



**ZANTAT HOLDINGS BERHAD**  
(Registration No. 202101040483 (1440783-X))

**AUDIT AND RISK MANAGEMENT COMMITTEE  
TERMS OF REFERENCE**

Version 1	Adopted on 29 May 2023
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## 1.0 Objectives

The primary function of the Audit and Risk Management Committee (“**ARMC**” or the “**Committee**”) of Zantat Holdings Berhad (“**ZHB**” or the “**Company**”) is to assist the Board of Directors (“**Board**”) to fulfill its responsibilities relating to accounting and financial reporting as well as to oversee the compliance with the relevant rules and regulations governing the Company and its subsidiaries (the “**Group**”).

## 2.0 Membership

2.1 The ARMC shall be appointed by the Board from amongst the Directors of the Company and shall consist of at least three (3) members, a majority of whom are Independent.

2.2 All members of the ARMC shall be Non-Executive Directors and at least one (1) member of the ARMC:

- (a) must be a member of the Malaysian Institute of Accountants; or
- (b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of working experience and:
  - (i) he must have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or
  - (ii) he 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
  - (iii) fulfills such other requirements as prescribed or approved by the Bursa Securities Malaysia Berhad (“**Bursa Securities**”).

2.3 No alternate Director shall be appointed as a member of the ARMC.

2.4 The members of the ARMC shall elect a Chairman from among their numbers who shall be an Independent Director. The Chairman of the ARMC shall not be the Chairman of the Board.

2.5 In the event any vacancy in the ARMC resulting in the non-compliance of paragraph 2.1 and 2.2 above, the vacancy must be filled within three (3) months of that event.

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

2.7 The Nomination Committee must review the term of office and performance of an ARMC and each of its members annually to determine whether such ARMC and members have carried out their duties in accordance with their terms of reference.

## 3.0 Quorum

A quorum of two (2) members and the majority of members present shall be Independent Directors.

**4.0 Secretary**

The Company Secretary shall be the Secretary of the ARMC.

**5.0 Meetings**

- 5.1 Meeting shall be held at least four (4) times a year. Additional meetings may be called at any time at the discretion of the Chairman of the ARMC.
- 5.2 The ARMC may invite any other Directors, management and staff to be in attendance during meetings to assist in its deliberation.
- 5.3 The ARMC meetings shall be governed by the provisions of the Company's Constitution relating to Board meetings except in so far as the same are not amended in these terms of reference.
- 5.4 Minutes of each ARMC meeting shall be kept and distributed to all ARMC members. The minutes of the ARMC meeting shall be presented at the Board meeting and the Chairman of the ARMC shall report on each ARMC meeting to the Board.
- 5.5 The ARMC may from time to time and if deemed appropriate, consider and approve and/or recommend relevant matters via a Circular Resolution in writing, in lieu of formally convening a meeting. The Circular Resolution shall be as valid and effectual as if it has been passed by a meeting of the ARMC duly convened. Approval of ARMC obtained by ARMC Circular Resolution must be signed or approved by all ARMC members.
- 5.6 All resolutions of the ARMC shall be adopted by a simple majority vote, each member having one vote. In case of equality of votes, the Chairman shall have a second or casting vote. However, the Chairman will not have a second casting vote where only 2 Directors form the quorum or at which only (two) 2 Directors are competent to vote on the question at issue.
- 5.7 The ARMC member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

**6.0 Duties and responsibilities**

- 6.1 The ARMC is responsible to ensure openness, integrity and accountability in the Company and its subsidiaries so as to safeguard the rights and interests of our shareholders.
- 6.2 To review the following and report the same to the Board:
  - (a) With the External Auditors:
    - (i) the audit plan and audit report and the extend of assistance rendered by the employees of the Company;
    - (ii) their evaluation of the system of internal controls;
    - (iii) the audit fee and on matter regarding their suitability for nomination, appointment and re-appointment and any issue regarding resignation or dismissal;
    - (iv) issues and matters arising from the audit;
    - (v) the management letter and the management's response; and
    - (vi) to perform annual assessment on their competencies, objectivity and independence.

- (b) With the Internal Auditors:
  - (i) to review the adequacy of the scope, the function, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - (ii) the internal audit plan, processes, the results of the internal audit assessment including the recommendations and appropriateness of the actions taken;
  - (iii) the extend of assistance rendered by the employees of the Company; and
  - (iv) to review any appraisal or assessment of the performance of members of the internal audit function.
  
- (c) to review and approve the quarterly results and annual financial statements for recommendation to our Board, focusing in particular on:
  - (i) any changes in or implementation of major accounting policies;
  - (ii) significant and unusual events or transactions, significant adjustments arising from the audit and how these matters are addressed;
  - (iii) going concern assumption; and
  - (iv) compliance with accounting standards and other regulatory or legal requirements.
  
- (d) To review and monitor any related party transaction and conflict of interest situation that arose, persist or may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity and the measures to resolve, eliminate, or mitigate such conflicts.
  
- (e) Risk Management and Internal Control:
  - (i) to oversee and recommend the risk management policies and procedures of the Group;
  - (ii) to review the principal risks of the Group and recommend and ensure the implementation of an appropriate risk management framework and policies for the Group to mitigate/manage such risks;
  - (iii) to assess the quality, effectiveness and efficiency of the internal controls and advise the Board on setting appropriate policies on internal control;
  - (iv) to review and deliberate on reports on significant risk findings and recommendations;
  - (v) to determine the level of risk tolerance and actively identify, assess and monitor key business risks to safeguard the shareholders' investments and the Company's assets;
  - (vi) to ensure that the Board conducts an annual review and periodic testing of our internal control and risk management; and
  - (vii) to review the ARMC's reporting and the statement with regard to the state of internal controls and risk management of the Group for inclusion in the Annual Report
  
- 6.3 To discuss problems and reservations arising from the interim and final audits, and any matter that the external auditor may wish to raise (in the absence of management, where necessary).
  
- 6.4 To review and recommend for the Board's approval, the provision of non-audit services by the External Auditors and to ensure that adequate safeguard in place so that the provision for non-audit services does not create conflicts of interest with the independent judgement of the External Auditors

**7.0 Authority**

7.1 The ARMC shall have the authority to:

- (a) 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 pertaining to the Company;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) obtain advice from independent parties and other professionals in the performance of its duties;
- (f) convene meetings with the external auditors and the person(s) carrying out the internal audit function or activity, without the attendance of the executive Board members present, where necessary; and
- (g) make decisions on matters which fall within the purpose and responsibilities of the ARMC.

**8.0 Reporting**

The Chairman of the ARMC shall, at the conclusion of each meeting, report to the Board on activities that it had undertaken and key recommendations for the Board's consideration and approval as well as follow-up status on any key recommendations from previous internal audits.

Where the ARMC is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of Listing Requirements, the ARMC shall promptly report such matter to Bursa Securities.

**9.0 Resolution in Writing**

A resolution in writing signed or approved by electronic mail or any form of electronic approval or electronic signature via software, electronic devices or other means of communication or devices by the majority of the members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting. Such resolutions shall be forwarded or otherwise delivered to the Company Secretary and shall be recorded by the Company Secretary in the minutes book. Any such resolution may consist of several documents in like form, each signed by one (1) or more members.

**10.0 Review of the Terms of Reference**

10.1 The ARMC shall recommend any changes to its Terms of Reference in such manner as the ARMC deems appropriate to the Board for approval.

10.2 The Terms of Reference shall be assessed, reviewed and updated where necessary i.e. when there any changes to the code, Listing Requirements or any other regulatory requirements. It shall also be reviewed and updated when there are any changes to the direction or strategies of the Group that may affect the ARMC's role.

The terms of reference were approved by the Board on 29 May 2023.