



LAGENDA
PROPERTIES

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

1. OBJECTIVE

The objective of the Audit and Risk Management Committee (**“the Committee”**) is to assist the Board of Directors (**“the Board”**) of Lagenda Properties Berhad (**“the Company”**) in discharging its fiduciary responsibilities of overseeing the integrity and adequacy of the Company’s and its subsidiaries companies (**“the Group”**) internal control, corporate governance, accounting and financial reporting practices, risk management, audit process and the process for monitoring the compliance with applicable laws, directives, guidelines and regulations.

2. COMPOSITION

2.1 The Committee shall be appointed by the Board amongst their number which fulfills the following requirements:-

- (a) the Committee must be composed of not fewer than three (3) members;
- (b) all the members of the Committee must be non-executive directors, with a majority of them being independent directors;
- (c) at least one (1) member of the Committee:-
 - (i) must be a member of the Malaysian Institute of Accountants (**“MIA”**); or
 - (ii) if he is not a member of MIA, he/she must have at least three (3) years’ working experience; and
 - (aa) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (bb) he 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
 - (iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (**“Bursa Securities”**)

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

2.3 A former key audit partner must observe a cooling-off period of at least three (3) years before being appointed as a member of the Committee.



- 2.4 In the event of any vacancy in the Committee resulting in the non-compliance of the membership requirements, the Board must fill the vacancy within three (3) months.

3. CHAIRMAN

The Committee shall elect a Chairman from amongst its members who shall be an independent director. The Chairman of the Committee shall not be the Chairman of the Board.

The Chairman of the Committee is responsible for ensuring the overall effectiveness and independent of the Committee.

4. QUORUM

A quorum of two (2) members and the majority of members present must be independent directors.

5. SECRETARY

The Company Secretary shall be the Secretary of the Committee.

6. AUTHORITY

- 6.1 The Committee shall have the following authority as empowered by the Board:-

- (i) to investigate any matter within its terms of reference, including possible fraud, illegal acts or suspected violation of the Code of Conduct and Ethics involving senior management personnel or members of the Board;
- (ii) have the resources which are required to perform its duties;
- (iii) have full and unrestricted access to any information, records, properties and personnel of the Company and Group;
- (iv) have direct communication channels with both the external auditors and the internal auditors or 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 experience to attend the Committee's meetings where necessary and to brief the Committee thereof; 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 or its subsidiaries, whenever deemed necessary.
- 6.2 The Committee shall take into cognizance in its deliberations in the Main Market Listing Requirements (“MMLR”) of the Bursa Securities and the Malaysian Code of Corporate Governance, and any other pertinent regulations and laws, as well as revisions which may come into force thereafter.
- 6.3 Where 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 MMLR of the Bursa Securities, the Committee shall promptly report such matter to the Bursa Securities.
- 6.4 The attendance of any members of the Board and employees of the Company shall be at the Committee's invitation and discretion and must be specific to the relevant meeting.

7. DUTIES AND RESPONSIBILITIES

The main role and responsibilities of the Committee are as follows:

Financial Reporting

1. To review with the external auditors, the quarterly results and annual financial statements, prior to the approval by the Board, focusing particularly on:-
 - going concern assumption;
 - any significant changes in accounting policies and practices and its implementation;
 - significant adjustments and unusual events arising from the audit; and
 - compliance with accounting and financial reporting standards, regulatory and other legal requirements.



External Audit

1. to review and discuss with the external auditors of the followings:-
 - the audit plan, nature and scope of their audit prior to the commencement of audit;
 - their audit report;
 - their evaluation of the system of internal controls;
 - problems and reservations arising from the interim and final external audits, and any matters the external auditors may wish to discuss (in the absence of management, where necessary); and
 - their management letter and management's response to their suggestions for improvements.
2. To consider and recommend the nomination and appointment, the audit fee and any questions of resignation, dismissal or re-appointment of the external auditors.
3. To ensure that assistance and full access to all information and documents and records required by the external auditors is given by Management to the external auditors.
4. To annually assess the suitability, objectivity, and independencies of the external auditors

Internal Audit

1. To review the followings in relation to the internal audit function:-
 - adequacy and relevance of the scope, functions, competency and resources of internal audit and the necessary authority to carry out its work;
 - internal audit plan, processes and results of the internal audit assignments, processes or investigation undertaken and whether or not appropriate actions are taken on the recommendations of the internal auditors;
 - review the overall performance of the internal audit function to ensure its effectiveness in meeting the audit objectives and professional standards; review and approve the annual internal audit plan and ensuring adequate risk, internal control and governance coverage;
 - ensure that the internal audit function is independent of the activities it audits and that the head of internal audit reports functionally to the Committee directly;



- approve any appointment or termination of senior staff members of the internal audit function; and
- take note resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reason for resigning.

Risk Management and Internal Control

1. to assess the Company's risks and the control systems by overseeing the Risk Management Working Group's functions, new risk management framework and policies and plan mitigation actions to address those risks identified.
2. To review the statement on risk management and internal control in the Company's annual report.

Related Party Transactions

1. to review any related party transaction and conflict of interest situation that may arise or that may arose or persist within the Company or the Group including transaction, procedure or course of conduct that raises questions of management integrity (including recurrent related party transaction).
2. To ensure Management establishes a comprehensive framework for the purpose of identifying, evaluating, approving, reporting related party transactions and monitoring conflict of interest situations.
3. To take the necessary measures to resolve, eliminate or mitigate any conflict of interest situation.

Other Matters

1. To review with the external auditors the statement made by the Board with regard to the statement of risk management and internal control of the Group and to prepare the Committee Report at the end of each financial year for inclusion in the Company's Annual Report.
2. To ensure proper implementation and recommend appropriate remedial and corrective measures in respect of such findings arising from inspections conducted by the regulators.
3. To review the changes in statutory requirements and any rules issued thereunder, and any significant audit problems that can be foreseen either as a result of the previous years' experience or because of new development.



4. To carry out such other responsibilities, functions or assignments as may be defined by the Board from time to time.
5. To verify the allocation of options pursuant to the Employees' Share Option Scheme (ESOS) or the allocation of shares pursuant to any incentive plan for employees of the Group at the end of each financial year as being in compliance with the criteria which is disclosed to the employees.
6. Exercise its powers and carry out its responsibilities as may be required from time to time under the Whistleblower Policy and Procedures for the Group.

8. FREQUENCY OF MEETINGS AND ATTENDANCE

- 8.1 The Committee shall meet at least four (4) times annually, or more frequently as circumstances dictate.
- 8.2 The Committee shall meet with the external auditors without the presence of the executive board members and management at least twice a year, and whenever deemed necessary.
- 8.3 A meeting of the Committee may be held by means of telephone, video conference or telephone conference or other telecommunication facilities. Such participation shall constitute presence in person at such meeting.
- 8.4 Upon the request of the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditors believe should be brought to the attention of the Committee.
- 8.5 The Committee shall meet with the internal auditors without the presence of the executive board members and management at least once a year, and whenever deemed necessary.
- 8.6 The Managing Director and/or other appropriate officer may be invited to attend where their presence is considered appropriate as determined by the Committee.

9. PROCEEDINGS OF THE COMMITTEE'S MEETING

- (a) Calling of Meetings
The members may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit, provided that they shall have a minimum of four (4) meetings in a financial year.



- (b) Notice of Meeting
Notice of a meeting of the Committee shall be circulated to all members of the Committee via post, hand delivered, facsimile, electronic mail or by any means of telecommunication in a permanent written form. Unless otherwise determined by the Board from time to time, seven (7) days' notice shall be given, except in the case of an emergency, shorter notice may be given.
- (c) Voting and Proceedings of Meeting
The decision of the Committee shall be by a majority of votes and the determination of the Committee. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote. Circular Resolutions signed by all members of the Committee shall be valid and effective as if it had been passed at a meeting of the Committee.
- (d) Keeping of Minutes
The Secretary shall maintain minutes of the proceedings of the meetings and circulate such minutes to all members of the Committee and also members of the Board. The Committee Chairman shall report on each meeting to the Board.
- A resolution in writing signed or approved by all members of the Committee who may at the time be present in Malaysia and who are sufficient to form a quorum, shall be valid and effectual 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 one or more committee members.
- (e) Custody, Production and Inspection of Minutes
The minutes of proceedings of the Committee shall be kept by the Secretary at the registered office of the Company and shall be opened for the inspection of any member of the Committee or any member of the Board.

10. REVIEW AND ASSESSMENT

The Nomination Committee will review the term of office and performance of the Committee and each of its members annually to determine whether the Committee and each of its members have carried out their duties in accordance with their terms of reference.



11. TAX POLICY

The effective management of risk, including tax risk, is vital to the continued growth and success of the Company. The Committee will apply best practice and act in accordance with relevant legislation in all areas of operation. The Committee will align the Company's tax computations with revenue generating activity and ensure consistent reporting to the Board.

The Committee will also assist the Board in fulfilling its corporate governance and oversight responsibilities, including effective management of the Group's material risks, including tax risks.

To convene meetings with the external Tax Agents without the presence of the executive board members and management, whenever deemed necessary in order to maintain a relationship with the Tax Agents to enhance communication and gain additional insights.

12. REVIEW OF TERMS OF REFERENCE

The Committee shall recommend any changes to its terms of reference in such manner as it deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated where necessary.

The terms of reference were reviewed and approved by the Board on 20 November 2023.

