IHH Healthcare Berhad
(Registration No. 201001018208 (901914-V))
("**IHH**" or "**the Company**")
(Incorporated in Malaysia)

TERMS OF REFERENCE OF THE

AUDIT COMMITTEE

Category	**Terms of Reference**
Subject/Title	**Terms of Reference of the Audit Committee**
Approved by	**Board of Directors**
Effective Date	**25 August 2022**
Reference No	**TOR-03**
Revision No	**03**

1. Status

1.1 The Audit Committee ("**AC"**) is a committee of the Board of Directors ("**Board**") of IHH Healthcare Berhad ("**Company**").

2. Membership

2.1 The AC shall be appointed by the Board amongst its Directors and shall comprise at least three (3) members who must be Non-Executive Directors and the majority of whom shall be Independent Directors, drawing advice from experts, if necessary. In determining the independence of the members of the AC, the Board will observe the requirements of Paragraph 1.01 of the Main Market Listing Requirement ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), and the relevant Practice Notes that may be issued by Bursa Securities from time to time.

2.2 All members of the AC should be financially literate and have sufficient understanding of the Company's business and must be able to read, analyse, interpret and understand financial statements, and ask pertinent questions about the Company's financial reporting process. They must also possess sound judgement, objectivity, integrity and sufficient management experience and knowledge of the industry. All members of the AC should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

2.3 At least one (1) member of the AC:

(a) must be a member of the Malaysian Institute of Accountants ("**MIA**"); or

(b) if he/she is not a member of the MIA, he/she must have at least three (3) years' working experience; and

(i) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

(ii) 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

(iii) fulfils such other requirements as prescribed by Bursa Securities.

2.4 No Alternate Director shall be appointed as a member of the AC.

2.5 A former partner of the external audit firm and/or its affiliate firm (including those providing advisory services, tax consulting etc.) of the Company or any entity within the Group shall not be eligible to be considered or appointed as a member of the AC until the expiry of a cooling-off period of at least three (3) years from the date he/she ceases to be a partner.

2.6 The Chairman of the AC shall be an Independent Non-Executive Director appointed by the Board. The Chairman of the AC shall not be the chair of the Board.

2.7 Where the members of the AC for any reason are reduced to less than three (3), the Board shall, within three (3) months from the occurrence of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

2.8 All members of the AC, including the Chairman, will hold office only so long as they remain as Non-Executive Directors of the Company.

2.9 Any member of the AC may relinquish his/her membership in the AC with prior written notice to the Company Secretary.

3. Primary Purpose

3.1 The AC is responsible for:-

(a) assisting the Board in fulfilling its statutory and fiduciary responsibilities in ensuring that the Company has in place a sound and robust internal control framework and ensure that such framework has been effectively implemented to enhance the Company's ability to achieve its strategic objectives;

(b) reviewing financial statements and financial reporting process as well as management of financial and operational risks;

(c) reviewing reports from internal and external auditors to validate scope, evaluate existing policies, establish audit quality and ensure compliance with the Group's policies;

(d) assisting the Board in ensuring that the Management maintains a sound system of internal controls to safeguard and enhance enterprise value;

(e) ensuring that proper processes and procedures are in place to comply with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies;

(f) overseeing the implementation of the Whistleblower Policy and Procedures for the Group, and ensuring effective administration thereof by the Group Internal Audit ("**GIA**") function;

(g) following up with any observations and/or recommendations which the Group's external auditors may provide to the Group's Management after the conduct of their annual audits to ensure that the matters highlighted by the Group's external auditors are appropriately addressed and/or implemented, as the case may be;

(h) communicating its insights, views and concerns about relevant transactions and events to internal and external auditors;

(i) communicating the AC's concerns on matters that may have an effect on the financial or audit of the Company to the external auditor; and

(j) ensuring there is co-ordination between internal and external auditors.

4. Responsibilities

The responsibilities of the AC shall be to:

Financial Reporting

4.1 Review the Group's quarterly results and year-end financial statements with Management and External Auditors prior to submission to the Board, focusing particularly on:

(a) changes in or implementation of major accounting policy changes;

(b) significant matters highlighted including financial reporting issues, significant judgement made by Management, significant and unusual events or transactions and how these matters are addressed;

(c) significant adjustments arising from the audit;

(d) the going concern assumption; and

(e) compliance with the applicable accounting standards and other legal requirements.

4.2 Review and provide advice on whether the financial statements taken as a whole provide a true and fair view of the Company's financial position and performance.

4.3 Demonstrate an appropriate level of vigilance and skepticism towards, among others, detection of any financial anomalies or irregularities in the financial statements.

4.4 Ask probing questions to ascertain whether the financial statements are consistent with operational and other information known where there are significant matters requiring judgement.

External Auditors

4.5 Consider and recommend to the Board for approval the appointment or reappointment of external auditors and their fees (audit and non-audit), upon assessment of the independence and capabilities of the external auditors as well as the effectiveness of the external audit process.

4.6 In assessing the suitability, objectivity and independence of the external auditor, the AC establishes policies and procedures that consider, among others; the competence, audit quality and resource capacity of the external auditor in relation to the audit; the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The assessment on the suitability, objectivity and independence of the external audit firm should be conducted annually.

4.7 Review the following and report the same to the Board:

(a) any letter of resignation from the external auditors or suggestions for their dismissal, including a copy of any written representations or statement of circumstances connected with the resignation made by the external auditors, if applicable; and

(b) whether there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment.

4.8 Assess the suitability, objectivity and independence of the external auditors on an annual basis based on the policies and procedures that have been established and the annual performance evaluation of the external auditors undertaken by the AC which is supported by the assessment conducted by relevant Management members. The policies and procedures must include among others consideration on:

(a) the competence, audit quality and resource capacity of the external auditor in relation to the audit;

(b) the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and

(c) obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

4.9 Review the following with the external auditors and report the same to the Board:

(a) audit plan;

(b) audit report;

(c) evaluation of the system of internal controls;

(d) the assistance given by the employees to the external auditor;

(e) the effectiveness of the management information system including any improvement suggestions and Management's response;

(f) any significant audit findings, reservations, difficulties encountered or material weaknesses reported by the external auditor; and

(g) external auditors' management letter and management's response thereto.

Internal Audit

4.10 Approve the budget for the internal audit function, review and approve the internal audit plan and decide on the scope of work and appointment and removal of the head of the GIA or the outsourced internal audit provider. The AC also must decide on the performance evaluation of the internal audit function;

4.11 Ensure that the GIA function is effective and able to function independently and to assess whether the GIA personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence; ensure adequate resources in the GIA department and a qualified person responsible for GIA; and ensure that the GIA function is carried out in accordance with a recognized framework;

4.12 Review the following with the GIA function and report the same to the Board:

(a) effectiveness of the Group's internal control systems/framework;
(b) adequacy of resources for internal control and dealing with problems encountered during the audit process;
(c) 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; and
(d) the internal audit plan and processes, the results of the internal audit as well as investigations undertaken, and whether or not appropriate action has been taken on the recommendations of the internal audit functions;

4.13 Review the appraisal or assessment of the performance of members of the internal audit function who will be responsible for the regular review and/or appraisal of the effectiveness internal control and governance processes within the Group;

4.14 Determine the responsibilities of the internal audit function which reports directly to the AC. The internal audit function should be independent of the activities they audit and audits should be performed with impartiality, proficiency and due professional care; and

4.15 To note the resignations of senior internal audit staff members and provide the resigning senior internal audit staff member an opportunity to submit his reasons for resigning upon receipt of such notice of resignation.

Related party transactions ("RPT") and Recurrent RPT ("RRPT")

4.16 Review on an annual basis the internal audit reports pertaining to any Related Party Transaction ("**RPT**") and Recurrent RPT ("**RRPT**") to ascertain that the guidelines and procedures established to monitor the RPT and RRPT have been complied with; and

4.17 Review and report to the Board any RPT and RRPT (including the review and monitoring of RRPT) and conflict of interest situations that may arise including any transaction, procedure or course of conduct that raises questions of management integrity.

Others

4.18 Review and report to the Board the reports/statements within the purview of the AC for inclusion in the Annual Report;

4.19 Verify the allocation of units or options issued pursuant to the various incentive or retention schemes implemented by the Group;

4.20 Evaluate the performance of the Chief Financial Officer of the Company to ensure that he/she has the character, experience, integrity, competence and time to effectively discharge his/her role as the Chief Financial Officer of the Company;

4.21 Review the effectiveness of the system for monitoring compliance with the laws and regulations, the results of the Management's investigation and follow-up (including disciplinary action) of any fraudulent acts or non-compliance;

4.22 Obtain regular updates from the Management and legal counsel of the Group regarding compliance matters;

4.23 Ensure that all regulatory compliance matters have been considered in the preparation of the financial statements;

4.24 Review the findings, queries or investigation by the regulatory agencies;

4.25 Exercise its powers and carry out its responsibilities as may be required from time to time under the Whistleblower Policy and Procedures for the Group; and

4.26 Carry out any other function that may be mutually agreed upon by the AC and the Board.

5. Authority

The AC shall have the authority to:

5.1 Approve any appointment or termination of senior staff members of the internal audit function;

5.2 Convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees of the Group, whenever deemed necessary and such meetings with the external auditors shall be held at least twice a year;

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

5.4 Obtain external professional advice or other advice and invite persons with relevant experience to attend its meetings, if necessary;

5.5 Investigate any matter within its terms of reference, have the resources which it needs to do so and have full and unrestricted access to information pertaining to the Group and the Management whereby all employees of the Group are required to comply with requests made by the AC;

5.6 Have direct communications channels with the external auditors and internal auditors, and also to engage with the Senior Management on a continuous basis, such as the Chairman, the Managing Director, the Chief Operating Officer and the Chief Financial Officer of the Group and its operating subsidiaries in order to be kept informed of matters affecting the Group;

5.7 Appoint an independent party to conduct or to assist in conducting any investigation, upon the terms of appointment to be approved by the AC;

5.8 Authorise the AC Chairman to carry out the AC's responsibilities as required under the Whistleblower Policy and Procedures for the Group; and

5.9 Have access to the advice and services of the Company Secretary.

6. Notice and Meetings

6.1 The AC shall meet four (4) times each year and at such other time(s) as it deems necessary to fulfill its responsibilities. If any member is unable to be physically present, he/she may choose to participate by means of a conference telephone or any other audio, or audio-visual, communication equipment which allows all persons participating in the meeting to hear and speak with each other and the person shall be deemed to be present in person and shall be entitled to vote or be counted in a quorum accordingly.

6.2 The Company Secretary, in consultation with the Chairman of the AC, shall draw up the agenda of the meeting. The agenda, together with the relevant support papers, shall be circulated at least five (5) working days prior to each Committee meeting.

6.3 The quorum for the AC shall be two (2), both of whom must be independent directors.

6.4 Each member of the AC is entitled to one (1) vote in deciding the matters deliberated in the meeting. The decision that gained the majority votes shall be the decision of the AC.

6.5 In the event of an equality of votes, the Chairman of the AC shall not be entitled to a second or casting vote. Such matter would be escalated to the Board for decision.

6.6 A member of the AC shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him/her.

6.7 The AC has the full discretion to invite such other directors and employees of the Company to its meeting, as it deems necessary. Subject always that the other directors and employees attend any particular AC meeting only at the AC’s invitation, specific to the relevant meeting.

7. Communication to the Board

7.1 The AC shall prepare a report each year concerning its activities in compliance with these terms of reference to be tabled to the Board and for inclusion in the Company's Annual Report.

7.2 The minutes of each AC meeting shall be tabled to the Board for notation.

7.3 The AC Chairman shall report on each meeting to the Board regarding all relevant matters and appropriate recommendations, in a written report for noting or approval by the Board.

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

7.5 Where the AC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR, the AC must promptly report such matter to Bursa Securities.

8. Circular Resolution

8.1 Any resolution in writing signed by a majority of all members of the AC shall be as valid and effectual as if it had been passed at a meeting of the AC duly convened and held.

8.2 All such resolutions shall be described as "AC Members' Circular Resolutions" and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book.

8.3 Any such resolution may be contained in a single document or may consist of several documents in the like form, each signed by one (1) or more members.

8.4 The expressions "in writing" or "signed" include approval by legible confirmed transmission by facsimile, email or other forms of electronic communications.

9. Secretariat

9.1 The Company Secretaries of the Company shall be the Secretary of the AC.

9.2 The Company Secretary shall be responsible for preparation of the agenda in consultation with the Chairman, and distribution to all the members the papers to be deliberated at the meeting.

10. Annual Review

10.1 The Board through the Nomination and Remuneration Committee would review the term of office and performance of AC and each of its members annually to determine the effectiveness of the AC and each of its members in carrying out their duties in accordance with their terms of reference.

11. Review of Terms of Reference

11.1 The Board will, at least every two years, review the Terms of Reference to determine its adequacy for current circumstances and the AC may make recommendations to the Board in relation to the AC’s membership, responsibilities, functions or others.