



**KEE MING GROUP BERHAD**  
*(Formerly known as KM Group Sdn. Bhd.)*  
Registration No. 202501009701 (1611115-K)

**TERMS OF REFERENCE**

**OF**

**AUDIT AND RISK MANAGEMENT COMMITTEE**

**KEE MING GROUP BERHAD**  
(Formerly known as KM Group Sdn. Bhd.)  
[Registration No. 202501009701 (1611115-K)]  
(Incorporated in Malaysia)

**TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE**

**1. OBJECTIVES**

The primary function of the Audit and Risk Management Committee (“**Committee**”) established by the Board of Directors (“**Board**”) of Kee Ming Group Berhad (“**Company**”) is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to the financial reporting process, internal controls and risk management of the Company and its subsidiaries (collectively referred to as the “**Group**”) as follows:

- (a) to oversees the Group’s financial reporting process;
- (b) to oversees the Group’s risk management and system of internal control;
- (c) to review and evaluate the appointment and performance of internal auditors and external auditors; and
- (d) to ensure that there is adequacy of controls in the processes and procedures undertaken in accordance with applicable laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies.

**2. COMPOSITION OF THE COMMITTEE**

2.1 Members of the Committee shall be appointed by the Board among its Directors and shall comprise at least three (3) members, all of whom must be Non-Executive Directors. The majority of the Committee members shall be Independent Non-Executive Directors.

2.2 All members of the Committee should be financially literate and have sufficient understanding of the Company’s business and must be able to read, analyse, interpret and understand financial statements, and ask pertinent questions about the Company’s financial reporting process.

2.3 The Board Chairman must not be a member of the Committee.

2.4 At least one (1) member of the Committee:

- (a) must be a member of the Malaysian Institute of Accountants (“**MIA**”); or
- (b) if he/she is not a member of the MIA, he/she must have at least three (3) years of working experience; and
  - (i) must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
  - (ii) must be a member of one (1) of the associations of 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**”).

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

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- 2.6 A former partner of the external audit firm and/or the affiliate firm (including those providing advisory services, tax consulting, etc.) of the Company or any entity within the Group is required to observe a cooling-off period of at least three (3) years before being appointed as a member of the Committee.
- 2.7 The term of office, the effectiveness and performance of the Committee and each of its members shall be reviewed by the Nomination and Remuneration Committee annually to determine whether the Committee and its members have carried out their duties in accordance with this Terms of Reference.
- 2.8 Where the members of the Committee for any reason are reduced to less than three (3), the Board shall within three (3) months from the occurrence of the event appoint such number of new member(s) as may be required to fill the vacancy and make up the minimum number of three (3) members.

**3. CHAIRMAN**

- 3.1 The members of the Committee shall elect a Chairman from among their number, who shall be an Independent Non-Executive Director.
- 3.2 The Chairman of the Committee shall chair all meetings of the Committee. If the Chairman of the Committee is not present within fifteen (15) minutes of the time appointed for holding the meeting or is unable/unwilling to chair the meeting, the members of the Committee present shall elect one (1) of them, of whom is an Independent Non-Executive Director, to be the Chairman of the meeting.
- 3.3 The Chairman of the Committee is responsible for ensuring the overall effectiveness and independence of the Committee.
- 3.4 The Chairman of the Committee together with other members of the Committee should ensure among others that:
  - (a) the Committee is fully informed about significant matters related to the Company's audit and its financial statements and address these matters;
  - (b) the Committee appropriately communicates its insights, views and concerns about relevant transactions and events to internal and external auditors;
  - (c) the Committee's concerns on matters that may affect the financial status or audit of the Company are communicated to the external auditors; and
  - (d) there is co-ordination between internal and external auditors.

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**4. SECRETARY**

- 4.1 The Company Secretary shall be the Secretary of the Committee.
- 4.2 The Company Secretary, in consultation with the Chairman of the Committee, shall draw up the agenda and notice of the meeting. The Company Secretary is responsible for circulating the notice of meeting and keeping the minutes of the meeting of the Committee.

**5. QUORUM AND MEETING PROCEDURES**

- 5.1 The Committee shall meet at least four (4) times a year, or more frequently as circumstances may dictate. The Chairman of the Committee may request for additional meetings when required or upon request made by any Committee member, the internal auditors or the external auditors.
- 5.2 The notice of the meeting, together with the meeting materials, shall be circulated at least seven (7) days or shorter notice where it is unavoidable, prior to each meeting to the members of the Committee.
- 5.3 Reasonable notice of every meeting shall be given in writing and served to the Committee members either personally or by fax, e-mail, post or courier to his/her address in the Register of Directors or to the address provided by the Committee members, except in the case of emergency, where the Committee may waive such requirement.
- 5.4 The quorum for the Committee meeting shall be two (2) members, and the majority of members present must be Independent Non-Executive Directors. No business shall be transacted unless a quorum is present either in person or by telephone, television, video conferencing or any other audio and/or visual device which permits instantaneous communication.
- 5.5 If any member is unable to be physically present, he/she may choose to participate by means of a conference telephone or any other audio, audio-visual, or communication equipment which allows all persons participating in the meeting to hear and speak with each other and the person shall be deemed to be present in person and shall be entitled to vote or be counted in a quorum accordingly.
- 5.6 A Committee meeting may be held at two (2) or more venues within or outside Malaysia using any technology that enables all Committee members as a whole to participate for the entire duration of the virtual meeting, provided the following conditions are met:
  - (a) all the Committee members for the time being entitled to receive notice of the Committee meeting shall be entitled to receive notice of a virtual meeting. Notice of any such meeting shall be given by an appropriate form of technology (or in such other manner) as may be permitted by the Constitution of the Company; and

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- (b) a Committee member may not leave a virtual meeting by disconnecting from the technology used unless he/she has previously expressly notified the Chairman of the meeting of his/her intention to leave the meeting and a Committee member shall be conclusively presumed to have been present and have always formed part of the quorum during such a meeting until such notified time of his/her leaving the meeting.
- 5.7 The main venue of the Committee meeting shall be the place where the Chairman of the Committee meeting is present.
- 5.8 A matter put to vote at the Committee meetings shall be decided by a simple majority of the votes. In the event of an equality of votes, the Chairman of the Committee meeting shall have a second or casting vote. The Chairman of the Committee shall not have a second or casting vote when only (2) members (one of whom is the Chairman) form a quorum or when only two (2) members are competent to vote on the question at issue.
- 5.9 Any member of the Committee who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, must declare his/her interest in the matters and he/she shall abstain from deliberating and voting.
- 5.10 The Committee may, as and when deemed necessary, invite any Board members or any member of management or any employee of the Company, who the Committee thinks fit, to attend the meetings (specific to the relevant meeting) to assist and provide pertinent information as necessary.
- 5.11 The Committee shall meet at least once a year with the internal and external auditors without the presence of any Executive Directors, management or employees. In addition, the Chairman of the Committee, internal auditors and/or external auditors may request an additional private session with the Committee to discuss any matter of concern if they consider necessary.

**6. KEEPING AND INSPECTION OF MINUTES**

- 6.1 The Company shall cause minutes of all proceedings of the Committee meeting to be entered in books for that purpose.
- 6.2 Minutes of each meeting, including virtual meetings shall be signed by the Chairman of the Committee meeting at which proceedings were held or by the Chairman of the next succeeding Committee meeting and if so signed, shall be conclusive evidence of the proceedings of the meeting duly held.
- 6.3 The books containing the minutes of Committee meetings shall be kept at the registered office of the Company or a place determined by the Board pursuant to the Companies Act 2016 and shall be open for inspection by any Committee member or Board member.
- 6.4 The minutes of each Committee meeting shall be distributed to the Committee members in a timely manner and to the other Board members at the Board meeting.

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**7. COMMITTEE'S CIRCULAR RESOLUTIONS**

- 7.1 A resolution in writing signed by a majority of the Committee members for the time being shall be as valid and effectual as if it had been passed at a Committee meeting duly called and constituted.
- 7.2 All such resolutions shall be described as "Audit and Risk Management Committee's Circular Resolution in Writing" and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book.
- 7.3 The resolution may consist of several documents in like form, each signed by one (1) or more Committee members. Such document may be accepted as sufficiently signed by a Committee member if it is transmitted to the Company by facsimile or other electrical or digital written message, which include a signature of the said Committee member.

**8. REPORTING**

The Committee, through its Chairman, shall report a summary of significant matters to the Board at the next Board meeting after each Committee meeting. When making any recommendations to the Board for approval, the Chairman of the Committee will brief the Board on the background and supporting information as may be necessary for the Board to make an informed decision.

**9. POWER AND AUTHORITY**

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 the resources which are required to perform its duties;
- (c) have full and unrestricted access to all information and documents which are required to perform its duties, as well as to the internal and external auditors, and senior management of the Company and the Group;
- (d) be able to obtain independent professional or other advice and invite persons with relevant experience to attend the Committee meetings, if necessary;
- (e) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (f) have access to advice and services of the Company Secretary; and
- (g) where the Committee is of the view that the matter reported by them to the Board has not been satisfactorily resolved, resulting in a breach of the ACE Market Listing Requirements of Bursa Securities ("**Listing Requirements**"), the Committee shall promptly report such matter to Bursa Securities.

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## **10. DUTIES AND RESPONSIBILITIES**

In fulfilling its primary objectives, the Committee shall undertake the following duties and responsibilities:

### **10.1 Financial Reporting**

- (a) To review the quarterly results and year-end financial statements before recommending them to the Board for approval, focusing particularly on:
  - (i) any changes in or the implementation of major accounting policies and practices;
  - (ii) significant matters highlighted, including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed;
  - (iii) significant adjustment arising from the audit;
  - (iv) major areas of judgement;
  - (v) the going concern assumption; and
  - (vi) compliance with accounting standards, regulatory requirements and other legal obligations.
- (b) To review and provide advice on whether the financial statements taken as a whole present a true and fair view of the Group's financial position and performance.
- (c) To ask probing questions and ensure that the financial statements are consistent with operational and other information, particularly in areas involving significant judgement.
- (d) To understand non-financial information that is relevant in assisting the Committee to gain further insights into the Group's performance and to enhance the integrity of financial reporting.

### **10.2 External Auditors**

- (a) To review and recommend to the Board on the appointment, re-appointment, resignation, dismissal and suitability of external auditors, and to consider their fees (for both audit and non-audit services), after assessing their independence and capabilities as well as the effectiveness of the external audit process.
- (b) To assess the suitability, objectivity and independence of the external auditors on an annual basis based on established policies and procedures, and the annual performance evaluation of the external auditors undertaken by the Committee. The policies and procedures should include the following considerations:

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- (i) criteria to decide on the appointment and re-appointment of the external auditors. The criteria should include an assessment of the competency, audit quality and resource capacity of the external auditors in relation to the audit. The assessment should also consider the information as presented in the Annual Transparency Report of the audit firm. If the Annual Transparency Report is not available, the Committee may engage the audit firm on matters typically covered in such a report, including the audit firm's governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks;
  - (ii) the appropriateness of audit fees to support a quality audit;
  - (iii) non-audit services must be approved by the Committee before they are rendered by the external auditors and its affiliates, taking into account the nature of the non-audit services and the appropriateness of the level of fees;
  - (iv) obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with all relevant professional and regulatory requirements; and
  - (v) the annual evaluation on the performance of the external auditors by management and the Committee.
- (c) To review the following and report the same to the Board:
- (i) any letter of resignation from the external auditors or proposal for their dismissal, including a copy of any written representations or statement of circumstances in relation with the resignation made by the external auditors, if applicable; and
  - (ii) whether there is reason (supported by grounds) to believe that the external auditors is not suitable for re-appointment.
- (d) To review the following with the external auditors and report the same to the Board:
- (i) the audit plan, its scope and nature, including any changes to the scope of the audit plan;
  - (ii) the audit report;
  - (iii) the evaluation and findings of the system of risk management and internal controls;
  - (iv) the assistance given by employees and management to the external auditors, including any difficulties or disputes encountered during audit; and
  - (v) the external auditors' management letter and management's response thereto.

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**10.3 Internal Audit Function**

To establish an internal audit function (whether in-house or outsourced) which is independent of the activities it audits and in relation thereto:

- (a) mandate the internal audit function to report directly to the Committee;
- (b) review the adequacy of the scope, competency and resources of the internal audit function, and ensure that it has the necessary authority to carry out its work;
- (c) review the internal audit plan or charter, programme, processes and the reporting structure;
- (d) review the findings of the internal auditors' reports, investigations undertaken and whether or not appropriate actions are taken by management, based on the recommendations of the internal auditors;
- (e) approve any appointment or termination of internal audit member of the internal audit function;
- (f) review the appraisal or evaluation on the performance of the internal audit function on an annual basis;
- (g) review or take cognisance of the resignation of any internal audit staff member (for an in-house internal audit function) and provide the internal auditors/resigning staff member an opportunity to submit the reasons for resigning;
- (h) review the assistance given by employees and management to the internal auditors, including any difficulties or disputes encountered during the internal audit; and
- (i) review any special audit which the Committee deems necessary.

**10.4 Risk Management and Internal Control**

- (a) To establish and maintain an adequate and effective risk management and internal control framework for the Group;
- (b) To review the Group's risk management framework, policies and processes, including the identification, assessment, management, monitoring and mitigation of significant risks (such as operational, financial, regulatory compliance, sustainability reporting and reputational risks), and to evaluate the overall adequacy and effectiveness of the system of internal control for recommendation to the Board;
- (c) To review and assess the Group's level of risk appetite and risk tolerance; and
- (d) To review the adequacy of resources in managing the risk management and internal control framework.

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10.5 Related Party Transactions (“RPT”), Recurrent RPT (“RRPT”) and Conflict of Interest (“COI”)

- (a) To establish and implement comprehensive procedures for identifying, evaluating, approving and reporting all RPTs, RRPTs and COI situations;
- (b) To review and report to the Board any RPT, RRPT and COI situation that arises, persists or may potentially arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions on management integrity, and to review the measures taken to resolve, eliminate or mitigate such conflicts;
- (c) To review and determine whether all RRPTs have been carried out in accordance with the mandate approved by the Company’s shareholders and are on an arm’s length basis, on normal commercial terms not more favourable to the related parties than those generally available to third parties and to make recommendation to the Board; and
- (d) To review all non-recurrent transactions or corporate proposals involving related parties to ensure that they are in the best interests of the Group, are not detrimental to minority shareholders and to make the appropriate recommendations to the Board.

10.6 Others

- (a) To review all financial-related reports including the Audit and Risk Management Committee Report, Statement on Risk Management and Internal Control, Sustainability Statement and Corporate Governance Overview Statement as required under the Listing Requirements for inclusion in the annual report and to review the Corporate Governance Report;
- (b) To ensure that the Company complies with all aspects of the law, relevant regulations and good practices;
- (c) To review regulatory and compliance reports, and any other reports within the purview of the Committee;
- (d) To obtain regular updates from management regarding compliance matters;
- (e) To review the adequacy and appropriateness of the Anti-Bribery and Anti-Corruption Policy, and Whistleblowing Policy;
- (f) To verify the allocation of the employees’ share option scheme, if any, to ensure compliance with the criteria stipulated in the by-laws;
- (g) To review the implementation and adequacy of the Group’s business continuity plan;

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- (h) To report any suspected frauds, irregularities, serious internal control deficiencies or suspected infringement of laws, rules or regulations that warrant the attention of the Board; and
- (i) To carry out any other duties that may be mutually agreed upon by the Committee and the Board that would be beneficial to the Company.

**11. REVIEW OF TERMS OF REFERENCE**

The Board will periodically review and update this Terms of Reference to ensure its relevance, effectiveness and alignment with the Group's objectives, practices and current laws and regulations. Any amendments to this Terms of Reference shall be approved by the Board.

This Term of Reference is made available on the Company's website.

**12. APPROVAL**

This Terms of Reference was reviewed and approved by the Board of Directors on 14 August 2025.