



**Success Transformer Corporation Berhad**  
[Registration No. 200301034518 (636939-W)]  
(Incorporated in Malaysia)

**Terms of Reference of the Audit Committee**

*(Revised and adopted on 26 May 2026)*

**1. Objectives**

The principal objectives of the Audit Committee (“**AC**”) of Success Transformer Corporation Berhad (“**Company**”) are to assist the Board of Directors of the Company (“**Board**”) in discharging its statutory and fiduciary duties and responsibilities relating to financial reporting processes of the Company and its subsidiaries (“**Group**”). In addition, the AC shall also: -

- (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; and
- (d) determine the quality, adequacy and effectiveness of the Group's control environment.

**2. Composition**

Members of the AC shall be appointed by the Board amongst its Directors and shall consists of at least three (3) members. All the members of the AC must be Non-Executive Directors, with a majority of them being Independent Directors. No alternate Director of the Board shall be appointed as a member of the AC.

*In this respect, the Board adopts the definition of “independent director” as defined under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”) and any practice notes issues thereto.*

All members of the AC should be financially literate, competent 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.

At least one (1) member of the AC: -

- (a) must be a member of the Malaysian Institute of Accountants (“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
  - 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.

Any former partner of the Company’s external auditors shall observe a cooling-off period of at least three (3) years before being appointed as a member of the AC. The former partner in this paragraph refers to all former partners of the audit firm and/or the affiliate firms (including those providing advisory services, tax consulting, etc.).

**Retirement and resignation**

Where the members of the AC for any reason are reduced to less than three (3), resulting in non-compliance to the composition criteria as stated in paragraph 2 above, the Board shall based on the recommendation of the Nomination Committee, within three (3) months from the occurrence of the event, appoint such number of the new member(s) as may be required to make up the minimum number of three (3) members, or to fulfil the requirement under Paragraph 2.

All members of the AC, including the Chairman, shall hold office only for so long as they serve as a Director of the Company, and their appointment shall automatically be terminated if they cease for any cause to be a Director of the Company. Members of the AC may relinquish their membership in the AC with prior written notice to the Board.

**3. Chairman**

The members of the AC must elect a Chairman amongst themselves and shall be an Independent Director. The Chairman of the AC shall not be the Chairman of the Board. In the absence of the Chairman, the other members of the AC present at the meeting shall amongst themselves elect another member who must be an Independent Director to chair the meeting.

The Chairman of the AC is responsible for ensuring the overall effectiveness and independence of the AC. The Chairman should engage on a continuous basis with senior management, the head of internal audit (if any) and the external auditors in order to keep informed of matters affecting the Company.

#### **4. Secretary(ies)**

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

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 AC.

#### **5. Authority**

The AC 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;
- (b) have full and unlimited/ unrestricted access to all information, documents and resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Group;
- (c) be able to obtain independent professional advice or other advice and invite persons with relevant experience to attend its meetings, if necessary;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) where the AC 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 AC shall promptly report such matter to Bursa Securities;
- (f) be able to convene meetings with the external auditors, the person(s) carrying out the internal audit function (if any) or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary; and
- (g) be entitled to the services of the Company Secretary(ies).

## **6. Duties and Responsibilities**

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

### **6.1 With regards to External Auditors:**

- (a) to assess the suitability, objectivity and independence of the external auditors, including obtaining written assurance from the external auditors confirming that they are, and have been independent throughout the conduct of audit engagement in accordance with the criteria set out in all relevant professional and regulatory requirements;
- (b) to consider and recommend the appointment of the external auditors, the audit fees and consider any letter of resignation from the external auditors;
- (c) to review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment;
- (d) to review the appropriateness of external audit fees to support quality audit;
- (e) to review with the external auditors, the audit plan, annual audited financial statements, audit report and Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report;;
- (f) to establish, review and approve a policy on non-audit services which may be provided by the external auditors and/or their affiliates (refers to corporations or firms in which the external auditors have financial interest and/or business collaboration by virtue of their international branding), including the conditions and procedures which must be adhered to by the external auditors and/or their affiliates in the provision of such services; and
- (g) to convene meetings with the external auditors at least one (1) in a year without the presence of other Directors and employees of the Group.

### **6.2 With regards to Internal Control:**

- (a) review, oversee and recommend the risk management and internal control framework of the Group;
- (b) establish an internal audit function (whether in-house or outsourced) which is independent of the activities it audits and in relation thereto;
- (c) ensure the internal audit function to report directly to the AC;
- (d) review the adequacy of the scope, function, competency and resources of the internal audit function and that it has the necessary authority to carry out its works;
- (e) review the internal audit plan, processes, the results of internal audit assessments or investigation undertaken and whether appropriate action is taken on the recommendations of the internal audit function;
- (f) review the appointment or re-appointment of the outsourced internal auditors (if any) and its audit fee;
- (g) review and decide on the budget allocated to the internal audit function;

- (h) review and conduct the appraisal or assessment of the performance of members of the internal audit function on an annual basis; and
- (i) review the internal audit reports, the audit findings and recommendations, management's responses and/or actions taken thereto and ensured that material findings were satisfactorily addressed by management.

**6.3 With regards to Risk Management and Sustainability :**

- (a) to review the implementation of the Group's sustainability-related policies, strategies and initiatives ;
- (b) oversight Risk Management and Sustainability Committee and receive report from the Committee regularly;
- (c) to review and assess the Group's level of risk appetite and risk tolerance;
- (d) to review significant risks identified (including operational, financial, regulatory compliance, sustainability reporting, reputational and corruption risks) and assess the mitigating actions put in place to manage these risks; and
- (e) to assist the Board pertaining to disclosures in the Sustainability Statement and may obtain independent assurance from auditor on whether data being reported contains any material misstatements.

**6.4 With regards to Financial Reporting:**

- (a) ensure that the AC is fully informed about significant and material matters related to the Company's audit and its financial statements and addresses these matters;
- (b) review the unaudited quarterly financial reports and audited financial statements ("**Financial Reports**") prior to its recommendation to the Board for approval, focusing particularly on:
  - changes in or implementation of major accounting policies and practices;
  - significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed;
  - significant adjustment arising from the audit;
  - the going concerns assumption;
  - compliance with the Listing Requirements, Malaysia Financial Reporting Standards, IFRS Accounting Standards, and other legal requirements; and
  - to review the annual budgeting of the Group and to recommend to the Board for approval;
- (c) review and provide advice on whether the Financial Reports taken as a whole provide a true and fair view of the Company's financial position and performance.

**6.5 With regards to Related Party Transaction (“RPT”), Recurrent RPT ( “RRPT”) and Conflict of Interest (“COI”):**

- (a) monitor, review and report to the Board on a quarterly basis, any RPT and/or RRPT entered into by the Group with related parties to ensure that the Group’s internal policies and procedures governing RPTs and/or RRPTs are adhered to, the terms of the shareholder mandate are not contravened, and disclosure requirements based on the Listing Requirements are observed;
- (b) review RRPT circulars to shareholders in relation to the renewal of shareholder mandate for RRPTs, prior to its recommendation to the Board for approval;
- (c) establish and review the COI Policy to effectively identify, address, and manage COI or potential COI, including those that are actual, potential or perceived in nature;
- (d) monitor, review and monitor any COI situations that arose, persist or may arise within the Company or 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; and
- (e) review the disclosure of actual or potential COI, including interest in any competing business, submitted by the Directors and key senior management of the Company and its subsidiaries via the ‘COI Declaration Form’ to the Company Secretary, who then escalated the same to AC on a quarterly basis if any. In addition, all Directors save for Directors of listed issues, and key senior management were required to make an annual declaration to ensure that any COI or potential COI had been appropriately disclosed during the financial year under review. Directors of listed issues will make the COI declaration during the Board meeting every quarter and will minute accordingly.

**6.6 With regards other matters delegates by Board:**

- (a) review the application of corporate governance principles and the extent of the Group’s compliance with the best practices set out under the Code of Conduct, directions and guidelines established by the relevant regulatory bodies;
- (b) maintain and keep under review the whistle-blowing mechanism of the Company which shall be in accordance with Whistleblowing Policy, which aims to provide protection and confidentiality;
- (c) ensure adequate resources to perform its duties, including assigning a competent persons or function to be responsible for anti-corruption compliance matters;
- (d) identify and direct any special project or investigate and to report on any issue or concern in regard to the management of the Group;
- (e) review Corporate Governance Overview Statement, Corporate Governance Report and AC Report before recommending these to the Board for approval for inclusion in the Company’s Annual Report; and
- (f) to consider other matters as delegated by the Board.

## **7. Procedure of the AC Meetings**

### **7.1 Frequency of Meetings**

Meetings shall be conducted not less than four (4) times annually. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

### **7.2 Quorum**

In order to form quorum for the meeting, majority of members present must be Independent Directors.

### **7.3 Notice of Meetings**

Reasonable notice of AC meetings shall be given in writing sent through the post, facsimile, electronic mail and by any means of telecommunication in permanent written form to all the AC members, except in the case of emergency, where the AC may waive such requirement.

### **7.4 Attendance of Other Directors, Employees and External Parties**

The AC may invite other Directors and employees, including external parties such as the external auditors, outsources internal audit function (if appointed) and other consultants to attend any AC meeting to brief the AC on issues that are set out in the meeting agenda.

### **7.5 Voting and Proceedings of Meetings**

The AC members may participate in a meeting by way of telephone and video conferencing or by means of other communications equipment whereby all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting and shall be entitled to vote or be counted in a quorum accordingly.

Questions arising at any meeting of the AC shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the AC shall have a second or casting vote. The AC member shall abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

### **7.6 Circular Resolution**

A resolution in writing signed by a majority of the AC members for the time being shall be as valid and effectual as if it had been passed at a meeting of the AC duly called and constituted. Any such resolution may consist of several documents in like form, each signed by one (1) or more AC members. Any such document may be accepted as sufficiently signed by an AC member if transmitted to the Company by telex, telegram, cable, facsimile or other electrical or digital written message to include a signature of an AC member.

**7.7 Minutes of Meetings**

Minutes of the AC meeting shall be circulated promptly to all members of the AC and once agreed, to all members of the Board for their notation. The Secretary(ies) shall keep record of all conclusions and resolutions passed at all meetings of the AC, including the names and signatures of the attendees.

The minutes of the AC meetings 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.

Full minutes of the AC meetings shall be kept by the Secretary(ies) at the registered office.

**8. Revision and Update**

This Terms of Reference shall be periodically reviewed and updated by the AC taking into consideration the needs of the Group as well as any development in the rules and regulations that may have an impact on the discharge of the AC's responsibilities, and this Terms of Reference shall be made available on the Company's corporate website.