

HEXTAR HEALTHCARE BERHAD
(FORMERLY KNOWN AS RUBBEREX CORPORATION (M) BERHAD)
(199601000297) (372642-U)
(Incorporated in Malaysia)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

A. OBJECTIVES

The primary function of the Audit Committee (the “Committee”) is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to the financial reporting process, risk management and internal control framework of Hextar Healthcare Berhad (formerly known as Rubberex Corporation (M) Berhad) and its subsidiaries (collectively “Group”). The Committee shall:-

- oversee the integrity of the Group’s accounting and financial reporting process;
- evaluate the performance of internal auditors and external auditors;
- oversee the Group’s risk management and internal control framework and policies; and
- ensure that proper processes and procedures are in place to comply with relevant laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies.

B. MEMBERSHIP

1. The Committee shall be appointed by the Board from amongst themselves and shall consist of at least three (3) members. All the Committee members must be Non-Executive Directors, with a majority of them being Independent Directors.
2. The Chairman of the Board must not be a member of the Committee.
3. All members of the Committee 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 reporting process.
4. At least one (1) member of the Committee:-
 - (a) must be a member of the Malaysian Institute of Accountants (“MIA”); or
 - (b) if not a member of the MIA, he/she must have at least three (3) years’ working experience; and
 - (i) must have passed the examinations specified in Part I of the 1 First Schedule of the Accountants Act 1967; or
 - (ii) must be a member of one of the associations of accountants specified in Part II of the 1 First Schedule of the Accountants Act 1967; or

**HEXTAR HEALTHCARE BERHAD (199601000297) (372642-U)
(FORMERLY KNOWN AS RUBBEREX CORPORATION (M) BERHAD)
TERMS OF REFERENCE OF AUDIT COMMITTEE**

- (c) fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad (“Bursa Securities”).
5. No Alternate Director shall be appointed as a member of the Committee.
 6. A former partner of the external audit firm and/or the affiliate firm (including those providing advisory services, tax consulting etc) of the Company or any entity within the Group is required to observe a cooling-off period of at least three (3) years before being appointed as a member of the Committee.
 7. The term of office, the effectiveness and performance of the Committee and each of its members shall be reviewed by the Nomination and Remuneration Committee (“NRC”) annually to determine whether the Committee and its members have carried out their duties in accordance with its terms of reference.
 8. Where the members of the Committee for any reason are reduced to less than three (3), the Board shall, based on the recommendation of the NRC, within three (3) months from the occurrence of the event, appoint such number of new member(s) as may be required to make up the minimum number of three (3) members.

C. CHAIRMAN

1. The members of the Committee shall elect a Chairman among themselves. The Chairman of the Committee shall be an Independent Non-Executive Director.
2. In the absence of the Chairman of the Committee within fifteen (15) minutes of the time appointed for holding the meeting or the Chairman of the Committee is unable/unwilling to chair the meeting, the other members of the Committee shall amongst themselves elect a Chairman who must be an Independent Non-Executive Director to chair the meeting.
3. In the event of a vacancy for the Chairman of the Committee, the Board must fill the vacancy within three (3) months from the occurrence of the event.

D. SECRETARY

The Company Secretary or such substitute as appointed by the Committee from time to time shall act as the Secretary of the Committee.

E. MEETING PROCEDURES

1. Quorum

The quorum for the meeting shall be two (2) members.

HEXTAR HEALTHCARE BERHAD (199601000297) (372642-U)
(FORMERLY KNOWN AS RUBBEREX CORPORATION (M) BERHAD)
TERMS OF REFERENCE OF AUDIT COMMITTEE

2. Frequency of Meetings

- 2.1 The Committee shall meet at least four (4) times each year. The Chairman may request for additional meetings as he /she considers necessary.
- 2.2 The external auditors may request a meeting if they consider it necessary. Upon such request, the Chairman of the Committee shall convene a meeting to consider any matters the external auditors believe should be brought to the attention of the Directors or shareholders.
- 2.3 The Committee shall meet at least once during the financial year with the internal auditors and external auditors without the presence of any executive Board members, management or employees.

3. Notice and Venue

- 3.1 The Company Secretary, in consultation with the Chairman of the Committee, shall draw up the agenda of the meeting. The notice of the meeting, together with the relevant supporting papers, shall be circulated at least five (5) business days or shorter notice where it is unavoidable prior to each meeting to the members of the Committee.
- 3.2 The notice of every meeting shall be given in writing and served to the Committee members either personally or by email, fax, post, courier to his/her address recorded in the Register of Directors or to the address provided by the Committee members, as the case may be.
- 3.3 The Committee meeting may be held at two (2) or more venues within or outside Malaysia using any technology that enables all persons to participate for the entire duration of the meeting. The technology to be used for the purpose of the meeting must be such that all persons taking part in the meeting must be able to communicate simultaneously with each of the other persons taking part in the meeting and may include telephone, television, video conferencing or any other audio and/or visual device which permits instantaneous communication.
- 3.4 A virtual meeting shall be deemed to constitute the Committee meeting provided the following conditions are met:-
- (a) all the Committee members for the time being entitled to receive notice of the Committee meeting shall be entitled to receive notice of a virtual meeting. Notice of any such meeting shall be given by an appropriate form of technology (or in such other manner) as may be permitted by the Constitution of the Company; and
 - (b) a Committee member may not leave a virtual meeting by disconnecting from the technology used unless he/she has previously expressly notified the Chairman of the meeting of his/her intention to leave the meeting and a Committee member shall be conclusively presumed to have been present and have always formed part of the quorum during such a meeting until such notified time of his/her leaving the meeting.

HEXTAR HEALTHCARE BERHAD (199601000297) (372642-U)
(FORMERLY KNOWN AS RUBBEREX CORPORATION (M) BERHAD)
TERMS OF REFERENCE OF AUDIT COMMITTEE

3.5 The main venue of the meeting shall be the place where the Chairman is present or the Chairman of the meeting is present, if the meeting is not chaired by the Chairman.

4. Voting

4.1 Each member of the Committee is entitled to one (1) vote in deciding the matters deliberated in the meeting.

4.2 A matter put to vote at the Committee meetings shall be decided by a simple majority of the votes. In the event of an equality of votes, the Chairman has the casting vote. The Chairman shall not have a casting vote when only (2) members (one of whom is the Chairman) form a quorum or when only two members are competent to vote on the question at issue.

4.3 A member of the Committee who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, shall abstain from deliberating and voting.

5. Attendance at meetings

5.1 The Committee may, as and when deemed necessary, invite any Board members or any member of management or consultants, who the Committee thinks fit, to attend its meetings to assist and provide pertinent information as necessary.

F. MINUTES

1. Minutes of each 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 kept as part of the statutory record of the Company.

2. Minutes shall be kept by the Company at the registered office or any other place as may be determined by the Board and shall be open for inspection by any Committee member or Board member.

3. The minutes of each Committee meeting shall be distributed to the Board members for notation.

G. WRITTEN RESOLUTION

1. The Committee may pass a resolution by way of a written resolution. A resolution in writing signed by a majority of the Committee members for the time being shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.

2. The resolution may consist of several documents in like form, each signed by one (1) or more Committee members. Such document may be accepted as sufficiently signed by

HEXTAR HEALTHCARE BERHAD (199601000297) (372642-U)
(FORMERLY KNOWN AS RUBBEREX CORPORATION (M) BERHAD)
TERMS OF REFERENCE OF AUDIT COMMITTEE

a Committee member if it is transmitted to the Company by facsimile or other electrical or digital written message, which include a signature of the said Committee member.

H. REPORTING

1. The Committee, through its Chairman, shall report a summary of significant matters to the Board at the next Board meeting after each Committee meeting. When presenting any recommendations to the Board for approval, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision.
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 the Main Market Listing Requirements of the Bursa Securities, the Committee must promptly report such matter to Bursa Securities.

I. AUTHORITY

1. The Committee shall in accordance with a procedure to be determined by the Board and at the expense of the Company:-
 - (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 Company or Group;
 - (d) have direct communication channels with the external auditors and internal auditors;
 - (e) be able to obtain independent professional or other advice; and
 - (f) be able to convene meetings with the external auditors, internal auditors or both, without the attendance of other directors and employees of the Company, whenever deemed necessary.

J. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee shall include the following:-

1. Financial Reporting

- 1.1 Review the Group's quarterly results and year-end financial statements before submission to the Board for approval, focusing particularly on:-
 - a) changes in or implementation of major accounting policy changes;

HEXTAR HEALTHCARE BERHAD (199601000297) (372642-U)
(FORMERLY KNOWN AS RUBBEREX CORPORATION (M) BERHAD)
TERMS OF REFERENCE OF AUDIT COMMITTEE

- 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 adjustment arising from the audit;
 - d) major judgemental areas;
 - e) the going concern assumption; and
 - f) compliance with accounting standards and other legal requirements.
- 1.2 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.
- 1.3 Ask probing questions to ascertain whether the financial statements are consistent with operational and other information known, where there are significant matters requiring judgement.
- 2. Risk Management and Internal Control**
- 2.1 Establish an effective Group's risk management and internal control framework.
- 2.2 Review the risk management framework, policies and processes, include identifying, managing, monitoring and mitigating the significant risks of the Group, and recommend to the Board for approval;
- 2.3 Review and assess the Group's level of risk appetite and risk tolerance; and
- 2.4 Review all the significant risks identified (including operational, financial, regulatory compliance, sustainability and reputational risks) and assess the mitigating actions put in place to manage these risks; and
- 2.5 Review with the internal auditors on the effectiveness of the Group's internal control system and the results of its assessments, and whether or not appropriate actions are taken on the recommendations.
- 3. Internal Audit**
- 3.1 The internal audit function must be independent of the activities it audits and the internal audit function must report directly to the Committee. In relation to the internal audit function, the responsibilities of the Committee are to:-
- (a) review the adequacy of the scope, competency and resources of the internal audit function and ensure that it has the necessary authority to carry out its responsibilities;
 - (b) review the internal audit plan, programme, processes, and the reporting structure;

HEXTAR HEALTHCARE BERHAD (199601000297) (372642-U)
(FORMERLY KNOWN AS RUBBEREX CORPORATION (M) BERHAD)
TERMS OF REFERENCE OF AUDIT COMMITTEE

- (c) review whether the internal audit function is carried out in accordance with a recognised framework;
- (d) review the findings of the internal auditor's reports, investigations undertaken and whether or not appropriate actions are taken by the management, based on the recommendations of the internal auditors;
- (e) assess and review the performance of the internal audit function on an annual basis;
- (f) review appointment and removal of internal auditor; and
- (g) review any special audit which the Committee deems necessary.

4. External Auditors

- 4.1 Consider and recommend to the Board on the appointment or re-appointment of external auditors and to fix their fees (audit and non-audit), after assessing their independence and capabilities as well as the effectiveness of the external audit process.
- 4.2 Review the following and report the same to the Board:-
 - (a) letter of resignation from the external auditors or suggestions for their dismissal, including a copy of any written representations or statement of circumstances in relation 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 re-appointment.
- 4.3 Where external auditors are removed from office or give notice to the listed corporation of their desire to resign as external auditors of listed corporation, the listed corporation must forward to the Exchange a copy of any written representations or statement of circumstances connected with the resignation made by the external auditors at the same time as copies of such representations or statement of circumstances are submitted to the Registrar pursuant to section 284 of the Companies Act.
- 4.4 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 Committee.

The policies and procedures must include the following considerations:-

- (a) criteria to guide on the appointment and re-appointment of the external auditors, including:-
 - (i) experience and resources of the accounting firm;
 - (ii) competency and audit quality;

HEXTAR HEALTHCARE BERHAD (199601000297) (372642-U)
(FORMERLY KNOWN AS RUBBEREX CORPORATION (M) BERHAD)
TERMS OF REFERENCE OF AUDIT COMMITTEE

- (iii) the size and complexity of the listed corporation's group being audited; and
- (iv) the number and experience of supervisory and professional staff assigned to the audit.

The above assessment should also consider information presented in the Annual Transparency Report of the audit firm. If the Annual Transparency Report is not available, the Committee may engage the audit firm on matters typically covered in an Annual Transparency Report including the audit firm's governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks;

- (b) the appropriateness of audit fees to support a quality audit;
- (c) requirement for non-audit service to be approved by the Committee before they rendered by the external auditors and its affiliates while taking into account the nature and external of the non-audit services and the appropriateness of the level of fees;
- (d) requirement to obtain 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; and
- (e) conduct an annual evaluation on the performance of the external auditors by the management and the Committee.

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

- (a) audit plan, its scope and nature;
- (b) the coordination among the competent auditors where more than one (1) audit firm is involved in the audit of the Group's financial statements;
- (c) audit report;
- (d) evaluation of the system of internal controls;
- (e) the assistance given by the employees to the external auditors, including any difficulties or disputes with management encountered during audit; and
- (f) external auditors' management letter and management's responses thereto.

5. Related Party Transactions ("RPT"), Recurrent RPT ("RRPT") and Conflict of Interest ("COI")

5.1 Establish comprehensive procedures for identifying, evaluating, approving and reporting all RPT and RRPT, and COI situations.

**HEXTAR HEALTHCARE BERHAD (199601000297) (372642-U)
(FORMERLY KNOWN AS RUBBEREX CORPORATION (M) BERHAD)
TERMS OF REFERENCE OF AUDIT COMMITTEE**

- 5.2 Review and report to the Board any RPT, RRPT and COI situation 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.
- 5.3 Review and establish whether all RRPT have been carried out in accordance with the mandate approved by the shareholders.
- 5.4 In reviewing any RPT or RRPT, the Committee shall review the terms thereof to determine whether such RPT or RRPT will be conducted at arm's length basis and on normal commercial terms in the ordinary course of business and on terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders or disadvantage to the Group.

6. Others

- 6.1 Review all financial related reports including Audit Committee Report, Statement on Risk Management and Internal Control, Corporate Governance Overview Statement and Corporate Governance Report as required by the Listing Requirements, for inclusion in the Annual Report.
- 6.2 Obtain regular updates from the management regarding compliance matters.
- 6.3 Review findings, queries or investigation by the regulatory agencies (if any).
- 6.4 Carry out any other functions that may be mutually agreed upon by the Committee and the Board.

K. REVIEW OF THE TERMS OF REFERENCE

- 1. This terms of reference will be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Committee's responsibilities. Any amendments to this term of reference must be approved by the Board.
- 2. The written terms of reference will be made to the public on the Company's website.