

Audit and Risk Management Committee
Terms of Reference

1. Composition

The Audit and Risk Management Committee (“**ARMC**”) shall be appointed from amongst the Board which fulfils the following requirements:-

- (a) the ARMC shall comprise not fewer than three (3) members, solely of Independent Directors.
- (b) At least one (1) member of the ARMC:-
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years’ working experience; and
 - a. he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - b. he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
 - (iii) possess such other qualifications and/or experience as approved by the Bursa Malaysia Securities Berhad (“**Bursa Securities**”).
- (c) No alternate director is appointed as a member of the ARMC.

In the event of any vacancy with the result that the number of members (including Chairman) is reduced to below three, the vacancy shall be filled within two (2) months but in any case not later than three (3) months. Therefore, a member of the ARMC who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

The Chairman of the Board shall not be appointed as a member of the ARMC.

For engagement of a former key audit partner as member, there is a cooling-off period of at least three (3) years before being appointed as member of the ARMC.

The appointment of ARMC member terminates when the member ceases to be a Director, or as determined by the Board.

The ARMC members shall be financially literate, competent and are able to understand matters under the purview of the ARMC including the financial reporting process and collectively:

- Have knowledge of the industries in which the Company and its subsidiaries operates; and

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- Have the ability to understand key business and financial risks and related controls and control processes.

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

2. Chairman

The Chairman, who shall be elected by the ARMC, shall be an Independent Non-Executive Director. In the event of the Chairman's absence, the meeting shall be chaired by an independent director.

The Chairman should engage on a continuous basis with Senior Management, such as the Executive Chairman, the Chief Executive Officer/Managing Director, the Finance Director, the Head of Internal Audit and the External Auditors in order to be kept informed of matters affecting the company.

3. Secretary

The Company Secretary shall be the Secretary of the ARMC and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the ARMC and circulating them to the ARMC members. The ARMC members may inspect the minutes of the ARMC at the Registered Office or such other place as may be determined by the ARMC.

4. Meetings

The ARMC shall meet at least four (4) times in each financial year on a quarterly basis and may regulate its own procedure in lieu of convening a formal 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.

The quorum for a meeting shall be the majority of members present, who shall be independent directors.

The ARMC may call for additional meeting as and when required with reasonable notice as the ARMC members deem fit.

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All decisions at such meeting shall be decided on a show of hands on a majority of votes.

An ARMC member shall excuse him/herself from the meeting during discussion or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation. Where this cause insufficient directors to make up a quorum, the ARMC has the right to appoint another director(s) which meets the membership criteria.

The External Auditors and Internal Auditors have the right to appear at any meeting of the ARMC and shall appear before the ARMC when required to do so by the ARMC. The External Auditors may also request a meeting if they consider it necessary. The ARMC 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, Management, the Internal Auditors and External Auditors may request for a private session with the ARMC to discuss any matter of concern.

The ARMC may deal with matters by way of circular resolutions in lieu of convening a formal meeting. A resolution in writing signed by all members in lieu of convening a formal meeting shall be as valid and effectual as it had been passed at a meeting of the ARMC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one (1) or more ARMC members and may be transmitted to the Company by any technology purporting to include a signature and/or electronic or digital signature of the ARMC including but not limited to signing with a platform such as DocuSign.

As a best practice, the Chairman of the ARMC should attend the Annual General Meeting to answer any shareholder questions on the ARMC's activities.

5. Rights

The ARMC shall, wherever necessary and reasonable for the Company to perform of its duties:-

- (a) have 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 unrestricted access to any employee and information pertaining to the Group;
- (d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity and Senior Management and without limitation to information, records, reports and personnel;
- (e) have the right to obtain external legal or independent professional or other advice at the Company's expense;
- (f) have the right to convene meetings with the External Auditors, the persons carrying out the internal audit function or both, excluding the presence of the executive board members, whenever deemed necessary;

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- (g) promptly report to the Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements;
- (h) have the right to pass resolutions by a simple majority vote from the ARMC and that the Chairman shall have the casting vote should a tie arise;
- (i) meet as and when required on a reasonable notice;
- (j) the Chairman shall call for a meeting upon the request of the External Auditors; and
- (k) instructing the Risk Management Process Owner (“RMPO”) to perform his/her duties to support ARMC’s function, while also allowing the RMPO to have access to the Chairman of the ARMC, if necessary.

6. Duties

The duties of the ARMC are as follows:-

External Auditors

- (a) To review with the External Auditors on:-
 - the audit plan, its scope and nature;
 - the audit report;
 - the results of their evaluation of the accounting policies and systems of internal controls within the Group; and
 - the assistance given by the employees of the Company to External Auditors, including any difficulties or disputes with Management encountered during the audit.
- (b) To review the adequacy of the scope, functions, competency and resources and set the standards of the internal audit function.
- (c) To review with Management:-
 - audit reports and management letter issued by the External Auditors and the implementation of audit recommendations;
 - interim financial information; and
 - the assistance given by the officers of the Company to External Auditors.
- (d) To discuss problems and reservations arising from interim and final audits, and any matter the External and Internal Auditors may wish to discuss (in the absence of Management where necessary).
- (e) To set policies and procedures to assess the suitability, objectivity and independence of the External Auditors.
- (f) To consider the appointment and / or re-appointment of the External Auditors, to review the audit fee and its engagement terms and conditions, and to deal with any questions of resignation or dismissal of the external auditors, if applicable, report the same to the Board.

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In recommending the nomination of person or persons as External Auditors to the Board, to consider among others:-

- (i) the adequacy of the experience and resources of the accounting firm'
- (ii) the persons assigned to the audit;
- (iii) the accounting firm's audit engagements;
- (iv) the size and complexity of the listed issuer's group being audited; and
- (v) the number and experience of supervisory and professional staff assigned to the particular audit.

The ARMC is to also consider the performance of the External Auditor and its independence as below:-

- (i) 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;
 - (ii) the competence, audit quality and resource capacity of the External Auditors in relation to the audit;
 - (iii) the information presented in the Annual Transparency Report of the audit firm;
 - (iv) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee;
 - (v) 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 Auditors; And
 - (vi) obtaining assurance from the External Auditors (written or other modes) confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- (g) To review all non-audit services before they are rendered by the External Auditors to avoid situations where the external auditors inadvertently assumes the responsibilities of management in the course of providing non-audit services. Such a situation may be a breach of the independence requirements on the part of the audit firm.

In the event that the non-audit fees paid to the Company's External Auditors, or a firm of corporation affiliated to the External Auditors' firm are significant (eg. constitute 50% of the total amount of audit fees paid to the Company's External Auditors), the Company is required to state the details on the nature of non-audit services-rendered in the ARMC Report.

Internal Audit

- (h) To review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

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- (i) To approve the Internal Audit Charter and review the adequacy of the scope, functions, competency and resources of the Internal Auditors, and whether it has the necessary authority to carry out its work.
- (j) To consider the major findings of internal audit and Management's responses, monitor the implementation of any recommendations made therein and ensure effective coordination between the internal and External Auditors.
- (k) To approve any appointment or termination of senior staff members of the internal audit function.
- (l) Where appropriate, supervise any special project or investigations considered necessary, to be carried out by Internal Auditors, as and when necessary and consider the major findings of the internal investigations and Management's response.
- (m) To review appraisals or assessments of performance of Internal Auditors.

Financial Management

- (n) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:-
 - any changes in or implementation of major accounting policy 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 being addressed;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- (o) To ensure the competency of the accounting staff and adequacy of the resources and infrastructure of the finance function.

Related Party Transactions and Conflict of Interest Situations

- (p) To review related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report.
- (q) To review conflict of interest situations that arose, persist or may arise within the Company or the Group 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.

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Risk Management

- (r) To provide oversight, direction and counsel to the Board on risk management process, which includes the following:-
 - (i) Monitor the Group's and the Business Unit (BU)/ functional level risks exposures and management of the significant risks identified.
 - (ii) Evaluate new risks identified by the Senior Management and RMPO including the likelihood and impact of the risks happening in the future and to consider the need to put in place the appropriate controls.
 - (iii) Review the Group Risk Profile and ensure that significant risks that are outside tolerable ranges are being responded with appropriate actions taken in a timely manner.
 - (iv) Review the status of the implementation of management action plans in mitigating significant risks identified.
- (s) To evaluate the effectiveness of the Group's risk management structure, risk management processes and support system to identify, assess, monitor and manage the Group's key risks.
- (t) To establish and periodically review the adequacy of risk management guidelines and policies and receive reports from the Internal Auditors and External Auditors on the effectiveness of controls in each major risk area to ensure the implementation of the objectives outlined in the policies and compliance with them.
- (u) To comment annually on the effectiveness of risk management activity in the organisation on the basis of audit reports received and the annual report from the Management.
- (v) To comment on the proposals for implementation of risk management and express an opinion on the overall adequacy where applicable.

Other matters

- (w) To verify the allocation of shares and/or options pursuant to the share issuance scheme for employees to ensure in compliance with the criteria for allocation of shares and/or options under the share issuance scheme, at the end of each financial year;
- (x) To report promptly any matters resulting in the breach of listing requirements to the Board. Where the ARMC is of the opinion that such matter reported by it to the Board has not been satisfactorily resolved, the ARMC shall promptly report such matter to Bursa Securities;

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- (y) To consider other areas as defined by the Board or as may be prescribed by Bursa Securities or any other relevant authority from time to time; and
- (z) To carry out any other function that may be mutually agreed upon by the ARMC and the Board.

7. Revision of the Terms of Reference

Any revision or amendment to this Terms of Reference, as proposed by the ARMC or any third party, shall first be presented to the Board for its approval.

Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

This Terms of Reference for the ARMC has been approved and adopted by the Board on 27 November 2023.