SBM HOLDINGS LTD

AUDIT COMMITTEE – TERMS OF REFERENCE

The Committee shall carry out the following roles and responsibilities on behalf of the Board, within its duties and scope of authority as determined by the Board from time to time:

5.1 Financial Reporting

5.1.1 Critically examine and review the quality, accuracy and integrity of the separate and consolidated financial statements of the SBM Group ("SBMH and its Subsidiaries"), including its annual and quarterly interim reports, preliminary results announcements and any other formal announcement relating to the SBM Group financial performance, review and report to the Board on significant financial reporting issues, judgements, estimations and uncertainties which those statements contain having regards to matters communicated to it by Management and the External Auditors.

5.1.2 Provide assurance to the Board that the financial statements/disclosures and interim reports prepared by Management, present a true, fair, balanced and understandable assessment of the Group's position and prospects during the period under review.

5.1.3 Make recommendations to the Board concerning the adoption of the Audited (annual) and interim Unaudited Financial Statements (quarterly) and Management Discussion & Analysis of the Group.

5.1.4 Conduct a thorough review and critical assessment of the appropriateness, consistency and application of the accounting policies/estimates/ judgements during the period/ year under review. This process should incorporate the perspectives of the External Auditors, ensuring all practices are prudent, consistent with previous procedures and fully compliant with relevant laws, standards, regulations and legal obligations applicable to the Group.

5.1.5 Ensure that key accounting policies, significant adjustments, unadjusted differences and any disagreements with Management are discussed with the External Auditors and are resolved timely.

5.1.6 Consider and where appropriate, challenge the validity of any changes in accounting treatment or disclosure during the period under review and compare with prior periods, making restatement for the previous year(s), if required.

5.1.7 Ensure maintenance of proper and adequate accounting records in accordance with statutory and regulatory requirements, accounting standards, and good corporate governance practices.

5.1.8 Review: (i) critical accounting issues, (ii) capital adequacy and (iii) the effectiveness of the internal control framework.

5.1.9 Review and critically evaluate significant accounting estimates based on judgment which are included in the financial statements.

5.1.10 Review and challenge the basis on which the Company/Group has been determined as a "going-concern" entity/ Group.

5.1.11 Consider and address any differences of opinion between the Internal & External Auditors and Management on the level of provisions, on accounting treatments, accounting policies/estimates used and/ or disclosure if any.

5.1.12 Discuss with Management and the External Auditors on the overall audit results, quality and integrity of Financial Statements and any significant concerns or recommendations raised by the External Auditors.

5.1.13 Review the financial reporting process with a view to ensuring Group compliance with International Accounting Standards ("IAS"), International Financial Reporting Standards ("IFRS"), Companies Act 2001 and the applicable laws and regulations.

5.1.14 Safeguarding the Group assets against unauthorized use, loss or disposal.

5.1.15 Review the contents of the Integrated Annual Report and Financial Statements (annual and quarterly) and advise the Board on whether, taken as a whole, they are fair, balanced and understandable and provides the relevant information necessary for shareholders and other stakeholders to assess the Group and the Company's performance, business model and strategy.

5.1.16 Assess the solvency position of the Company and make recommendations to the Board on the proposal for payment of dividend to the shareholders.

5.1.17 Take note of the Report from the Group Finance Forum on a quarterly basis and provide the necessary guidance or recommendations, as applicable.

5.1.18 Looking into financial performance of each of the subsidiary to make sense of strategic actions and advise the Strategy and Business Review Committees.

5.2 External Audit

5.2.1 Consider and make recommendations to the Board, in relation to the appointment, re-appointment or removal of the External Auditors and oversee the selection process for new External Auditors to be conducted at least every 5 (five) years or as may be prescribed by the relevant legislations;

5.2.2 Review and assess the performance of the External Auditors, particularly in the case of re-appointment and make recommendations to the Board, to be put to the shareholders for approval at the Annual Meeting of the Shareholders, the proposal for the appointment, re-appointment and removal of the Group's External Auditors.

5.2.3 Review and discuss the scope of the audit engagement and audit plans, including for the subsidiaries received from the External Auditors.

5.2.4 Consider and address any differences of opinion between Management and the External Auditors and the appropriate actions thereof.

5.2.5 Evaluate and monitor the performance, objectivity and independence of the External Auditors, at least once annually.

5.2.6 In consultation with the Group Chief Financial Officer/the individual overseeing the Group's Finance function, determine the remuneration for the External Auditors in relation to audit services, ensuring that the fees are suitable to facilitate an effective and high-quality audit. Subsequently, the agreed remuneration should be recommended to the Board for approval through the Audit Committee.

5.2.7 Review the Group Policy for "Provision of non-audit services" and recommend any amendments thereof to the Board for consideration and approval.

5.2.8 In line with the Group Policy for "Provision of non-audit services", the Committee shall:

a. Consider and review all non-audit services provided by the External Auditors and the associated costs;

b. Assess whether the provision of such non-audit services impairs the External Auditor's independence or objectivity and any safeguards in place to eliminate or reduce such threats;

c. For any non-audit service to be provided by the External Auditor, the Audit Committee shall ensure that the External Auditor provides documented evidence of the reasoning for a decision to provide non-audit/additional services, prior to any Engagement letter being issued;

d. If any non-audit work is proposed to be carried out by the External Auditors outside the cycle of Audit Committee meetings, approval prior to engagement may be obtained from the Chair of the Audit Committee through the Group CEO; and in all cases, being ratified by the Audit Committee/SBMH Board; and

e. For any non-audit work, where any entities of the SBM Group will be inviting the incumbent external auditor of SBMH for the provision of their services, either directly or through a Request For Proposal (RFP), the external auditor will need to communicate to the Audit Committee of the Group of any prohibition in the provision of such services and of any threats to its independence. The Audit Committee will then be required to make an informed assessment about any impact of the provision of these non-audit work on the external auditor's independence. The Audit Committee will thereafter need to give their approval prior to the external auditor rendering any non-audit work.

5.2.9 Review the write-up pertaining to the disclosure of the non-audit services provided by the External Auditors in the Corporate Governance Report (Principle 7) to ensure transparency and compliance with regulatory and governance requirements.

5.2.10 Determine whether joint audits are required, and to recommend to the Board for consideration with proper justifications and if approved, to provide an explanation in the Integrated Annual Report of the Company.

5.2.11 Obtain assurance from the External Auditors that adequate and proper accounting records are maintained by the Company and Group entities.

5.2.12 Receive audit reports on a quarterly basis and ensure that Management take the appropriate corrective action(s) in a timely manner to address control weaknesses and non-compliance with laws and policies identified by External Auditors previously.

5.2.13 Monitor the effectiveness of the relationship between the External and Internal Auditors and encourage regular meetings/consultations/dialogues between the two Auditors to promote coordination and audit quality.

5.2.14 In the event the External Auditors resign, to investigate into the reasons leading to such a decision and whether any action is required and provide the appropriate recommendation to the Board, if any.

5.2.15 Review any representation letter(s) requested by the External Auditors before they are signed by the Directors of the Company.

5.2.16 Review the External Auditors' Report to the Directors and the Management letter including the Management's responses to the External Auditors' findings/recommendations prior to consideration at the Board.

5.2.17 Identify key matters arising in the current year's Management letter and satisfy that any matters raised therein be appropriately considered and brought to the attention of the Board (as necessary) including follow up for implementation by management as corrective measures.

5.2.18 Meet regularly with the External Auditors (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least quarterly, without the presence of the Management, to discuss on any issues arising preventing them to complete their audit.

5.2.19 Annually assess the effectiveness and quality of the audit process, ensuring that it meets the required standards of rigor, independence, and governance.

5.2.20 Obtain annual confirmation of independence from the External Auditors.

5.2.21 Meet with the External Auditors, at least annually, without Management present.

5.2.22 Oversee the rotation of the lead audit partner in accordance with applicable regulations.

5.3 Internal Audit

5.3.1 Ensure the appointment and termination of the Internal Auditor is conducted with its concurrence.

5.3.2 The Internal Audit Team should have access to escalate matters to the Audit Committee, preferably to the entire Committee or by escalating to any Committee Member he/she deems fit.

5.3.3 Monitor and safeguard the independence and objectivity of the Internal Audit function.

5.3.4 Receive regular audit reports, at least on a quarterly basis, from the Internal Auditor.

5.3.5 Monitor and supervise the effectiveness of the Internal Audit function, ensuring that it fulfils its mandate.

5.3.6 Review the objectives of the Internal Audit function and the annual plan of action and ensure appropriate coordination with External Auditors.

5.3.7 Review the scope of Internal Audit and approve the annual internal audit work plan to ensure that these are risk-based and address all activities over a measurable and reasonable cycle.

5.3.8 Assess the adequacy and performance of the Internal Audit function and ensure the function has the necessary resources and access to information to enable them to fulfil its mandate and is equipped to perform in accordance with appropriate professional standards for internal auditors.

5.3.9 Review all internal audit reports/significant matters reported by the Internal Auditor and monitor the Management's responsiveness to their findings and recommendations.

5.3.10 Review significant differences of opinion between Management and the Internal Auditor and recommend the appropriate actions to be initiated to address same.

5.3.11 Review and oversee the coordination between the Internal and External Auditors to ensure comprehensive and efficient audit coverage.

5.3.12 Oversee and direct investigations related matters within the Committee's scope, for example, evaluations of the effectiveness of the Company's internal controls, and inquiries concerning employee fraud, misconduct, or conflicts of interest.

5.3.13 Meet the Internal Auditor at least quarterly, in the absence of the Management, to discuss internal audit remits and any issues arising from internal audits carried out.

5.3.14 Take note of the Report from the Group IT Audit Forum and Group Internal Audit Forum on a quarterly basis and provide the necessary guidance, as applicable.

5.3.15 Review and approve the Group Internal Audit policy annually.

5.3.16 Approve the Internal Audit Charter and annual audit plan.

5.3.17 Review and approve the budget and resources of the Internal Audit function.

5.3.18 Evaluate the performance of the Head of Internal Audit.

5.3.19 Ensure that the Internal Auditor follows up on the progress update on internal audit points and management letter points.

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5.4 Internal Control Systems

5.4.1 Enquire from Management, the Internal Auditor and the External Auditors about significant risks or exposures and evaluate the steps taken to mitigate such risks.

5.4.2 Review the Group-wide internal control framework, including financial, operational, reporting and compliance controls, and risk management (including the effectiveness thereof), prior to endorsement by the Board and advise the Committee of non-compliance on a timely basis.

5.4.3 Review and discuss any previously identified material weaknesses in controls and deficiencies in system and seek updates from the Management on the actions initiated thereof.

5.4.4 If considered necessary, recommend additional procedures or measures to enhance the system of internal controls.

5.4.5 Review Internal and External Auditors' reports (Management letter) and Management's response thereto and consider status of actions taken by Management.

5.4.6 Receive and review internal and external audit reports on a quarterly basis, ensuring that management promptly implements appropriate corrective action to address any internal control weaknesses and non-compliance with applicable laws, regulations and policies as identified by the internal and external auditors.

5.4.7 Review of any transactions or matters brought to the attention of the Committee by the Internal and External Auditors which could potentially impact the financial stability of the Group or its subsidiaries.

5.4.8 Identify any change necessary to the agreed audit scope or to other services as a result of any weaknesses or deficiencies revealed.

5.4.9 Ensure that the SBM Group complies with all applicable regulatory requirements, including prudential requirements and any other statutory reporting obligations.

5.4.10 Oversee the effectiveness of information technology controls, including cybersecurity and data governance controls.

5.4.11 Review the adequacy of controls over outsourced and third-party service providers.

5.5 Whistleblowing and Fraud

5.5.1 Review at least annually, the Company's processes for the identification, prevention, and detection of fraud ensuring they remain robust and effective.

5.5.2 Review the effectiveness and security of the Company's whistleblowing systems that enable employees to confidentially report potential misconduct related to financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up actions are taken.

5.5.3 Receive and consider reports on the findings of any internal Company investigations and shall report to the Board/make any recommendations thereof, to address any wrongdoings and prevent recurrence.

5.5.4 Ensure that appropriate arrangements are in place for the confidential and anonymous reporting of concerns.

5.5.5 Monitor the status and resolution of investigations into reported misconduct.