

NYLEX (MALAYSIA) BERHAD

[Registration No.: 197001000148(9378-T)]
(Incorporated in Malaysia)

Date of Revised Statement : 09/08/2024

Last reviewed and approved by the 27/08/2024

Audit Committee :

Approved by the Board of 13/09/2024

Directors :

TERMS OF REFERENCE OF THE AUDIT COMMITTEE**COMPOSITION**

The Audit Committee ("Committee") shall be appointed by the Board of Directors from amongst its members. The 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").

The Chairman of the Board shall not be a member of the Committee. No Alternate Director can be appointed as a member of the Committee.

All members of the 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 Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Former partner of the external audit firm and/or affiliate firm (including those providing advisory services, tax consulting etc.) must observe a cooling-off period of at least three (3) years before being appointed as a member of the Committee. This is to avoid potential conflict of interest, which puts a former audit partner may be in a position to exert significant influence over the audit and preparation of the Company's financial statements.

The Chairman of the Committee shall be elected from amongst the members of the Committee who must be an Independent Director ensuring the overall effectiveness and independence of the Committee.

If a member of the 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 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.

SECRETARY

One of the Company Secretaries shall be the Secretary of the Committee. The Secretary, in consultation with the Chairman of the Committee, will be responsible for determining the agenda for each Committee meeting. The Secretary will also be responsible for keeping proper records, including the minutes and resolutions of the Committee.

OBJECTIVES

The Committee serves to assist the Board in fulfilling its fiduciary responsibilities by providing an oversight on:

1. the accounting and financial reporting processes of the Company;
2. the integrity of the Company's financial statements;
3. the Company's compliance with applicable legal and regulatory requirements;
4. the adequacy and effectiveness of the Company's system of internal control and management information system;
5. the allocation of share issuance scheme to the eligible directors and employees of the Company in compliance with the approved allocation criteria;
6. administering the Company's Whistle Blowing Policy and Anti-Bribery and Anti-Corruption Policy;
7. the conflict-of-interest situations and related party transactions; and

8. the maintenance of open channels of communication among management of the Company, the External Auditors and the Board.

GENERAL MEETINGS

The Chairman of the Committee shall attend the general meetings of the Company to provide explanation or responses to questions relating to the Committee's activities.

FUNCTIONS

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

A. EXTERNAL AUDIT

- (i) To consider and recommend to the Board on the appointment or re-appointment of the External Auditors, and fix their audit fee after assessing their independence and capabilities as well as the effectiveness of the external audit process in accordance with the External Auditors Assessment Policy;
- (ii) To review the following and report to the Board:
 - (a) letter of resignation from the External Auditors or suggestions for their dismissal, including a copy of any written representations or statement of circumstances in relation to the resignation made by the External Auditors, if applicable; and
 - (b) whether there is reason (supported by grounds) to believe that the External Auditors are not suitable for re-appointment;
- (iii) To review the following with the External Auditors and report the same to the Board:-
 - (a) the audit scope and plan;
 - (b) evaluation of the quality and effectiveness of the accounting system;
 - (c) evaluation of the system of internal controls;
 - (d) audit report;
 - (e) the assistance given by the employees to the External Auditors, including any difficulties or disputes with Management encountered during audit;
 - (f) coordination of audit works with reference to the internal audit plans and reports;
 - (g) External Auditors' management letter and management's response thereto; and
 - (h) any significant audit findings, reservations, or material weaknesses reported by the External Auditors.
- (iv) To review the quarterly results and year-end financial statements of the Company, before the approval of the Board, focusing particularly on:-
 - (a) changes in or implementation of major accounting policy changes;
 - (b) significant matters highlighted including financial reporting issues, judgement made by Management, significant and unusual events or transactions and how these matters are addressed;
 - (c) appropriateness of going concern assumptions used in preparation of financial statements; and
 - (d) compliance with applicable approved financial reporting standards and other legal requirements;
- (v) To assess the suitability, objectivity and independence of the External Auditors by conducting annual assessment and report the findings and observation to the Board.

B. INTERNAL AUDIT

- (i) To ensure the internal audit function is effective and independent of the activities it audits;
- (ii) To ensure the internal audit function is carried out in accordance with a recognised framework;
- (iii) To review the following with the Internal Auditors and report to the Board:
 - (a) the internal audit plan, programme, processes, and the reporting structure;
 - (b) the scope, competency and resources of the internal audit function, ensuring it has the necessary authority to carry out its work;
 - (c) the findings of the internal audit reports, investigations undertaken and whether or not appropriate actions are taken on the recommendations; and
 - (d) any findings of special internal audit investigations which the Committee deems necessary and Management's response.
- (iv) To review the appraisal or assessment of the performance of the internal audit function on an annual basis;
- (v) To review and recommend to the Board the budget for the internal audit function;
- (vi) To ensure that the Internal Auditors report directly to the Committee. However, on a day-to-day basis, the Committee may select a representative to liaise with the Head of Internal Audit;
- (vii) To review and report to the Board any related party transactions and conflict-of-interest situation that may arise within the Company including any transaction, procedure or course of conduct that raises questions of management integrity; and
- (viii) To carry out ad-hoc reviews of other areas where there is a concern that affects financial reporting or a threat on the safeguarding of the Company's assets.

C. RISK MANAGEMENT

- (i) To identify, analyse, assess and prioritise the internal and external corruption risk of the Company.
- (ii) To periodically review the Register to monitor the risk exposures faced by the Company'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. ANTI-BRIBERY AND ANTI-CORRUPTION

- (i) To review and to update the Company's Anti-Bribery and Anti-Corruption policies and procedures to ensure they are effective and comply with relevant laws and regulations;
- (ii) To oversee the implementation and monitoring of the Company's Anti-Bribery and Anti-Corruption programme, including training and awareness initiatives amongst the Company's Directors and employees and that the policies and procedures are communicated to all Directors and employees of the Company and relevant third parties; and
- (iii) To review reports on incidents of bribery and corruption, including investigations, disciplinary actions and remediation efforts taken in relation thereof.

E. WHISTLE-BLOWING AND OTHERS

- (i) The Committee shall receive, retain, investigate and act on complaints and concerns of Directors and employees of the Company and members of the public who raise genuine concerns of any wrongdoing or improper conduct involving the Company and its directors, managers or employees in accordance with the Whistle -Blowing Policy of the Company;
 - (ii) To review any related party transaction and conflict-of-interest situations that arose, persist or may arise within the Group, including any transactions, procedures or courses of conduct that raise questions of management integrity (including recurrent related party transactions) and the measures taken to resolve, eliminate or mitigate such conflicts ; and
 - (iii) To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time.
- 2. The Chief Financial Officer, representative(s) of the External Auditors should normally attend all Committee meetings where required. The Committee may also invite other Director, any member of Management or consultants to attend its meetings to assist and provide pertinent information as necessary. The Committee shall convene meetings with the External Auditors, Internal Auditor(s) or both, excluding other directors and employees of the Company whenever it deems necessary.
- 3. The Chairman of the 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 equivalent), 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.
- 4. In discharging the functions as stated in (1) above, the 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;
 - (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 of the Company; and
 - (v) The authority to obtain independent professional or other advices and to secure the attendance of any persons with relevant experience and expertise if it considers necessary.

MEETING

The 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 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 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 Committee members at the meeting.

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

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

REPORTING RESPONSIBILITIES

The Committee Chairman shall report formally to the Board on the proceedings of each of its meeting and all matters within the Committee's duties and responsibilities. Minutes of the Audit Committee Meeting shall also be presented to the Board for notation. The Committee shall make recommendations to the Board as it deems appropriate on any area within its remit where actions or improvement are needed.

The Committee shall make an Audit Committee Report in the Company's Annual Report about its activities carried out in discharging its duties as per its Terms of Reference during the financial year.

MINUTES AND RESOLUTIONS

The Secretary shall minute the proceedings and resolutions of all Committee meetings. The minutes of each Committee meeting, after the same have been affirmed by the subsequent 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.

The minutes shall be kept by the Secretary and shall be open for inspection by any Committee members and the Board member.

A resolution in writing, signed or approved via any electronic means by a majority of the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Committee members.

REVISION

The Terms of Reference shall be reviewed as and when required and updated in accordance with the needs of the Company and any new regulations. Any revision or amendments to the Terms of Reference shall be approved by the Board with a written resolution.