



HARVEST MIRACLE CAPITAL BERHAD
Registration No. : 199601010679 (383028-D)
(Incorporated in Malaysia)

Audit Committee
TERMS OF REFERENCE

1. Composition of Members

The Committee shall comprise no fewer than three (3) members, a majority of whom shall be independent directors and all members should be non-executive directors. At least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience as approved by Bursa Malaysia Securities Berhad (“Bursa Securities”).

In the event of any vacancy with the result that the number of members is reduced to below three, the vacancy shall be filled within two (2) months but in any case not later than three (3) months. Therefore, a member of the Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

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

2. Chairman

The members of the Audit Committee elect a Chairman from amongst their number who is an independent director.

In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who must be an independent director to chair the meeting.

3. Secretary

The Company Secretary is the Secretary of the Audit Committee and as a reporting procedure, the Minutes are circulated to all members of the Board.

4. Meetings

The Audit Committee meets regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman’s discretion.

Upon the request of the external auditor, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditor believes should be brought to the attention of the directors or shareholders.

Notice of Audit Committee meetings are given to all the Audit Committee members unless the Audit Committee waives such requirement.



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The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the Chief Executive Officer, the Head of Accounts & Finance, the internal auditors and the external auditors in order to be kept informed of matters affecting the Company.

The Executive Directors – Finance and Accounts / Head of Finance and Accounts, Chief Financial Officer, a representative of the internal auditors and external auditors normally attend the Audit Committee meetings. Other Board members and employees may attend meetings upon the invitation of the Audit Committee. The Audit Committee shall be able to convene meetings with the external auditors, the internal auditors or both, without executive Board members or employees present whenever deemed necessary.

Questions arising at any meeting of the Audit Committee are decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee has a second or casting vote.

5. Minutes

Minutes of each meeting are kept at the registered office and distributed to each member of the Audit Committee and also to the other members of the Board. The Audit Committee Chairman shall report on each meeting to the Board.

The minutes of the Audit Committee meeting are signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

6. Quorum

The quorum for the Audit Committee meeting shall be two members.

7. Objectives

The principal objectives of the Audit Committee are to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:-

- (a) evaluate the quality of the audits performed by the internal and external auditors;
- (b) provide assurance that the financial information presented by management is relevant, reliable and timely;
- (c) oversee compliance with laws and regulations and observance of a proper code of conduct; and
- (d) determine the quality, adequacy and effectiveness of the Group's control environment.



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8. Authority

The Committee shall:

- a. have authority to investigate any matter within its terms of reference;
- b. have the resources which are required to perform its duties;
- c. have full and unrestricted access to any information pertaining to the Group;
- d. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- e. have the right to obtain legal or independent professional or other advice at the Company's expense;
- f. have the right to convene meetings with the external auditors, internal auditors, or both, excluding the presence of the executive board members, whenever deemed necessary;
- g. promptly report to the Bursa Malaysia, or such other name(s) as may be adopted by Bursa Malaysia, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements;
- h. have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise;
- i. meet as and when required on a reasonable notice; and
- j. the Chairman shall call for a meeting upon the request of the External Auditors.

9. Duties and Responsibilities

The duties of the Committee shall include:

- a. To review with the external auditors on:
 - the audit plan, its scope and nature;
 - the audit report;
 - the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
 - the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.
- b. To review the adequacy of the scope, functions and resources and set the standards of the internal audit function.
- c. To ensure that the external auditors review a statement made by the Board of Directors, with regard to the state of internal control of the listed company and report the results thereof to the Board of Directors.



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- d. To recommend such measures as to be taken by the Board of Directors on the effectiveness of the system of internal control, management information and risk management practices of the Group.
- e. To review 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. To review any appraisal or assessment of the performance of the internal audit function.
- g. To approve any appointment or termination of the internal auditors.
- h. To take cognisance of resignation of internal auditors and provide the resignation internal auditors an opportunity to submit its reasons for resignation.
- i. To review with management:
 - audit reports and management letter issued by the external auditors and the implementation of audit recommendations;
 - interim financial information; and
 - the assistance given by the officers of the Company to external auditors.
- j. To monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- k. To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:
 - changes in or implementation of major accounting policy and practices;
 - significant and/or unusual matters arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- l. To consider the appointment and/or re-appointment of auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors to the board.



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- m. To verify the allocation of options pursuant to a share scheme for employees as being in compliance with the criteria for allocation of options under the share scheme, at the end of each financial year.

Date of review : 29 August 2022



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