



IMPIANA HOTELS BERHAD

(REGISTRATION No.200601021085 (740838-A))

TERMS OF REFERENCE (“TOR”) OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

INTRODUCTION

The Audit Committee was established by the Board of Directors (“the Board”) of Impiana Hotels Berhad (“Impiana”) on 23 October 2007 to act as a Committee of the Board to fulfil its fiduciary responsibilities in line with the recommendation of the Malaysian Code on Corporate Governance. The authority, functions, and duties of the Committee shall be extended to the subsidiary companies of Impiana Hotels Berhad (“Impiana Group”). The Committee was re-named as Audit and Risk Management Committee (“ARC”) on 27 August 2020, with the additional responsibility for the risk management functions of the Group. This document outlines the purpose of the ARC, its composition, authority, and duties and responsibilities.

PURPOSE

The purpose of ARC is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the preparation of financial statements, financial reporting and the maintenance of a sound system of internal control, risk management and governance.

COMPOSITION

The ARC shall be appointed by the Board from amongst its members such that the following requirements are met:

- a. The ARC shall comprise no fewer than three (3) members;
- b. All ARC members must be Non-Executive Directors, with a majority of them being Independent Directors; and
- c. At least one (1) member of the ARC must be a member of the Malaysian Institute of Accountants or fulfil such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”).

The members of the ARC shall elect a Chairman from among their number who shall also satisfy the criteria of being an Independent Director.

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

No former audit partner of Impiana’s external auditors shall be appointed to the ARC unless that person has observed a cooling-off period of at least three (3) years.

In the event of any vacancy in the ARC resulting in the number of members being reduced to below three (3), the Board shall fill the vacancy within three (3) months.

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The term of office and performance of the ARC and each of its members shall be reviewed by the Nominating Committee annually to determine whether such ARC and members have carried out their duties in accordance with their terms of reference.

QUORUM

Quorum at a meeting of the ARC shall be at least two (2) members, present in person or by telephone or other telecommunication device, where the majority of whom shall comprise Independent Directors.

MEETINGS AND MINUTES

The ARC shall meet at least four (4) times per year, with the authority to convene additional meetings as and when necessary.

Other members of the Board and senior management may attend meetings upon the invitation of the ARC. The ARC shall meet with the external auditors without executive Board members present, where necessary.

The meetings and proceedings of the ARC are governed by the provisions of the Constitution of Impiana regulating the meetings and proceedings of the Board so far as the same are applicable.

Minutes of each ARC meeting shall be kept and distributed to all ARC members. The minutes of the ARC meeting shall be presented at the Board meeting and the Chairman of the ARC shall report on each ARC meeting to the Board.

The Company Secretary of Impiana shall act as secretary to the ARC.

DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the ARC shall include but not limited to the following:

A. Financial Reporting

Review the quarterly results and annual financial statements prior to submission to the Board for approval, focusing particularly on:

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- (i) Any significant changes in accounting policies and practices and its implementation;
- (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;
- (iii) Compliance with accounting standards and other legal requirements;
- (iv) Going concern assumptions; and
- (v) Significant audit issues and adjustments arising from audit.

B. Internal Audit:

- (i) Review and approve the internal audit programme/plan, consider the findings of internal audit engagements and monitor the implementation of audit recommendations/corrective actions.
- (ii) Review the scope, functions, competency, and resources of the internal audit function, and ensure that it has the necessary authority to conduct its work.
- (iii) Review the adequacy, effectiveness and sufficiency of the systems of internal control, risk management and governance of Impiana Group.
- (iv) Review and assess the performance and independence of the internal auditors.

C. External Audit:

- (i) Review with the external auditors, their audit plan (including the scope and nature of audit) and their evaluation of the system of internal controls.
- (ii) Review the external auditors' findings, management letter and Management's response.
- (iii) Review with the external auditors, their audit report and to consider the audit opinion and key audit matters contained therein.
- (iv) Consider the appointment of external auditors, remuneration, terms of reference and any questions of resignation or dismissal.
- (v) Review the assistance given by the employees of Impiana to the external auditors.

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- (vi) Carry out annual review of the performance of the external auditors, including assessment of suitability and independence of external auditors for recommendation to the Board for re-appointment and the audit fee thereof.
- (vii) Review and monitor the extent of non-audit services to be provided by the external auditors and/or its affiliates to ensure that the provision of non-audit services does not impair their independence or objectivity, and recommend the non-audit fees for the Board's approval.
- (viii) Discuss problems and reservations, if any, arising from the audits, and any matter which the external auditors may wish to discuss (in the absence of Management where necessary).

D. Risk Management

- (i) Assist the Board in identifying, reviewing and assessing the principal risks in the achievement of Impiana's objectives and overseeing the implementation of appropriate systems/processes to manage or mitigate these risks.
- (ii) Review and approve the annual risk management plan and ensure the adequacy of coverage.
- (iii) Review the adequacy and effectiveness of Impiana's enterprise risk management framework, risk management process, risk profile and risk appetite to ensure they are relevant and consistent with Impiana Group's business strategy and level of operations in safeguarding the Group's assets and profitability.
- (iv) Review the effectiveness of internal control systems deployed by Management to address key risks faced by Impiana Group.
- (v) Review the recommendation of corrective measures undertaken to mitigate such risks/weaknesses and the status of implementation of action plans.
- (vi) Provide guidance on the overall risk management strategy and directives for implementation to ensure that the principles and requirements of managing risks are consistently adopted throughout Impiana Group.

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E. Other Matters

- (i) Review related party transactions and conflict of interest situations that arose, persist or may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts.
- (ii) Disclose any and all actual or perceived conflicts of interest of the ARC members.
- (iii) Review the ARC Report, and the Statement on Risk Management and Internal Control before submitting for the Board's approval and inclusion in Impiana's Annual Report.

The Chairman of the ARC shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

The ARC shall undertake additional work and/or responsibilities as delegated by the Board from time to time.

AUTHORITY

The Audit Committee shall have the authority to:

- (i) Investigate any matter/activity of Impiana Group within the scope of its terms of reference;
- (ii) Have full and unfettered access to any and all resources, personnel, documents, records or other information of Impiana as is required to discharge the duties and responsibilities of the ARC as articulated in its terms of reference;
- (iii) Obtain legal or other independent professional advice to assist the ARC in discharging its responsibilities;
- (iv) Have direct communication channels with the internal and external auditors; and
- (v) Convene meetings with the external auditors, the internal auditors or both as and when necessary, excluding the attendance of other Directors and employees of Impiana.

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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 Listing Requirements of Bursa Securities, the ARC must promptly report such matter to Bursa Securities.

Review of Terms of Reference

The ARC will review these Terms of Reference on a biennial basis with a view to ensuring the Terms of Reference remains consistent with the ARC's purpose, authority and responsibilities.

This Terms of Reference was approved by the Board on 29 August 2023.