

SENHENG NEW RETAIL BERHAD
Registration No.: 202101019079 (1419379-T)

Audit and Risk Management Committee (“Committee”)

Terms of Reference

1. Objectives

The principal objectives of the establishment of the Committee are to assist the Board of Directors of the Company (“Board”) in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Company and its subsidiary (“Group”) in the oversight of: -

- i. The Group’s internal and external audit processes including issues pertaining to the system of internal control, risk management and governance;
- ii. Financial reporting including the integrity of the financial statements of the Group;
- iii. The quality of the audits conducted both by the internal and external auditors;
- iv. The conflict of interest situations and related party transactions;
- v. The compliance by the Group with legal and regulatory requirements and observance of a proper code of conduct; and
- vi. The risk management and internal control framework of the Group to ensure the adequacy of the Group’s risks and control environment

2. Composition of the Committee

The Committee shall be appointed by the Board from among its members, comprising of at least three (3) members, all of whom shall be Non-Executive Directors, with a majority of them being Independent Directors.

At least one member of the Committee must fulfill the following criteria as set under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”):-

- i. Must be a member of the Malaysian Institute of Accountants (“MIA”); or
- ii. He/she must have at least three (3) years’ working experience in accounting and finance and:-
 - a. has passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967 (“Schedule”); or
 - b. is a member of one of the recognised bodies specified in Part II of the Schedule; or
- iii. fulfills such other requirements as prescribed or approved by Bursa Securities.

All members of the Committee shall be financially literate and are able to understand matters under the purview of the Committee including the financial reporting process. 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.

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

In the event of any vacancy in the Committee resulting in the number of members is reduced to below three (3), the vacancy must be fulfilled within three (3) months upon the recommendation of the Nomination Committee.

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

3. Chairman of the Committee

The position of Chairman of the Board and the Committee shall be held by different individuals. The Chairman of the Committee must be an Independent Director and elected among the members of the Committee.

4. Rights of the Committee

The Committee shall in accordance with a procedure to be determined by the Board and at the expense of the Company:-

- a) Have explicit authority to investigate any matter within its terms of reference;
- b) Have adequate resources and unrestricted access to any information from both external and internal auditors and all employees of the Group;
- c) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- d) Be able to obtain external legal or other independent professional advice to perform their duties, if necessary; and
- e) Be able to convene meetings with the external auditors, the internal auditors, or the person(s) carrying out the internal audit function / activity or both, without other Board members and employees present, whenever deemed necessary.

5. Functions and Duties of the Committee

The functions and duties of the Committee to the extent it deems necessary or appropriate, shall include:-

A. Financial Statements

- i. To review the quarterly results and audited financial statements of the Group, prior to the Board's approval, focusing particularly on:-
 - a. the going concern assumption;
 - b. compliance with applicable financial reporting standards and other legal requirements;

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- c. any changes in or implementation of major accounting policies and practices; and
- d. significant matters highlighted (i.e. financial reporting issues, significant adjustments or judgments arising from the audit and / or management, significant and unusual events or transaction and solutions to address these matters.

B. External Audit

- i. To review and discuss the following with External Auditors and report the same to the Board:-
 - a. the audit plan and audit report;
 - b. evaluation of the system of internal controls; and
 - c. problems and reservation arising from interim and final audits or any matters that the auditors wish to discuss (i.e. resolution of disagreements between management and the auditors regarding the financial reporting).
- ii. To review and monitor the suitability and independence of the External Auditors.
- iii. To consider and recommend to the Board on the appointment and re-appointment of the external auditors, its compensation and to review any letter of resignation or dismissal from the External Auditors, and/or Internal Auditors or person(s) carrying out the internal audit function or activity of the Company or Group.
- iv. To review the extent of assistance and co-operation extended by the employees of our Company and Group to the external auditors, including any difficulties or disputes with management encountered during the audit.

C. Internal Audit

- i. To review in relation to the Internal Audit Function:
 - a. the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its works as well as to ensure that the internal audit function is independent of the activities it audits;
 - b. the internal audit programme, processes and the results of the internal audits, necessary processes or investigation undertaken, and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - c. the appraisal or assessment of the performance of the internal audit function; and

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- d. the appointment or resignation of internal audit staff members and reasons of resignation.
- ii. Direct any special investigations to be carried out by internal audit as and when necessary and consider the major findings of the internal investigations and management's response.

D. Related Party Transactions

- i. To assess the financial risk and matters in relation to related party transactions and conflict-of-interest situations that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.

E. Risk Management and Internal Control

- i. To assess the adequacy and effectiveness of risk management framework for identifying, managing, and monitoring the critical risks that impact to the Group;
- ii. To oversee the execution of risk management process and the results; and it shall be reviewed and evaluated from time to time to ensure it is continuously improved as the business environment changes;
- iii. To engage management in an ongoing risk appetite dialogue and report the same to the Board;
- iv. To review and evaluate the quality and effectiveness of the internal control systems including its processes of the Groups' operation to mitigate against the risk of inefficiencies and threats to the creation of value of the Group; and
- v. To review the statements to be included in the annual report concerning internal controls and risk management

F. Other Matters

- i. To review the Committee's Terms of Reference annually or if necessary;
- ii. To evaluate the performance of the external auditors annually;
- iii. To undertake such other responsibilities as may be agreed by the Committee and the Board; and
- iv. To consider any other matters as delegated by the Board.

6. Quorum and Meeting

The quorum necessary for the meeting shall be two and the majority of members present must be independent directors.

The Committee shall meet at least four (4) times in a financial year, and additional meetings may be called and convened by the Chairman of the Committee, or at the requisition of other

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Committee members with the Chairman's discretion, to discuss matters within its terms of reference.

Any committee member who is unable to present physically at a meeting may participate the meeting via video / tele-conferencing. Such member would be deemed to be present at the meeting.

Notice of the Committee meetings shall be circulated to all Committee members at least seven (7) days prior to each Committee meeting. A shorter notice may be circulated to the Committee members provided it is agreed by the Chairman and all members.

In the absence of the Chairman of the Committee, the Committee members who present shall elect a Chairman amongst themselves to chair the meeting.

Attendance of other Directors, employees or external parties (i.e. internal or external auditors) at any particular committee meeting shall be at the invitation of the Committee.

Majority of votes of the members present at the meeting shall be the decision of the Committee. In the case of equality of votes, the Chairman of the Committee shall have a second or casting vote.

The Company Secretary or his/her representative or other appropriate senior officer shall act as secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to committee members prior to each meeting.

The Company Secretary or his/her representative or other appropriate senior officer shall also be in attendance at each Committee meeting and responsible for keeping the minutes of meetings of the Committee, and circulating them to committee members and to the other members of the Board.

7. Minutes of the meetings

Minutes of the Committee meeting shall be signed by Chairman of the meeting at which the proceeding were held or by the Chairman of the next succeeding meeting.

Minutes of each meeting shall be tabled to the Board for notation and all the minutes shall be kept at the Registered Office of the Company.

Any resolution in writing signed or copies thereof signed or approved by telefax, electronic mail or any other electronic form by all the Committee members, shall be as valid and effective as if it had been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by all of the Committee members.