KK MART RETAIL BERHAD
[Registration No.: 202301037992 (1531914-U)]

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. MEMBERSHIP

1.1 Members of the Audit Committee of KK MART RETAIL BERHAD ("**Company**") ("**Committee**") shall be appointed by the Board of Directors of the Company ("**Board**") from among its Directors and shall comprise at least three (3) members, all of whom must be Non-Executive Directors, and a majority of whom must be Independent Non-Executive Directors.

1.2 The Chairperson of the Board must not be a member of the Committee.

1.3 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 the financial statements, and ask pertinent questions about the Company's reporting process.

1.4 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 must have at least three (3) years' working experience; and

(i) must have passed the examinations specified in Part I of the 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 First Schedule of the Accountants Act 1967; or

(c) fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad ("**Bursa Securities**").

1.5 No alternate Director shall be appointed as a member of the Committee.

1.6 A former partner of the external audit firm and/or the affiliate firm (including those providing advisory services, tax consulting etc.) of the Company and/or its subsidiaries ("**Group**") is required to observe a cooling-off period of at least three (3) years before being appointed as a member of the Committee.

1.7 The term of office, the effectiveness and performance of the Committee and of each of its members shall be reviewed by the Nomination and Remuneration Committee annually to determine whether the Committee and its members have carried out their duties in accordance with this Terms of Reference.

1.8 All members of the Committee, including its Chairperson, will hold office only so long as they serve as Directors of the Company. Should any member of the Committee cease to be a Director of the Company, his/her membership in the Committee will cease forthwith.

1.9 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 Nomination and Remuneration Committee, within three (3) months from the occurrence of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

2. CHAIRPERSON

2.1 The Chairperson of the Committee shall be an Independent Non-Executive Director.

2.2 He/she shall engage on a continuous basis with the senior management such as the Group Managing Director/Chief Executive Officer, Chief Financial Officer, Head of Internal Audit Function within the Group and external auditors in order to be kept informed of matters affecting the Group.

2.3 In the absence of the Chairperson of the Committee, the other members of the Committee shall amongst themselves elect a Chairperson who must be an Independent Non-Executive Director to chair the meeting.

3. SECRETARY

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

4. QUORUM AND MEETING PROCEDURES

4.1 The Committee shall meet at least four (4) times each financial year. The Chairperson may request for additional meetings as he considers necessary.

4.2 The Chairperson of the Committee or the Secretary, on the requisition of any Committee member, shall at any time summon a Committee meeting.

4.3 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.

4.4 A virtual meeting shall be deemed to constitute a 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 has previously expressly notified the Chairperson of the meeting of his intention to leave the meeting and that 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 him leaving the meeting.

However, no business is to be transacted at any meeting unless a quorum of members is present at the time when the meeting proceeds to business.

4.5 The main venue of the meeting shall be the place where the Chairperson or the Chairperson of the meeting is present.

4.6 The quorum for the meeting shall be two (2) members, who are Independent Non-Executive Directors. No business shall be transacted at any Committee meeting unless a quorum is present.

4.7 The Company Secretary, in consultation with the Chairperson of the Committee, shall draw up the agenda of the Committee meeting. The agenda, together with the relevant support papers, shall be circulated at least five (5) business days, or at such shorter notice where it is unavoidable, prior to each meeting, to the members of the Committee.

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

4.9 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 Chairperson shall be entitled to a second or casting vote. Nonetheless, at meetings where two (2) members are present or when only two (2) members are competent to vote on an issue, the Chairperson of the Committee will not have the casting vote.

4.10 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.

4.11 The Committee shall meet at least once a year with the internal and external auditors without the presence of any executive Board members, management or employees. The Chairperson may request for additional meetings if he considers it necessary.

4.12 The Committee must, upon the request of the external auditors, convene a meeting to consider any matter the external auditors believe shall be brought to the attention of the directors or shareholders of the Company.

5. MINUTES

5.1 The Company shall cause minutes of all proceedings of the Committee meeting to be entered in books for that purpose. The minutes of each meeting shall be signed by the Chairperson of the meeting at which proceedings were held or by the Chairperson of the next succeeding meeting. Such minutes shall be reviewed by the Committee before disseminating them to the Board.

5.2 The minutes shall be kept by the Company at the Registered Office and shall be open for inspection by any Committee member or Board member.

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

6. WRITTEN RESOLUTION

6.1 A resolution in writing signed by all 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.

6.2 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 a Committee member if it is transmitted to the Company by any technology purporting to include a signature and/or an electronic or digital signature of the said Committee member.

7. REPORTING

7.1 The Committee, through its Chairperson, 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.

7.2 The Company must ensure that its Board prepares a Committee report at the end of each financial year that complies with the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**").

The Committee report must be clearly set out in the annual report of the Company and must include the following:-

(a) the composition of the Committee, including the name, designation (indicating the Chairperson) and directorship of the members (indicating whether the Directors are independent or otherwise);

(b) the number of Committee meetings held during the financial year and details of attendance of each Committee member;

(c) a summary of the work of the Committee in the discharge of its functions and duties for that financial year of the Company and how it has met its responsibilities;

(d) a summary of the work of the internal audit function; and

(e) a summary of any conflict of interest ("**COI**") or potential COI situation reviewed by the Committee pursuant to the Listing Requirements [excluding related party transactions ("**RPT**")], and the measures taken to resolve, eliminate, or mitigate such conflicts.

8. AUTHORITY

The Committee 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 the resources which are required to perform its duties;

(c) have full and unrestricted access to all information and documents which are required to perform its duties as well as to the internal and external auditors and management of the Group;

(d) obtain external professional advice or other advice and invite persons with relevant experience to attend its meetings, if necessary;

(e) have direct communication channels with the external auditors and person(s) carrying out the internal audit function;

(f) be able to convene meetings with the external auditors, the person(s) carrying out the internal audit function or activity or both, without the presence of any Executive Directors, Management and employees of the Company, whenever deemed necessary; and

(g) where the Committee is of the view that the matter they reported to the Board has not been satisfactorily resolved, resulting in a breach of the Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.

9. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee are to review the following and report the findings to the Board:-

Financial Reporting

9.1 Review the quarterly results and the year-end financial statements of the Group, before submission to the Board for approval, focusing particularly on:

(a) changes in or implementation of major accounting policy changes;

(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) material litigation or actions that could affect the financial position, performance or results;

(e) major judgemental areas;

(f) integrity of financial statements;

(g) the going concern assumption; and

(h) compliance with accounting standards, regulatory and other legal requirements.

9.2 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.

9.3 Review and monitor the Company's and the Group's finance function in respect of adequacy and sufficiency to support financial recording and reporting process to ensure accurate, complete, consistent and timely reporting.

9.4 Ask probing questions to ascertain whether the financial statements are consistent with operational and other information known, where there are significant matters requiring decision.

External Auditors

9.5 Consider and recommend to the Board the appointment or re-appointment of external auditors and to fix their fees (audit and non-audit), after assessing their suitability, objectivity, independence and capabilities as well as the effectiveness of the external audit process.

9.6 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 to the resignation made by the external auditors, if applicable;

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

(c) nomination of external auditors.

9.7 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 among others consideration on:

(a) the criteria to guide decisions on the appointment and re-appointment of the external auditors. The criteria should include an assessment of the competence, audit quality and resource capacity of the external auditors in relation to the audit. The 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 adequacy of the scope, competency and resources of the external auditors and that they have the necessary authority to carry out their work;

(c) the appropriateness of audit fees to support a quality audit;

(d) requirement for non-audit service to be approved by the Committee before they are rendered by the external auditors and its affiliates while taking into account the nature and extent of the non-audit services and the appropriateness of the level of fees;

(e) requirement to obtain written 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

(f) the conduct of an annual evaluation on the performance of the external auditors and undertaking follow-up measures, where required.

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

(a) audit plan, its scope and nature;

(b) audit report;

(c) evaluation of the system of internal controls;

(d) the assistance given by the employees to the external auditors, including any difficulties or disputes with management encountered during audit; and

(e) external auditors' management letter and management's response thereto.

Internal Audit

9.9 Review the adequacy of the scope, competency, resources and budget allocation of the internal audit function, and that it has the necessary authority to carry out its work.

9.10 Review the internal audit plan, programme, processes, and the reporting structure.

9.11 Review the findings of the internal auditor's reports, internal audit assessments, investigations undertaken and whether or not appropriate actions are taken by the management, based on the recommendations of the internal auditors.

9.12 Review the appraisal or assessment of the performance of members of the internal audit function on an annual basis.

9.13 Review any special audit which the Committee deems necessary.

RPT, Recurrent RPT ("**RRPT**") and COI

9.14 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.

9.15 Monitor, 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, procedures or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate or mitigate such conflicts.

9.16 Where appropriate, make recommendations to the Board for approval on the basis that such transactions are based on normal commercial terms and not more favourable to the related parties than those generally available to their parties, are at arm's length basis and are in the best interest of the Company which are not detrimental to the Company's non-interested shareholders.

9.17 To review the process used to procure the shareholders' mandate for RRPTs.

Others

9.18 Review all financial related reports/statements or any other reports/statements as required by the Listing Requirements, for inclusion in the Annual Report.

9.19 Verify allocation of units or options issued pursuant to the various incentive or retention schemes implemented by the Group (if any).

9.20 Obtain regular updates from management regarding compliance matters.

9.21 Review findings, queries or investigation by the regulatory agencies (if any).

9.22 Perform the oversight function over the administration of Whistleblowing Policy that is approved and adopted by the Board and to protect the values of transparency, integrity, impartiality and accountability where the Group conducts its business and affairs.

9.23 Review the adequacy and appropriateness of Anti-Bribery and Anti-Corruption Policy and Whistleblowing Policy, when necessary.

9.24 Carry out any other functions that may be mutually agreed upon by the Committee and the Board**.**

10. REVIEW OF THE TERMS OF REFERENCE

10.1 This Terms of Reference shall be periodically reviewed and updated taking into consideration the needs of the Company as well as any development in the rules and regulations that may have an impact on the discharge of the Committee's responsibilities.

10.2 The Terms of Reference may be revised or amended from time to time, as and when required to meet good corporate governance practices. Any amendments to the Terms of Reference are to be reviewed and approved by the Board.

10.3 This Terms of Reference was reviewed and approved by the Board on 8 June 2026 and is made available for reference on the Company's website at https://www.kkmartretail.my.

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