



PRIVASIA TECHNOLOGY BERHAD

TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE

**APPROVED BY THE BOARD
22 FEBRUARY 2024**



TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE

1. DEFINITIONS

In this Terms of Reference, unless the context otherwise requires, the following abbreviations shall have the meanings set forth opposite such expressions:-

Bursa Securities	:	Bursa Malaysia Securities Berhad
Board/Board of Directors	:	The directors for the time being of the Company have authority to act for the Company
CC	:	Company's Constitution
Co Act	:	Companies Act, 2016
Committee or ARMC	:	The Audit and Risk Management Committee of the Company
PTB or the Company	:	PRIVASIA Technology Berhad
Group	:	The Company and its subsidiaries
MCCG	:	Malaysian Code on Corporate Governance
AMLR	:	ACE Market Listing Requirements
TOR	:	Terms of Reference

Words importing the masculine gender only include the feminine gender.

2. INTRODUCTION

- 2.1 The Board of Directors of PTB had, on 24 February 2010, reconstituted and renamed the Audit Committee, which was established on 20 May 2009, as the Audit and Risk Management Committee.
- 2.2 This TOR of the Committee is established pursuant to the Listing Requirements and approved by the Board.
- 2.3 The purpose of the Committee is to assist the Board in ensuring the effective governance over the appropriateness of the financial reporting of the Group, including the adequacy of related disclosures, the performance of both the internal audit function and the external auditor, and the oversight over the Group's systems of internal and external controls, business risks and related compliance activities.
- 2.4 The existence of the Committee does not diminish the Board's ultimate statutory and fiduciary responsibility for decision-making relating to the functions and duties of the Committee.

3. COMPOSITION AND MEMBERSHIP

- 3.1 The Board shall appoint the members of the Committee from amongst themselves upon recommendation by the Nomination and Remuneration Committee ("NRC"), which fulfil the following requirements:-
 - (a) The Committee shall consist of not less than three (3) members;
 - (b) All the Committee members must be Non-Executive Directors, with a majority of them being Independent.
- 3.2 All members of the Committee should be financially literate and be able to understand matters under the purview of the Committee, including the financial reporting process.
- 3.3 No alternate Director shall be appointed as a member of the Committee.
- 3.4 The Board shall at all times ensure that at least one (1) member of the Committee:
 - i. a member of the Malaysian Institute of Accountants ("MIA"); or
 - ii. if he is not a member of MIA, he must have at least three (3) years of working experience and:
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - 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. fulfils such other requirements as prescribed or approved by Bursa Securities.
- 3.5 The Company Secretary shall act as the Secretary of the Committee.
- 3.6 Any former key audit partner of the Group shall observe a cooling-off period of at least three (3) years before being appointed as a member of the Committee.



**PRIVASIA
TECHNOLOGY BERHAD**
200801023769 (825092-U)

C-21-02, 3 Two Square
Jalan 19/1, 46300 Petaling Jaya
Selangor, Malaysia

T : +603-7967 9600
WWW.PRIVASIA.COM

- 3.7 In the event a member of the Committee resigns, dies or for any other reason ceases to be a member, resulting in the above-mentioned Committee membership condition not being fulfilled, the Board shall within three (3) months of that event appoint a new member(s) as may be necessary to fulfil the AMLR.

4. CHAIRMAN OF COMMITTEE

- 4.1 The Chairman who shall be elected by the Committee must be an Independent Non-Executive Director.
- 4.2 The Chairman of the Committee is not the Chairman of the board and is responsible for the overall effectiveness and independence of the Committee. Having a separate position would allow the Chairman to provide full commitment and devote adequate time to matters under the responsibilities of the Committee and exercise independent judgement.
- 4.3 The Chairman is responsible for ensuring the overall effectiveness and independence of the Committee. Responsibilities of the Chairman amongst others are as follows:-
- (a) planning & conducting meetings;
 - (b) overseeing reporting to the Board;
 - (c) encouraging open discussion during meetings; and
 - (d) maintaining active ongoing dialogue with Management and both internal and external auditors.
- 4.4 The Chairman of the Committee together with other members of the Committee should endeavour that:-
- i. the Committee is fully informed about significant matters related to the company's audit and its financial statements and addresses these matters;
 - ii. the Committee appropriately communicates its insights, views and concerns about relevant transactions and events to internal and external auditors;
 - iii. The Committee's concerns on matters that may have an effect on the financial or audit of the Company are communicated to the external auditor; and
 - iv. there is nothing hindering coordination between internal and external auditors.

5. FUNCTIONS & RESPONSIBILITIES OF THE COMMITTEE

5.1 In relation to External Auditors

- i. To recommend the appointment or annual re-appointment of the External Auditors and the audit fee, and any question of their resignation or dismissal and the reasons thereof;
- ii. To run the audit tender process independent of management, including establishing objective criteria when assessing appointment of external auditors, to ensure audit quality may not be compromised or that fees are not given undue weight;
- iii. To discuss with the External Auditors their audit plan, the nature and scope of the audit, evaluation of the Company's systems of internal controls and their audit report on the annual financial statements, including Key Audit Matters;
- iv. To assess External Audit firm's measures to uphold audit quality and manage risks, including adopting indicators of audit quality;
- v. To discuss issues and reservations arising from the interim and final audits with the External Auditors, and any other matters the External Auditors or other consultants may wish to discuss, in the absence of Management, where necessary and in any case at least once a year;
- vi. To review the External Auditors' Management letter and Management's response thereon;
- vii. To evaluate the performance of External Auditors annually including reviewing the independence, suitability, objectivity and cost-effectiveness, taking into account factors including the competency, adequacy of experience and resources of the firm and professional staff assigned to perform the audit; and
- viii. To review and recommend the non-audit service rendered by the EA. The recommendation shall take into consideration on the nature and extent service as well as appropriateness of the level of fees.



**PRIVASIA
TECHNOLOGY BERHAD**
200801023769 (825092-U)

C-21-02, 3 Two Square
Jalan 19/1, 46300 Petaling Jaya
Selangor, Malaysia

T : +603-7967 9600
WWW.PRIVASIA.COM

5.2 In relation to the financial statements

- i. Monitor the integrity of the financial information, such as ensuring information is supported by proper documents, reviewing the relevance and consistency of the accounting principles used (including criteria and principles used for consolidation) and understanding the effects of any changes in the accounting policies and practices, whether as a result of changes in regulatory requirements or mooted by Management for better accounting treatment.
- ii. To review the quarterly and annual financial statements of the Company before submission to the Board, focusing particularly on:-
 - (a) public announcements of results and dividend payment;
 - (b) any changes in accounting policies and practices;
 - (c) major judgmental areas;
 - (d) significant adjustments resulting from the audit;
 - (e) the going-concern assumption;
 - (f) compliance with accounting standards; and
 - (g) compliance with the stock exchange and legal requirements.
- iii. The Committee shall review and challenge where necessary:
 - (a) the consistency of, and any changes to, accounting policies both on a year-on-year basis and across the Company/Group;
 - (b) the methods used to account for any complex or unusual transactions where different approaches are possible;
 - (c) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditors;
 - (d) the clarity of disclosure in the Company's financial reports and the context in which statements are made; and
 - (e) all material information presented with the financial statements, such as the operating and financial review and the Corporate Governance statements (insofar as it relates to the audit and risk management).
- iv. Review the Company's Audit and Risk Management Committee Report prior to submission to the Board for their perusal and approval.

5.3 In relation to Internal Audit

- i. To do the following, in relation to the Internal Auditors:
 - (a) To consider and approve the scope of the internal audit function and provide appropriate access to information to enable them to perform their function effectively and in accordance with the relevant professional standards.
 - (b) Review the adequacy of the scope, functions, competency and resources of the Internal Auditor, and that it has the necessary authority and resources to carry out its work, including training programs for the staff.
 - (c) Review the internal audit plan and findings and, where necessary, take appropriate actions on the recommendations of the Internal Auditors.
- ii. Ensure the Company's Internal Control Framework is maintained, including periodically reviewing controls, organising self-assessments and effectiveness of the system;
- iii. That the Company adopts the Standards and Principles outlined in the International Professional Practices Framework (IPPF) of The Institute of Internal Auditors;
- iv. Review and appraise the performance of the Internal Auditors on an annual basis;



**PRIVASIA
TECHNOLOGY BERHAD**
200801023769 (825092-U)

C-21-02, 3 Two Square
Jalan 19/1, 46300 Petaling Jaya
Selangor, Malaysia

T : +603-7967 9600
WWW.PRIVASIA.COM

- v. Approve the appointment and removal of the internal auditors who report directly to the Committee and should have the relevant qualifications and be responsible for providing assurance to the Board that the internal controls are operating effectively;
- vi. Direct any special investigations to be carried out by the Internal Auditors; and
- vii. To run the audit tender process independent of management, including establishing objective criteria when assessing appointment of external auditors, to ensure audit quality may not be compromised or that fees are not given undue weight;

5.4 Related Party Transactions and Conflict of Interest

- i. Identify the interested and related parties as well as the nature of such potential transactions;
- ii. Assess the reasonableness of the conflict of interest situations (potential/actual) or the related party transactions to in order that interested parties and related parties do not abuse their power to gain an unfair advantage;
- iii. To consider and report to the Board of Directors any related party transaction and conflict of interest situation (potential/actual) 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 taken to resolve, eliminate or mitigate such conflicts;
- iv. Review related party transactions and conflict of interest situations (potential/actual) and to observe the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company or its minority shareholders; and
- v. The Committee may request the internal auditors or other external consultants to review the framework's effectiveness in identifying, monitoring, evaluating, reporting and approving related party transactions and conflict of interest situations, including recurrent related party transactions.
- vi. An interested Director shall, as soon as practicable after the fact has come to his knowledge, having been interested in the transaction or potential transaction, shall abstain and not vote on the transaction or potential transaction. The disclosure and procure for conflict of interest shall be guided by the Directors' and Key Management's Conflict of Interest Policy.

5.5 In relation to Internal Control and Corporate Risk Management

The Board has delegated to the Committee a periodic review of the effectiveness, adequacy and integrity of the Groups' risk management framework and internal control systems.

The Committee's responsibilities include:

- i. review the effectiveness of the Company's internal controls, overall risk management systems, anti-corruption, whistle-blowing and governance process;
- ii. to assess that proper processes exist for determining, monitoring and reviewing the risk profile of the Group and the effective communication to the relevant business units;
- iii. to assess the effectiveness of the managements' process for identifying, evaluating and addressing risks;
- iv. to assess managements' process for monitoring internal controls and risk management and to provide reasonable assurance that they continue to cooperate as intended and are modified as business conditions change;
- v. to assess managements' efforts to embed risk management in all aspects of the Group's activities and promote a risk awareness culture within the Group and endeavour that there is alignment between risk management execution and the implementation of the company's strategy;
- vi. to assess the adequacy of infrastructure, resources and systems for effective risk management;
- vii. to review and assess on an on-going basis, including discussing with the senior management on any significant risk management and internal controls issues that require, or are subject to, remedial action or recommendations and actions are taken thereon;



**PRIVASIA
TECHNOLOGY BERHAD**
200801023769 (825092-U)

C-21-02, 3 Two Square
Jalan 19/1, 46300 Petaling Jaya
Selangor, Malaysia

T : +603-7967 9600
WWW.PRIVASIA.COM

- viii. to conduct an annual assessment, including seeking assurance from the Chief Executive Officer and Group Finance Director whether the risk management framework and internal control systems of the Group have been adequate and effective in all material aspects during the year under review and up to the date of approval of the statement for inclusion in the annual report; and
- ix. review and approve the statements to be included in the annual report concerning internal controls and risk management systems.

5.6 In relation to Corporate Governance and Whistleblowing

- i. all matters on ethics, integrity, corruption, abuse of power and other scope covered under the MACC Act 2009 shall be reported to ARMC via channel provided by PTB;
- ii. to review and approve the Corporate Governance Statements for the annual report as required under the AMLR;
- iii. to examine instances and matters that may have compromised the principles of Corporate Governance and report back to the Board;
- iv. to report back to the Board on its decisions or recommendations (unless there are legal or regulatory restrictions on its ability to do so);
- v. to develop and regularly review the Group's Code of Conduct and Business Ethics; and
- vi. any such other functions as may be agreed by the Committee and the Board of Directors.

5.7 Other Scope of Work

- i. To give due consideration to laws and regulations, the provisions of the MCCG and the requirements of the Bursa Securities and other securities rules as appropriate;
- ii. 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;
- iii. To review the whistleblowing policy for its employees to raise concerns, in confidence, about possible wrongdoings in financial reporting or other matters. This reporting channel shall allow proportionate and independent investigations of such matters and appropriate follow-up actions; and
- iv. To consider any other topics, as defined by the Board of Directors.

6. POWERS OF THE AUDIT COMMITTEE

6.1 In carrying out its duties and responsibilities, the Committee will have the following rights:

- i. Explicit authority to investigate any matter within its terms of reference and to appoint such independent experts or investigator(s), as appropriate;
- ii. The resources that are required to perform its duties;
- iii. Full and unrestricted access to any information, records, properties and personnel of PTB and of any other company within its Group;
- iv. Direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- v. Be able to obtain independent professional or other advice and to invite outsiders with relevant expertise to attend the Committee's meetings (if required) and to brief the Committee; and
- vi. Be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.



**PRIVASIA
TECHNOLOGY BERHAD**
200801023769 (825092-U)

C-21-02, 3 Two Square
Jalan 19/1, 46300 Petaling Jaya
Selangor, Malaysia

T : +603-7967 9600
WWW.PRIVASIA.COM

- 6.2 The attendance of any particular Committee meeting by other Directors and employees of the Company shall be at the Committee's invitation and discretion and must be specific to the relevant meeting.

7. MEETING

- 7.1 The Committee shall convene meetings at least four (4) times a year or more frequently as the Committee considers necessary. The Chairman of the Committee, or the Secretary on the requisition of any members, the head of the internal auditor or the external auditors, shall at any time summon a meeting by giving reasonable notice.
- 7.2 A meeting may be held by way of tele-conferencing, video-conferencing or other telecommunication means, which permits all persons participating in the meeting to communicate with each other. A person so participating shall be deemed to be present in person at such meeting and shall be counted in a quorum and be entitled to vote.
- 7.3 The quorum for the Committee meeting shall be at least two (2) members present at the meeting, the majority of which must be Independent Directors.
- 7.4 The Company Secretary, together with the Chairman, shall set the agenda, which shall be circulated to all members of the Committee and head of internal audit as well as external auditors 7 days prior to the meetings. The meeting papers shall be furnished at least 5 days prior to the meetings.
- 7.5 The written notice of special/emergency meetings, prepared agenda and other supportive and informative materials shall be delivered to all Committee members at least twenty-four (24) hours before the meeting.
- 7.6 The Chairman of the Committee shall chair the Committee meetings and, in his absence, the members present shall elect among themselves a Chairman of the meeting.
- 7.7 The chief financial officer and the company secretary, the representative of internal audit and the external auditors shall normally be invited to attend the meetings. However, they may be requested to leave a meeting as and when deemed necessary by the Committee. Other Board members and senior management staff may attend meetings upon the invitation of the Committee. However, the Committee shall meet the external auditors without any Executive Directors and employees present at least once a year.
- 7.8 A majority of votes shall decide any decision to be taken, and in the case of equality, the Chairman of the meeting shall have a casting vote. However, the chairman will not have a second casting vote where only 2 members form the quorum or are competent to vote on the question at issue.
- 7.9 Recommendation and approval from the Committee may be sought by way of a circular resolution upon approval by the Chairman. The circular resolution shall be valid and effective as if it had been passed by a meeting duly convened.
- 7.10 The circular resolution in writing must be signed, confirmed or approved by letter, telegram, telex or facsimile, email or other means of written communications by all members.
- 7.11 Any such signed resolution, confirmation or approval by letter, telegram, telex or facsimile, email or other means of communications may consist of several or disparate forms of communication, each signed, confirmed or approved by any one or more members and shall be valid and effective as if it had been passed at a meeting duly convened.
- 7.12 All reports, recommendations and findings of the Committee shall be submitted to the Board for approval.

8. REPORTING

- 8.1 The confirmed minutes of the meetings of the Committee shall be tabled at the next Board of Directors' Meeting of PTB for information and/or further deliberation.
- 8.2 The Committee Chairman shall report formally to the Board of Directors after each meeting on all matters within its duties and responsibilities.



**PRIVASIA
TECHNOLOGY BERHAD**
200801023769 (825092-U)

C-21-02, 3 Two Square
Jalan 19/1, 46300 Petaling Jaya
Selangor, Malaysia

T : +603-7967 9600
WWW.PRIVASIA.COM

9. DISCLOSURE

The Committee shall assist the Board in preparing the ARMC Report for inclusion in the Annual Report.

The ARMC Report shall include the following disclosure:-

- i. The composition of ARMC, including the name, designation (indicating the Chairman) and directorship of the members (indicating whether the Directors are independent or otherwise);
- ii. The number of ARMC meetings held during the financial year and details of attendance of each ARMC member;
- iii. A summary of work of the ARMC in the discharge of its functions and duties for that financial year of PTB and how it has met its responsibilities;
- iv. A summary of work of the internal audit function; and
- v. A summary of any conflict of interest or potential conflict of interest situation reviewed by the ARMC pursuant to Clause 5.4(c) (excluding a related party transaction) and the measures taken to resolve, eliminate or mitigate such conflicts.

10. GENERAL MEETING

The Chairman of the Committee shall attend all general meetings and be prepared to respond to any questions raised by shareholders on the activities of the Committee.

11. REPORTING OF BREACHES TO THE BURSA MALAYSIA

Where a member of 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 member must promptly report such matter to the Bursa Securities.

12. REVIEW OF TERMS OF REFERENCE

- 12.1 This TOR shall be reviewed by the ARMC and may be revised or amended from time to time as and when required to meet good corporate governance practices.
- 12.2 Any revision or amendments to this TOR, as proposed by the ARMC or any other party, shall first be presented to the Board for approval.
- 12.3 Upon Board's approval, the said revision or amendment shall form part of this TOR, and this TOR shall be considered duly revised and amended.
- 12.4 The Terms of Reference is made available for reference on the Company's website at www.privasia.com.

Approval Date: 22 February 2024