

# GREATECH TECHNOLOGY BERHAD

Company No. 201801008633 (1270647-H)

(Incorporated in Malaysia)

## AUDIT AND RISK MANAGEMENT COMMITTEE

### TERMS OF REFERENCE

#### 1. OBJECTIVES

- 1.1 The principal objectives of the Audit and Risk Management Committee (“**Committee**”) are to assist the Board of Directors (“**Board**”) in discharging its statutory duties and responsibilities relating to accounting and financial reporting practices of the Company and its subsidiaries. In addition, the Committee shall:
- (a) evaluate the quality of the audits performed by the internal and external auditors;
  - (b) provide assurance that the financial information presented by management is relevant, reliable and timely;
  - (c) oversee compliance with laws and regulations and observance of a proper code of conduct;
  - (d) determine the quality, adequacy and effectiveness of the Group’s control environment and quality of the audits; and
  - (e) review reports from internal and external auditors to validate the scope, evaluate existing policies, establish audit quality and ensure compliance with the Group’s policies, including the Code of Conduct & Ethics.

#### 2. COMPOSITION

- 2.1 The Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of at least three (3) members. All the Committee members must be non-executive directors, with a majority of them being independent. No alternate director is to be appointed as a member of the Committee.
- 2.2 At least one (1) member of the Committee:
- (a) must be a member of the Malaysian Institute of Accountants; or
  - (b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years’ working experience and
    - (i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
    - (ii) 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
  - (c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“**Bursa Securities**”).
- 2.3 In the event of any vacancy in the Committee resulting in non-compliance with the Main Market Listing Requirements (“**MMLR**”) of Bursa Securities, the vacancy shall be filled within three (3) months.

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- 2.4 The Chairman of the Committee shall be an independent director, appointed from amongst the members of the Committee who shall be an Independent Non-Executive Director.
- 2.5 No former partners of the external audit firm shall be appointed as a member of the Committee before observing a cooling-off period of at least three (3) years before being appointed as a member of the Committee.

## **3. AUTHORITY**

- 3.1 The Committee shall, in accordance with a procedure to be determined by the Board and at the cost to be borne by the Company,
- (a) have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full access to information, including assigning a competent person or function to be responsible for all anti-corruption compliance matters. All employees shall be directed to co-operate as requested by members of the Committee.
  - (b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group.
  - (c) obtain independent professional or other advice and to invite outsiders with relevant experience to attend at the cost of the Company, if necessary.
  - (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.
  - (e) 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.
  - (f) where the Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR of Bursa Securities, the Committee shall promptly report such matter to Bursa Securities.

## **4. MEETINGS**

- 4.1 The Committee shall hold at least four (4) regular meetings per year, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may request a meeting if he considers it necessary.
- 4.2 In the absence of the Chairman of the Committee, the remaining members present shall elect one from amongst themselves to chair the meeting.

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- 4.3 The quorum for the Committee meeting shall be the majority of members present who must be independent directors.
- 4.4 Upon the request of the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditors believe should be brought to the attention of the directors or shareholders.
- 4.5 Unless otherwise agreed, notice of the meeting together with the agenda of items to be discussed shall be sent to each member of the committee at least seven (7) days before the date of the meeting.
- 4.6 The Chairman of the Committee shall engage on a continuous basis with senior management, the head of internal audit and the external auditors to be kept informed of matters affecting the Company.
- 4.7 The Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, the head of internal audit and representatives of the external auditors shall normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Committee. However, the Committee shall meet with the external auditors, the internal auditors or both, without other Board members and management present at least twice a year and whenever deemed necessary.
- 4.8 Questions arising at any meeting of the Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Committee shall have a second or casting vote. However, at Meetings where two (2) members are present or when only two (2) members are competent to vote on an issue, the Chairman will not have a second or casting vote. All conflicting views shall be submitted to the Board for its final decision. Any member who has an interest in any matters being reviewed or considered shall abstain from voting on the matter.
- 4.9 The proceedings of the Committee meetings shall be recorded and maintained by the Secretaries to the Committee. The Company Secretaries shall be the secretaries of the Committee.

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## **5. DUTIES AND RESPONSIBILITIES**

5.1 The duties and responsibilities of the Committee are as follows:

- (a) To review the annual performance assessment, including the suitability, objectivity and independence of the external auditors which takes into consideration the following:-
  - the competence, audit quality and resource capacity of the external auditor in relation to the audit;
  - the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
  - obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- (b) To discuss with the external auditors before the audit commences the nature and scope of the audit, ensure co-ordination where more than one audit firm is involved.
- (c) To review with the external auditors the nature and scope of their audit plan, the system of internal control and the audit report including the external auditors' management letter and the Management's response and the assistance given by the management.
- (d) To review the quarterly and annual financial statements before approval by the Board, focusing particularly on:-
  - changes in and implementation of major accounting policy changes;
  - significant matters highlighted including financial reporting issues, significant judgment made by management, significant and unusual events or transactions, and how these matters are addressed;
  - the going concern assumption;
  - compliance with accounting standards and other legal requirements; and
  - key audit matters that relate to the modified opinion or material uncertainty related to going concern (including steps taken (if any) to address those matters).
- (e) To establish policies governing the circumstances under which the contract in relation to the provision of non-audit services and the appropriateness of the level of fees can be entered into by the company with its external auditors and procedures that need to be adhered.
- (f) To review the followings and report the same to the Board:-
  - The findings of any examination, assessment or audit by regulators;
  - Any related party transactions and conflict of interest situations that arose, persist or may arise including any transaction, procedure or course of conduct that raises question of management integrity and the measures taken to resolve, eliminate, or mitigate such conflicts;
  - Any letter of resignation from the external auditors or suggestions for their dismissal;

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- Whether there is reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment;
  - The reviews undertaken on matters relating to management judgments and estimates; and
  - The processes and controls that were in place for effective and efficient financial reporting and disclosures under the financial reporting standards.
- (g) To report its findings on the financial and management performance and other material matters to the Board.
- (h) To do the following, in relation to the internal audit function:-
- review the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - review the internal audit plan, processes the results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken on the recommendations;
  - review any appraisal or assessment of the performance of members of the internal audit function; and
  - determine the remit of the internal audit function.
- (i) To consider the major findings of internal investigations and management's response.
- (j) To review the adequacy and effectiveness of the Risk Management and Internal Control Systems instituted within the Group.
- (k) To review the adequacy and effectiveness of Risk Management Framework and the ongoing activities (including reports on key strategic, emerging and business risk) for identifying, evaluating, monitoring and mitigating risks.
- (l) To provide adequacy and effectiveness of the Group's internal control system to provide reasonable assurance that the assets of the Group are safeguard against loss from unauthorized use or disposition and to give a proper account of the assets.
- (m) To determine the Company's sustainability strategies, priorities and targets as well as governance structure that support long term sustainable value creation and maintain the confidence of stakeholders.
- (n) To report to the Board any suspected frauds or irregularities, serious internal control deficiencies or suspected infringement of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board.
- (o) To maintain and keep under review the whistleblowing mechanism of the Group which shall be in accordance with the Whistleblowing Policy, as well as an effective and efficient set of investigation procedures, which aims to provide protection and confidentiality.
- (q) Ensure the internal and external trainings in relation to anti-corruption management are developed for Directors, Management and all employees.

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- (r) Undertake a formal and objective annual evaluation to determine the effectiveness of the Board, Board Committees and each individual Director, taking into consideration their probity with law and adherence to governance practices including anti-corruption policies and procedures, and addressing the Company's material sustainability risks and opportunities.
- (s) To consider any other functions as may be agreed between the Committee and the Board.
- (t) To consider and examine such other matters as the Board and/or the Committee consider appropriate.
- (u) To monitor compliance with the Board's conflicts of interest policy.
- (v) To consider any other topics as defined by the Board.

## **6. REVIEW**

- 6.1 The terms of reference shall be reviewed by the Committee as and when required.
- 6.2 All amendments to the Terms of Reference must be approved by the Board.

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### **History of the Term of Reference of Audit and Risk Management Committee**

Date	Description
10 June 2019	Approval of the Term of Reference of Audit and Risk Management Committee
29 May 2020	Updates on the Term of Reference of Audit and Risk Management Committee in accordance with MACC Act
23 April 2021	Updates from ACE to MMLR
1 November 2021	Updates based on MCCG 2021
25 August 2023	Updates based on enhanced MMLR

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