

APB RESOURCES BERHAD AUDIT AND RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE	Revision #	1
	Date Approved	29 May 2026



APB Resources Berhad

Registration No.: 200101029080 (564838-V)

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

APB RESOURCES BERHAD AUDIT AND RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE	Revision #	1
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TABLE OF CONTENTS

1.	NAME OF COMMITTEE	2
2.	OBJECTIVES	2
3.	DUTIES AND RESPONSIBILITIES	2
4.	AUTHORITIES	7
5.	MEMBERS	7
6.	CHAIRMAN	8
7.	QUORUM	8
8.	NUMBER OF MEETINGS AND NOTICES OF MEETINGS	8
9.	VOTING, PROCEEDINGS AND MINUTES OF MEETINGS	8
10.	REPORTING STRUCTURE	9
11.	COMPANY SECRETARY	9
12.	REVIEW OF TERMS OF REFERENCE	9

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	Date Approved	29 May 2026

1. NAME OF COMMITTEE

Audit and Risk Management Committee of APB Resources Berhad (“Committee”).

2. OBJECTIVES

The primary objective of the Committee is to assist the Board in overseeing the integrity of the Company’s corporate accounting, financial reporting practices, the effectiveness of the risk management framework and internal controls, the audit processes and the process for monitoring compliance with applicable laws and regulations of APB Resources Berhad (“**APB**”) and its subsidiaries (collectively known as “**APB Group**” or the “**Group**”) as well as such other matters, which may be specifically delegated to the Committee by the Board from time to time. This delegation of authority enables the Committee to provide reasonable assurance to the Board and stakeholders regarding the Company’s ability to manage risks, safeguard assets, and enhance shareholder value.

3. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee are as follows:

(a) Internal Audit Function

- (i) Mandate the internal audit team and/or outsourced Internal Auditors to report directly to the Committee;
- (ii) Review 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 work, which should be performed professionally and with impartiality and proficiency;
- (iii) Review and approve the Internal Audit Plan;
- (iv) Review the Internal Audit Reports and ensure that appropriate and prompt remedial action is taken by the Management on lapses in controls or procedures that are identified by Internal Auditors;
- (v) Ensure the appropriate actions have been taken by the Management to implement the audit recommendations in a timely manner;
- (vi) Ensure the Internal Audit Function is free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- (vii) Review the appraisal or assessment of the performance of the Internal Audit Function;
- (viii) Approve the appointment or termination of the Internal Auditors; and

APB RESOURCES BERHAD AUDIT AND RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE	Revision #	1
	Date Approved	29 May 2026

- (ix) Request and review the ad-hoc investigations performed by the Internal Audit Function and the actions taken relating to those investigations.

(b) External Audit

- (i) Consider the appointment and re-appointment of the External Auditors and determination of audit fees, resignation or dismissal of the External Auditors;
- (ii) Submit a copy of written representation or submission of External Auditors' resignation to Bursa Malaysia Securities Berhad ("Bursa Securities");
- (iii) Assess and monitor the effectiveness of the External Auditors' performance and their independence and objectivity. The assessment should also consider the information 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 an Annual Transparency 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 as well as corporate liabilities risks;
- (iv) Discuss with the External Auditors before the audit commences, the audit plan which includes the nature and scope of the audit, and ensure co-ordination where more than one (1) audit firm is involved;
- (v) Review major findings raised by the External Auditors and Management's responses, and monitor that all recommendations arising from the audit are properly implemented including the status of the previous audit recommendations;
- (vi) Discuss problems and reservations arising from the interim and final audits, and any matter the External Auditors may wish to discuss (in the absence of Management where necessary);
- (vii) Provide a line of communication between the Board and the External Auditors;
- (viii) Review the extent of assistance and co-operation extended by the Group's employees to the External Auditors and ensure that all information required by the External Auditors were made available to them;
- (ix) Review and monitor the provision of non-audit services by the External Auditors and to ensure that they comply with the External Auditor independence policy;
- (x) Responsible to obtain confirmation from the External Auditors that they are, and have been, independent throughout the conduct of the audit engagement;

APB RESOURCES BERHAD AUDIT AND RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE	Revision #	1
	Date Approved	29 May 2026

- (xi) Ensure that there is coordination between both Internal and External Auditors; and
- (xii) Receive continuous updates from the External Auditors on changes in the Malaysian Financial Reporting Standards as well as the International Financial Reporting Standards to ensure that the Group is ready for implementation and to understand the implication, if any, on the Group's Financial Statements.

(c) Financial Reports and Bursa Securities Announcements

- (i) Review and recommend the quarterly and annual financial statements of the Group and Company for approval of the Board;
- (ii) Review significant adjustments arising from the audit; litigation that could affect the results materially; the going concern assumption; compliance with Accounting Standards, other legal and regulatory requirements; where necessary, make appropriate recommendations to the Board for approval; and review and ensure corporate disclosure policies and procedures of the Group comply with the disclosure requirements of Bursa Securities.

(d) Related Party Transactions and Conflict of Interest Situation

- (i) Review any related party transactions and conflict of interest situations and where appropriate, make recommendations to the Board for approval that such transactions are at arm's length and are in the best interest of the Group or Company;
- (ii) Review the process used to procure the shareholders' mandate for recurrent related party transactions;
- (iii) Review and assess all disclosure of conflicts of interest by Directors, Key Senior Management and legal representative(s) appointed by the Group, to evaluate their nature, significance, and potential impact on the Group; and
- (iv) Review and reassess the adequacy of Conflict of Interest Policy periodically and make such amendments to the policy as it may deem appropriate. All reviews by the Committee are reported to the Board for further action.

(e) Risk Management and Internal Control

- (i) Evaluate the overall adequacy and effectiveness of the system of internal controls and risk management framework including information technology controls;
- (ii) Review and assess the Group's level of risk appetite and risk tolerance;

APB RESOURCES BERHAD AUDIT AND RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE	Revision #	1
	Date Approved	29 May 2026

- (iii) Review the enterprise risk management framework, policies and process, including identifying, managing, monitoring and mitigating the significant risks of the Group, and recommend for approval by the Board;
- (iv) Review significant risks identified (including operational, financial, regulatory compliance, sustainability and reputational risks) and assess the mitigating actions put in place to manage these risks;
- (v) Review the adequacy of resources for managing the risk management and internal controls framework;
- (vi) To recommend to the Board steps to improve the system of internal control derived from the findings of the internal and external auditors and from the consultations of the Committee itself; and
- (vii) To report to the Board any suspected frauds or irregularities, serious internal control deficiencies or suspected infringement of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board.

(f) Annual Report

Review the Audit and Risk Management Committee Report, the Statement on Risk Management and Internal Control, Sustainability Statement and disclosure on Internal Audit Function in the Annual report.

(g) Investigations

- (i) Consider major findings of internal investigations and Management's response; and
- (ii) Review the Company's procedures for detecting fraud and whistle-blowing.

(h) Reporting of Breaches to Bursa Securities

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 Main Market Listing Requirements of Bursa Securities and other laws and regulations, the Committee shall promptly report such matter to Bursa Securities and/or the relevant authorities.

(i) Other matters

Consider any other matters as directed by the Board.

APB RESOURCES BERHAD AUDIT AND RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE	Revision #	1
	Date Approved	29 May 2026

4. AUTHORITIES

The Company must ensure that wherever necessary and reasonable for the performance of its duties, the Committee shall, in accordance with a procedure to be determined by the Board and at the cost of the Company:

- (i) Have authority to investigate any matter within this Terms of Reference;
- (ii) Have the resources which are required to perform its duties;
- (iii) Have full and unrestricted access to any information and documents pertaining to the Group;
- (iv) Have direct communication channels with the External Auditors and the Internal Auditors as well as all employees of the Group;
- (v) Be able to obtain independent professional or other advice; and
- (vi) Be able to convene meetings with the External Auditors, Internal Auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

5. MEMBERS

- (a) Members of the Committee shall be appointed by the Board and shall comprise not less than three (3) members, all of whom shall be non-executive directors and a majority of whom shall be independent directors. No alternate director shall be appointed as a member of the Committee. All members of the Committee shall be financially literate and at least one (1) member shall:
 - (i) be a member of the Malaysian Institute of Accountants;
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - he must passed the examinations specified in Part I of the First 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 First Schedule of the Accountants Act 1967; or
 - (iii) fulfils such other requirements as prescribed or approved by Bursa Securities.
- (b) Any former key audit partner from the external audit firm for the Group and/or the Company shall observe a cooling off period of at least three (3) years before being eligible for appointment as a member of the Committee.

APB RESOURCES BERHAD AUDIT AND RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE	Revision #	1
	Date Approved	29 May 2026

- (c) If a member of the Committee resigns, dies, is incapacitated or for any reason ceases to be a member which results in the non-compliance with Main Market Listing Requirements of Bursa Securities, the Board shall fill the vacancy within three (3) months.
- (d) The terms of office and performance of the Committee and each of its members shall be reviewed by the Nomination Committee annually to determine whether the Committee and members have carried out their duties in accordance with the terms of reference.

6. CHAIRMAN

The Chairman of the Committee shall be appointed by the Board and shall be an independent non-executive director and shall not be the Chairman of the Board. In the absence of the Chairman in any meeting, the remaining members present shall elect one (1) of themselves to chair the meeting.

7. QUORUM

The quorum for meetings shall be at least two (2) members, of whom the majority present shall be an independent director. A duly convened meeting of a Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

8. NUMBER OF MEETINGS AND NOTICES OF MEETINGS

The Committee shall meet at least four (4) times each financial year and at such other times as the Chairman of the Committee considers necessary or appropriate.

Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chairman of the Committee. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than seven (7) business days before the date of the meeting. Reasonable time should be given for the Committee members and to other attendees as appropriate, to consider all relevant papers and materials prior to the Committee meeting.

9. VOTING, PROCEEDINGS AND MINUTES OF MEETINGS

Matters arising at any meeting shall be decided by a majority vote of the members present, each member having one (1) vote. In the event of equality of votes, the Chairman of the Committee shall have a second or casting vote. However, at meetings where two (2) members are present or when only two (2) members are competent to vote on an issue, the Chairman of the Committee will not have the second or casting vote.

APB RESOURCES BERHAD AUDIT AND RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE	Revision #	1
	Date Approved	29 May 2026

The Secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance. The minutes of the Committee, when approved by the Committee, should be circulated to the Board.

The Committee may pass resolutions in writing, signed by all the members, which shall be valid and effectual as if it is passed at a meeting of the Committee duly convened and held.

10. REPORTING STRUCTURE

In addition to the availability of detailed minutes of the Committee meetings to all Board members, the Chairman of the Committee at each Board meeting will report a summary of significant matters.

The Committee shall not be delegated with decision-making powers but shall report its recommendations to the Board for decision.

The Committee shall compile a report to shareholders on its own activities to be included in the Company's Annual Report.

The Committee Chairman shall respond to any questions relating to the Committee's activities at the Annual General Meeting of the Company, where required.

11. COMPANY SECRETARY

The Company Secretary shall act as Secretary of the Committee and shall be responsible, with the concurrence of the Chairman of the Committee, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting.

The Secretary of the Committee shall be entrusted to record all proceedings and minutes of all meetings of the Committee, including the names of those present and in attendance. Meeting minutes shall be approved by the Committee at its next meeting. The minutes of the Committee, when approved by the Committee and signed by the Chairman of the Committee, should be circulated to the Board.

12. REVIEW OF TERMS OF REFERENCE

The Terms of Reference of the Committee shall be reviewed and amended as necessary to determine its adequacy in line with the current circumstances, the Company's policies and applicable rules and regulations.