (ii) he/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) must have a degree/ master/ doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or

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- (d) must have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or
- (e) possess such other requirements relating to financial-related qualifications or experience as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

4. Chairman

The members of the ARMC shall elect a Chairman from among their members who shall be an independent non-executive director but not the Chairman of the Board.

5. Quorum

The quorum of the ARMC meeting shall not be less than two (2), the majority of which shall be independent non-executive directors.

6. Meeting

- (a) The ARMC shall have at least four (4) meetings in a financial year and such additional meetings as the Chairman shall decide in order to fulfill its duties;
- (b) The ARMC meeting shall be chaired by the Chairman; or in his absence, another member who is an independent non-executive director nominated by the ARMC;
- (c) The Company Secretary shall act as Secretary of the ARMC and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting;
- (d) The Secretary of the ARMC shall be entrusted to record all proceedings of meetings;
- (e) The ARMC may invite any Board member or any member of the senior management or any employees within the Company or the Group to attend any particular ARMC meeting;
- (f) The ARMC shall meet at least once annually, and as and when necessary, with the external auditors and internal auditors without the presence of any executive Board members, management or employees. In addition, the management, the internal auditor and external auditors may request for a private session with the Committee to discuss any matter of concern;
- (g) The ARMC shall report to the Board from time to time its recommendation for consideration and implementation and the final decision shall be the responsibility of the Board;

- (h) The ARMC members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting; and
- (i) As a best practice, the Chairman of the ARMC should attend the Annual General Meeting to answer any of the shareholder questions on the Committee's activities.

7. Voting and Proceeding of Meeting

The decision of the ARMC shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote. Provided that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question in issue, the Chairman shall not have a casting vote. The Chairman shall then proceed to table to the Board the ARMC's decision or recommendation to the Board for approval.

Circular Resolutions signed by all the members shall be valid and effective as if it had been passed at a meeting of the ARMC. Any such resolution may consist of several documents in like form, each signed by one or more committee members and may be accepted as sufficiently signed by committee members if transmitted to the Company by email, facsimile or other electronic means or digital written message/application to include a signature of committee members.

8. Minutes

- (a) The ARMC shall cause minutes to be duly recorded and entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the ARMC. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.
- (b) Minutes of the ARMC meetings will be made available to all Board members. A summary of significant matters of each meeting of the ARMC and resolutions, if any will be reported to the Board by the Chairman of the ARMC.
- (c) The books containing the minutes of proceedings of any meeting of the ARMC shall be kept by the Company at the registered office of the Company, and shall be opened for the inspection of any member of the ARMC and the Board.

9. Authority

The ARMC shall, in accordance with a procedure to be determined by the Board and at the cost of the Company:-

- (a) The authority to investigate any matter within its terms of reference;
- (b) The resources which are required to perform its duties;

- (c) Full and unrestricted access to any information, records, properties and personnel of the Company and of the Group;
- (d) Direct communication channels with the external auditors and internal auditors;
- (e) The right to obtain independent professional, outside legal or other advice and to invite any person with relevant experience and expertise to attend the ARMC meeting whenever deemed necessary; and
- (f) The right to convene meeting with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

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 Main Market Listing Requirements of Bursa Securities ("Listing Requirements"), the Committee shall promptly report such matter to Bursa Securities.

10. Functions and Responsibilities

The functions and responsibilities of the ARMC shall include the following: -

10.1 Financial Reporting and Compliance

- (a) To review the quarterly financial results and annual audited financial statements of the Group before recommending the same for the Board's approval, focusing particularly on:
 - (i) compliance with accounting standards and any other legal requirements;
 - (ii) any changes in or implementation of accounting policies and practices;
 - (iii) significant and unusual events and adjustments arising from the audit; and
 - (iv) the going concern assumption.
- (b) To review any related party transactions (including recurrent related party transactions) and conflict of interest situation that arose, persist or may arise within the Company or the Group including any transaction, procedure or course of conduct that may raise questions on management integrity, and the measures taken to resolve, eliminate or mitigate such conflicts;
- (c) To report to the Board on any conflict of interest situation that has become apparent, persist or may arise during the financial year and measures taken to resolve, eliminate or mitigate such conflict of interest;
- (d) To review the draft circular with respect to obtaining shareholders' mandate on any recurrent related party transactions of a revenue or trading nature, before submission to the Board; and
- (e) To review the ARMC Report for inclusion in the Annual Report, and recommend the same for the approval of the Board.

10.2 Risk Management and Internal Control

- (a) To ensure the adequacy and effectiveness of the internal control and governance systems instituted in the Company and the Group;
- (b) To assess the quality, effectiveness and efficiency of the internal control in system and processes of the Group's operation, particularly those relating to areas of significant risks;
- (c) To review the evaluation by the head of Audit and Risk (of the internal audit function within the Group) and external auditors of the Group's system of internal control and management's responses, and ensure that appropriate action is taken and thereafter report the same to the Board;
- (d) To approve and oversee the implementation of appropriate risk management framework and measurement methodologies across the Group and ensuring effectiveness of the same;
- (e) To review the risk management framework and processes to ensure that they remain relevant for use and monitor the effectiveness of risk treatment/mitigation action plans for the management and control of the key risks;
- (f) To advise the Board on the adequacy and effectiveness of the Group's risk management framework;
- (g) To provide advice to the Board on risk strategies and coordinate the activities of various standing board committees for risk oversight.
- (h) To identify, assess and monitor key business risks and review the extent to which these key business risks are being managed.
- (i) To ensure infrastructure, resources and systems are in place and are adequate for the purpose of risk management;
- (j) To provide the management's periodic reports on risk exposure, risk portfolio composition and risk management activities;
- (k) To provide timely input to the management on critical risk issues;
- (l) To review and monitor the Group's enterprise risk assessment based on global industry trend and benchmarking as well as identify critical risks to be escalated to the Board on a quarterly basis; and
- (m) To review with the external auditors, the Group's Statement on Risk Management and Internal Control for inclusion in the Annual Report, and recommend the same for the approval of the Board.

10.3 External Audit

- (a) To consider the appointment, resignation and dismissal of external auditors and make appropriate recommendations to the Board:-
 - (i) the external audit fees; and
 - (ii) the non-audit service(s) to be provided subject to the confirmation from the external auditors that such non-audit service(s) does not affect the independence of the external auditors.
- (b) To review with the external auditors of the Company:-
 - (i) the audit plan;
 - (ii) the audit report;
 - (iii) their management letter and management's response; and
 - (iv) the assistance given by the employees of the Company and the Group to the external auditors.
- (c) To discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss (in the absence of management where necessary).

10.4 Internal Audit

- (a) To review and consider the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- (b) To review the internal audit programme, processes, the reports prepared by the internal audit department and to ensure that appropriate action is taken on the recommendations of the internal audit function;
- (c) To consider the reports, major findings and management's responses thereto on any internal investigations carried out by internal audit function;
- (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; and
- (f) To be informed of any resignation of internal audit staff and provide an avenue for resigning staff to explain or submit the reasons for resignation.

10.5 Other Functions

- (a) To verify, on an annual basis, the allocation of options under a share scheme for employees to ensure compliance with the allocation criteria determined by the Company's share option committee and in accordance with the By-Laws of the relevant option scheme, if any;

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- (b) To promptly report to Bursa Securities of a matter reported by the ARMC to the Board of Directors which has not been satisfactorily resolved resulting in a breach of the Listing Requirements;
- (c) To review the procedures that the Group has implemented to address allegations made by whistleblowers and to ensure that proportionate and independent investigation of such allegations and that appropriate follow up action is taken and brought to the Committee, where necessary; and
- (d) Such other functions or responsibilities as may be agreed to by the ARMC and the Board.

The reports of the ARMC and the external and internal auditors and corrective actions taken shall be tabled to the Board for discussion.

11. Review of the ARMC

The Nomination and Remuneration Committee of the Company shall review the term of office and performance of the ARMC and each of its members annually to determine whether such ARMC and members have carried out their duties in accordance with their Terms of Reference.

12. Review of the Terms of Reference

The ARMC shall review and assess the adequacy of this Terms of Reference on a periodic basis as determined by the ARMC or as and when necessary. Any proposed changes to the Terms of Reference shall be approved by the Board.

(This Terms of Reference of the ARMC was approved and adopted by the Board on 31 October 2023)