TERMS OF REFERENCE OF THE ARMC COMMITTEE

REACH TEN GROUP

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TERMS OF REFERENCE OF THE ARMC COMMITTEE

APPROVED BY,

DIRECTOR

CHIN YU LAY

1. OBJECTIVE

The purpose of the Audit and Risk Management Committee ("Committee") is to assist the Board in fulfilling its statutory and fiduciary responsibilities in regard to reviewing the financial reporting process, system of risk management and internal controls, internal and external audit process and outcomes, as well as undertaking any such other functions as may be determined by the Board from time to time.

2. COMPOSITION

a. The Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, all of whom shall be Non-Executive Directors with a majority of them being Independent Non-Executive Directors.

b. All members of the Committee should be financially literate, competent and have sufficient understanding of the Company's business and must be able to read, analyse, interpret and understand financial statements, and ask pertinent questions about the Company's reporting process. 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.

c. No Alternate Director shall be appointed as a member of the Committee.

d. At least one (1) member of the Committee:
    i. Must be a member of the Malaysian Institute of Accountants; or
    ii. If he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience and:
        - must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
        - must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountant Act 1967; or
    iii. Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

e. The members of the Committee shall elect a Chairman from among their number, who shall be an Independent Non-Executive Director.

f. The Chairman of the Board shall not be a member of the Committee.

g. No former audit partner shall be appointed as a member of the Committee before observing a cooling-off period of at least three (3) years.

h. All members of the Committee shall hold office only as long as they serve as Directors of the Company. If any member of the Committee ceases to be a Director of the Company, his or her membership in the Committee shall automatically cease forthwith.

i. The appointment of a Committee member terminates when the member ceases to be a Director, or as determined by the Board.

j. In the event that the membership of the Committee for any reason is reduced to less than three (3), the Board shall, within three (3) months from the date of that event, appoint such number of new member(s) as may be required to make up the minimum number of three (3) members.

k. The terms of office and performance of the Committee and each of its members shall be reviewed by the Nomination Committee annually to determine whether the duties of the Committee have been carried out in accordance with this Terms of Reference.

l. The Company Secretary or any such other person authorised by the Board of Directors or the Chairman of the Committee shall act as the Secretary to the ARMC. This person shall be responsible for keeping accurate minutes of all proceedings, including disclosures of interest, and ensuring records are tabled at the next Board meeting.

3. AUTHORITY

The Committee is authorised by the Board to:

a. Investigate any matters within its terms of reference;
b. Have the resources required for the purpose of discharging its functions and responsibilities;
c. Have full and unrestricted access to any information pertaining to the Company or the Group;
d. Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
e. Obtain external legal or other independent professional advice as necessary for the performance of its duties;
f. Convene meetings with the external auditors, the internal auditors, or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

4. DUTIES AND RESPONSIBILITIES

4.1 External Audit

a. Review the nomination, appointment and re-appointment, resignation, dismissal and suitability of external auditors and consider the audit fee, resources, experience, independence and any other issues.
b. Review and discuss with the external auditors on the:
    i. Audit plan, its scope and nature, including any changes to the scope of the audit plan;
    ii. Audit Report;
    iii. Evaluation of the system of internal controls;
    iv. Assistance given by the employees of the Company to the external auditors;
    v. External auditors' management letter and management's response thereto.
c. Discuss problems and reservations arising from the interim and final external audits, and any matters the external auditors may wish to discuss (in the absence of management, where necessary).
d. Evaluate the independence and objectivity of the external auditors in their provision of services, including non-audit services.

4.2 Internal Audit Function

a. Ensure that the internal audit function (whether in-house or outsourced) is independent of the activities it audits and in relation thereto:
    i. Mandate the Internal Audit function to report directly to the Committee;
    II. Revlew 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;
    iii. Review the internal audit plan or charter, programme, processes, and the reporting structure;
    iv. Review the findings of the internal auditor's reports, investigations undertaken and whether or not appropriate actions are taken by the management;
    v. Approve any appointment or termination of internal audit member of the Internal Audit function;

vi. Review the appraisal or evaluation on the performance of the internal audit function on an annual basis;

vii. Review or take cognisance of resignation of internal audit staff member (for in-house internal audit function);

viii. Review the assistance given by the employees and Management to the Internal Auditors;

ix. Review any special audit which the Committee deems necessary.

b. Review the internal audit plan, processes, and investigations undertaken to ensure appropriate actions are taken.

4.3 Risk Management and Internal Control

a. Establish an adequate and effective Group's risk management and internal control framework.

b. Review the risk management framework, policies and processes, evaluate the overall adequacy and effectiveness of the system, and recommend to the Board for approval.

c. Review significant risks (including operational, financial, compliance, sustainability, reputational risks) and assess mitigating actions.

d. Review the adequacy of resources in managing the risk framework.

4.4 Financial Reporting

a. Review the quarterly results and year-end financial statements, focusing on:

i. Accounting policy changes;

ii. Financial reporting issues, significant judgements, and unusual transactions;

iii. Audit adjustments;

iv. Judgement areas;

v. Going concern assumption;

vi. Compliance with standards and laws.

b. Ensure the financial statements present a true and fair view.

c. Understand relevant non-financial information to enhance reporting integrity.

d. Ensure consistency between financial and operational information.

4.5 Related Party Transactions and Conflict of Interest

a. Review related party transactions and conflicts of interest.

b. Ensure recurrent transactions comply with shareholder mandates.

c. Ensure non-recurring transactions serve the Company's interest and protect minority shareholders.

4.6 Others

a. Review statutory financial reports for Annual Report Inclusion.

b. Ensure compliance with laws and best practices.

c. Review regulatory and compliance reports.

d. Receive management updates on compliance.

e. Review Anti-Bribery & Corruption and Whistleblowing Policies.

f. Verify ESOS allocation compliance, if applicable.

g. Review business continuity plan implementation.

h. Carry out other Board-agreed duties.

i. Report suspected frauds, internal control issues, or legal breaches.
j. Report unresolved matters to Bursa Securities if required.

5. PROCEEDINGS OF MEETINGS

a. Meet at least four (4) times annually or as needed.
b. Quorum is two (2) members, majority Independent Directors.
c. Meetings may be conducted via teleconference or other communication tools.
d. Decisions by simple majority; no casting vote if only two members form a quorum.
e. Members with conflicts must declare and abstain from voting.
f. CFO, internal and external auditors may be invited to attend.
g. Meet external auditors without management at least annually.
h. Secretary to minute proceedings and resolutions.
i. Minutes to be kept at registered office and circulated to Committee and Board.
j. Company Secretary to prepare agenda in consultation with the Chairman.
k. Meeting notice to be circulated at least five (5) business days prior.
l. Meeting papers to be clear, comprehensive and provided in advance.
m. Written resolutions approved by all members shall be deemed as passed.

6. REVIEW OF THE TERMS OF REFERENCE

a. The Terms of Reference shall be reviewed and updated from time to time to ensure its relevancy.
b. The latest copy of the Terms of Reference of the Committee shall be made available on the Company's website.