

YONG TAI BERHAD
Registration No. 199401025505 (311186-T)
(Incorporated in Malaysia)

TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE

A. OBJECTIVE

The primary objective of the Audit and Risk Management Committee (“the Committee”) is to assist the Board of Directors in the effective discharge of its fiduciary responsibilities as to corporate governance, financial reporting, auditing, internal control, risk management and sustainability management.

B. COMPOSITION

The Committee shall be appointed by the Board of Directors from amongst its members which fulfils the following requirements:

1. the Committee must be composed of no fewer than three (3) members
2. all the Committee members must be non-executive directors, with a majority of them being independent directors;
3. at least one (1) member of the Committee:
 - i. must be a member of the Malaysian Institute of Accountants; or
 - ii. if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years’ working experience; and
 - a. he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - b. he 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
 - iii. fulfils such other requirements as prescribed or approved by Bursa Securities.
4. no alternate director shall be appointed as a member of the Committee.

C. CHAIRMAN

The members of the Committee shall elect a Chairman among themselves who is an independent director.

D. SECRETARY

The Company Secretary(ies) of the Company shall be the Secretary of the Committee.

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E. MEETINGS

i. Frequency of Meetings

The Committee shall meet at least four (4) times a year or more frequently as they consider necessary to discharge their duties. The external auditor may request for a meeting if they consider necessary.

ii. Quorum

A quorum shall be two (2) members present, a majority of whom must be independent directors.

iii. Attendance at Meetings

The Committee may invite the Head of Finance, the internal auditor and external auditor to attend the meeting. Other Board members and/or employees may attend any particular meeting upon invitation of the Committee. At least once a year the Committee shall meet with external auditor without executive Board members present.

iv. Minutes

The minutes of Committee meeting shall be signed by the Chairman of the meeting and distributed to each member of the Committee and the Board of Directors. The Chairman of the Committee shall report to the Board of Directors on each meeting.

F. AUTHORITY

The Committee shall in accordance with a procedure determined by the Board of Directors:

- i. have authority to investigate any matter within its terms of reference;
- ii. have the resources which are required to perform its duties;
- iii. have full and unrestricted access to any information pertaining to the Company and the Group;
- iv. have direct communication channels with the internal and external auditors and with senior management of the Company;
- v. be able to obtain independent professional or other advice; and
- vi. be able to convene meeting with external auditor, internal auditor or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

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G. FUNCTIONS AND DUTIES

The functions and duties of the Committee shall be:

1. to review the following and report the same to the Board of Directors of the Company:
 - a. with the external auditor, the audit plan;
 - b. with the external auditor, his evaluation of the system of internal controls;
 - c. with the external auditor, his audit report;
 - d. the assistance given by the employees of the Company to the external auditor, 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;
 - e. 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 audit function;
 - f. the quarterly results and year-end financial statements, prior to the approval by the board of directors, focusing particularly on
 - changes in or implementation of major accounting policy changes;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements;
 - g. any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - h. any letter of resignation from the external auditors of the Company; and
 - i. whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.
2. to recommend the nomination of a person or persons as external auditors.
3. to carry out such other functions as may be agreed to by the Committee and the Board of Directors.
4. to review and consider the following in respect of risk management:
 - a. the Enterprise Risk Profile/Register to ensure comprehensive and effective management key risks;
 - b. the risk management strategies, policies and risk tolerance limits for Board's approval;
 - c. the risk assessment, monitoring and management policies and procedures; and

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- d. the appropriateness of management response to key risk areas and follow-up on management risk treatment action plans reported.

The Chairman of the Committee shall engage on a continuous basis with the senior management, such as the Chairman, the Managing Director, the Head of Finance, the Head of Internal Audit and external auditor in order to be kept informed of matters affecting the Company.

H. RETIREMENT AND RESIGNATION

In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirements of Bursa Malaysia Securities Berhad, the Company must fill the vacancy within three (3) months.

I. REVIEW OF COMMITTEE

The Board of Directors must review the term of office and performance of a Committee and each of its members at least once every three (3) years to determine whether such the Committee and members have carried out their duties in accordance with the Terms of Reference.

J. EFFECTIVENESS AND INDEPENDENT OF THE COMMITTEE

The Group has always recognised the need to uphold independency. None of the members of the Board were former key audit partners within the cooling-off period of three (3) years. Hence, there is no such person being appointed as a member of the Committee.