

TERMS OF REFERENCE FOR AUDIT COMMITTEE

1. OBJECTIVE

This Audit Committee (“AC”) Terms of Reference (“TOR”) sets out the requirements of the Board of Directors of Destini Berhad (“Destini”) for the establishment of an AC and the delegation of responsibilities to such a Committee. The AC’s TOR is established pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The primary objective of the AC are:

- 1.1** to establish a documented, formal and transparent procedure to assists the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, financial reporting practices, system of internal control, the audit process and the process of monitoring compliance with laws and regulations;
- 1.2** to provide greater transparency on the audit functions by increasing the objectivity and independence of external and internal auditors and providing a forum for discussion that is independent of the management; and
- 1.3** to maintain open communication through regularly scheduled meetings a direct line of communication between the Board and the external auditors, internal auditors and financial management.

2. COMPOSITION

- 2.1** The Board shall appoint the AC members from amongst themselves comprising not fewer than three (3) members, all of whom shall be Non-Executive Directors. The majority of the AC members shall be Independent Directors. At least one (1) member of the AC:
 - a. must be a member of the Malaysian Institute of Accountants (“MIA”);
or
 - b. if he is not a member of the MIA, he must have at least three (3) years' working experience and:
 - i. passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - ii. must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - c. fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”).

- 2.2** Members of the AC should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.
- 2.3** The AC shall elect a Chairman from amongst its members who shall be an Independent Director. The Chairman of the AC shall not be the Chairman of the Board.
- 2.4** No alternate director shall be appointed as a member of the AC.
- 2.5** The term of office and performance of the AC and each of its members shall be reviewed by the Board annually to determine whether the members have carried out their duties in accordance with their terms of reference.
- 2.6** All members of the AC, including the Chairman, will hold office only so long as they serve as Directors of the Company. Should any member of the AC cease to be a Director of the Company, his membership in the AC would cease forthwith.
- 2.7** If a member of the AC resigns, dies or for any other reason ceases to be a member with the resulting in non-compliance to the composition criteria as stated paragraph 2.1 above, the Board shall within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.
- 2.8** Any former key audit partner is to observe a cooling-off period of at least three years before being appointed as a member of the AC.
- 2.9** The Company Secretary(ies) shall be the Secretary(ies) of the AC and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

3. AUTHORITY

- 3.1** The AC is authorised by the Board to investigate any matter within the AC's terms of reference. It shall have full and unrestricted access to any information pertaining to the Group and shall have the resources it requires to perform its duties. All employees of the Group are required to comply with the requests made by the AC.
- 3.2** The AC is authorised by the Board to obtain external legal or independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, the expenses of which will be borne by the Company.
- 3.3** The AC shall have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.
- 3.4** The AC shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary, in order to enable the AC and the external auditors or the internal auditors or both, to discuss problems and reservations and any other matter the external auditors or internal auditors may wish to bring up to the attention of the AC.

- 3.5** The Internal Auditors report directly to the AC and shall have direct access to the Chairman of the AC on all matters of control and audit. All proposals by management regarding the appointment, transfer and removal of senior staff members of the Internal Audit of the Group shall require prior approval of the AC. The AC is also authorised by the Board to obtain information on any resignation of internal audit staff members and provide the staff member an opportunity to submit his reasons for resigning.

4. DUTIES AND RESPONSIBILITIES

4.1 Chairman

- a) The Chairman of the AC is responsible for ensuring the overall effectiveness and independence of the AC.
- b) The Chairman of the AC together with other members of the AC should ensure amongst others that:
 - (i) the AC is fully informed about significant matters related to the Company's audit and its financial statements and address these matters;
 - (ii) the AC appropriately communicates its insights, views and concerns on matters that may have an effect on the financial or audit of the Company are communicated to the external auditors; and
 - (iii) there is coordination between internal and external auditors.

4.2 Audit Committee Members

In fulfilling its primary objectives, the AC shall undertake, amongst others, the following duties and responsibilities:

4.2.1 Financial Reporting

To review the quarterly results and annual audited financial statements of the Group prepared by the management prior to approval by the Board where necessary, together with the external auditor, focusing particularly on:

- a. Any significant changes to accounting policies and practices;
- b. significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
- c. Significant adjustments arising from the audit;
- d. Compliance with accounting standards and other legal requirements; and

- e. Going concern assumption.

4.2.2 Risk Management and Internal Control

- a. To consider the effectiveness of the internal control system and risk management framework adopted within the Group and to be satisfied that the methodology employed allows identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner that will allow the Group to mitigate losses and maximize opportunities;
- b. To assess processes and procedures to ensure compliance with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies;
- c. To ensure that the system of internal control is soundly conceived and in place, effectively administered and regularly monitored;
- d. To cause reviews to be made of the extent of compliance with established internal policies, standards, plans and procedures;
- e. To obtain assurance that proper plans for control have been developed prior to the commencement of major areas of change within the Group;
- f. To recommend to the Board steps to improve the system of internal control derived from the findings of the internal and external auditors and from the consultations of the AC itself; and
- g. To report to the Board of Directors any suspected frauds or irregularities, serious internal control deficiencies or suspected infringement of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board.

4.2.3 Internal Audit Function

- a. To review the effectiveness of internal audit function, including the ability, competency and qualification of the internal audit team and/or outsourced internal auditors (if any) to perform its duties;
- b. To review the adequacy of the scope, functions competency and resources, and that it has the necessary authority to carry out its work;
- c. To review and approve the internal audit plan, review the results of the internal audit plan and decide whether or not appropriate actions are taken and report to the Board;
- d. To receive and review on a regular basis the reports, findings and recommendations of the internal audit team and/or outsourced internal auditors and to ensure that appropriate

actions have been taken to implement the audit recommendations;

- e. To ensure the internal audit team and/or outsourced internal auditors has full, free and unrestricted access to all activities, records, property and personnel necessary to perform its duties;
- f. To review any matters concerning the employment or appointment (and re-appointment) of the in-house and/or the outsourced internal auditors (as the case may be) and the reasons for resignation or termination of either party; and
- g. To request and review any special audit which the Committee deems necessary.

4.2.4 External Audit

- a. To review the external auditors' audit plan, nature and scope of the audit plan, audit report, evaluation of internal controls and co-ordination of the external auditors;
- b. To review the annual performance assessment, including the suitability and independence of the external auditors and make recommendations to the Board, the appointment or re-appointment of the external auditors;
- c. In assess or determine the suitability and independence of the external auditors, the AC shall take into consideration of the following :
 - i. the adequacy of the experience and resources of the external auditors;
 - ii. the external auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
 - iii. the nature of the non-audit services provided by the external auditor and fees paid for such services relative to the audit fee; and
 - iv. whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditor.
- d. To review any matters arising concerning the appointment and re-appointment, audit fee and any questions of resignation or dismissal of the external auditors;
- e. To review the external auditor's audit report, and management letter and management's response to the management letter;

- f. To be advised of significant use of the external auditors in performing non-audit services within the Group, considering both the types of services rendered and the fees, such that their position as auditors are not deemed to be compromised;
- g. To review the external auditors' findings arising from audits, particularly any comments and responses in audit recommendations as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken; and
- h. To review with the external auditors for the Statement on Risk Management and Internal Control of the Group for inclusion in the Annual Report.

4.2.5 Related Party Transactions / Conflict of Interest Situations

- a) To review any related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- b) In respect of related party transaction, including recurrent related party transaction, to:
 - i) ensure that the Group has adequate procedures and processes in place to identify and where relevant, monitor and track related party transaction in a timely manner and to review these procedures annually;
 - ii) assess the sufficiency of the procedures, policies and terms of the related party transaction to ensure that the transactions are fair, reasonable and on normal commercial terms; are not more favourable 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; and
 - iii) Where the related party transaction 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 transaction by/to unrelated parties for substantially similar type transaction for approval by the Board.
- c) Related party transaction and conflict situations shall be a permanent agenda item of the Committee meetings.

4.2.6 Audit Reports

To prepare the annual AC report to the Board which includes the composition of the AC, its terms of reference, number of meetings held, a summary of its activities and the existence of internal audit services and summary of the activities for inclusion in the Annual Report and to review the Board's statements on compliance with the Malaysian Code of Corporate Governance

and Statement on Risk Management and Internal Control for inclusion in the Annual Report.

4.2.7 Other matters

- a. To verify the allocation of options pursuant to the Share Issuance Scheme or the allocation of shares pursuant to any incentive plan for employees of the Group at the end of each financial years as being in compliance with the criteria which is disclosed to the employees and make a statement in the Annual Report that such allocation has been verified;
- b. To exercise its powers and carry out its responsibilities as may be required from time to time under the Whistleblower Policy of the Group; and
- c. To carry out any other function that may be mutually agreed upon by the AC and the Board.

5. MEETINGS OF THE COMMITTEE

- 5.1** The AC shall meet at least four (4) times a year or more frequently, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman or any other member of the AC may call for additional meetings at any time at their discretion.
- 5.2** The AC may request other Directors, member of Board committees, key senior management, counsels and/or consultants when applicable and necessary to participate in the meetings, to assist in carrying out the AC's responsibilities.
- 5.3** At least once a year the AC shall calls for private sessions between the AC and Head of Internal Audit and the external auditors to deliberate on matters such as management's corporate reporting and control, resources and relationships without executive Board members and Management present.

In the event the elected Chairman is not able to attend a meeting, a member of the AC shall be nominated as Chairman for the meeting. The nominated Chairman shall be an Independent Non-Executive Director.

Subject to the notice and quorum requirements as provided in the Terms of Reference, meeting of the AC may be held and conducted through the telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote and be counted in a quorum accordingly.

A member of the AC shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him/her. Where this causes a lack of quorum, the AC shall appoint another candidate(s) who meets the membership criteria.

A member of the AC may participate in a meeting by means of a tele-conferencing or video conferencing 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.

6. QUORUM

The quorum for a meeting of the AC shall consist of not less than two (2) members, majority of members present must be Independent Non-Executive Directors.

7. NOTICE OF MEETINGS

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the committee, any other person required to attend and all other non-executive directors, no later than seven (7) days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

8. SECRETARY AND MINUTES

The Company Secretary or his nominee or such other persons authorised by the Board shall act as the Secretary of the AC. The Company Secretary shall record, prepare and circulate the minutes of the meetings of the AC and ensure that the minutes are properly kept and produced for inspection if required. The AC shall report to the Board and the minutes of each meeting shall be tabled to the Board for notation.

9. CIRCULAR RESOLUTION

A resolution in writing, signed by a majority of the AC members present in Malaysia for the time being entitled to receive notice of a meeting of the AC, shall be as valid and effectual as if it had been passed at a meeting of the AC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more of the members of the AC.

10. REVISION AND UPDATES

The AC shall review its Term of Reference periodically and may recommend to the Board any changes it considers necessary.

END.
25 April 2022