

AUDIT AND RISK MANGEMENT COMMITTEE

TERMS OF REFERENCE

1. Composition

The Audit and Risk Management Committee shall be appointed by the Directors from among their number which fulfils the following requirements:-

- a) the Audit and Risk Management Committee must be composed of not fewer than three (3) members;
- b) all Audit and Risk Management Committee members must be Non-Executive Directors, with a majority of whom must be Independent Directors. In this respect, the Board adopts the definition of “independent directors” under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”)(“**Listing Requirements**”);
- c) all the members shall be financially literate and are able to understand matters under the purview of the Audit and Risk Management Committee including the financial reporting process. All members of the Audit and Risk Management Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules;
- d) The appointment of Audit and Risk Management Committee member terminates when the member ceases to be a Director, or as determined by the Board.
- e) at least one (1) member of the Audit and Risk Management Committee:-
 - i) must be a member of the Malaysian Institute of Accountants; or
 - ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years’ working experience and:-
 - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - he 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
 - iii) fulfils such other requirements as prescribed by the Bursa Securities.

In the event of any vacancy in the Audit and Risk Management Committee (including Chairman) resulting in the non-compliance of item 2 (a) to (e) above,

NI HSIN GROUP BERHAD

[Registration No. 200401014850 (653353-W)]

- Terms of Reference of Audit and Risk Management Committee

the Board shall upon the recommendation of the Nomination Committee fill the vacancy within three (3) months of that event.

No Alternate Director shall be appointed as a member of the Audit and Risk Management Committee. For engagement of a former key audit partner as member, there is a cooling-off period of at least three (3) years before being appointed as member of Audit and Risk Management Committee.

The term of office and performance of the Audit and Risk Management Committee and each of its members shall be reviewed by the Board (via Nomination Committee) annually to determine whether the Audit and Risk Management Committee and members have carried out their duties in accordance with the Terms of Reference.

2. Chairman

- a) The Chairman of the Board shall not be a member of the Audit and Risk Management Committee. The Chairman of the Audit and Risk Management Committee shall be an Independent Non-Executive Director appointed by the Board elected among the members of the Audit and Risk Management Committee.
- b) In the absence of the Chairman, the Audit and Risk Management Committee members present shall elect a Chairman for the meeting from amongst the members present.
- c) The Chairman together with other members of the Audit and Risk Management Committee ensure that:-
 - (i) the Audit and Risk Management Committee is fully informed about significant matters related to the Group's audit and its financial statements and addresses these matters;
 - (ii) the Audit and Risk Management Committee appropriately communicate the insight, views and concerns about relevant transaction and events to internal and external auditors;
 - (iii) Audit and Risk Management Committee's concerns on matters that may have an effect on the financial or audit of the Group are communicated to the external auditor; and
 - (iv) there is co-ordination between internal and external auditors.
- d) The Chairman should engage on a continuous basis with senior management, such as the Chairman, the Chief Executive Officer, the Chief Financial Officer, the Head of Internal Audit and the external auditors in order to be kept informed of matters affecting the Company.

NI HSIN GROUP BERHAD

[Registration No. 200401014850 (653353-W)]

- Terms of Reference of Audit and Risk Management Committee

3. Secretary

The Company Secretary or his/her representative or other appropriate Senior Officer shall act as Secretary of the Audit and Risk Management Committee. The Company Secretary or his/her representative or other appropriate Senior Officer shall be responsible for drawing up the agenda in consultation with the Chairman. The agenda together with the relevant explanatory papers and documents shall be circulated to the Audit and Risk Management Committee members at least five (5) business days prior to each meeting.

The Secretary or his/her representative or other appropriate Senior Officer shall be responsible for recording attendance of all members and invitees, keeping the minutes of the meeting of the Audit and Risk Management Committee at the Registered Office of the Company, circulating to Audit and Risk Management Committee members and to other members of the Board of Directors.

4. Quorum

The quorum for a meeting shall be minimum two (2) Independent Directors present at the meeting.

5. Frequency of Meetings

The Audit and Risk Management Committee shall meet at least four (4) times a year on a quarterly basis. Additional meeting may be conducted where the need arises.

The Audit and Risk Management Committee shall meet with the external and internal auditors without the presence of executive Board members and Management, whenever deemed necessary.

The Chairman may call a meeting of the Audit and Risk Management Committee upon receiving the request from any Audit and Risk Management Committee member, the Company's Chief Executive, or the internal or external auditors.

6. Functions

The functions of the Audit and Risk Management Committee are as follows:-

Oversight of Financial Reporting

- a) Review the quarterly results and year-end financial statements of the Company prior to Board's approval, focusing particularly on:-
 - changes in or implementation of major accounting policy changes;

NI HSIN GROUP BERHAD

[Registration No. 200401014850 (653353-W)]

- Terms of Reference of Audit and Risk Management Committee

- significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- b) Ensure the competency of the accounting staff and adequacy of the resources and infrastructure of the finance function.

Review Conflict of Interest Situations and Related Party Transactions

- a) Review and report to the Board on any related party transaction (including recurrent related party transactions) and conflict of interest situation that arose, persist or may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity, and measures taken to resolve, eliminate, or mitigate such conflicts.
- b) Review and report to the Board on any related party transactions entered into by the Group including the review and monitoring of recurrent related party transactions to ensure that:-
- All transactions are fair, reasonable and undertaken on the Group's normal commercial terms;
 - Internal control procedures with regards to such transactions are sufficient and have been complied with; and
 - Compliance with the relevant provisions of Listing Requirements.
- c) Ensure that the Group has adequate procedures and processes in place to monitor and track related party transactions and to review these processes.
- d) Evaluate, supervise and monitor any conflict of interest or potential conflict of interest situation that may arise.

Assessment of Internal Control and Risk Management

- a) Review the adequacy and integrity, including effectiveness, of risk management and internal control systems, management information system, and the internal auditors' and/or external auditors' evaluation of the said systems and assess the resources and knowledge of the management and employee involved in the risk management process.

NI HSIN GROUP BERHAD

[Registration No. 200401014850 (653353-W)]

- Terms of Reference of Audit and Risk Management Committee

- b) Review the risk profile of the Group (including risk registers) and the Risk Management team's plans to mitigate business risks as identified from time to time.
- c) Review the effectiveness of internal control systems deployed by the management to address those risks.
- d) Review and recommend the corrective measures undertaken to remedy failings and/or weakness.
- e) 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.
- f) Provide assurance to the Board on the effectiveness of the system of internal control and risk management system of the Group.
- g) Ensure that:-
 - a risk management structure is embedded throughout the Group; and
 - risk management structure is consistently adopted throughout the Group.

Internal Audit

- a) In respect of the internal audit function, to undertake the following:-
 - review the adequacy of the scope, competency, functions, resources and budget of the internal audit function, and that it has the necessary authority to carry out its work including direct and unrestricted access to information, records, physical properties and personnel;
 - review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
 - review the effectiveness of the Group's internal audit function and make recommendations necessary for the improvement of the internal audit function;
 - review any appraisal or assessment of the performance of the internal audit function;
 - approve any appointments or removal of the internal auditor;

NI HSIN GROUP BERHAD

[Registration No. 200401014850 (653353-W)]

- Terms of Reference of Audit and Risk Management Committee

- approve the remuneration of the internal auditor;
- ensure the internal audit function is independent of the activities it audits and the head of internal audit reports functionally to the Audit and Risk Management Committee directly and review their performance on an annual basis. The head of internal audit should have relevant qualifications and be responsible for providing assurance to the Audit and Risk Management Committee that the internal controls are operating effectively. The head of internal audit will be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within the Company; and
- take cognisance of resignations of internal audit staff members (for in-house internal audit function) or the internal audit service provider and provide the resigning staff member or the internal audit service provider an opportunity to submit his reasons for resigning.

External Auditors

- a) Review the following and report the same to the Board of Directors:-
- i) with the external auditors before the audit commences, the nature, scope and plan of the audit and ensure co-ordination where more than one audit firm is involved;
 - ii) with the external auditors, the evaluation of the system of internal controls;
 - iii) with the external auditor, the audit report;
 - iv) the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group;
 - v) the information presented in the Annual Transparency Report of the audit firm. If the audit firm is not required to issue an Annual Transparency Report, the Audit and Risk Management Committee is encouraged to engage the audit firm on matters typically covered in Annual Transparency Report including the audit firm's governance and leadership structure as well as measures undertaken by the audit firm to uphold audit quality and manage risks;
 - vi) the annual evaluation of the performance of the external auditors, including the suitability, objectivity and independence of the external auditors which takes into consideration the following and undertaking follow-up measures, where required:-

NI HSIN GROUP BERHAD

[Registration No. 200401014850 (653353-W)]

- Terms of Reference of Audit and Risk Management Committee

- the external auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
 - the competence, audit quality and resource capacity of the external auditors in relation to the audit;
 - the nature and extent of the non-audit services tendered and the appropriateness of the level of fees.
- vii) the assistance given by the Company's employees to the external auditors, including any difficulties or disputes with Management encountered during the audit; and
- viii) Statement of Internal Control and Risk Management for inclusion in the Annual Report.
- b) Recommend to the Board the appointment or re-appointment of the external auditors, the audit fee and any questions of resignation or dismissal of the external auditors and if applicable, to review and report to the Board any letter of resignation from the external auditors.

In considering the appointment or re-appointment of the external auditors, to consider among others:-

- (i) the adequacy of the experience and resources of the accounting firm;
- (ii) the persons assigned to the audit;
- (iii) the accounting firm's audit engagements;
- (iv) the size and complexity of the Group being audited;
- (v) the number and experience of supervisory and professional staff assigned to the particular audit; and
- (vi) the performance of the external auditors and its independence inter-alia:-
 - the external auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
 - the competence, audit quality and resource capacity of the external auditors in relation to the audit;
 - the nature of the non-audit services provided by the external auditors and fees paid for such services relative to the audit fee; and

NI HSIN GROUP BERHAD

[Registration No. 200401014850 (653353-W)]

- Terms of Reference of Audit and Risk Management Committee

- whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditors.
- c) Ensure the competence, audit quality and resource capacity of the external auditors in relation to the audit.
- d) Review the contracts and nature for the provision of non-audit services by the external auditors and approve the engagement with the external auditors to perform such non-audit services.

All non-audit services shall be reviewed and approved by the Audit and Risk Management Committee before they are rendered by the external auditors to avoid situations where the external auditors inadvertently assume the responsibilities of management in the course of providing non-audit services. Such situation may be a breach of the independence requirements on the part of the audit firm.

- e) Discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of the Executive Directors and management where necessary).
- f) Review the external auditor's management letter and management's response.
- g) Consider the major findings of internal investigations and management's response.
- h) Ensure proper policies and procedures are established and to assess the suitability, objectivity and independence of the external auditors 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 all relevant professional and regulatory requirements.

Audit and Risk Management Committee Report

- a) The Audit and Risk Management Committee must ensure that the Audit and Risk Management Committee Report at the end of each financial year that complies the following:-
- (i) The Audit and Risk Management Committee Report must be clearly set out in the annual report of Company;
 - (ii) The Audit and Risk Management Committee Report must include the following:

NI HSIN GROUP BERHAD

[Registration No. 200401014850 (653353-W)]

- Terms of Reference of Audit and Risk Management Committee

- the composition of the Audit and Risk Management Committee, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the directors are independent or otherwise);
 - the number of Audit and Risk Management Committee meetings held during the financial year and details of attendance of each audit committee member;
 - a summary of the work of the Audit and Risk Management Committee in the discharge of its functions and duties for that financial year of the listed issuer and how it has met its responsibilities;
 - a summary of any conflict of interest or potential conflict of interest situation within the Group that the Audit and Risk Management Committee has reviewed (excluding the related party transactions), and the measures taken to resolve, eliminate, or mitigate such conflicts; and
 - a summary of the work of the internal audit function.
- b) Consider other areas as defined by the Board.

Other matter

- a) Verify the allocation of shares and/or options pursuant to the share issuance scheme for employees to ensure in compliance with the criteria for allocation of shares and/or options under the share issuance scheme, at the end of each financial year, if any;
- b) To report promptly any matters resulting in the breach of Listing Requirements to the Board. Where the Audit and Risk Management Committee is of the opinion that such matter reported by it to the Board has not been satisfactorily resolved, the Audit and Risk Management Committee shall promptly report such matter to Bursa Securities;
- c) To consider other areas as defined by the Board or as may be prescribed by Bursa Securities or any other relevant authority from time to time; and
- d) Carry out any other functions that may be mutually agreed upon by the Audit and Risk Management Committee and the Board.

7. Rights of the Audit and Risk Management Committee

NI HSIN GROUP BERHAD

[Registration No. 200401014850 (653353-W)]

- Terms of Reference of Audit and Risk Management Committee

The Audit and Risk Management Committee shall, wherever necessary and reasonable for the Company to perform of its duties, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

- a) have authority to investigate any matter within its Terms of Reference;
- b) have the resources which are required to perform its duties;
- c) have full and unrestricted access to any information pertaining to the Company;
- d) have direct communication channels with employees of the Company, the external auditors and person(s) carrying out the internal audit function or activity (if any);
- e) be able to obtain independent professional or other advice as and when it considers necessary at the expense of the Company; and
- f) be able to convene meetings with the external auditors, the person(s) carrying out the internal audit function or activity or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

8. Meetings

The Audit and Risk Management Committee may invite other Directors or employees to attend any particular Audit and Risk Management Committee meeting.

The Audit and Risk Management Committee 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.

A member of the Audit and Risk Management Committee shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to a situation of an actual or perceived conflict of interest for the member. Where this cause insufficient directors to make up a quorum, the Audit and Risk Management Committee has the right to appoint another Director, who meets the membership criteria, to participate in the discussions or deliberations of such matter.

A resolution in writing, signed by all the members of the Audit and Risk Management Committee, shall be as effectual as if it has been passed at a meeting of the Audit and Risk Management Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed

NI HSIN GROUP BERHAD

[Registration No. 200401014850 (653353-W)]

- Terms of Reference of Audit and Risk Management Committee

by one or more Audit and Risk Management Committee members. Any such document, may be accepted as sufficiently signed by an Audit and Risk Management Committee member if transmitted to the Company by facsimile or other electronic means or digital written message purporting to include a signature of an Audit and Risk Management Committee member.

9. General Meeting

The Audit and Risk Management Committee Chairman should attend the general meeting to provide clarification to shareholders on the Audit and Risk Management Committee's activities, particularly on matters pertaining to quarterly results and year-end financial statements.

10. Reporting Responsibilities

The Chairman of the Audit and Risk Management Committee shall report to the Board on its proceedings after each meeting on all matters with its duties and responsibilities.

The Audit and Risk Management Committee shall make whatever recommendation to the Board it deems appropriate or any area within its remit where action or improvement is needed.

11. Periodic Review

This Terms of Reference shall be reviewed once every two (2) years or as and when required by the Audit and Risk Management Committee and these Terms of Reference must be disclosed on the Company's website.

This Terms of Reference was reviewed and approved by the Board of Directors on 22 April 2024.