

EXPRESS POWERR SOLUTIONS (M) BERHAD

Registration No. 202301027296 (1521219-K)

(Incorporated in Malaysia)

TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE

1. DEFINITION:

“Board”	:	Board of Directors of the Company.
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W)).
“Managing Director”	:	The Managing Director, means the Principal Executive Officer of the Company for the time being, by whatever name called, and whether or not he/she is a director.
“Chief Financial Officer” or “Financial Controller”	:	The Chief Financial Officer or the Financial Controller of the Company for the time being of the Company has authority to act for the Company to manage any of its financial matters or affairs.
“Committee”	:	The Audit and Risk Management Committee of the Company.
“Company”	:	Express Powerr Solutions (M) Berhad
“Directors”	:	The directors for the time being of the Company or such number of them as have authority to act for the Company.
“Group”	:	The Company and its subsidiary(ies), including any other future subsidiaries to be incorporated.
“Listing Requirements”	:	ACE Market Listing Requirements of Bursa Securities including any relevant practice and/or guidance notes, directives, guidelines issued pursuant thereto and any amendment, modification, or supplemental to the listing requirements that may be made from time to time.
“Secretary”	:	Any person or persons jointly appointed to perform the duties of a secretary of the Company including any person(s) appointed temporarily and any representative of the secretary.
“Share Issuance Scheme”	:	A scheme involving a new issuance of shares to the employees.

2. DATE ESTABLISHED

The Committee was established on 30 June 2024.

3. OBJECTIVES

The Committee is responsible for reviewing reports from internal and external auditors to validate scope, evaluate existing policies, establish audit quality and ensure compliance with the Group’s policies as well as identifying principal risks and implementing appropriate risk assessment system

processes within the Group. The Committee will also be responsible for ensuring that proper processes and procedures are in place to comply with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies.

4. COMPOSITION

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise at least three (3) members, consisting wholly of non-executive Directors with a majority of whom are independent and financially literate, competent and are able to understand matters under the purview of the Committee including the financial reporting process.

At least one (1) member of the Committee:-

- (i) Must be a member of the Malaysian Institute of Accountants (“MIA”); or
- (ii) If he is not a member of the MIA, he must have at least three (3) years’ working experience, and
 - (a) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (b) 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) Must have at least three (3) years’ post qualification experience in accounting or finance:
 - (a) has a degree/masters/doctorate in accounting or finance; or
 - (b) is a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants; or
- (iv) Must have at least seven (7) years’ experience being a Financial Controller or Chief Financial Officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

The Chairman of the Board must not be a member of the Committee.

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

A former audit partner shall observe a cooling-off period of at least three (3) years before being appointed as a member of the Committee. The former audit partner herein refers to all former partners of the audit firm and/or the affiliate firm (including those providing advisory services, tax consulting, etc.).

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.

5. CHAIRMAN

The members of the Committee shall elect a Chairman of the Committee (“**Committee Chairman**”) from amongst their members, who shall be an independent non-executive Director. The Committee Chairman shall chair all Committee meetings but in the absence of the Committee Chairman, the members of the Committee can elect from amongst themselves the Chairman for the Committee meeting.

The responsibilities of the Committee Chairman are amongst others:

- (i) Ensuring that the Committee is fully informed about significant matters related to the Group's audit and its financial statements and address these matters;
- (ii) Ensuring that the Committee meetings run efficiently, and each agenda item is thoroughly and thoughtfully discussed in all meetings of the Committee;
- (iii) Overseeing reporting to the Board; and
- (iv) Serves as the key contact between the Committee members and members of the Board, as well as key senior management, and both the internal and external auditors.

6. SECRETARY

The Secretary shall act as Secretary of the Committee and shall be responsible for the preparation of agenda in consultation with the Committee Chairman, and distribution the papers to be deliberated at the meetings to all the members.

7. MEETINGS

The Committee shall meet at least four (4) times each year and at such additional meetings as the Committee Chairman shall decide.

The quorum for a Committee meeting shall be at least two (2) members, the majority present must be independent directors. No business shall be transacted unless a quorum is present either in person or by telephone, television, video conferencing or any other audio and/or visual device which permits instantaneous communication.

The Secretary shall on the requisition of the members of the Committee, summon a meeting of the Committee and except in the case of an emergency, reasonable notice of every Committee meeting shall be given in writing and sent through the post, facsimile, electronic mail or by any means of telecommunication in permanent written form to all Committee members.

Other Board members and/or employees may attend the Committee meeting(s) upon the invitation of the Committee.

Upon the request of the internal auditors and / or external auditors, the Committee Chairman must convene a meeting of the Committee to consider any matter the external auditors believe should be brought to the attention of the Committee, the Board or the shareholders. In addition, the management, the internal auditors and the external auditors may request for a private session with the Committee to discuss any matter of concern.

Each member of the Committee is entitled to one (1) vote in deciding on the matters deliberated in the meeting.

The decision that gains the majority votes shall be the decision of the Committee. In the event of an equality of votes, the Committee Chairman shall be entitled to a second or casting vote. The Committee Chairman shall not have a casting vote when only two (2) members (one of whom is the Committee Chairman) form a quorum or when only two (2) members are competent to vote on the question at issue.

Members of the Committee may participate in a meeting by means of conference telephone call, conference videophone call or any similar or other communications method 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 and shall satisfy the quorum requirement.

Questions arising at any meeting of the Committee shall be decided by a majority of votes and a determination by a majority of members shall for all purposes be deemed a determination of the Committee.

Any member of the Committee who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, must declare his/her interest in the matter and shall abstain from deliberating and voting.

8. MINUTES

Minutes of each meeting shall be kept at the registered office of the Company and distributed to each member of the Committee and also to the other members of the Board for notation. The Committee Chairman shall report on the proceedings of each meeting to the Board.

The minutes of the Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

The Committee members may inspect the minutes of the Committee at the registered office of the Company or such other place as may be determined by the Committee.

9. AUTHORITY

The Committee shall have the authority to:-

- (i) Approve any appointment or termination of senior staff members of the internal audit function.
- (ii) 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 and such meetings with the external auditors shall be held at least twice a year.
- (iii) Select, engage and obtain, at the cost of the Company, external professional advice, if needed, to enable the Committee to carry out its duties and invite persons with relevant experience to attend its meetings, if necessary.
- (iv) Investigate any matter within its terms of reference, have the resources which it needs to do so, have full and unrestricted access to information pertaining to the Group and the management, and all employees of the Group are required to comply with requests made by the Committee.
- (v) Have direct communications channels with the external auditors and internal auditors, and also to engage the key senior management on a continuous basis, such as the Chairman of the Board, the Managing Director and Financial Controller in order to be kept informed of matters affecting the Group.

10. RESPONSIBILITIES AND DUTIES

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

- (i) Review the Group's quarterly results and year-end financial statements before submission to the Board, focusing particularly on:
 - (a) Changes in or implementation of major accounting policy changes;

- (b) Significant and unusual events or transactions, and how these matters are addressed;
- (c) Significant adjustments arising from the management;
- (d) Compliance with accounting standards and other legal requirements; and
- (e) The going concern assumption.

(ii) **External Audit**

To conduct the following in respect of external audit: -

- (a) To recommend the nomination and 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 questions of resignation or dismissal, and report the same to the Board;
- (c) To discuss with the external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit;
- (d) 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;
- (e) To review with the external auditors, their evaluation of the system of internal controls, their management letter and management's responses;
- (f) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment, and report the same to the Board;
- (g) Discuss and review 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 should include management consulting, policy and standard operating procedures documentation, strategic decision and internal audit; and
- (h) To conduct an annual assessment on the suitability, objectivity and independence of the external audit firm to safeguard the quality and reliability of audited financial statements.

Report the following to the Board after reviewing with the external auditors:-

- (a) Audit plan;
- (b) Audit report;
- (c) Evaluations of the system of internal controls;
- (d) The assistance given by the employees to the external auditor;
- (e) External auditors' management letter and management's response thereto; and
- (f) Any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external auditors.

(iii) **Internal Audit**

To conduct the following in respect of internal audit:-

- (a) Mandate the internal audit function to report directly to the Committee;
- (b) Review the adequacy of scope, functions, competency and resources of the firm of internal auditors (that was engaged to undertake the internal audit function) and that it has the necessary independence and authority to carry out its work;
- (c) Review the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken together with the management's response and ensure that appropriate actions are taken on the recommendations of the internal audit function;
- (d) Review and approve any appointment, termination or resignation of the firm of internal auditors.

Report the following to the Board after reviewing with the internal auditors:-

- (a) The annual audit plan which is risk-based and focused on significant risk areas to ensure adequate scope and comprehensive coverage over the activities of the Group and that it has the necessary authority to carry out its work;
 - (b) Effectiveness of the internal audit processes as well as the adequacy of the resource requirements, competency and the budget of the internal audit function;
 - (c) The internal audit report containing the internal audit findings, commentaries and recommendations and to follow-up on remedial actions;
 - (d) Effectiveness of the internal control systems and risk management systems and have them considered if necessary; and
 - (e) Internal auditors' report of deficiencies in internal control and management's response thereto.
- (iv) Review the Annual Statement of Risk Management and Internal Control including sustainability reporting to be published in the Annual Report and report the same to the Board;
 - (v) Review any related party transaction and conflict of interest situations that arose, persist or may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity, as well as the measures taken to resolve, eliminate, or mitigate such conflicts, and report the same to the Board;
 - (vi) Assess processes and procedures to ensure compliance with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies;
 - (vii) To oversee the sustainability management and reporting of the Group;
 - (viii) To oversee the anti-bribery management of the Group;
 - (ix) To appoint a compliance officer or the Committee Chairman to serve as a reporting channel role for whistleblowers.
 - (x) To review the policies that the Group has implemented to address whistleblowers' allegations and ensure proportionate and independent investigation of such allegations and that appropriate follow-up action is taken, where necessary;

(xi) To carry out any other function that may be mutually agreed upon by the Committee and the Board;

(xii) **Risk Management**

- (a) To review the adequacy of the Group's risk management framework and assess the resources and knowledge of the management and employees 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 and if deemed necessary, recommend additional course of action to mitigate such risks;
- (e) To monitor and communicate the risk assessment results to the Board; and
- (f) To highlight the actual and potential impact of any failing or weakness, particularly those related to financial performance or conditions affecting the Group.

(xiii) **Internal Control System**

- (a) To assess the quality and effectiveness of the systems of the internal control and the efficiency of the Group's operations;
- (b) To review the findings on the internal control in the Group by internal and external auditors; and
- (c) To consider any related party transaction and conflict of interest that may arise within the Group including any transaction, procedure or course of conduct that raises questions of integrity
- (d) To review and approve the Statement on Internal Control for the annual report;
- (e) To examine instances and matters that may have compromised the principles of Corporate Governance and report back to the Board;
- (f) To review the investor relations programme and shareholder communication policy for the Company;
- (g) To develop and regularly review the Group's Code of Corporate Governance and business ethics;
- (h) 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 the AMLR, the Committee must promptly report such matters to Bursa Securities; and
- (i) any such other functions as may be agreed by the Committee and the Board.

Review reporting information about the contents and operations of the Anti-Bribery Management System at regular intervals and order a regular review (at least once every

3 years) of the Anti-Bribery Management System to ensure the system is kept robust and up to date.

Ensure the Management has adequate and appropriate resources needed for the effective operation of the Anti-Bribery Management System are allocated to fulfil and comply with the Malaysian Anti-Corruption Commission Act.

(xiv) Corporate Governance

- (a) To review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow up (including disciplinary action) any instances of non-compliance;
- (b) To review the findings of any examinations by regulatory authorities;
- (c) To consider any related party transaction and conflict of interest that may arise within the Group including any transaction, procedure or course of conduct that raises questions of integrity;
- (d) To review and approve the Statement of Corporate Governance for the annual report;
- (e) To examine instances and matters that may have compromised the principles of Corporate Governance and report back to the Board.

(xv) Share Issuance Scheme

- (a) To disclose to employees the criteria for the allocation of options pursuant to a Share Issuance Scheme; and
- (b) To ensure that the allocation of options pursuant to a scheme is verified by the Committee, as being in compliance with the criteria referred to in sub-Rule (a) above, at the end of each financial year.

(xvi) Other Scope of Work

- (a) To consider and review the appropriateness of any related party transaction and conflict of interest situations that may arise within the Company including ensuring compliance with applicable laws and regulations;
- (b) To consider major findings of any internal investigations and Management's response thereon;
- (c) To review the draft circulars with respect to obtaining shareholders' mandate on any Recurrent Related Party Transactions of a Revenue or Trading Nature, before submission to the Board of Directors; and
- (d) To consider any other topics, as defined by the Board.

11. COMMUNICATION TO THE BOARD

The Committee shall prepare a report each year concerning its activities in compliance with these terms of reference to be tabled to the Board and for inclusion in the Group's Annual Report. The minutes of each Committee meeting shall be tabled to the Board for notation.

The Committee may from time to time submit to the Board its recommendation on matters within its purview, for the Board's decision.

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 the Listing Requirements or any other regulatory requirements, the Committee must promptly report such matter to the Securities Commission of Malaysia, Bursa Securities or relevant authorities.

12. ELECTED MEMBERS

For information on the current members of the Committee, please refer to the *Corporate Information* section, under "*Investor Relations*" on the Company's corporate website. The Company's website is under construction. The screen will prompt "Under Construction" until it is ready.

13. CIRCULAR RESOLUTION

A resolution in writing signed by a majority of all members shall be valid and effectual as if it had been passed at a meeting of the Committee. All such resolutions shall be forwarded or otherwise delivered to the Secretary without delay and shall be recorded by the Secretary in the minutes book. Any such resolution may consist of several documents in the like form, each signed by one (1) or more members. The expressions "in writing" or "signed" include approval by legible confirmed transmission by facsimile, telex, cable, telegram or other forms of electronic communications.

14. APPOINTMENT PROCESS

In the event of any vacancy with the result of the number of members falling below three (3), the Board must fill the vacancy within three (3) months.

The Nomination Committee shall review the term of office and performance of the Committee and each of its members annually to determine whether the Committee and its members have carried out their duties in accordance with the Committee's terms of reference.

15. DISCLOSURE

The Committee shall assist the Board in making the required disclosure concerning the activities of the Committee for inclusion in the Annual Report.

16. REVIEW OF THE TERMS OF REFERENCE

The Committee shall recommend any changes to its terms of reference in such manner as the Committee deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated where necessary, i.e. when there are changes to the Malaysian Code of Corporate Governance, the Listing Requirements or any other regulatory requirements. It should also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the Committee's role. This written term of reference will be made available on the Company's website.

This terms of reference was adopted by the Board on 30 June 2024.

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