TSR CAPITAL BERHAD

Registration No. 200101005393 (541149-W)
(Incorporated in Malaysia)

Terms of Reference of Audit Committee

Terms of Reference of the Audit Committee

1. Objectives

The principal objective of the Audit Committee ("the Committee") is to assist the Board of Directors ("the Board") in fulfilling its oversight responsibilities in the areas of:

- financial reporting, disclosure, and transparency;
- risk management and internal control;
- sustainability governance; and
- accountability and integrity of the Group's operations.

The Committee also plays a key role in promoting and maintaining high standards of corporate responsibility, integrity, and governance practices for the benefit of shareholders and other stakeholders.

2. Composition

i. The Committee shall comprise not fewer than three (3) members, all of whom must be Non-Executive Directors, with a majority being Independent Directors appointed by the Board.

ii. At least one (1) member shall be a member of the Malaysian Institute of Accountants ("MIA") or fulfils the requirements under Paragraph 15.09(1)(c) of the Main Market Listing Requirements ("MMLR").

iii. A former key audit partner may only be appointed as a member after a cooling-off period of at least three (3) years.

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

v. The term of office and performance of the Committee and each of its members shall be reviewed annually by the Board to determine whether they have discharged their duties in accordance with this Terms of Reference.

vi. Any vacancy which results in non-compliance with the MMLR must be filled within three (3) months.

vii. Members of the Committee shall be financially literate and possess the necessary knowledge, experience, competence and commitment to discharge their responsibilities effectively. The Board shall ensure that members undertake appropriate continuing professional development to keep abreast of relevant developments in accounting, auditing, corporate governance, sustainability and regulatory requirements.

3. Chairman

i. The Chairman shall be elected from among the members and must be an Independent Director.
ii. In the absence of the Chairman, the members present shall elect an Independent Director to chair the meeting.

4. Meetings

i. The Committee shall meet at least four (4) times in each financial year, with additional meetings as necessary. The quorum shall be two (2) members, the majority of whom must be Independent Directors.
ii. The Company Secretaries, or such other person appointed by the Committee, shall act as the Secretaries of the Committee and be responsible for coordinating administrative matters, including notices, agenda, and minutes.
iii. Representatives of Senior Management, Internal Auditors, and External Auditors may attend meetings by invitation.
iv. The Committee shall meet with the External Auditors and Internal Auditors, without the presence of Management, at least once a year or whenever deemed necessary.
v. Meeting procedures:
    - Meetings to be conducted as determined by the Committee;
    - Notices, agenda, and papers to be circulated at least seven (7) days prior to the meeting;
    - Decisions to be made by majority vote, with the Chairman having no casting vote where only two (2) members form a quorum;
    - Minutes to be properly recorded and kept at the registered office; and
    - Reports of deliberations to be presented to the Board.

5. Authority

The Committee is authorised by the Board to:

i. Investigate any matter within its Terms of Reference.
ii. Access resources required to discharge its duties.
iii. Have unrestricted access to information, records, and employees of the Group.
iv. Obtain independent professional or legal advice when necessary.
vi. Form sub-committees, if required.
vii. Delegate specific responsibilities to individuals or sub-committees, as appropriate.

6. Duties and Responsibilities

6.1 Financial Reporting

Review the quarterly financial results and annual financial statements before submission to the Board, with focus on:

- changes in or implementation of major accounting policies;
- significant adjustments and unusual events;
- compliance with applicable accounting standards, MMLR, and other legal requirements; and
- appropriateness of the going concern assumption.

6.2 External Audit

i. Review the external auditors' audit plan prior to commencement of audit.
ii. Review their evaluation of the system of internal controls.
iii. Review their management letter and Management's response.
iv. Review their independent auditors' report.
v. Assess the assistance and cooperation provided by employees.
vi. Review and recommend to the Board the appointment, re-appointment, resignation, or dismissal of the external auditors, including audit fees.
vii. Assess the independence and objectivity of the external auditors.
viii. Evaluate their performance, quality, and effectiveness.
ix. Meet separately with the external auditors at least twice a year without Management's presence.
x. Monitor non-audit services to ensure they do not compromise independence.
xi. Consider whether there are grounds to believe the auditors are unsuitable for re-appointment.
xii. Review and monitor the policy governing the provision of non-audit services by the External Auditors and assess whether the nature and extent of such services could impair, or appear to impair, the External Auditors' independence and objectivity.

6.3 Internal Audit

i. Review the adequacy of the scope, functions, authority, and resources of the internal audit function.

ii. Review and approve the internal audit plan, processes, and reports, including Management's responses and the implementation of audit recommendations.
iii. Consider major findings of internal investigations and Management's responses.
iv. Assess the effectiveness, adequacy of resources, competency, independence and performance of the internal audit function and the Head of Internal Audit.
v. Ensure internal auditors have direct access to the Committee and unrestricted access to information.
vi. Conduct private sessions with the internal auditors at least once a year without Management's presence.

6.4 Risk Management

i. Review and monitor the effectiveness of the Group's risk management framework, policies, and processes.
ii. Review reports on significant risk exposures and mitigation plans, including financial, operational, compliance, cyber, sustainability, and strategic risks.
iii. Advise the Board on the Group's risk appetite and risk management strategies.

6.5 Sustainability

i. Oversee and review the Group's sustainability framework, policies, and practices to ensure alignment with Bursa Malaysia's Listing Requirements and recognised best practices.
ii. Review the adequacy, integrity and reliability of sustainability-related information and disclosures included in the Annual Report, Sustainability Statement and other public disclosures, where applicable.
iii. Monitor key sustainability risks and opportunities, including ESG (environmental, social, governance) initiatives and stakeholder engagement.

6.6 Governance Disclosures

Review and endorse the following for Board approval prior to inclusion in the Annual Report:
i. Audit Committee Report;
ii. Corporate Governance Overview Statement;

iii. Corporate Governance Report;
iv. Statement on Risk Management and Internal Control; and
v. Sustainability Statement.

6.7 Related Party Transactions & Other Responsibilities

i. Review related party transactions (RPT), including recurrent related party transactions (RRPT), to ensure that they are:
   - conducted at arm's length and on normal commercial terms;
   - not detrimental to the interests of the Company or its minority shareholders; and
   - in compliance with the shareholders' mandate and Listing Requirements.

ii. Review potential conflict of interest situations within the Group, including those that may raise concerns on Management's integrity.
iii. Review the share buy-back authority for the purchase of the Company's ordinary shares.
iv. Report findings on financial reporting, Management performance, and other material matters to the Board.
v. Undertake any other matters delegated by the Board.
vi. Oversee the adequacy and effectiveness of the Group's whistleblowing arrangements to ensure appropriate investigation and follow-up actions are undertaken.

Review of the Terms of Reference

This Terms of Reference shall be reviewed and amended by the Committee as and when deemed appropriate to ensure that it remains relevant, effective and consistent with applicable laws, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Malaysian Code on Corporate Governance and other relevant regulatory requirements. Any proposed amendments shall be recommended to the Board for approval.