

HPMT HOLDINGS BERHAD
(“HPMT HOLDINGS” OR THE “COMPANY”)
Registration No. 201701041672 (1255845-W)

TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE

1. OBJECTIVES

This Audit and Risk Management Committee’s (“ARMC”) Term of Reference (“TOR”) is established pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and approved by the board of Directors of the Company (“Board”).

The primary objectives of the ARMC are to 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) in presenting a balanced and understandable assessment of the Company’s position and prospects;
- (c) to review and deliberate the Group’s risks whether financial and non-financial and make recommendations to the Board to mitigate the identified risks.
- (d) in establishing a formal and transparent arrangement for maintaining an appropriate relationship with the Company’s internal and external auditors and overseeing and appraising the quality of audit conducted by the Company’s internal and external auditors;
- (e) in determining the adequacy of the Company and its subsidiaries’ (“Group”) administrative, operating and accounting controls;
- (f) undertake any such other functions as may be determined by the Board from time to time;
- (g) to review and update the Anti-Bribery and Corruption Policy of the Group from time to time; and
- (h) to review the Group's Sustainability policies, goals and risks periodically.

2. COMPOSITION

The ARMC shall be appointed by the Board from its members pursuant to a resolution of the Board and must fulfil the following requirements:-

- (a) The ARMC must comprise at least three (3) members, consisting solely of independent directors.
- (b) At least one (1) member of the ARMC must be:-

- (i) a member of the Malaysian Institute of Accountant (“MIA”); or
- (ii) if he is not a member of MIA, he must have at least three (3) years of working experience and:
 - (aa) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- (iii) fulfils such other requirements as prescribed or approved by Bursa Securities.
- (c) The Chairman of the ARMC must be an independent director and is not the Chairman of the Board.
- (d) No alternate Director shall be appointed as a member of the ARMC.
- (e) In the event of any vacancy resulting in non-compliance of (a), (b), (c) and (d) above, the Board shall upon the recommendation of the Nomination Committee, appoint such number of Directors to fill up such vacancy within three (3) months of the event.
- (f) The cooling-off period of three (3) years before a former key audit partner of the Group could be appointed as member of ARMC.

All members of the ARMC, including the Chairman, will hold office only so long as they serve as Directors of the Company. The Board must review the term of office and performance of the ARMC, and each of its members, at least once every three years to determine whether the ARMC has carried out its duties in accordance with its Terms of Reference.

3. SECRETARY

The Secretary of the Company shall be the Secretary of the ARMC. The Secretary play an important role in organising and providing assistance at ARMC Meetings and has the following key responsibilities:-

- (a) Ensure meetings are arranged and held accordingly;
- (b) Assist the Chairman in planning the ARMC’s activities;
- (c) Draw up meeting agendas in consultation with the ARMC Chairman; maintain the minutes; and draft its scheduled activities for the financial year;
- (d) Ensure structured communications channels between the Board and the ARMC;
- (e) Ensure proceedings of meetings are recorded and the minutes circulated to; and to confirmed by the ARMC before disseminating them to the Board; and

- (f) Ensure ARMC recommendations presented to the Board are supported by papers, including minutes that explain the rationale for the committee's recommendations.

4. MEETINGS

- (a) The ARMC shall hold at least four (4) regular meetings per year, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities. Additional meetings may be called at any time, at the discretion of the Chairman of the ARMC.
- (b) The quorum for a meeting shall be two (2) members of the ARMC, who must both be independent non-executive directors.
- (c) The Managing Director and other appropriate officer(s) may be invited to attend where their presence are considered appropriate as determined by the ARMC Chairman. Other Board members, employees of the Company and representatives of the External and Internal Auditors may attend meetings upon the invitation of the ARMC.
- (g) The internal and/or external auditors have the right to appear and be heard at any meeting of the ARMC and are recommended to attend each ARMC meeting to discuss their audit findings and recommendations relating to such findings.
- (h) The ARMC shall meet at least twice a year with the internal and/or external auditors without the presence of executive Board members and the Senior Management. Upon the request of the internal and/or external auditors, the ARMC Chairman shall also convene a meeting of the ARMC to consider any matter the auditor(s) believes should be brought to the attention of the Board or the shareholders.
- (i) Subject to paragraph (a) above, in appropriate circumstances, the ARMC may deal with matters by way of circular reports and 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.

5. AUTHORITY

In carrying out its duties and responsibilities, the ARMC shall have the following rights:-

- (a) the explicit authority to investigate any matter within its Terms of Reference;
- (b) access to the resources which are required to perform its duties;
- (c) full, free and unrestricted access to any information, records, properties and personnel of the Group;
- (d) direct communication channels with the internal and external auditors;
- (e) ability to obtain independent professional or other advice at the Company's costs, and to invite external parties with relevant experience to attend the ARMC meetings, if required, and to brief the ARMC thereof;

- (f) ability to convene meetings with internal and/or external auditors, whenever deemed necessary, excluding the attendance of other Directors and employees of the Company;
- (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 Listing Requirements;
- (h) the attendance of any particular ARMC meeting by other Directors and employees of the Company shall be at the ARMC's invitation and discretion, and specific to that relevant meeting only; and
- (i) meet among itself exclusively, whenever deemed necessary.

6. RESPONSIBILITIES AND DUTIES

In fulfilling its primary objectives, the ARMC undertakes, amongst others, the following responsibilities and duties:-

External Audit

- a) To consider the nomination and appointment/re-appointment of external auditors; and to consider the adequacy of experience and resources of the external auditors and determine the audit fee;
- b) To review any letter of resignation from the external auditors and any issues regarding resignation or dismissal of external auditors;
- c) To convene meeting at least twice a year on any issues from the audit, with the external auditors separately without the presence of our management;
- d) To discuss with the external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit and ensure co-ordination where more than one audit firm is involved in the audit and upon completion of the audit assessment, to present the audit findings and recommendations of the external auditors to the Board for discussion;
- e) To review major audit findings arising from the interim and final external audits, the audit report and the assistance given by the Group's employees to the external auditors;
- f) To review with the External Auditors, their evaluation of the system of internal controls and their audit report;
- g) To review the evaluate factors relating to the independence of the external auditors and work closely with the external auditors in establishing procedures in assessing their suitability and independence, in confirming that they are, and have been, independent throughout the conduct of the audit engagement with our Group in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants;

- h) To review whether there is reason (supported by grounds) to believe that the External Auditors are not suitable for re-appointment and to review and report any issues regarding resignation and dismissal of the external auditors; and
- i) 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 cannot be entered into should include management consulting, policy and standard operating procedures documentation, strategic decision and internal audit.

Internal Audit

- a) To review adequacy of scope, functions competency, performance and resources of the internal audit function (including firm that was engaged to undertake the internal audit function) and that it has the necessary authority to carry out its work or the performance and competency of the internal auditors if the internal audit function is outsourced;
- b) To review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
- c) To review internal audit reports, recommendations and management's responses and assess on the actual and potential impact of any failure or weakness of the internal controls in place;
- d) To discuss improvement actions in the areas of internal control, systems and efficiency enhancements suggested by the internal auditors are discussed together with the management team in a separate forum;
- e) Review implementation of the recommendations made by the internal auditors through follow-up internal audit reports to the ARMC;
- f) To review the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
- g) To review and approve any appointment, termination or resignation of the firm of internal auditors; and
- h) To request and review any special audit which the Audit Committee deems necessary.

Risk Management

- a) To review the adequacy of Group's risk management framework and assess the resources and knowledge of the Management and employee involved in the risk management process;
- b) To review the effectiveness of internal control systems deployed by the Management to address those risks;

- c) To review and recommend corrective measures undertaken to remedy failings and/or weaknesses;
- d) To review and further monitor principal risks that may affect the Group directly or indirectly that if deemed necessary, recommend additional course of action to mitigate such risks;
- e) To monitor and communicate the risk assessment results to the Board;
- f) To ensure that the risk management policies and procedures of the operating units are aligned to the business strategies and the risk return direction of the Board; and
- g) To assess the actual and potential impact of any failing or weakness, particularly those related to financial performance or conditions affecting the Group.

Financial Reporting

- a) To review the Company's quarterly results, year end annual financial statements of the Group and Annual Report before submission to the Board, focusing on:-
 - compliance with applicable financial and reporting standards as well as regulatory requirements;
 - the going concern assumption;
 - any changes in or implementation of major accounting policies and practices;
 - significant matters highlighted including financial reporting issues, significant judgements made by management and unusual items and events as well as significant adjustments arising from the audit; and
- b) To demonstrate an appropriate level of vigilance and scepticism towards, among others, detection of any financial anomalies or irregularities in the financial statements.
- c) Where there are significant matters requiring judgement, to ask probing questions to ascertain whether the financial statements are consistent with operational and other information known.
- d) To review and provide advice on whether the financial statements taken as a whole provide a true and fair view of the company's financial position and performance.

Sustainability Report

- Review and ensure the consistency and connectivity of sustainability-related disclosures in the Annual Sustainability Report and other public disclosures prior to its submission to the Board for approval.

Others

- a) To instruct the external and internal auditors that the ARMC expects to be advised if there are any areas that require their special attention including major findings of internal investigations and management's response;
- b) Review the ARMC Report for inclusion in the Company's Annual Report;
- c) Review the statement with regard to the state of risk management and internal controls of the Group for inclusion in the Annual Report and report the same to the Board;
- d) Oversee the Company'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;
- e) To promptly report to Bursa Securities if it is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements;
- f) To review any allocation of share options or share issues pursuant to employees' share issuance schemes granted to eligible Directors and employees in the Group;
- g) To review the Company's procedures for detecting fraud and whistle-blowing policy and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters; and
- h) To review and evaluate potential investment proposals to be tabled for the Board's consideration.
- i) To consider and examine any other functions the ARMC considers appropriate or as instructed by the Board.

7. THE COMMITTEE'S ETHICS AND PROCEDURES

All members of the ARMC shall safeguard all internal communications and treat them as strictly private and confidential, and for the use of the ARMC members only. The ARMC shall work diligently amongst the members of the Board and adhere to all applicable laws and regulations as well as the prescriptions rendered in the Code of Conduct and Ethic.

8. MONITORING AND OVERSIGHT OF CONFLICT OF INTEREST SITUATION

The ARMC is entrusted to monitor and oversee the following in relation to conflict of interest:

- (i) Any conflict of interest must be declared by filling up the Conflict of Interest Declaration Form. The conflict of interest must be escalated to the ARMC for further action. In the case of Directors, the conflict must be disclosed to the Board of Directors ("**Board**") and recorded by the Company Secretary. The declaration shall be made as

and when the conflict arises, and shall be made at the earliest opportunity, i.e. as soon as the Director becomes aware of the conflict.

- (ii) The completed Conflict of Interest Declaration Form shall be forwarded to the ARMC. A sample of the Conflict of Interest Declaration Form is attached in ***Appendix 1***.
- (iii) In addition to declaring the conflict of interest, appropriate steps must be taken to manage the conflict and to mitigate the impact of the conflict on the decision-making process. Ideally, the conflict should be avoided altogether, e.g. by relinquishing the interest that gives rise to the conflict. However, there are circumstances where it may not be practical to totally avoid the conflict, in which case, appropriate actions must be taken, depending on the nature and severity of the conflict.
- (iv) Where the conflict is not likely to arise frequently, and the impact of the conflict is minimal, the participation of the person in the decision-making process should be restricted. Restriction should include, but is not limited to the following:
 - (a) Not participating in any critical criteria setting or decision-making role in the process;
 - (b) Refraining from discussions about the matter;
 - (c) Limiting access to information and denying access to sensitive documents or confidential information in the process; and
 - (d) Abstaining from voting on the decision.
- (v) Where the conflict is ongoing and could have serious implications, the person with the conflict should be removed from the process, which includes the following:
 - (a) Abstaining from any involvement whatsoever in the matter;
 - (b) Rearranging duties and responsibilities to a non-conflicting function but not to a person who is supervised by the person with the conflict; and
 - (c) Transferring the person with the conflict to another project or another area of the Group.

9. Related Party Transactions

- a) To review and report to the Board any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - in respect of related party transaction, including recurrent related party transactions, to:
 - i. ensure that the Group has adequate procedures and processes to identify, and where relevant, monitor and track related party transactions in a timely manner, and to review these procedures and processes annually;
 - ii. assess the sufficiency of the procedures, policies and terms of the related party transactions to ensure that the transactions are fair, reasonable and on normal commercial terms; are not more favorable to the related party than those generally available to the public and are not detrimental to minority shareholders and in the best interest of the Group;

- iii. where the related party transactions are not comparable to quotations or comparative pricing with unrelated third parties, to review the basis of the transaction price determined by the management in comparison to transactions by/ to unrelated parties for substantially similar type transaction for approval by the Board; and
- iv. related party transactions and conflict of interest situations shall be a permanent agenda item of the ARMC meeting.

10. REVIEW OF THE TERMS AND REFERENCE

The ARMC TOR shall be reviewed periodically, especially when there are changes to the Listing Requirements, the Malaysian Code on Corporate Governance 2021 and Companies Act 2016 or at least once every three (3) years. All amendments to the TOR of the ARMC must be approved by the Board.

This revised Terms of Reference was reviewed and adopted by the Board on 21 November 2023.

CONFLICT OF INTEREST DECLARATION FORM

Name:		Email Address:	
Phone No.:		Designation :	

Details of Conflict of Interest

Description of conflict:

When did the conflict arise?

Impact / potential impact of conflict:

Actions taken to address conflict:

CONFLICT OF INTEREST DECLARATION FORM (Cont'd)

<p>Disclosure of conflict</p> <p>Disclosed to ARMC: Yes / No</p> <p>Date of disclosure to ARMC:</p>
<p>Declaration:</p> <p>I hereby declare that the information provided herein is complete and accurate.</p> <p>.....</p> <p>Name:</p> <p>Date:</p> <p>Acknowledged by ARMC:</p>
<p>Remarks by ARMC:</p>