

NYLEX (MALAYSIA) BERHAD
[197001000148(9378-T)]
(Incorporated in Malaysia)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

COMPOSITION

The Audit Committee shall be appointed by the Board of Directors from amongst its members. The Audit Committee shall comprise of at least three (3) members, all of whom must be Non-Executive Directors, with a majority of them being independent directors as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

All members of the Audit Committee shall be financially literate and at least one of them shall be a member of the Malaysian Institute of Accountants or a person who fulfil the requirements under Paragraph 15.09(1)(c)(ii) and (iii) of the Listing Requirements. All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

No alternate director shall be appointed as a member of the Audit Committee.

Former key audit partners shall observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee. This is to avoid potential conflict of interest, which puts a former key audit partner in a position to exert significant influence over the audit and preparation of the Company's financial statements.

The Chairman of the Audit Committee shall be elected at the first Audit Committee meeting held after each annual general meeting of the Company, from amongst its members and he shall be an Independent Non-Executive Director. The Chairman so elected shall hold office until the commencement of the first Audit Committee meeting held after each annual general meeting of the Company.

If a member of the Audit Committee resigns or for any reason ceases to be a member which result in the number of members less than the required number of three (3), the Board of Directors shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of members. All members of the Audit Committee including the Chairman shall hold office until otherwise determined by the Board of Director or until they cease to be a director of the Company.

One of the Company Secretaries shall be the Secretary of the Audit Committee.

OBJECTIVES

The objectives of the Audit Committee are to assist the Board of Directors in fulfilling its fiduciary responsibilities relating to internal control, corporate accounting and reporting practices of the Company and its subsidiaries ("Group"), particularly in:

1. maintaining a good corporate governance standard as well as a sound system of internal control;
2. facilitating the effective discharge of its stewardship responsibilities in respect of strategic business operations and related controls;
3. ensuring the implementation of appropriate risk management framework for identification of principal risks associated with the Group's business;
4. reviewing the adequacy and integrity of the Group's risk management framework, its system of internal control and management information system; and
5. administering the Group's Whistle Blowing Policy and Anti-Bribery and Anti-Corruption Policy.

FUNCTIONS

1. The duty of the Audit Committee shall include the following:

A. EXTERNAL AUDIT

- (i) To consider the appointment of the External Auditors, the audit fee and any question of resignation or dismissal in accordance with the External Auditors Assessment Policy;

- (ii) To discuss with the External Auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- (iii) To review the quarterly and year-end financial statements of the Group, focusing particularly on -
 - (a) changes in accounting policies and practices;
 - (b) significant adjustments arising from the audit including financial reporting issues, judgement calls made by management, unusual events or transactions and how they were addressed;
 - (c) the going concern assumption; and
 - (d) compliance with accounting standards and other legal requirements;
- (iv) To discuss problems and reservations arising from the interim and final audits, the Audit Report and the External Auditors' evaluation of the Group's internal controls, as well as any matter the External Auditors' management letter and management's response; and
- (v) To obtain feedback from the External Auditors on the level of co-operation extended by management towards the External Auditors' requests;

B. INTERNAL AUDIT

- (i) To do the following, in relation to the Internal Audit function -
 - (a) Reviewed and approved the internal audit plan, including the scope of audit, and ensuring that all major and/or high-risk activities are covered;
 - (b) Reviewed the risk assessment reports and ensure effective implementation of risk management system across the Group;
 - (c) Reviewed the quarterly internal audit reports, which detailed the observations and recommendations of the Internal Auditors, and the Management's responses to these recommendations;
 - (d) Reviewed certain weaknesses noted in the internal audit or non-compliance of the internal control system to determine their possible impact on the effectiveness of the internal control system and their possible financial impact on the Group's financial results and the going concern assumptions;
 - (e) Reviewed the Management's remedial actions to be undertaken in relation to the weaknesses and/or non-compliances noted above and the follow-up actions undertaken by the Management thereof; and
 - (f) Reviewed the performance of the Internal Auditor in discharging its duties during the financial year, and upon being satisfied of their effectiveness, recommended to the Board that the Internal Auditors be re-appointed in the following financial year.
 - (g) Ensure that the Internal Audit function reports directly to the Audit Committee.
- (ii) To consider any related party transactions that may arise within the Company and the Group;
- (iii) To consider the major findings of internal investigations and management's response; and
- (iv) To consider other topics as defined by the Board of Directors.

C. RISK MANAGEMENT

- (i) To identify, analyse, assess and prioritise the internal and external corruption risk of the Group.
- (ii) To periodically review the Register to monitor the risk exposures faced by the Group's business units.
- (iii) To assess and identify risk and risk areas (including risks of corporate liabilities and ensure that appropriate actions are taken to establish appropriate processes, systems and controls to mitigate such risks, and
- (iv) To ensure adequacy of infrastructure, resources and systems for risk management and compliance matters.

D. WHISTLE-BLOWING

The Audit Committee shall receive, retain, investigate and act on complaints and concerns of employees of the Group and members of the public who raise genuine concerns of any wrongdoing or improper conduct involving the Group and its directors, managers or employees in accordance with the Whistle -Blowing Policy of the Company.

2. The Chief Financial Officer, the Head of Internal Audit and representative of the External Auditors should normally attend the Audit Committee meeting. Invitees may attend the Audit Committee meetings upon the invitation of the Audit Committee. The Audit Committee shall convene meetings with the External Auditors, Internal Auditor(s) or both, excluding the attendance of other directors and employees of the Company and the Group whenever it deems necessary.
3. The Chairman of the Audit Committee should engage on a continuous basis with senior management such as the Chairman, and/or the Group Managing Director, the Deputy Chief Executive Officer or whatever named he may be called, the Chief Financial Officer, the Head of the Integrity Unit and other senior operating staff, the Internal Auditors and External Auditors in order to be kept informed of matters affecting the Company and the Group.
4. In discharging the functions as stated in (1) above, the Audit Committee shall have, at the cost of the Company:
 - (i) the explicit authority to investigate any matter within its Terms of Reference;
 - (ii) all the resources that are required to perform its duties;
 - (iii) full and unrestricted access to any information pertaining to the Company and the Group;
 - (iv) direct communication channels with the External Auditors and the Internal Auditors, including the ability to convene meetings at its discretion with either or both of the above, without the attendance of other Directors or employees; and
 - (v) The authority to obtain independent professional and other advices and to secure the attendance of the advisers if it considers necessary.

MEETING

The Audit Committee shall meet every quarterly or at other frequencies as directed by the Board of Directors and at any time upon the request of any members of the Audit Committee, the External Auditors or the Internal Auditors and/or at the Chairman's discretion.

The quorum for each meeting shall be two (2) members, all of whom must be independent directors. Agenda shall be sent to all Audit Committee members and any other persons who may be required to attend the meeting at least seven (7) days prior to the meeting unless such requirement is waived by the Audit Committee members at the meeting.

Decision of the Audit Committee shall be by majority of vote. In the case of equality of vote, the Chairman, or if he is absent, the Chairman of the meeting elected from amongst the Audit Committee members attending the meeting, shall have a second and casting vote.

The attendance of other Directors and/or employees of the Group at any particular Audit Committee meeting shall only be at the invitation of the Audit Committee members, and such invitation shall be specific to each Audit Committee meeting.

MINUTES

The minutes of each Audit Committee meeting, after the same have been affirmed by the subsequent Audit Committee meeting and signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting, shall be deemed a correct recording of the proceedings thereat.

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Terms of Reference of the Audit Committee

The minutes shall be kept by the Secretary and are subject to inspection by the Audit Committee members and the Board of Directors upon request.

Copies of the minutes shall be distributed to the Audit Committee members and the Board of Directors for information.

This Terms of Reference was reviewed on 30 August 2022.