

Terms of Reference of Audit Committee

THIS TERMS OF REFERENCE APPLIES TO:

- MST Golf Group Berhad (Registration No.: 199301009307 (264044-M))
- MST Golf Sdn Bhd (Registration No.: 198901011987 (189294-P))
- MST Golf Management Sdn Bhd (Registration No.: 200101013452 (549209-A))
- MST Golf Arena Sdn Bhd (Registration No.: 199801015399 (471528-D))
- MST Golf (Singapore) Pte Ltd (Registration No.: 200002124N)
- PT MST Golf Distribution (AHU-0068036.AH.01.01.TAHUN 2023)
- PT MST Golf Indonesia (AHU-0067107.AH.01.01.TAHUN 2023)
- Unless otherwise specified, any other companies that may become subsidiaries of MST Golf Group Berhad after the effective date of this document.

APPROVED BY:

(Signature)	(Signature)	(Signature)
Low Kok Poh Executive Chairman	Ng Yap Sio Executive Director & Group CEO	Ng Lian Chun Executive Director
(Signature)	(Signature)	(Signature)
Poh Ying Loo Independent Non-Executive Director	Datin Suryani Binti Ahmad Sarji Independent Non-Executive Director	Alice Lee Chia Yee Independent Non-Executive Director

PREPARED & REVIEWED BY:

(Signature)
Christine Ting Sing Ling Manager, Risk and Control

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ADOPTION & REVISION HISTORY:

Rev.	Effective Date	Description	Approved by
0	12 May 2023	Formal Adoption	Board of Directors
1	22 Nov 2023	Added Clause 4.3 pertaining to conflict of interest. Revised Clause 6.1.19, and added Clauses 6.1.20 and 6.1.21 to further specify requirements on RPT. Changed "ARC" to "ARMC" throughout document.	Board of Directors
2	28 Aug 2024	Added the Indonesian subsidiaries under the list of subsidiaries on cover page. Removed risk management from committee name and terms of reference. Removed whistleblowing responsibilities as this is now under the purview of the new Governance, Risk and Sustainability Committee.	Board of Directors

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1. DEFINITIONS

1.1. The following definitions shall apply in throughout this document:

AGM	Annual General Meeting
AC	Audit Committee of the Company
Board	The Board of Directors of the Company
Bursa Securities	Bursa Malaysia Securities Berhad
CA	Companies Act 2016
CFO	The Group's Chief Financial Officer
CEO	The Group's Chief Executive Officer
Chairman	Chairman of the Board and is used in a gender-neutral sense
Committee	The Board Committees of the Company
Company	MST Golf Group Berhad
Company Secretary	Board secretary(ies)
Constitution	Constitution of the Company
Directors	the Directors for the time being of the Company and unless otherwise stated, includes their duly appointed alternates
EGM	Extraordinary General Meeting
Group	The Company and its subsidiaries as listed in the first page of this document.
Independent Director	A Director who does not participate in the management of the Company and who satisfies the criteria for "independence" set out in the MMLR
Management	Management personnel of the Group
MMLR	Main Market Listing Requirements of Bursa Securities
MCCG	Malaysian Code on Corporate Governance
SC	Securities Commission Malaysia
Senior Management	Senior Management personnel of the Group

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2. OBJECTIVES

- 2.1. The Board forms the Company's Audit Committee ("AC") with the primary function to assist the Board in fulfilling its fiduciary duties as well as the following oversight objectives on the activities of the Group:
- 2.1.1. Oversee financial reporting process.
 - 2.1.2. Evaluate the internal and external audit processes, including issues pertaining to the system of internal control within the Group.

3. COMPOSITION

- 3.1. The Board shall elect the AC members from amongst themselves, comprising no fewer than three (3) Directors (none of whom shall be executive) and the majority shall be Independent Non-Executive Directors. In this respect, the Board adopts the definition of "independent directors" under the MMLR. All the AC members shall be financially literate and at least one (1) member shall be:
- 3.1.1. a member of the Malaysian Institute of Accountants ("MIA"); or
 - 3.1.2. if he is not a member of MIA, he must have at least three (3) years of working experience and:
 - a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - b) he must be a member of the associations of accountants specified in Part II of the Accountants Act 1967; or
 - c) he must fulfil such other requirements as prescribed or approved by Bursa Securities.
- 3.2. If a member of the AC resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.
- 3.3. The chairman of AC ("AC Chairman") shall be an Independent Non-Executive Director and not the Chairman of the Board. No alternate Director shall be appointed as a member of the AC.
- 3.4. It is required for a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.
- 3.5. 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 AC and its members have carried out their duties in accordance with their terms of reference.

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- 3.6. 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.

4. QUORUM AND MEETING PROCEDURES

- 4.1. Meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate. The AC Chairman may call for a meeting of the AC if a request is made by any AC member, the CEO, the executive Chairman, the internal auditors or the external auditors.
- 4.2. In order to form a quorum for the meeting, at least two (2) AC members shall be present and the majority of the AC members present must be Independent Non-Executive Directors. In the absence of the AC Chairman, the members present shall elect a chairman for the meeting from amongst the members present.
- 4.3. An AC member shall excuse himself/herself from the meeting during discussion or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for the member. Where this cause insufficient directors to make up a quorum, the AC has the right to appoint another director(s) which meets the membership criteria.
- 4.4. The Company Secretary shall be the appointed secretary of the AC ("Secretary"). The Secretary, in conjunction with the AC Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the AC. The minutes of all AC meetings shall be circulated to members of the Board.
- 4.5. The AC may, as and when deemed necessary, invite other Board members and Senior Management members to attend the meetings.
- 4.6. The AC Chairman shall submit an annual report to the Board, summarising the AC's activities during the year and the related significant results and findings thereof, including details of relevant training attended by each AC member.
- 4.7. The AC shall meet at least twice annually with the external auditors and at least once annually with the internal auditors without the presence of any executive Board members, Management or employees. In addition, the Management, the internal auditors and external auditors may request for a private session with the AC to discuss any matter of concern.
- 4.8. The AC shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter. A resolution in writing, signed by all the members of the AC, shall be as effectual as if it has been passed at a meeting of the AC duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more AC members and may be accepted as sufficiently signed by AC members if transmitted to the Company by email, facsimile or other electronic means or digital written message/application to include a signature of AC members.

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- 4.9. The AC members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.
- 4.10. As a best practice, the AC Chairman should attend the AGM to answer any shareholder questions on the AC's activities.

5. AUTHORITY

- 5.1. The AC is authorised by the Board to investigate any activity within its terms of reference. It is also authorised to seek any information it requires from any employee and employees are directed to co-operate with any request made by the AC.
- 5.2. The AC can obtain, at the expense of the Company, outside legal or other independent professional advice it considers necessary in the discharge of its responsibilities, subject to compliance with the provisions on such advisers stipulated in the Board Charter.
- 5.3. The AC shall have full and unlimited access to any information pertaining to the Group. The AC shall have direct communication channels with the internal and external auditors and with Senior Management and shall be able to convene meetings with the external auditors, the internal auditors or both excluding the attendance of other Directors and employees of the Group, whenever deemed necessary. The AC shall have the resources that are required to perform its duties.
- 5.4. Where the AC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR, the AC shall promptly report such matter to Bursa Securities.

6. RESPONSIBILITIES AND DUTIES

- 6.1. In fulfilling its primary objectives, the AC shall undertake the following responsibilities and duties:
- 6.1.1. Review and approve the AC's terms of reference as conditions dictate.
- 6.1.2. Review with the external auditors, the audit scope and plan, including any changes to the scope of the audit plan.
- 6.1.3. Ensure the internal audit function is independent of the activities it audits and reports functionally to the AC directly and review their performance on an annual basis. The internal audit function shall be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within the Group.
- 6.1.4. Take cognisance of resignations of internal audit staff members (for in-house internal audit function) or the internal audit service provider (for out-sourced internal audit) and provide the resigning staff member or the internal audit service provider an opportunity to submit his reasons for resigning.

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- 6.1.5. Review the adequacy of the internal audit scope and plan, including the internal audit programme; functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work.
- 6.1.6. Review the external and internal audit reports to ensure that appropriate and prompt remedial action is taken by the Management on major deficiencies in controls or procedures that are identified.
- 6.1.7. Review major audit findings and the Management's response during the year with the Management, external auditors and internal auditors, including the status of previous audit recommendations.
- 6.1.8. Review the assistance given by the Group's officers to the auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
- 6.1.9. Set policies and procedures to assess the suitability, objectivity and independence of the external auditors.
- 6.1.10. Review the non-audit services provided by the external auditors and/or its network firms to the Group for the financial year, including the nature of the non-audit services, fee of the non-audit services, individually and in aggregate, relative to the external audit fees and safeguards deployed to eliminate or reduce the threat to objectivity and independence in the conduct of the external audit resulting from the non-audit services provided.
- 6.1.11. Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board.
- 6.1.12. Assisting the Board in disclosing risk management and internal control matters under the statement on risk management and internal control in the Company's annual report.
- 6.1.13. Review the adequacy and integrity, including effectiveness, of risk management and internal control systems/framework, management information system, and the internal auditors' and/or external auditors' evaluation of the said systems.
- 6.1.14. Direct and, where appropriate, supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts.
- 6.1.15. Review the quarterly results and the year-end financial statements, prior to approval by the Board, focusing particularly on:
 - a) changes in or implementation of major accounting policy changes;
 - b) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and

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- c) compliance with accounting standards and other legal requirements.
- 6.1.16. Review procedures in place to ensure that the Group is in compliance with the CA, the MMLR and other legislative and reporting requirements.
- 6.1.17. Review and report to the Board any related party transaction and conflict of interest situation that arose, persist, or may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises question on the management's integrity and the measures taken to resolve, eliminate, or mitigate such conflicts.
- 6.1.18. Review and report to the Board any related party transactions entered into by the Company and the Group including the review and monitoring of recurrent related party transactions, to ensure that:
 - a) all such transactions are fair, reasonable and undertaken on the Group's normal commercial terms;
 - b) the internal control procedures with regard to such transactions are adequate; and
 - c) compliance with the relevant provisions of the MMLR.
- 6.1.19. Ensure that the Group has adequate procedures and processes in place to monitor and track related party transactions and to review these processes.
- 6.1.20. Prepare reports, at least once a year, to the Board which includes the following:
 - a) the composition of the AC, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the directors are independent or otherwise);
 - b) the number of AC meetings held during the financial year and details of attendance of each AC member;
 - c) a summary of the work of the AC in the discharge of its functions and duties for that financial year and how it has met its responsibilities; and
 - d) a summary of the work of the internal audit function.
- 6.1.21. Obtain regular updates from the Management regarding compliance matters.
- 6.1.22. Any other activities, as authorised by the Board.
- 6.2. If the audit firm is not required to issue an annual transparency report, the committee members is encouraged to engage the audit firm on matters typically covered in annual transparency report including the audit firm's governance and leadership structure as well as measures undertaken by the audit firm to uphold audit quality and manage risks.

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- 6.3. The AC Chairman shall engage on a continuous basis with the Senior Management, such as the executive Chairman, CEO, executive Directors, CFO, the internal audit function, and the external auditors in order to be kept informed of matters affecting the Group.

7. MINUTES

- 7.1. The Secretary shall keep all the minutes of meetings of the AC and copies thereof shall be circulated to all members of the Board.

8. REVISION OF THE TERMS OF REFERENCE

- 8.1. Any revision or amendment to this Terms of Reference, as proposed by the AC or any third party, shall first be presented to the Board for its approval.
- 8.2. Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

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