

ALPHA IVF GROUP BERHAD
[Registration No. : 202101005100 (1405399-X)]

AUDIT AND RISK MANAGEMENT COMMITTEE

Terms of Reference

Purpose

1. To establish a documented, formal and transparent procedure to assist the Board in discharging its statutory and fiduciary responsibilities relating to corporate accounting, financial reporting practices, system of risk management and internal control, the audit process and the process of monitoring compliance with laws and regulations of Alpha IVF Group Berhad (“**AIG**” or “**the Company**”) and its subsidiaries (“**the Group**”).
2. To assist the Board in identifying significant risks, implementing appropriate systems and risk assessment processes to manage such risks for the Group.
3. The Audit and Risk Management Committee of the Company (“**ARMC**” or “**the 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;
 - (d) determine the quality, adequacy and effectiveness of the Group's control environment;
 - (e) ensure financial statements comply with applicable financial reporting standards;
 - (f) fulfil its corporate governance, risk management, and statutory responsibilities in order to manage the overall risk exposure;
 - (g) to have oversight over the establishment and implementation of risk management framework;
 - (h) to review the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management; and
 - (i) to review the key risks associated with proposed major investments which are subject to the Board's approval, while managing and monitoring risks that may adversely affect the Group's achievement of its business objectives

Composition

1. The ARMC shall be appointed from amongst the Board of the Company and shall:-
 - (i) comprise no fewer than three (3) members; and

- (ii) comprise exclusively Non-Executive Directors, a majority of whom are independent.
2. 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. At least one (1) member of the ARMC:-
- (a) must 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:
- he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - 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 Malaysia Securities Berhad.
3. No alternate Director of the Board shall be appointed as a member of the ARMC.
4. 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 three (3) years before being appointed as a member of the ARMC.
5. 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.
6. 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 paragraph 1-5 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.

Chairman

1. The Chairman of the ARMC shall be an Independent Non-Executive Director elected by the Board from amongst the ARMC members and is not the Chairman of the Board; and
2. The Chairman of the Committee shall be a member of MIA and chair all ARMC meetings. In the absence of the Chairman, the members of the ARMC can elect from amongst themselves as the Chairman of the meeting. The elected Chairman shall be an Independent Director.
3. The Chairman of the ARMC is responsible for ensuring the overall effectiveness and independence of the ARMC.

Secretary(ies)

1. The Secretary(ies) of the ARMC shall be the Company Secretary(ies) of the Company.
2. The Secretary(ies) shall be responsible for drawing up the agenda and circulating it prior to each meeting and keeping the minutes of meetings of the ARMC. Unless otherwise agreed by the members and whenever necessary, the notice of each meeting confirming the venue, date and time together with the brief agenda of the meeting shall be circulated to all members and any other persons who may be required to attend the meeting within a reasonable period prior to the meeting.

Authority

1. The ARMC shall:
 - (a) have explicit authority to make decision on any matters 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 and records pertaining to the Group and the Management;
 - (d) be able to obtain independent professional or other advice, at the expense of the Company wherever necessary and reasonable and in accordance with a procedure to be determined by the Board, in order to perform of its duties; and
 - (e) be able to secure the attendance of external advisers and shall have the discretion to decide who else other than its own members to attend meetings, if it thinks fit.
2. The Chairman of the ARMC shall engage on a continuous basis with senior management, such as the Chairman, the Managing Director or Chief Executive Officer (“**CEO**”) and the Chief Financial Officer (“**CFO**”)/ Finance Manager in order to be kept informed of matters affecting the Group.

Duties and Responsibilities

1. To review the appointment, compensation, performance, qualification and independence of the external auditors, its conduct of the annual statutory audit of the financial statements, and the engagement of external auditors for all other services.
2. To review and recommend the quarterly and annual financial statements for approval by the Board before the announcement to regulatory bodies, focusing in particular on any changes in or implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, going concern assumption and compliance with accounting standards and other regulatory or legal requirements.
3. To conduct periodic reviews of the involvements of the CEO and Executive Directors in the companies outside of the Group, in which they have executive functions to ensure that it does not affect their role and responsibilities within the Group.
4. To review and monitor any related party transaction/business dealings entered into by the Group and any conflict of interest situation and potential conflict of interest that arose, persist or may arise within the 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, in order to ensure that they are conducted on arms' length basis and based on terms that are fair to the Group.

5. To oversee and recommend the risk management framework, policies and procedures, strategies, key risk indicators, risk appetite and tolerance levels of the Group, and any proposed changes thereto, for the Board's approval.
6. To review and recommend changes as needed to ensure that the Group has in place at all times a risk management policy which addresses the strategies, operational, financial, compliance and sustainability risk.
7. To implement and maintain a sound risk management framework which identifies, assesses, manages and monitors the Group's business risks.
8. To set reporting guidelines for the Management to report to the committee on the effectiveness of the Group's management of its business risks, and to review the risk profile of the Group and evaluate the measure taken to mitigate such business risks.
9. To review the adequacy of the Management's response to issues identified in risk registers, ensuring that the risks are managed within the Group's risk appetite.
10. To perform the oversight function over the administration of whistleblowing policy that is approved and adopted by the Board and to protect the values of transparency, integrity, impartiality and accountability where the Group conducts its business and affairs.
11. To enhance its accountability in preserving its integrity and to withstand public scrutiny which in turn enhances and builds the Group's credibility to all the stakeholders.
12. To oversee specific risk management concerns raised by the Management, amongst others, through review of the Management's periodic reports on the Group's risk exposures and the action plans established to mitigate the significant risks identified.
13. To prepare the annual ARMC report to the Board for inclusion in the Annual Report and to review the Board's statements on compliance with the Malaysian Code of Corporate Governance for inclusion in the Annual Report.
14. To review the Statement on Risk Management and Internal Control in the Company's Annual Report to ensure relevant information as prescribed in the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").
15. To do the following, in relation to the **internal audit function**:-
 - (a) Consider and approve the appointment of the internal auditors, the internal audit fee and any question of resignation or dismissal.
 - (b) 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.
 - (c) 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.

- (d) Consider the internal audit reports and findings by the internal auditors, fraud investigations and actions and steps taken by the management in response to audit findings.
- (e) Review and decide on the budget allocated to the internal audit function.
- (f) Appraise or assess the performance of members of the internal audit function.
- (g) Monitor the overall performance of the Company's internal audit function.
- (h) To verify the allocation of Employees' Share Option Scheme ("ESOS") in compliance with the criteria as stipulated in the bylaws of ESOS of the Company, if any.
- (i) To report to relevant authorities on any matter reported by it to the Board which has not been satisfactorily resolved and resulting in a breach of any regulations.
- (j) To perform such other functions as may be requested by the Board.

Meetings

1. The ARMC shall meet together for the despatch of business, adjourn and otherwise regulate their meetings, at least four (4) times a year or more frequently as deemed necessary, and report to the Board after each meeting. In the event issues requiring the Committee's decision arise between meetings, such issues may be resolved through written resolutions of the Committee. Such written resolution in writing shall be valid and effectual if it is signed or approved by letter, facsimile or any electronic means by all members of the Committee.
2. The Chairman or any member of the ARMC may call for additional meetings at any time at their discretion.
3. 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.
4. Notice of ARMC meetings are given to all members of the ARMC unless the ARMC waives such a requirement.
5. The quorum for a meeting shall be two (2) members, a majority of members present must be Independent Directors.
6. The ARMC may hold a committee meeting at two (2) or more venues within or outside Malaysia using any technology that gives the members of the ARMC a reasonable opportunity to participate, provided that at least one (1) of the ARMC members present at the meeting was at such place for the duration of that meeting. All information and documents must be made equally available to all participants prior to or at/during the meeting.
7. The Chairman of the ARMC shall engage on a continuous basis with the Chairman of the Board, the CEO, Executive Directors, CFO, internal auditors and external auditors in order to be kept informed of matters affecting the Company.
8. The CFO and a representative of the internal and external auditors respectively should normally attend meetings. Other Board members and senior management 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.

9. 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.
10. Every meeting of the Committee must be minuted either by the Company Secretary or any other person approved by the Committee and such minutes must be confirmed by the Committee at the next succeeding meeting. The Minutes of each meeting signed by the Chairman of that meeting or by the Chairman of the next succeeding meeting shall be evidence of the proceedings that the meeting was duly convened and held.

Reporting

1. The Chairman shall, at the conclusion of each meeting, report to the Board on activities that it had undertaken and key recommendations for the Board's consideration and approval as well as follow-up status on any key recommendations from previous meetings.
2. Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of AMLR, the Committee shall promptly report such matter to Bursa Securities.

Performance Review

The term of office and performance of the Committee and each of its members shall be reviewed by the Nomination Committee annually to determine whether the Committee members have carried out their duties in accordance with the Terms of Reference.

Review and Revision of the Terms of Reference

The Terms of Reference will be reviewed annually or as and when required by the Committee and recommendation be made to the Board for approval on any revision.