

TMC LIFE SCIENCES BERHAD (624409-A)
(Incorporated in Malaysia)

AUDIT AND RISK MANAGEMENT COMMITTEE - TERMS OF REFERENCE

OBJECTIVE

The Audit and Risk Management Committee (“ARMC”) shall:-

1. provide assistance to the Board of Directors in fulfilling its fiduciary responsibilities relating to the corporate accounting and practices for the Company and all its wholly and majority owned subsidiaries (“Group”).
2. improve the Group’s business efficiency, the quality of the accounting function, the system of internal controls and audit function and strengthen the confidence of the public in the Group’s reported results.
3. maintain through regularly scheduled meetings, a direct line of communication between the Board of Directors and the external auditors as well as the internal auditors.
4. enhance the independence of both the external and internal auditors function through active participation in the audit process.
5. strengthen the role of the independent Directors by giving them a greater depth of knowledge as to the operations of the Company and the Group through their participation in the ARMC.
6. act upon the Board of Directors’ request to investigate and report on any issues or concerns in regard to the management of the Group.

COMPOSITION

The ARMC shall be appointed by the Board of Directors from amongst themselves which fulfils the following requirements: -

1. The ARMC shall be composed of no fewer than three (3) members;
2. All the ARMC members must be non-executive directors;
3. A majority of the ARMC must be independent directors and at least one of whom must be:-
 - (a) a member of the Malaysian Institute of Accountant (“MIA”); or
 - (b) if he is not a member of MIA, he must have at least three (3) years of working experience and: i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or ii. 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

- (c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”).
- 4. The Chief Executive Officer or any alternate director shall not be a member of the ARMC;
- 5. If a member of the Audit Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months appoint such number of new members as may be required to make up the shortfall. Thus, a member of the Audit Committee who wish to retire or resign should provide sufficient written notice of not less than three (3) months to the Company.
- 6. In case a former key audit partner is being nominated as a member of the Audit Committee, he shall observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.

CHAIRMAN

- (i) The Chairman, who shall be elected by the Audit Committee, shall be an independent director and is not the Chairman of the Board.
- (ii) In the absence of the Chairman, the meeting shall be chaired by an Independent Director.
- (iii) The Chairman should engage on a continuous basis with senior management, such as the chief executive officer, the chief operating officer, the group financial controller, the Internal Auditors and the External Auditors in order to be kept informed of matters affecting the company

SECRETARY

The Company Secretary or other appropriate senior official shall be the Secretary to the ARMC.

MEETINGS

- 1. The ARMC shall meet at least four (4) times in a year or more frequently as circumstances required with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.
- 2. A minimum of two (2) independent members present shall form the quorum. The quorum of the meeting is by the presence of a majority of independent members.
- 3. Upon the request of any member of the ARMC, the external auditors or the internal auditors, the Chairman of the ARMC shall convene a meeting of the ARMC to consider matters which should be brought to the attention of the directors or shareholders.
- 4. The external auditors and internal auditors have the right to appear and be heard at any meeting of the ARMC and shall appear before the ARMC when required to do so by the ARMC.

5. The ARMC may invite any Board member or any member of management or any employee of the Company who the ARMC thinks fit to attend its meetings to assist and to provide pertinent information as necessary.
6. The Company must ensure that other directors and employees attend any particular ARMC meeting only at the ARMC's invitation, specific to the relevant meeting.

RIGHTS AND AUTHORITY

The ARMC shall in accordance with the procedure determined by the Board of Directors and at the cost of the Company:-

- (a) have explicit authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and restricted access to any information pertaining to the Company which it requires in the course of performing its duties;
- (d) have unrestricted access to the Chief Executive Officer and the Chief Financial Officer;
- (e) have direct communication channels with the external auditors and person(s) carrying out the internal audit function;
- (f) be able to obtain independent/external professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
- (g) be able to convene meetings with the external auditors without the attendance of the executive members of the Board when needs arise.

FUNCTIONS AND DUTIES

1. To assist the Board in discharging its statutory duties and responsibilities relating to accounting policies and procedure as well as reporting practices of the Company and the Group in accordance with Generally Accepted Accounting Practices.
2. To review, assess, evaluate, approve and/or report to the Board on the following:
 - (a) with External Auditors
 - i. the annual audit plan, auditors' report and management letter and management's response to the management letter.
 - ii. their evaluation of the system of internal controls.
 - iii. issues and/or findings arising from audits and management's response;.

- iv. the recommendation of nomination and re-appointment of the external auditors and audit fee, after reviewing the suitability, resources, competency and independence of the external auditors
- v. make appropriate recommendations to the Board on matters of resignation, dismissal or cessation of office of the external auditors and secure the reason of such resignation, dismissal or cessation of office
- vi. the suitability and independence of the external auditors, including reviewing the external auditors' non-audit services.

(b) the Internal Audit Functions

- i. the adequacy of the scope, competency and resource of internal audit functions and that it has the necessary authority to carry out its work.
- ii. the internal audit plan, process, the results of internal audit assessment or investigation undertaken and whether or not appropriate action is taken on the recommendations.
- iii. review any special audit which the Audit Committee deems necessary.
- iv. annually assess the performance of services provided by the internal auditors.

(c) Financial Reporting

The quarterly results and year-end financial statements prior to the approval by the Board, focusing particularly on:-

- i. any changes in or implementation of accounting policies and practices;
- ii. significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transaction, and how these matters are addressed.
- iii. going concern assumption.
- iv. compliance with accounting standards, regulatory and other legal requirements.

(d) Risk Management and Internal Control

- i. recommend such measures as to be taken by the Board on the effectiveness of the system of internal control and risk management practices of the Group.
- ii. evaluate the quality and effectiveness of Company's internal control system and management information systems, including in compliance with applicable laws, rules, corporate governance requirements and guidelines. recommend to the Board the Directors' Statement on Risk Management and Internal Control and any changes to the said Statement.

(e) Related Party Transactions

Any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that arises questions of management integrity.

- (f) Other Matters
- i. To report to Bursa Securities, if the Audit Committee views that a matter resulting in a breach of the Listing Requirements of Bursa Securities reported by the Audit Committee to the Board has not been satisfactorily resolved by the Board.
 - ii. To highlight such matters as the Audit Committee considers appropriate or as defined by the Board from time to time.
3. To report on any matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Listing Requirements to Bursa Securities.
 4. To prepare the Audit Committee Report for inclusion in the Company's Annual Report.
 5. To review the following for publication in the Company's Annual Report:
 - i. Statement on Risk Management and Internal Control; and
 - ii. Circular to Shareholders on Recurrent Related Party Transactions.
 6. To undertake any other such functions as may be agreed to by the Audit Committee and the Board.

ASSESSMENT OF AUDIT COMMITTEE'S PERFORMANCE

The terms of office and performance of an Audit Committee and each of its members must be reviewed by the Nomination and Remuneration Committee annually to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

REVIEW OF THE TERMS OF REFERENCE

The Audit Committee shall recommend any changes to its term of reference in such manner as the Audit Committee deems appropriate to the Board for approval. The terms of reference shall be accessed, reviewed and updated where necessary i.e. when there are changes to the Malaysian Code on Corporate Governance, Listing Requirement 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 Audit Committee's role.

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