

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The terms of reference of the Audit Committee be and hereby **revised** as follows:

Composition

The Audit Committee shall be appointed by the Board from amongst its directors and shall consist of not less than three (3) in numbers. All members of the Audit Committee must be non-executive directors, a majority of whom shall be independent directors.

No alternate director is appointed as a member of the Audit Committee.

In the event of any vacancy in the Audit Committee resulting in the number of members reduced to below three (3), the Board shall within three (3) months appoint a new member to fill the vacancy.

Membership

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

- (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' working experience and :-
 - (i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - (ii) he must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
- (c) must have a degree/ master/ doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or
- (d) must have at least seven (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
- (e) possess such other requirements relating to financial-related qualifications or experience as prescribed or approved by Bursa Malaysia Securities Berhad.

Chairman

The members of the Audit Committee shall elect a Chairman from among their members who shall be an independent non-executive director but not the Chairman of the Board. In the event of retirement or resignation of the Chairman of the Audit Committee, the vacancy must be filled within three (3) months.

Quorum

The quorum of the Audit Committee meeting shall not be less than two (2), the majority of whom shall be independent non-executive directors.

Meeting

- (a) the Audit Committee shall have at least four (4) meetings in a financial year and such additional meetings as the Chairman shall decide in order to fulfil its duties;
- (b) the Audit Committee meeting shall be chaired by the Chairman; or in his absence, another member who is an independent non-executive director nominated by the Audit Committee;
- (c) the Audit Committee member shall excuse himself/herself from the meeting during discussion or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for the member. Where this cause insufficient directors to make up a quorum, the Audit Committee has the right to appoint another director(s) which meets the membership criteria;
- (d) the Company Secretary shall act as Secretary of the Audit Committee and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting;
- (e) the Secretary of the Audit Committee shall be entrusted to record all proceedings of meetings;
- (f) the Audit Committee may invite any Board member or any member of the senior management or any employees within the Company or the Group and representatives of external auditors and internal auditors to attend any particular Audit Committee meeting;
- (g) The Audit Committee shall meet at least twice annually with the external auditors and at least once annually with the internal auditors without the presence of any executive Board members, management or employees. In addition, the management, the internal auditor and external auditors may request for a private session with the Committee to discuss any matter of concern;
- (h) the Audit Committee shall report to the full Board from time to time, its recommendation for consideration and implementation and the final decision shall be the responsibility of the Board;
- (i) 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; and

- (j) As a best practice, the Chairman of the Committee should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.

Voting and Proceeding of Meeting

The decision of the Audit Committee shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote. Provided that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question in issue, the Chairman shall not have a casting vote.

Circular resolutions signed by all the members shall be valid and effective as if it had been passed at a meeting of the Audit Committee. Any such resolution may consist of several documents in like form, each signed by one or more committee members and may be accepted as sufficiently signed by committee members if transmitted to the Company by email, facsimile or other electronic means or digital written message/application to include a signature of committee members.

Minutes

- (a) The Audit Committee shall cause minutes to be duly recorded and entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Audit Committee. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.
- (b) Minutes of the Audit Committee meetings will be made available to all Board members. A summary of significant matters of each meeting of the Audit Committee and resolutions (if any) will be reported to the Board by the Chairman of the Audit Committee.
- (c) The books containing the minutes of proceedings of any meeting of the Audit Committee shall be kept by the Company at the registered office of the Company, and shall be opened for the inspection of any member of the Audit Committee and the Board.

Authority

The Audit Committee shall have, in accordance with a procedure to be determined by the Board and at the cost of the Company:

- (a) the authority to investigate any matter within its terms of reference;
- (b) the resources which are required to perform its duties;
- (c) full and unrestricted access to any information, records, properties and personnel of the Company and of the Group;

- (d) direct communication channels with the external auditors and internal auditors;
- (e) the right to obtain independent professional, outside legal or other advice and to invite any person with relevant experience and expertise to attend the Audit Committee meeting whenever deemed necessary; and
- (f) the right to convene meeting with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

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 Main Market Listing Requirements of Bursa Securities, the Committee shall promptly report such matter to Bursa Securities.

Functions and Responsibilities

The functions and responsibilities of the Audit Committee shall include the following:-

- (a) review of the Company's quarterly results and year-end financial statements before submission to the Board, focusing particularly on:-
 - changes in or implementation of major accounting policies and practices;
 - significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed;
 - going concern assumptions; and
 - compliance with applicable approved Financial Reporting Standards, regulatory and other legal requirements.
- (b) review with the external auditors the following and report the same to the Board:-
 - the audit plan;
 - audit report; and
 - evaluation of internal controls system.
- (c) review the following and report the same to the Board:-
 - the assistance given by the employees to the external auditor;
 - the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work; and
 - the internal audit programme, processes, the result of the internal audit programme, processes of investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- (d) review and report to the Board any related party transaction and conflict of interest situation that may arise including any transaction, procedure or course

of conduct that raises questions of management integrity and the measures taken to resolve eliminate, or mitigate such conflicts;

- (e) review and report to the Board any letter of resignation from external auditors;
- (f) recommend to the Board on the appointment and re-appointment of the external auditors and their audit fee, after taking into consideration the suitability, independence and objectivity of the external auditors and the cost effectiveness of the audit;
- (g) exercise its powers and carry out its responsibilities as may be required from time to time under the Whistleblower Policy; and
- (h) carry out any other function that may be mutually agreed upon by the Audit Committee and the Board.

Review of the Audit Committee

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

The composition of the Audit Committee is as follows:

Directors	Position	Directorship
Chow Hiu Tung	Chairman	Independent Non-Executive Director
Tan Sri Dr. Azmil Khalili bin Dato' Khalid	Member	Non-Independent Non-Executive Director
Cheung Hung	Member	Independent Non-Executive Director

BOARD OF DIRECTORS
REACH ENERGY BERHAD
Updated on 29 November 2023