

RT PASTRY HOLDINGS BERHAD
Registration No. 201801014342 (1276258-V)

Audit and Risk Committee Terms of Reference

1.0 Status

1.1 The Audit and Risk Committee (“ARC” or “Committee”) is established as a Committee of the Board of Directors (“Board”) of RT Pastry Holdings Berhad (“Company”).

2.0 Composition

2.1 The ARC shall be appointed by the Board from amongst the Directors of the Company and shall comprised at least three (3) members, whereby all members must be independent and non-executive directors and have sufficient understanding of the business of the Company and its subsidiaries (“Group”) and must be able to read, analyse, interpret and understand financial statements, and ask pertinent questions about the Group’s reporting process,. At least one (1) member of the ARC fulfils the following requirements:

- (1) must be a member of the Malaysian Institute of Accountants (“MIA”); or
- (2) if he/she is not a member of the MIA, he must have at least three (3) years working experience; and
 - (a) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (b) he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- (3) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad (“Bursa Securities”).

2.2 The ARC shall elect a chairman from amongst the Committee members, who shall be an Independent Non-Executive Director. The following shall not be appointed as a chairman and/or member of the ARC:

- (1) The chairman of the Board; and
- (2) Alternate director.

In the absence of the chairman of the Committee, the other members of the Committee shall amongst themselves elect a chairman who must be an Independent Non-Executive Director to chair the meeting.

2.3 The former partner of the Group’s external audit firm and/or its affiliate (including those providing advisory services, tax consulting etc), if any, shall observe a cooling-off period of at least three (3) years before being eligible to be appointed as a member of the ARC.

2.4 If a member of the Committee resigns or for any other reason ceases to be a member and as a result that the number of members is reduced to below three (3), the Board shall, within three (3) months from the date of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members based on the recommendation of the Nomination and Remuneration Committee.

- 2.5 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.

3.0 Primary Purposes

The ARC is responsible to assist the Board in:

- (1) fulfilling its oversight responsibilities for the financial reporting process, system of internal control, audit process, risk governance and risk management matters relating to the activities of the Company and its subsidiaries in order to manage the overall risk exposure and compliance of the Group;
- (2) ensuring the 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; and
- (3) overseeing the implementation and monitoring of the Whistleblower Policy and Procedures for the Group, and ensuring effective administration thereof by the Company.

4.0 Duties and Responsibilities

4.1 Specific audit and financial responsibilities include, to:

- (1) Review:
 - (a) The quarterly results and year-end financial statements, prior to the approval by the Board, focusing particularly on:
 - (i) application of new accounting standards, amendments to published accounting standards and amendments on the interpretations of existing accounting standards;
 - (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; and
 - (iii) significant adjustments arising from the audit;
 - (iv) compliance with accounting standards and other laws, rules and regulation, requirements and guidelines;
 - (v) the going concern assumption;
 - (vi) the audit plan which encompasses among others, its scope, nature and timing; and
 - (vii) the management letters and representation letters.
 - (b) The nomination, removal and/or resignation of external auditors:

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- (i) recommend appointment, re-appointment or removal of external auditors, and their audit fees after assessing factors which include, but not limited to, their independence, capabilities and the effectiveness of the external audit process;
 - (ii) the suitability, objectivity and independence of external auditors;
 - (iii) the adequacy of existing external auditors' audit arrangements, with particular emphasis on the scope and quality of the audit;
 - (iv) the external auditors' audit report;
 - (v) the assistance given by the employees of the Company to the external auditors;
 - (vi) the policies and procedures for assessment of suitability and independence of external auditors based on information presented in the Annual Transparency Report of said external auditors; and
 - (vii) the policies and procedures governing the provision of non-audit services by external auditors.
 - (viii) the grounds or circumstances leading to removal and/or resignation of external auditors.
- (c) The internal control and management:
- (i) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (ii) the effectiveness of the internal control and management information systems; and
 - (iii) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal auditors.
- (d) And verify the allocation of share options to eligible persons in compliance with the by-laws approved by the Board and shareholders of the Company.
- (2) Carry out any other function that may be mutually agreed upon by the Committee and the Board, which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities.

4.2 Specific risk governance and risk management responsibilities include the following:

- (1) Review and recommend appropriate risk management strategies, policies and risk tolerances in line with the Group's business objectives for the Board's approval to safeguard shareholders' investments and the Group's assets;
- (2) Assist the Board to establish an effective risk management framework ("Framework") and disclose the adequacy and effectiveness;

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- (3) Periodically review and test the Framework;
- (4) Disclose the adequacy and effectiveness of risk assessment results based on the actual findings and potential impact of any failure or weakness, particularly those related to financial performance or conditions that may affect the Group;
- (5) Discuss with the Management on actions to be taken to improve the Framework;
- (6) Ensure the implementation of the Framework and its adequacy in determining the Group's risk appetite through scope and quality of management's ongoing monitoring of risks and robustness of the management process;
- (7) Provide the Board with reasonable assurance that adverse impacts arising from foreseeable uncertainties are mitigated and managed;
- (8) Ensure the ability of the Group to meet changes in significant risks and respond to constant changes to the business and/or external environment;
- (9) Ensure there is an active process to identify, assess, manage and monitor principal risks to safeguard shareholder's investment and Group's asset and give timely input to both the Board and the Management;
- (10) Ensure that risk management and internal control system are adequate to manage the risk and corrective measures are available to remedy failure and/or weaknesses;
- (11) Ensure the effectiveness of measures deployed by the Management to address those risks (i.e. accept, avoid, transfer or mitigate the risks);
- (12) Obtain the assurance from the Management that the risk management and internal control system is operating adequately and effectively in all material aspects;
- (13) Submit all findings and recommendations of the Committee to the Board for approval and notation;
- (14) Promote healthy risk culture and observe dysfunctional trends that could undermine the performance of the risk management process;
- (15) Sustainability reporting matter:
 - (a) Oversee the management of principal business risks and significant/material economic, environmental and social risks;
 - (b) Ensure resources and processes are in place to enable the organisation to achieve its sustainability commitments and targets; and
 - (c) Review the Sustainability Statement of the Group in Annual Report.
- (16) Provide oversight, guidance and direction to the management and Compliance Department of the Group relating to compliance management, functions and processes;
- (17) Recommend to the Board on the Group's compliance framework and policies, and any proposed changes thereto for the Board's consideration and approval;

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- (18) Ensure the integration of necessary compliance management processes into all business processes and practices of the Group by the Compliance Department of the Group;
- (19) Deliberate, review and evaluate the relevance and effectiveness of the compliance framework and policies of the Group and recommend the necessary areas of improvement and/or the best practices to the Board;
- (20) Review the compliance management process developed by the Compliance Department of the Group and confirm its adequacy in meeting all the applicable laws, regulations, rules, requirements and guidelines;
- (21) Review the assessment and opinion of the Compliance Department of the Group in relation to the overall compliance of the Group with all the applicable laws, regulations, rules, requirements and guidelines on a quarterly basis and provide quarterly updates on the same to the Board thereafter;
- (22) Deliberate on compliance related matters of the Group;
- (23) Review the effectiveness of internal control processes of the Group for monitoring compliance of the Group with all the applicable laws, regulations, rules, requirements and guidelines and to ensure that the internal control processes are updated continuously to reflect changes in areas which include, but not limited to, the applicable laws, regulations, rules, requirements and guidelines and operating environment of the Group;
- (24) Review findings, issues and non-compliances highlighted by the regulatory authorities in relation to the businesses of the Group and ensure the necessary corrective actions are taken by the management and the Compliance Department of the Group to prevent recurrence of any of the issues and non-compliances;
- (25) Review and ensure sustainability efforts of the Group are aligned to the Group's long-term environmental, social and governance strategies;
- (26) Review and ensure the effective management of environmental, social and governance matters, which shall encompass areas relating to the synergies between the said environmental, social and governance matters with the principal businesses of the Group;
- (27) Review and ensure sustainability compliance is integrated within key business strategies across the Group to achieve sustainability goals of the Group;
- (28) If required, provide opinion(s) in relation to the statement(s) to be disclosed in the Company's annual report on the status of compliance of the Group based on the report(s) provided by the third party professional consultants engaged by the Company;
- (29) Ensure all non-compliance incidents and issues are adequately investigated, the reporting of such non-compliance incidents and issues is made to appropriate parties in a timely manner and corrective measures are taken to prevent the recurrence of such non-compliance incidents and issue;
- (30) Ensure all entities within the Group to report to the Group Internal Compliance Committee on matters relation to legal and regulatory non-compliances;

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- (31) Monitor the status of the Group's compliance with its requisite legal and regulatory obligations and where necessary, shall then report to the Board, the progress of rectification plans and status of the Group's overall compliance;
- (32) Evaluate the adequacy of tools, resources, trainings and subject matter expert for the Group to meet its compliance obligations. This includes ensuring that the staffs who are responsible for the implementation of compliance management perform their responsibilities independently;
- (33) Ensure on-going awareness programmes, communication, training and education on risk and compliance management;
- (34) Promote a healthy compliance culture and behaviours that ensures the effectiveness of the compliance management;
- (35) Consider any other matters relating to compliance management, including relevant laws, regulations, rules, requirements and guidelines which are applicable in all operating areas of the Group as referred to by the Board or by Group Internal Compliance Committee by its own accord;
- (36) Carry out such other duties or functions as may be delegated by the Board from time to time or required by the regulatory authority; and
- (37) Review the compliance reports prepared by the Group Internal Compliance Committee and non-compliance findings by regulatory authorities, and to recommend necessary changes in the risk management framework, policies, processes and strategies to prevent the recurrence of the non-compliance incidents or issues as highlighted in the said compliance reports.

4.3 Specific audit and risk combined responsibilities include, to review the following before reporting and recommend the same to the Board for approval:

- (1) The Audit Committee Report to be published in the Integrated Annual Report;
- (2) The Annual Statement on Internal Control and Risk Management to be published in the Integrated Annual Report;
- (3) Any changes to the Whistleblower Policy and Procedures, etc;
- (4) Any new frameworks, policies and guidelines for managing risks within the Group;
- (5) The findings of any examination, assessment or audit by external consultants or parties;
- (6) Any letter of resignation from the external auditors or suggestions for their dismissal;
- (7) Whether there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment;
- (8) Any related party transactions and conflict of interest or potential conflict of interest situations that may arise including any transaction, procedure or course of conduct that raises question of management integrity; and
- (9) All areas of significant financial or other risks and the arrangements in place to contain those risks to acceptable level.

5.0 Authority

5.1 The ARC shall have the authority to:

- (1) Have full and unrestricted access to information and resources required from the management of the Group to perform its duties.
- (2) Call for anyone in the Group to be in attendance to make presentations or furnish or provide independent advice on any matters within the scope of responsibilities.
- (3) Appoint, at the Company's expense, an independent party to conduct or to assist in conducting any investigation as may be required pursuant to the Whistleblower Policy and Procedures for the Group, upon the terms of appointment to be approved by the ARC.
- (4) Obtain external professional advice or other advice and invite persons with relevant experience to attend its meetings, if necessary.
- (5) Investigate any matter within the ARC terms of reference ("TOR").
- (6) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function.
- (7) Convene meetings with the external auditors, the internal auditors without the presence of other directors and employees of the Group, whenever deemed necessary.
- (8) Authorise the ARC chairman to carry out the ARC's responsibilities as required under the Whistleblower Policy and Procedures for the Group.
- (9) Where the Committee is of the view that any of the matters that are reported to the Board are not satisfactorily resolved, resulting in breach of any laws, rules, regulations, requirements and guidelines, the Committee shall have the authority to report such matters to the relevant authorities.
- (10) Recommend to the Board any appropriate changes to the duties of the ARC.

6.0 Meetings

6.1 Frequency

The ARC shall meet at least four (4) times in a year to discuss any matters in relation to the duties of ARC which shall include, but not limited to, any matters raised by the internal and external auditors. The Chairman of the Committee may request additional meetings as he/she considers necessary. Each member of the ARC shall attend at least 50% of the meetings of ARC held in each year.

6.2 Notice of meetings

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) days before the date of the meeting. Minutes of the last meeting and relevant papers shall be sent to committee members and to other attendees as appropriate, at the same time.

6.3 Quorum

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

6.4 Mode

A meeting of the ARC may be by being present in person or by means of a video conferencing, telephone or other electronic and communication facilities which allows all persons at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

6.5 Casting vote

The decision that gained the majority votes shall be the decision of the ARC. In the event of an equality of votes, the chairman of the ARC shall be entitled to a second or casting vote.

6.6 Minutes of the Committee meeting

The secretary of the Committee shall record, prepare and circulate the minutes of the meetings of the Committee and such minutes must be confirmed by the Committee at the next succeeding Committee meeting.

The minutes of each Committee meeting shall be approved and signed by the chairman of that meeting or by the chairman of the next succeeding meeting shall be deemed confirmed as evidence of the proceedings that the meeting was duly convened and held. Relevant members of Management shall be provided with the minutes and matters arising for following up on key actions required.

6.7 Abstaining from Voting

A member of the Committee who has an interest or is involved directly or indirectly in any matter under consideration by the meeting shall abstain from deliberating and voting.

7.0 Communication to the Board

The ARC may from time to time submit or report to the Board its recommendation on matters within its purview, for the Board's decision.

The ARC chairman shall update the Board on the activities undertaken by the ARC at each Board meeting.

Where the ARC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the ACE Market Listing Requirements of Bursa Securities, the ARC must promptly report such matter to the Bursa Securities.

8.0 Communication to the Board

A written resolution signed or approved by a majority of the members of ARC, shall be as valid and effectual as if it had been passed at a meeting of the ARC. Such resolution may consist of several documents in like form each signed by one (1) or more members or their alternates and shall be forwarded or otherwise delivered to the Company Secretary without

delay and shall be recorded in the minutes book. The expressions of “in writing” or “signed” include approval by telefax, electronic mail or any form of electronic approval or electronic signature or digital signature via software, electronic devices or other means of telecommunication apparatus or devices approved by the members for such purpose from time to time incorporating, if the members deem necessary, the use of security and/or identification procedures and devices approved by the members. In the case any of the ARC members are absent from Malaysia, a resolution signed by all the other members with the majority of whom being independent directors who are present in Malaysia, shall be valid and effectual.

9.0 Secretary

The company secretary of the Company shall be the secretary of the Committee.

10.0 Appointment Process

The Board may revoke the appointment of an ARC member and/or vary the term of appointment of a member at any time as it deems fit.

11.0 Amendment, Variation and/ or Modification

This TOR may be amended, varied or modified in writing as and when necessary subject to the Board’s review and approval. Upon the Board’s approval, the said revision or amendment shall form part of this TOR and shall be considered duly revised or amended.

This TOR was adopted by the Board of the Company on 8 August 2024.

END.