SUNGEI BAGAN RUBBER COMPANY (MALAYA) BERHAD
Registration No. 195801000191 (3327-U)
(Incorporated In Malaysia)

AUDIT COMMITTEE
TERMS OF REFERENCE

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1. OBJECTIVES

The Audit Committee ("AC") is established as a committee of the Board with the primary objective of assisting the Board: -

(a) To discharge its statutory and fiduciary responsibilities of overseeing the financial reporting process system of internal control and audit process of the Company.

(b) To maintain, through regularly scheduled meetings, a direct line of communication between the Board and the external auditors as well as the internal auditors.

(c) To act upon the Board's request to investigate and report on any issue of concern regarding the management of the Company.

(d) To ensure adequacy of controls in the processes and procedures undertaken in accordance with applicable laws, rules and regulations, directive and guidelines established by the relevant regulatory bodies.

2. SIZE AND COMPOSITION

The AC shall consist of not less than three (3) members exclusively of Non-Executive Directors and majority of them being Independent Non-Executive Directors.

At least one (1) AC member must fulfil the following requirements: -

i. must be a member of the Malaysian Institute of Accountants (MIA); or

ii. if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:

   i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or

   ii. he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or

iii. fulfil such other requirements as prescribed or approved by the Exchange **-** Bursa Malaysia Securities Berhad ("Bursa Securities").

All members of the AC shall be financially literate and are able to understand matters under the purview of the AC including the financial reporting process. 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.

No alternate director shall be appointed as a member of the AC.

AC members may relinquish their membership in the Committee with prior written notice to the Committee and may continue to serve as Director of the Company.

For engagement of a former key audit partner as a member of the AC, there must be a cooling off period of at least three (3) years before he/she is appointed as a member of the AC.

In the event of any vacancy in the AC resulting in the number of members being reduced to below three (3), the Board shall, upon the recommendation of the Nominating Committee, fill the vacancy within three (3) months from the event.

3. QUORUM

The quorum for meetings of the AC shall be two (2) members, and the majority of members present must be Independent Directors. If only two (2) members are present, both must be Independent Directors.

4. DUTIES AND RESPONSIBILITIES

The specific responsibilities of the AC are as follows: -

a) To review the following and report the same to the Board of Directors: -

i. with the external auditors, the audit plan, the scope of work and ascertain that it will meet the needs of the Company, the Board, the shareholders and the regulatory authorities;

ii. with the external auditors, the nature, extent and scope of non-audit services, to ensure that they are not likely to create conflicts of interest, to maintain objectivity and independence of external auditors;

iii. with the external auditors, their evaluation of the quality and effectiveness of the entire accounting system, the adequacy and the integrity of the internal control system and the efficiency of the Company's operations and efforts and processes taken to reduce the Company's operational risks;

iv. with the external auditors, their audit report; management letter and management's response thereto;

v. the assistance given by the Company's employees and officers to the external auditors;

vi. assess and monitor the performance, suitability, objectivity and independence of the external auditor annually by taking into consideration 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 appropriateness of the level of fees;

vii. 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 including inter-alia the appointment of the internal auditors;

viii. review the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether appropriate action is taken on the recommendations of the internal audit process;

ix. review the quarterly results and the year-end financial statements, before the approval by the Board of Directors, focusing particularly on: -

i. changes in or implementation of major accounting policy changes;

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. significant adjustments arising from the audit;

iv. the accuracy and adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Company;

v. the ongoing concern assumption;

vi. any related party and inter-company transactions, conflict of interest situations or potential conflict of interests that may have arisen or persist (in addition to those that may arise) within the Company and the measures taken to resolve, eliminate, or mitigate such conflicts. In this regard, the review of conflict of interest shall include that of directors and key senior management of the Company. For this purpose, the AC's review and disclosure in the AC's report must cover any conflict of interest that arose or might arise during the financial year as well as persisting COI from previous financial years;

vii. any letter of resignation from the external auditors of the Company;

viii. whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment; and

ix. any significant audit findings, reservation, difficulties encountered, or material weaknesses reported by the external and internal auditors.

b) To consider and recommend the nomination of a person or persons as external auditors or internal auditors; the fee and inquiry into the staffing and competence of the internal and external auditors in performing their work;

c) To discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss in the absence of management where necessary;

d) To consider major findings of internal audit investigations and management's response and ensure that appropriate actions are taken on the recommendations of the internal audit function;

e) Review and recommend any changes to the Whistleblower Policy for approval by the Board;

f) To review and report the same to the Board on the Annual Statement on Internal Control and Risk Management and AC Report to be published in the Annual Report;

g) To report to the Board of Directors any suspected or irregularities, serious internal control deficiencies or suspected infringement of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board;

h) To promptly report to Bursa Malaysia on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach in the Bursa Malaysia's Listing Requirements;

i) To carry out other functions that may be mutually agreed upon by the Committee and the Board which would be beneficial to the Company and ensure the effective discharge of the Company's duties and responsibilities.

The auditors have the right to appear and be heard at any meeting of the AC and shall appear before the AC when required to do so by the AC.

The AC may regulate its own procedure, and particularly the calling of meetings, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of the minutes and inspection of such minutes.

5. CHAIRPERSON

The Chairperson of the Committee is not the Chairperson of the Board.

The members of the Committee shall elect a Chairperson from among their members who shall be an Independent Director. In the absence of the Chairperson of the AC, members present shall elect a Chairperson for the meeting from among its members who is an Independent Director.

6. FREQUENCY OF MEETINGS

The AC shall meet not less than four (4) times a year although additional meetings may be called at any time, as the AC deems necessary. The Committee meetings shall be planned to coincide with the audit cycle and the timing of publication of financial statements.

The AC shall be able to convene meetings with the external auditors, the persons carrying out the internal audit function or activity or both, excluding the attendance of other directors of the Company, whenever deemed necessary.

In addition, the Chairperson shall convene a meeting of the AC if requested to do so by any member, the management, or the internal or external auditors to consider any matters within the scope and responsibilities of the AC. Upon the request of the auditors, the Chairperson of the AC shall convene a meeting of the AC to consider any matters the auditors believe should be brought to the attention of the Directors or shareholders.

7. SECRETARY

The Company Secretaries shall be the Secretary of the AC. The Secretary is responsible for sending out notices and preparing and keeping the proper record of minutes of meetings. The minutes of the AC meetings shall be properly produced and kept in the registered office of the Company.

8. NOTICE AND AGENDA OF MEETING

Meeting may be scheduled by the AC or the Chairperson. The meeting agenda shall be the responsibility of the Chairperson with input from the AC members. The Chairperson may ask the Management to participate in this process.

The notice and agenda of the meeting shall be circulated within reasonable time before each meeting to AC members and those required to attend the meeting. Written materials including information requested by the AC from the Management or external consultants shall be received together with the agenda of the meeting.

9. ATTENDANCE BY INVITATION

The AC may require the members of management, the representatives of the Internal Auditors, representatives of the External Auditors, and any other Board members to attend any of its meetings, if necessary.

10. DECISION

The decision that gained the majority votes shall be the decision of the AC. Each member is entitled to one (1) vote. In the event of equality of votes, the Chairperson of the AC shall have a second or casting vote (except where only two directors were present for the meeting).

11. RESOLUTION IN WRITING

The AC may deal with matters by way of circular resolutions in lieu of convening a formal meeting, if necessary. A resolution in writing signed and approved by a majority of the AC and who are sufficient to form a quorum shall be as valid and effective as if it has been passed at a meeting of the AC duly called and constituted.

Any such resolution may consist of several documents like form, each signed by one or more members. The expressions “in writing” or “signed” include approvals by legible confirmed transmissions by facsimile or other forms of electronic communications.

12. MINUTES OF MEETINGS

The Minutes shall be signed by the Chairperson of the Meeting at which the proceedings were held or by the Chairperson of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes shall be circulated to all AC members.

13. MEETING VIA TELECOMMUNICATION DEVICE

(1) A member shall be deemed to be present at a meeting of the AC if he participates by instantaneous telecommunication device and all members of the AC are able to hear each other and to be heard, and for this purpose, participation constitutes prima facie proof of recognition. For the purposes of recording attendance, the Chairperson or Secretary of the AC shall mark on the attendance sheet that the member was present and participating by instantaneous telecommunication device.

(2) A member may not leave the meeting by disconnecting his instantaneous telecommunication device unless he has previously obtained the express consent of the Chairperson of the meeting to leave the meeting. A member will be conclusively presumed to have been present and to have formed part of the quorum at all times

during the AC meeting by instantaneous telecommunication device unless he has previously obtained the express consent of the Chairperson of the meeting to leave the meeting.

(3) If a member is accidentally disconnected from the instantaneous telecommunication device and causes an absence of the required quorum of the meeting, no decisions should be in respect of matters by members during the disconnection and if the instantaneous telecommunication device cannot be re-connected at all, the meeting shall then be adjourned.

(4) Minutes of the proceedings at an AC meeting by instantaneous telecommunication device will be sufficient evidence of such proceedings and of the observance of all necessary formalities if certified as correct minutes by the Chairperson of the meeting.

14. REPORTING TO THE BOARD

(1) The AC, through its Chairperson, shall report to the Board at the next Board of Directors' Meeting after each AC meeting;

(2) 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 Annual Report;

(3) The AC shall review the Statement of Risk Management and Internal Control and table to the Board for approval for inclusion in the Annual Report;

(4) The AC to review the related party transactions entered into by the Company and report to the Board to ensure that the transactions are fair, reasonable and undertaken on the Company's commercial terms, internal control procedures regarding such transactions are sufficient and in compliance with the relevant provision of MMLR;

(5) The AC shall on quarterly basis update the Board on whistleblowing reporting;

(6) The minutes of each AC meeting shall be tabled to the Board for notation; and

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

15. INFORMATION FOR DISCLOSURE IN THE ANNUAL REPORT

The AC shall review the AC report concerning its activities in compliance with these terms of reference for disclosure in the Annual Report in accordance with the Principles of the Malaysian Code on Corporate Governance and Bursa Listing Requirements.

16. AUTHORITY

The AC shall, in accordance with a procedure to be determined by the Board and at the cost of the Company have the authority to: -

1. Investigate any matters within its terms of reference, where it deems necessary,

2. Have resources which are required to perform its duties;

3. Have full and unrestricted access to any information pertaining to the Company;

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

5. Have direct communication channels with the external auditors and internal auditors, and to engage the senior management on a continuous basis, to be kept informed of matters affecting the Company;

6. Have direct authority over the internal audit function of which is independent from management and operations;

7. Be able to obtain and seek independent professional or other advice and to request the attendance of external parties with relevant experience and expertise if considered necessary;

8. Be able to convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees of the Company, whenever deemed necessary and such meetings with the external auditors shall be held at least twice a year;

9. To seek any information it requires from any employees, and all employees are directed to co-operate with any request made by the AC; and

10. Recommend to the Board any appropriate changes to the duties of the AC.

17. REVIEW OF THE COMMITTEE

The Nominating Committee must review the terms of office and performance of the AC and each of its members annually to determine whether such AC members have carried out their duties in accordance with the terms of reference.

18. REVIEW OF THE TERMS OF REFERENCE

The AC Terms of Reference, as proposed by the AC, shall first be presented to the Board for approval. Upon the Board's approval, the said revision or amendment shall form part of the AC Terms of Reference and the AC Terms of Reference shall be considered duly revised or amended. The AC Terms of Reference shall be reviewed as and when necessary. A copy of the AC Term of Reference is uploaded onto the Company's website.

This revised AC Terms of Reference was approved by the Board on 26 August 2026.