



EDELTEQ HOLDINGS BERHAD
[201901033362 (1342692-X)]

(Incorporated in Malaysia)

TERMS OF REFERENCE
AUDIT AND RISK
MANAGEMENT COMMITTEE

Terms of Reference for Audit and Risk Management Committee

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<h2>Revision History</h2>

Revision Code	Revision Description	Effective Date
01	Adoption of Terms of Reference	01.07.2025
02	Revision of Terms of Reference by including ESG/Sustainability oversight into the responsibilities of ARMC	29.12.2025

Terms of Reference for Audit and Risk Management Committee

1. Objectives

- 1.1 The primary function of the Audit and Risk Management Committee (“ARMC” or “the Committee”) of Edelteq Holdings Berhad (“**EHB**” or “**the Company**”) is to assist the Board in the discharge of its responsibilities in relation to accounting and financial reporting practices, identifying, assessing, managing, monitoring and controlling the risks in areas that are applicable to ensure that the risk management process is in place and functioning.
- 1.2 The ARMC acts on behalf of the Board and shall assist the Board:
- (a) in complying with specified accounting standards and required disclosure as administered by Bursa Securities, relevant accounting standards bodies, and any other laws and regulations as amended from time to time;
 - (b) overseeing a formal and transparent arrangement as well as appraising the quality of the audits conducted both by the Company’s Internal and External Auditors;
 - (c) maintaining open lines of communication between the Board of Directors, the Internal Auditors and the External Auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities;
 - (d) maintaining a sound system of internal controls covering administrative, operating and accounting and risk management to safeguard shareholders’ investment and the Company’s assets;
 - (e) overseeing the Group’s compliance with applicable laws, rules and regulations and has in place an appropriate code of business conduct;
 - (f) oversee financial reporting;
 - (g) investigate any concerns received on possible irregularities within the EHB Group;
 - (h) to oversee the Group’s risk management framework and policies;
 - (i) to oversee the Group’s ESG (Environmental, Social and Governance) / Sustainability framework and policies;
 - (j) to review and recommend the Group’s risk management policies and strategies for the Board’s approval. This includes reviewing major investment business cases and Management’s assessment of the key associated risks, including funding options and costs, and investments returns prior to the Board’s approval;
 - (k) to monitor the implementation of post-spend transactions in accordance with established thresholds in the approved Group Limits of Authority, which includes capital expenditures, acquisitions and project-based operations costs.

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2. Membership

2.1 The Committee shall be appointed by the Board from amongst the Directors of the Company. The ARMC shall comprise wholly of Non-Executive Directors, the majority of whom are independent. The Committee shall comprise no fewer than 3 members.

- (a) at least one member of the Audit and Risk Management Committee;
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if the Director is not a member of MIA, the Director must have at least three (3) years' post-qualification working experience in accounting or finance and
 - the Director must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - the Director must be a member of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - a degree//masters/doctorate in accounting or finance; or
 - a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants; or
 - (iii) at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or
 - (iv) fulfils such other requirements as prescribed or approved by Bursa Securities.

2.2 The Chairman of the Committee shall be an Independent Non-Executive Director. The Chairman of the ARMC shall not be the Chairman of the Board. In the absence of the Chairman of the Committee, the members present shall elect one of their number who is independent to chair the meeting.

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

2.4 In the event of any vacancy in the Committee which results in the number of members to be reduced to below three (3) and the election of an independent Chairman, the Board shall fill the vacancy within three (3) months of the event.

2.5 All members of the ARMC, including the Chairman, will hold office only so long as they serve as Directors of the Company. A former partner of an external audit firm is required to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.

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- 2.6 All members of ARMC should be financially literate and are able to understand matters under the purview of the ARMC including the financial reporting process.
- 2.7 The ARMC members shall have sufficient understanding of the industries in which the Group operates in order to challenge and facilitate robust discussions on the management of the Group's key risk areas with the ability to anticipate, assess and mitigate potential future risks to the Group.
- 2.8 The appointment of a Committee member shall automatically be terminated if the member ceases for any cause to be a director, or as determined by the Board.
- 2.9 The ARMC reports to the Board.

3. Meeting Procedures

- 3.1 The Committee will meet at least four (4) times a year or more frequently as the need arises or if so requested by any member of the Committee or by the Chairman of the Board.
- 3.2 The quorum for a meeting of the ARMC shall consist of not less than two (2) members, majority of members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman from amongst them.
- 3.3 The Group Financial Controller and Internal Auditors will usually attend the meeting and the presence of External Auditors may be requested if required. The Committee may, as and when necessary, invite other Board members and senior management to attend the meeting.
- 3.4 The Committee meetings shall be governed by the provisions of the Company's Constitution relating to Board meetings unless otherwise provided for in the Terms of Reference. The Committee may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.
- 3.5 A member of Committee may participate in a meeting by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.
- 3.6 The notice and agenda for each Committee meeting shall be sent to all members of the Committee and any other persons who may be required to attend the meeting at least seven (7) days before the meeting.
- 3.7 The Committee shall meet with the External Auditors without the presence of executive Board members and management at least once a year as well as when required. In addition, the Management, the internal auditors and external auditors may request a private session with the Committee to discuss any matter of concern.

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- 3.8 Subject to item 3.1 above, in appropriate circumstances, the ARMC may deal with matters by way of circular resolutions in lieu of convening a formal meeting. A resolution in writing signed by all members in lieu of convening a formal meeting shall be as valid and effectual as it had been passed at a meeting of the ARMC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.
- 3.9 The Committee members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
- 3.10 The Chairman of the Committee should attend the Annual General Meeting to answer any shareholders' questions on the Committee's activities.
- 3.11 The Company Secretary or his/her representative shall be in attendance at each ARMC meeting and record the proceedings of the meeting thereat.
- 3.12 The Committee shall record its conclusion on issues discussed during meetings and report to the Board at the Board meetings. The minutes shall be circulated to members of the Board.

4. Authority

- 4.1 The ARMC is authorized by the Board to perform the following:
- (a) have explicit authority to investigate any matter within its terms of reference;
 - (b) have the resources which are required to perform its duties;
 - (c) have full and unrestricted access to any information and records pertaining to the Company and Group as well as personnel of the Company and the Group;
 - (d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity (if any);
 - (e) be able to obtain independent professional or other advice, at the expense of the Company, wherever necessary and reasonable and in accordance with a procedure to be determined by the Board of Directors, in order to perform its duties;
 - (f) be able to convene meetings with External Auditors, Internal Auditors or both (without the presence of Executive Board members and management) as and whenever deemed necessary; and
 - (g) promptly report to Bursa Securities where a matter reported by the ARMC to the Board has not been satisfactorily resolved, resulting in a breach of the ACE Market Listing Requirements of Bursa Securities ("AMLR").

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- (h) Assist the Board in its review of the adequacy of scope, functions and resources of Group Risk Management and that it has the necessary authority to carry out its responsibilities.
 - (i) Assist the Board in its review of the adequacy of scope, functions and resources of the Group in implementing ESG/Sustainability initiatives and that it has the necessary authority to carry out its responsibilities.
- 4.2 The Chairman of the ARMC shall engage on a continuous basis with senior management, such as the Chairman, the Managing Director or Chief Executive Officer, the Group Financial Officer/Finance Manager, the Internal Auditors and the External Auditors in order to be kept informed of matters affecting the Group.

5. Secretary

- 5.1 The Company Secretary shall be the secretary to the Committee and shall be present at all meetings to record minutes. Minutes of each meeting shall be prepared and entered into the Minutes Book of the Company provided for the purpose and sent to the Committee members and shall be made available to all Board members. The minutes shall be signed by the Chairman of the Committee.
- 5.2 The Secretary shall organize and provide assistance at ARMC meetings and have the following responsibilities:
- (a) Draw up meeting agenda in consultation with the Chairman and circulate the agenda together with the relevant papers within a reasonable period prior to each meeting to enable full and proper consideration to be given to issues;
 - (b) Ensure the minutes are circulated to all members of the Committee and make the same available to Board members who are not members of the Committee; and
 - (c) Ensure that the minutes of the Committee meetings are properly produced and kept at the registered office of the Company. The minutes shall be open for inspection by the Board. Any request by Management or other persons to inspect the minutes shall be subject to the approval of the Committee for inspection if required.

6. Functions & Responsibilities

- 6.1 The Committee will undertake the following responsibilities and functions and report on the same to the Board.

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6.2 External Audit

- 6.2.1 Review the audit scope, nature and plan with External Auditors, including any changes to the planned audit scope and ensure co-ordination where more than one firm of auditors is involved and report on the same to the Board;
- 6.2.2 Review external audit reports to ensure that prompt corrective actions are taken to address issues (including any deficiencies in the internal control system) highlighted and report on the same to the Board;
- 6.2.3 Discuss problems and reservations, if any, arising from the interim and final audits, and any matter which the external auditors wish to discuss in the absence of the Management, where necessary;
- 6.2.4 Review the assistance and cooperation rendered by the Group's employees to the External Auditors and report on the same to the Board;
- 6.2.5 Consider the appointment, objectivity, suitability and independence of the External Auditors, the services and audit fee (to ensure a balance between objectivity and value for money) and any questions of resignation or dismissal, and the letter of resignation from External Auditors, if applicable;
- 6.2.6 Review the reappointment of the External Auditors and recommend the same to the Board, and
- 6.2.7 Discuss the contracts for the provision of non-audit services which can be entered into and procedures that must be followed by the External Auditors. The contracts that cannot be entered into include:
 - (a) Management consulting;
 - (b) Strategic decision;
 - (c) Internal audit; and
 - (d) Policy and standard operating procedures documentation.

6.3 Internal Audit

- 6.3.1 Ensure the internal audit function reports directly to the ARMC.
- 6.3.2 Review the adequacy of the scope, functions, competency, budget and resources of the internal audit function and whether it has the necessary authority to carry out its work;
- 6.3.3 Review the internal audit plan, processes and results of the internal audit assessments, investigation undertaken and where necessary, ensure that appropriate action is taken by management on the recommendations of the internal audit function;
- 6.3.4 Approve any appointments or termination of Internal Auditors and provide the resigning Internal Auditors an opportunity to submit his reasons for resigning;

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- 6.3.5 Review the assistance and co-operation given by the employees of the Company to the internal auditors;
- 6.3.6 Review the performance of the Internal Auditors on an annual basis;
- 6.3.7 Evaluate the effectiveness and independence of the internal audit function;
- 6.3.8 Review the adequacy and effectiveness of internal control systems, including management information system and the Internal Auditors and or External Auditors' assessment of these systems.
- 6.3.9 Direct any special investigations to be carried out by the internal audit function as and when necessary and consider the major findings of the internal investigations and management's response.

6.4 Financial Reporting

- 6.4.1 Review the quarterly and year-end financial statements of the Company, focusing particularly on:
 - (a) any changes in or implementation of major accounting policies changes and practices;
 - (b) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events and/or transactions, significant adjustments arising from the audit and how these are addressed;
 - (c) the going concern assumption;
 - (d) integrity of financial statements; and
 - (e) compliance with accounting standards and other legal requirements
- 6.4.2 Oversee the Group's internal control structure to ensure operational effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect the Company's assets from misappropriation and encourage legal and regulatory compliance; and
- 6.4.3 Review major audit findings (including status of previous audit recommendations) and management's response with management, External Auditors and Internal Auditors.

6.5 Related Party Transaction and Conflict of Interest

- 6.5.1 Review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity and report the same to the Board.

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- 6.5.2 In reviewing related party transactions, to consider, amongst others, the following factors:
- (1) the rationale and the cost/benefit to the Company;
 - (2) comparative quotes, where possible;
 - (3) whether such related party transactions are based on normal commercial terms and not more favourable to the related parties than those generally available to third parties dealing on an arm's length basis; and
 - (4) such related party transactions are not detrimental to the Company's minority shareholders.
- 6.5.3 Determine how to address conflict of interest situations and monitor compliance with related party transaction policy and/or mandate, including transactions or situations that warrant timely internal and regulatory disclosures and appropriate review and reporting and ensure that management establishes a comprehensive framework for the purposes of identifying, evaluating, approving, reporting and monitoring such situations and transactions;
- 6.5.4 Review the draft circular with respect to obtaining shareholders' mandate on any recurrent related party transactions of a revenue or trading nature, before submission to the Board.

6.6 Risk Management

- 6.6.1 Review the risk appetite and recommend risk management strategies, policies and risk tolerance levels for Board's approval.
 - 6.6.2 Monitor the Group and Company level risk exposures and management of the significant financial and non-financial risks identified.
 - 6.6.3 Evaluate new risks identified by Management including the likelihood of the emerging risks happening in the future and consider the need to put in place the appropriate controls.
 - 6.6.4 Review the Group Risk Profile (including risk registers) and ensure that significant risks that are outside tolerable ranges are being responded with appropriate actions taken in a timely manner to mitigate the business risks.
 - 6.6.5 Review the status of the implementation of management action plans in mitigating significant risks identified.
 - 6.6.6 Review and recommend the Group's level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investments and the Group's assets.
- 6.7 Establish and periodically review the Group Risk Management ("**GRM**") guidelines and policies and ensure implementation of the objectives outlined in the policies and compliance thereof.

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- 6.8 Evaluate the effectiveness of the risk management structure, processes and support system to identify, assess, monitor and manage the Group's key risks.
- 6.9 Review all major investment and project business cases in accordance with established thresholds in the approved Group Limits of Authority, focusing on the following:
- (1) Evaluate the risks associated with funding options and costs, and investment returns and making its recommendation to the Board for approval of the investment or project.
 - (2) Advise the Board on potential risk response strategies that need to be adopted in relation to a decision to proceed with the investment or project.
 - (3) Monitor the execution/operationalization of investments or projects and highlighting key risks to the Board as relevant.
 - (4) Review the effectiveness of risk mitigating actions post approval for major investments and projects based on GRM assessments, and reporting the same to the Board.
 - (5) Review investment proposals considered significant including:
 - New lines of business (defined as businesses outside existing sectors, expansion across industry value chains within current sectors and new franchises); or
 - New territories and countries (defined as expansion of existing businesses into new markets/ territories).
- 6.10 ESG/Sustainability
- 6.10.1 Provide oversight of ESG/Sustainability reporting by reviewing the implementation of procedures for identification, management and reporting of material ESG/Sustainability matters (i.e risk and opportunities) affecting the economic, environmental and social aspects of the Group's businesses towards achievement of ESG/Sustainability goals across the Group.
 - 6.10.2 Deliberate and recommend the ESG/Sustainability framework to the Board for approval.
 - 6.10.3 Oversee the implementation of the ESG/Sustainability framework approved by the Board, which is to be embedded into the culture, processes and structure of the Group.
 - 6.10.4 Monitor and ensure that actions and measures are implemented by the ESG Committee to adequately address the ESG/Sustainability risks.
 - 6.10.5 Oversee the Group's key ESG/Sustainability performance against approved strategies and targets.

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- 6.10.6 Review the methodology and results of the Group's materiality assessment to confirm that key stakeholders and ESG topics have been appropriately identified.
 - 6.10.7 Review the ESG Committee's documentation for sustainability disclosures, such as definitions, data sources, responsible owners and supporting records, to support accurate and understandable disclosure.
 - 6.10.8 Consider the need for and scope of assurance on sustainability information, including engaging internal or external auditors where appropriate.
 - 6.10.9 Ensure that material sustainability risks, including climate-related risks, are integrated into the Group's Enterprise Risk Management (ERM) register.
 - 6.10.10 Review periodic updates from the ESG Committee on material topics, key risks, performance metrics, and progress on initiatives.
 - 6.10.11 Ensure that Committee members receive periodic training on relevant sustainability standards and regulatory developments to effectively fulfill their duties.
- 6.11 Review the effectiveness of the system for monitoring compliance with applicable laws, regulations, rules, directives and guidelines, and the results of the Management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- 6.12 Review the Statement on Risk Management and Internal Control and Sustainability Statement in the Group's Annual Report to ensure that relevant information as prescribed in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("AMLR") is disclosed. Disclosure in the annual report should include a discussion on how key risk areas such as finance, operations, regulatory compliance, reputation, cyber security and sustainability were evaluated and the controls in place for the Group to mitigate and manage those risks. The ARMC should also review the Statement of Assurance on the Sustainability Statement by the Internal Auditors or independent assurer, including the subject matter, scope covered and conclusion of the Statement of Assurance if the Sustainability Statement has been subjected to such assurance.
- 6.13 Others
- 6.13.1 Verify the allocation of share options given to the eligible employees is in accordance with the criteria for the Employee Share Option Scheme and the Bursa Securities Listing Requirements at the end of each financial year, if any;
 - 6.13.2 Direct and supervise, as appropriate, any necessary investigations and review all reports on any major irregularities;
 - 6.13.3 Perform any other work that it is required or empowered to do by statutory legislation or guidelines as prepared by the relevant government authorities; and
 - 6.13.4 Undertake any responsibilities as authorised by the Board.

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7. Reporting

- 7.1 The Chairman shall, at the conclusion of each meeting, report to the Board on activities that it has undertaken and key recommendations for the Board's consideration and approval.
- 7.2 Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved, resulting in a breach of Bursa Securities' Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.

8. Whistleblowing and Fraud

- 8.1 Ensure that proper investigations are carried out, on a timely basis, for substantiated cases reported by any whistleblower to the Chairman of the Board or the Chairman of the ARMC, and report the results and conclusion of such investigations, with the appropriate cause of action shall be recommended to the Board for approval, in accordance with the Group's whistleblowing policy; and
- 8.2 Review the Group's policies and procedures for detecting fraud.

9. Compliance and Others

- 9.1 To review the following and table the same to the Board:
- (a) Audit and Risk Management Committee Report, Sustainability Statement and Statement of Risk Management and Internal Control to the Board for approval to be published in Annual Report;
 - (b) any related party transactions that may arise within the Group.
- 9.2 To assess processes and procedures to ensure compliance with all laws, rules and regulations, directives and guidelines established by the relevant regulations bodies.
- 9.3 To report to the Board of Directors any suspected frauds or irregularities, serious internal control deficiencies or suspected infringement of laws, rules and regulation which come to its attention and are of sufficient importance to warrant the attention of the Board.
- 9.4 To carry out any functions that may be mutually agreed upon by the ARMC and the Board.

10. Review of the Committee

- 10.1 The term of office and performance of the ARMC and each of its members shall be reviewed by the Nomination and Remuneration Committee at least once annually to determine whether the ARMC and members have carried out their duties in accordance with the terms of reference.

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11. Disclosure

- 11.1 The ARMC is required to prepare a report at the end of each financial year to be included and published in the Annual Report of the Company. The ARMC Report shall include all the prescribed information as stated under para 15.15 of the AMLR:
- (a) the composition of the ARMC, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the directors are independent or otherwise);
 - (b) the number of ARMC meetings held during the financial year and details of attendance of each member;
 - (c) a summary of the work of the ARMC in the discharge of its functions and duties for that financial year of the listed issuer and how it has met its responsibilities; and
 - (d) a summary of the work of the internal audit function.

12. Review of Terms of Reference

- 12.1 The Terms of Reference shall be reviewed by the Committee as and when required. All amendments to the Terms of Reference must be approved by the Board.
- 12.2 Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.
- 12.3 The Terms of Reference of the ARMC must be made available on the Company's website.

13. Deeming Provisions

The provisions under this Terms of Reference have been drafted in a manner to incorporate the provisions under the Bursa Securities Listing Requirements and other statutes, regulations and guidelines applicable to the ARMC (if any). In the event the applicable provisions of the Bursa LR and/or relevant governing statutes, regulations and guidelines relating to the ARMC are from time to time amended, modified or varied, such amendments, modifications and variations shall be deemed inserted herein whereupon this Terms of Reference shall be read and construed subject to and in accordance with the amended, modified or varied Bursa LR, statutes, regulations and guidelines.

14. Approval

The revision of the Terms of Reference for the ARMC was approved by the Board of Directors on 29 December 2025.