



REX INDUSTRY BERHAD
[Registration No. 199301027926 (282664-K)]
(Incorporated in Malaysia)

TERMS OF REFERENCE

- I. TERMS OF REFERENCE OF AUDIT COMMITTEE
- II. TERMS OF REFERENCE OF NOMINATION COMMITTEE
- III. TERMS OF REFERENCE OF REMUNERATION COMMITTEE

TERMS OF REFERENCE OF THE AUDIT AND RISK MANAGEMENT COMMITTEE
(Adopted on 19 November 2019)

1. Objectives

The principal objectives of the Audit and Risk Management Committee ("**ARMC**") are to assist the Board of Directors ("**Board**") in discharging its statutory and fiduciary duties and responsibilities relating to accounting and reporting practices as well as corporate governance and risk management of the Company. In addition, the ARMC shall:-

- (a) evaluate the quality of the audits performed by the internal and external auditors;
- (b) provide assurance that the financial information presented by the management is relevant, reliable and timely;
- (c) oversee compliance with laws and regulations and observance of a proper code of conduct;
- (d) determine the quality, adequacy and effectiveness of the Company's control environment;
- (e) identify, assess and monitor key business risks and recommend risk management policies and strategies for the Company and its subsidiaries ("**Group**"); and
- (f) oversee the risk management framework and activities of the Group and regularly assess the adequacy and effectiveness of the Group's risk management processes.

2. Composition of members

The Board shall appoint the ARMC members from amongst themselves, comprising no fewer than three (3) members, all of whom shall be Independent Non-Executive Directors.

*In this respect, the Board adopts the definition of "Independent Director" as defined under Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements ("**the Listing Requirements**").*

Collectively, the ARMC should possess a wide range of necessary skills, knowledge and experience to discharge its duties, and are expected to be familiar with areas of risk management. All members of the ARMC shall be financially literate and are able to understand the matters under the purview of the ARMC including the financial reporting process, internal controls, risk management and governance. At least one (1) member of the ARMC:-

- (a) shall be a member of the Malaysian Institute of Accountant ("**MIA**"); or
- (b) if he is not a member of the MIA, he must have at least three (3) years of working experience and:
 - i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or

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- ii. he must be a member of one (1) of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- (c) fulfils such other requirements as prescribed or approved by Bursa Securities.

No alternate Director of the Board shall be appointed as a member of the ARMC.

No former key audit partner of the Company's external auditors shall be appointed as a member of the ARMC unless the said former key audit partner has observed a cooling-off period of at least two (2) years before being appointed as a member of the ARMC.

All members of the ARMC should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Retirement and resignation

If a member of the ARMC or Chairman of the ARMC resigns, dies, or for any reason ceases to be a member or Chairman resulting in non-compliance to the composition criteria as stated in the paragraph 2 above, the Board shall within three (3) months of the event appoint such number of the new member(s) or Chairman of the ARMC respectively as may be required to fill the vacancy.

3. Chairman

The Chairman of the ARMC shall be an Independent Non-Executive Director appointed by the Board from amongst the ARMC members and who shall not be the Chairman of the Board. The ARMC Chairman shall chair all ARMC meetings but in the absence of the Chairman, the members of the ARMC can elect from amongst themselves the Chairman of the meeting.

The Chairman of the ARMC is responsible for ensuring the overall effectiveness and independence of the ARMC.

The Chairman of the ARMC together with other members of the ARMC should ensure amongst others that:-

- the ARMC is fully informed about significant matters related to the Company's audit and its financial statements and address these matters;
- the ARMC appropriately communicates its insights, views and concerns about relevant transactions and events to internal and external auditors;
- the ARMC's concerns on matters that may have an effect on the financial or audit of the Company are communicated to the external auditors; and
- there is co-ordination between internal and external auditors.

4. Secretary(ies)

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

The Secretary(ies) shall be responsible for keeping the minutes of meetings of the ARMC, circulating them to members of the ARMC and to all members of the Board and for following up on outstanding matters.

(Terms of Reference of the ARMC – cont'd)

5. Terms of Office

The Nomination Committee of the Company shall review the term of office and performance of the ARMC and each of its members annually to determine whether such ARMC and members have carried out their duties in accordance with the ARMC's terms of reference.

6. Meetings

The ARMC shall meet together for the dispatch of business, adjourn and otherwise regulate their meetings, at least four (4) times a year or more frequently as deemed necessary. The Chairman or any other member of the ARMC may call for additional meetings at any time at their discretion.

Upon the request of the external auditors, the Chairman of the ARMC shall convene a meeting of the ARMC to consider any matter the external auditors believe should be brought to the attention of the ARMC, the Board or the shareholders.

Reasonable notice of ARMC meetings shall be given in writing to all the ARMC members unless the ARMC waives such requirement.

The Chairman of the ARMC shall engage on a continuous basis with the Chairman of the Board, the Group Managing Director, the Chief Financial Officer, the internal auditors and the external auditors in order to be kept informed of matters affecting the Company.

The Chief Financial Officer and a representative of the internal and external auditors respectively should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the ARMC. The ARMC 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, and at least twice a year with the external auditors.

Questions arising at any meeting of the ARMC shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the ARMC shall have a second or casting vote.

7. Quorum

The quorum shall consist of two (2) members.

8. Circular Resolution

A resolution in writing signed or approved by letter, telex, telegram, cable, facsimile or other electronic or digital written message by the majority of the ARMC members, shall be valid and effectual as if it had been passed at a meeting of the ARMC duly called and constituted. All such resolutions shall be described as "ARMC Members' Resolution in Writing" and shall be forwarded or otherwise delivered to the Company Secretary(ies) without delay and shall be recorded by the Company Secretary(ies) in the minutes book. Any such resolution may consist of several documents in like form, each signed by one (1) or more members of the ARMC.

(Terms of Reference of the ARMC – cont'd)

9. Minutes

Minutes of each meeting shall be kept at the registered office and distributed to each member of the ARMC and also to the other members of the Board. The ARMC Chairman shall report on the proceedings of each meeting to the Board.

The minutes of the ARMC meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence of the proceedings of the meeting duly held.

10. Reporting

The ARMC shall report to the Board, either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference at least four (4) times a year, but more frequently if it so wishes.

The ARMC shall report to the Board on any specific matters referred to it by the Board for investigation and report.

11. Authority

The ARMC shall, in accordance with a procedure to be determined by the Board and at the expense of the Company,

- (a) have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full access to information. All employees shall be directed to co-operate as requested by members of the ARMC;
- (b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group;
- (c) obtain independent professional advice or other advice and invite outsiders with relevant experience and expertise to attend, if it considers necessary;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) where the ARMC is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the ARMC shall promptly report such matter to Bursa Securities;
- (f) be entitled to the services of the Company Secretary(ies); and
- (g) be entitled to appoint management-level personnel to perform duties to support the ARMC in discharging its functions and duties.

12. Duties and Responsibilities

The duties and responsibilities of the ARMC are as follows:-

- (a) To consider and recommend the appointment and re-appointment of the external auditors, the audit fee and any question of resignation or dismissal, including review of any letter of resignation of the external auditors and whether there is

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- reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment.
- (b) To establish and recommend policies governing the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the external auditors.
- (c) To discuss with the external auditors before the audit commences, the audit plan, particularly the nature and scope of the audit, and ensure co-ordination where more than one (1) audit firm is involved.
- (d) To review with the external auditors the evaluation of the system of internal controls and the audit report.
- (e) To review the quarterly and year-end financial statements of the Company and the Group before recommendation to the Board, focusing particularly on:-
- any change or implementation of major accounting policies and practices;
 - significant matters highlighted including financial reporting issues, significant judgments made by the management, significant and unusual events or transactions, and how these matters are addressed;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- (f) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of the management, where necessary).
- (g) To review the external auditors' management letter and the management's response;
- (h) To review the assistance given by the Company's management to the external auditors.
- (i) To assess the suitability, objectivity and independence of the Company's external auditors.
- (j) To do the following, in relation to the internal audit function:-
- consider and approve the appointment of the internal auditors, the internal audit fee and any question of resignation or dismissal.
 - review the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work.
 - review the internal audit plan and results of the internal audit assessments and investigation undertaken, and ensure that appropriate action is taken on the recommendations of the internal auditors.

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- consider the internal audit reports and findings to the internal auditors, fraud investigations and actions and steps taken by the management in response to audit findings.
 - review and decide on the budget allocated to the internal audit function.
 - appraise or assess the performance of members of the internal audit function.
 - monitor the overall performance of the Company's internal audit function.
- (k) To consider any related party transactions 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 the management integrity.
- (l) To monitor the integrity of the Company's financial statements and ensure the financial statements are prepared in accordance to the applicable financial reporting standards.
- (m) To report its findings on the financial and management performance, and other material matters to the Board.
- (n) To consider the major findings of internal investigations and management's response.
- (o) To monitor the Company's compliance with relevant laws, regulations and code of conduct.
- (p) To review the management's periodic reports on risk exposure risk portfolio composition and risk management activities as well as the existing controls that may reduce the key risk factors of the Company or Group.
- (q) To review the adequacy and effectiveness of risk management policies and framework, internal control and governance systems for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively.
- (r) To review and make recommendations in respect of risk management strategies, policies and risk indicators and tolerance, and any proposed changes thereto, for the Board's approval.
- (s) To consider and examine such other matters as the ARMC considers appropriate.
- (t) To consider other relevant matters as delegated by the Board.

TERMS OF REFERENCE OF THE NOMINATION COMMITTEE
(Adopted on 18 October 2018)

1. Objectives

The principal objective of the Nomination Committee is to assist the Board of Directors in their responsibilities in appointing new nominees to the Board of Directors and Board Committees to and ensure that their compositions meet the needs of the Company. The Nomination Committee shall also assess the performance of the Board, Board Committees and the individual Directors of the Company on an on-going basis.

2. Composition of members

The Board of Directors shall appoint the Nomination Committee members from amongst themselves, comprising exclusively of Non-Executive Directors, a majority of whom are independent. The term of office of the Nomination Committee shall be for such time as determined by the Board of Directors and members of the Nomination Committee may be re-nominated and appointed by the Board of Directors from time to time.

3. Chairman

The Chairman of the Nomination Committee shall be an Independent Director or the Senior Independent Director appointed by the Board of Directors from amongst the Nomination Committee members. The Nomination Committee Chairman shall chair all Nomination Committee meetings but in the absence of the Chairman, the members of the Nomination Committee can elect from amongst themselves the Chairman of the meeting.

4. Secretary(ies)

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

5. Meetings

The Nomination Committee may meet together for the despatch of business, adjourn and otherwise regulate their meetings, at least once a year or more frequently as deemed necessary. The Chairman or any member of the Nomination Committee may call for additional meetings at any time at the Chairman's discretion.

Reasonable notice of the Nomination Committee shall be given to all the Nomination Committee members unless the Nomination Committee waives such requirement.

Questions arising at any meeting of the Nomination Committee shall be decided on a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Meeting shall have a second or casting vote.

6. Quorum

A quorum shall consist of two (2) members who are Independent Non-Executive Directors.

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7. Circular Resolution

A resolution in writing signed or approved by letter, telex, telegram, cable, facsimile or other electronic or digital written message by the majority of the Nomination Committee members, shall be valid and effectual as if it had been passed at a meeting of the Nomination Committee duly called and constituted. All such resolutions shall be described as "Nomination Committee Members' Circular Resolution" and shall be forwarded or otherwise delivered to the Company Secretary(ies) without delay and shall be recorded by the Company Secretary(ies) in the minutes book. Any such resolution may consist of several documents in like form, each signed by one (1) or more Nomination Committee members.

8. Minutes

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

The Minutes of the Nomination Committee Meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence of the proceedings of the meeting duly held.

9. Reporting

The Nomination Committee shall report to the Board of Directors, either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference at least once a year, but more frequently if it so wishes.

The Nomination Committee shall report to the Board of Directors on any specific matters referred to it by the Board.

10. Authority

The Nomination Committee shall, in accordance with a procedure or process to be determined by the Board of Directors and at the expense of the Company,

- (a) review and recommend new members of the Board and Board Committees;
- (b) review and recommend the appointment of the Group Managing Director;
- (c) annually review the required mix of skills and experience and other qualities, including core competencies which Non-Executive and Executive Directors should have;
- (d) assess on an annual basis, the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director;
- (e) review and recommend relevant succession plans; and

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- (f) be entitled to the services of the Company Secretary(ies) who must ensure that all appointments are properly made, that all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the Bursa Malaysia Securities Berhad Main Market Listing Requirements or other regulatory requirements.

11. Duties and Responsibilities

The duties and responsibilities of the Nomination Committee are as follows:-

- (a) to formulate and review the policy on Board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of the Company.
- (b) To source, identify, review and recommend candidates for appointment to the Board of Directors and Board Committees, which is led by the Nomination Committee Chairman, taking into consideration the optimum and effective size of the Board and the candidates':-
 - character, competence, knowledge and experience
 - professionalism
 - integrity and credibility
 - time commitment, particularly his number of other directorships
 - in the case of the candidates for the position of Independent Non-Executive Directors, the Nomination Committee would also evaluate the candidates' ability to discharge such responsibilities or functions as expected from Independent Non-Executive Directors.
- (c) To review and recommend the candidate for appointment as Group Managing Director, taking into consideration the candidate's –
 - character, competence, knowledge and experience;
 - professionalism; and
 - integrity and credibility.
- (d) To recommend the re-election of Directors who are due to retire in accordance with the Company's Constitution (or Articles of Association).
- (e) To assess the independence of Independent directors annually.
- (f) To consider, in making its recommendations, candidates for directorships proposed by the Group Managing Director and, within the bounds of practicability, by any other senior executive or any Director or Major Shareholder and to take steps to ensure that women candidates are sought as part of its recruitment exercise.
- (g) To review and recommend the evaluation criterion in respect of the evaluation of the Board of Directors, Board Committees and each individual Director.

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- (h) To assess the effectiveness of the Board of Directors and the Committees of the Board as a whole and each individual Director of the Board. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions would be properly documented.
- (i) To ensure that orientation and education programmes are provided for new members of the Board and to review the Directors' continuing education programmes for existing members of the Board.
- (j) To review the terms of office and performance of the Audit Committee and each of its members annually to determine whether such Audit Committee and its members have carried out their duties in accordance with the Terms of Reference.
- (k) To formulate and review the nomination, selection and succession policies and plans for members of the Board, Board Committees and senior management.
- (l) To act in line with the directions of the Board of Directors.
- (m) To consider and examine such other matters as the Nomination Committee considers appropriate.
- (n) To consider any other relevant matters as delegated by the Board.

TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE
(Adopted on 18 October 2018)

1. Objectives

The principal objective of the Remuneration Committee is to assist the Board of Directors to structure and clearly link Directors' and Senior Management's remuneration to the strategic objectives of the Company, and which rewards contribution to the long term success of the Company in promoting business stability and growth.

2. Composition of members

The Board of Directors shall appoint the Remuneration Committee members, which shall comprise exclusively of the Non-Executive Directors, a majority of whom shall be independent. The term of office of the Remuneration Committee shall be for such time as determined by the Board of Directors and members of the Remuneration Committee may be re-nominated and appointed by the Board of Directors from time to time.

3. Chairman

The Chairman of the Remuneration Committee shall be appointed by the Board of Directors from amongst the Remuneration Committee members. The Remuneration Committee Chairman shall chair all Remuneration Committee meetings but in the absence of the Chairman, the members of the Remuneration Committee can elect from amongst themselves the Chairman of the meeting.

4. Secretary(ies)

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

5. Meetings

The Remuneration Committee may meet together for the despatch of business, adjourn and otherwise regulate their meetings, at least once a year or more frequently as deemed necessary. The Chairman or any member of the Remuneration Committee may call for additional meetings at any time at the Chairman's discretion.

Reasonable notice of Remuneration Committee meetings shall be given in writing to all the Remuneration Committee members unless the Remuneration Committee waives such requirement.

Questions arising at any meeting of the Remuneration Committee shall be decided on a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Meeting shall have a second or casting vote.

6. Quorum

A quorum shall consist of two (2) members.

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7. Circular Resolution

A resolution in writing signed or approved by letter, telex, telegram, cable, facsimile or other electronic or digital written message by the majority of the members, shall be valid and effectual as if it had been passed at a meeting of the Remuneration Committee duly called and constituted. All such resolutions shall be described as "Remuneration Committee Members' Circular Resolution" and shall be forwarded or otherwise delivered to the Company Secretary(ies) without delay and shall be recorded by the Company Secretary(ies) in the minutes book. Any such resolution may consist of several documents in like form, each signed by one (1) or more Remuneration Committee members.

8. Minutes

Minutes of each Meeting shall be kept at the registered office and distributed to each member of the Remuneration Committee and also to the other members of the Board. The Remuneration Committee Chairman shall report on the proceedings of each Meeting to the Board.

The Minutes of the Remuneration Committee Meeting shall be signed by the Chairman of the Meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence of the proceedings of the meeting duly held.

9. Reporting

The Remuneration Committee shall report to the Board of Directors, either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference at least once a year, but more frequently if it so wishes.

The Remuneration Committee shall report to the Board of Directors on any specific matters referred to it by the Board.

10. Authority

The Remuneration Committee shall, in accordance with the policies and procedures to determine the remuneration of Directors and at the expense of the Company,

- (a) review, assess and recommend to the Board of Directors the remuneration packages of the Directors in all forms, with other independent professional advice or outside advice as necessary.
- (b) be entitled to the services of the Company Secretary(ies) who must ensure that all decisions made on the remuneration packages of the Directors be properly recorded and minuted in the minutes book.

11. Duties and Responsibilities

The duties and responsibilities of the Remuneration Committee are as follows:-

- (a) To formulate and periodically review policies and procedures to determine the remuneration of Directors and senior management, which takes into account the demands, complexities and performance of the Company as well as skills and

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experience required of Directors and senior management, having regard also to comparable market statistics.

- (b) To review and recommend the remuneration packages of all the Directors in all forms, with or without independent professional advice or other outside advice to reflect the Board's responsibilities, the Director's expertise and the complexity of the Company's activities.
- (c) To ensure the levels of remuneration be sufficiently attractive and be able to retain Directors needed to run the Company successfully.
- (d) To structure the component parts of remuneration so as to align with the business strategy and long-term objectives of the Company and to link rewards to the Company strategy and performance.
- (e) To ensure that the remuneration and incentives for Independent Non-Executive Directors do not conflict with their obligations to bring objective and independent judgement to the Board.
- (f) To develop and administrate a fair and transparent procedure for setting policy on remuneration.
- (g) To ensure that remuneration packages are proposed on the basis of the Directors' merit, qualification and competence, having regard to the Company's operating results, individual performance and comparable market statistics.
- (h) To act in line with the directions of the Board of Directors.
- (i) To consider and examine such other matters as the Remuneration Committee considers appropriate.
- (j) To consider any other relevant matters as delegated by the Board.