



Topmix Berhad

(Incorporated in Malaysia)

**Term of Reference of Audit and Risk
Management Committee**

TM-CG-P16

Version 1.0

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1.0 Objectives

The primary objective of the Audit and Risk Management Committee ("ARMC") is to assist the Board in fulfilling their responsibilities relating to accounting and reporting practices for Topmix Berhad ("the Company") and each of its subsidiaries (collectively referred to as "the Group"). In addition, the ARMC will:-

- oversee and appraise the quality of the audit conducted by the Company's External Auditors and the Internal Auditors in order to strengthen the confidence of the public in the Groups' reported results;
- maintain, by scheduling regular meetings, open lines of communication amongst the Board, the External Auditors and the Internal Auditors, to exchange view and information as well as to confirm their respective authority and responsibilities;
- review related party transactions entered into by the Company and the Group to ensure that such transactions are undertaken on the Group's normal commercial terms and that the internal control procedures with regards to such transactions are sufficient;
- provide assistance to the Board in fulfilling its fiduciary responsibilities relating to the Company's administrative, operating and accounting controls; and
- act upon the Board's request to investigate and report on any issues or concerns on the management of the Group.

2.0 Composition

The ARMC shall be appointed by the Board and consist of not fewer than three (3) members. All members of the ARMC must be Non-Executive Directors with a majority of them being Independent Directors.

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

- (i) must be a Member of the Malaysian Institute of Accountants (MIA); or
- (ii) if he is not a Member of MIA, he must have at least three (3) years' working experience and: -
 - he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - he must be a Member of one of the Associations of Accountant specified in Part II of the First Schedule of the Accountants Act 1967; or
- (iii) fulfils such other requirements as:
 - a degree/masters/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or
 - at least 7 years' experience being a chief financial officer of a corporation or having the function primarily responsible for the management of the financial affairs of a corporation.

- A former key audit partner to observe a cooling-off period of at least three years before being appointed as a member of the ARMC.

The members of the ARMC shall elect a Chairman from among their number who shall be an Independent Non-Executive Director. No Alternate Director is appointed as a member of the ARMC.

In the event that if a member of the ARMC vacates office resulting in the total number reduced to below three (3), the Board shall, within three (3) months of that event, appoints a new member to make up the minimum number of three (3).

3.0 Meetings

The ARMC will meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties. In addition, the Chairman may call a meeting if a request is made by any Committee Member, the Company's Chief Executive Officer, the External Auditors or the Internal Auditors where applicable.

Senior managements, representatives of the External Auditors and Internal Auditors should normally be invited to attend ARMC Meetings. Other Board Members may attend meeting upon the invitation of the ARMC. However, the ARMC should meet with the External Auditors without Executive Board Members present at least twice a year.

The Company Secretary shall act as Secretary of the Committee and shall be responsible, for keeping the minutes of meetings of the Committee, and circulating them to Committee Members and to other members of the Board. A quorum for a meeting shall be two (2) members, with the majority of the members present shall be Independent Directors. The ARMC must prepare an ARMC Report at the end of the financial year in the Annual Report of the Company which summaries the ARMC's activities during the financial year and the related significant findings.

4.0 Authority

The ARMC is authorised to investigate any activity of the Group within its Terms and Reference and all employees shall be directed to co-operate with any request made by the ARMC. The ARMC shall have unrestricted access to all information pertaining to the Company and have direct communication channels with the external and internal auditors, and to the senior management of the Group. The ARMC shall be empowered to engage persons or experts having special competence as necessary to assist the ARMC in fulfilling its responsibilities.

5.0 Duties and responsibilities

The duties and responsibilities of the ARMC shall be as follows: -

- 5.1 to review the following matters with the external auditors, and report the same to the Board: -
- the audit plan
 - the audit reports
 - the external auditor' evaluation of system of internal control

- to review the financial statements of the Group, the problems and reservations arising from the interim and final external audits, and any matters the external auditors and/or internal auditor may wish to discuss (in the absence of the management, when necessary).
- the external auditors' management letter and the management's response thereto.

5.2 Financial reporting

- review the quarterly results and the year-end financial statements of the Company and the Group for recommendation to the Board for approval, focusing particularly on:
 - i) changes in or implementation of accounting policies and practices;
 - ii) significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed;
 - iii) significant adjustments arising from the external audit;
 - iv) the appropriateness of the going concern assumption used in preparation of the financial statements; and
 - v) compliance with accounting standards and other legal requirements.
- review and provide advice on whether the financial statements taken as a whole provide a true and fair view of the Group's financial position and performance.
- review the ARMC report and statement on risk management and internal control for publication in the Company's annual report.

5.3 Assessing the risk and control environment

- review the adequacy of the Group's risk management framework and assess the resources and knowledge of the Management involved in the risk management process.
- review the effectiveness of internal control systems deployed by the Management to address those risks.
- review and recommend corrective measures undertaken to remedy failing.
- communicate to, and monitor risk assessment results.

5.4 Evaluating the external and internal audit process

(i) External audit

- performing review and assessment of the external auditors' performance, suitability, objectivity and independence and make recommendation to the Board for appointment, removal, or whether or not the external auditors should be put forward for re-appointment.
- the provision of non-audit services by the external auditors shall not cause an impairment to the objectivity and independence of the audit firm.
- recommend the audit and non-audit fees based on the outcome of the annual assessment and quantum of audit work.

(ii) Internal audit

- consider and approve the appointment of internal auditors, internal audit fee and any question of resignation or dismissal.
- review adequacy of the scope, functions, competency, resources and authority of the internal audit function in carrying out its work.
- review the risk-based internal audit plans and programmes.
- review the major findings reported by the internal auditors, investigation undertaken and follow up on Management's implementation of the recommended actions.
- annual assess performance of services provided by the internal audit function.

5.5 Significant related party transactions and conflict of interest situations

- review and recommend to the Board matters regarding significant related party transactions including disclosures, values of mandates and situations involving potential conflict of interest that may arise within the Company and the Group, including any transaction, procedure or course of conduct that raises questions on management integrity.
- conduct periodic review of the involvements of Managing Director and Executive Directors in the companies outside of the Group, in which they have executive functions to ensure that it does not affect their role and responsibilities within the Group.

5.6 Overseeing the Governance Reporting of the Group

- to review the application of corporate governance principles and the extent of the Group's compliance with the best practices set out under the Code.
- to ensure that the Group is in compliance with accounting standards, the regulations of Companies Act 2016, ACE Market Listing Requirements and other legislative and reporting requirements.

5.7 Reporting Responsibilities

- Report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- Make recommendations to the Board as and when it deems appropriate on any area within its remit where action or improvement is needed.

5.8 Other matters

- to perform the oversight function over the administration of whistleblowing policy that is approved and adopted by the Board and to protect the values of transparency, integrity, impartiality and accountability where the Group conducts its business and affairs.

6.0 Revision and Updates

Where necessary, this Terms of Reference will be reviewed and updated to ensure it remains consistent with the Committee's objectives and responsibilities.

The Board adopted this Term of Reference on 26 June 2023.