

# CENTURION CORPORATION LIMITED

勝捷企業有限公司\*

*(Incorporated in the Republic of Singapore with limited liability)*

*(Co. Reg. No.: 198401088W)*

**(SGX Stock Code: OU8)**

## AUDIT COMMITTEE

The Code of Corporate Governance 2018 (the “**Code**”) of Singapore and Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) require companies listed on the SGX-ST to set up an audit committee (the “**AC**” or “**Committee**”) that reports to the board of directors (the “**Director(s)**”) of the Company (the “**Board**”).

The Board approved and provided written terms of reference for the AC which clearly establish the Committee’s authority and duties. The role of the AC is to assist the Board with discharging its responsibility to:

- safeguard the Company’s assets;
- maintain adequate accounting records;
- develop and maintain effective systems of internal controls and risk management;
- ensure integrity of financial statements; and
- review the policy and arrangements for concerns on possible improprieties in matters of financial reporting or other matters to be safely raised by ‘whistle-blowers’, independently investigated and appropriately followed up on.

The overall objective of the AC is to ensure that Management has created and maintained an effective system of internal controls to safeguard the assets and integrity of the operations of the Company, and to ensure compliance with relevant regulations and legislations applicable to the Company. A key role of the AC is also to review the significant financial reporting issues and judgements so as to ensure the integrity of the Company’s financial statements and any announcements relating to the Company’s financial performance.

As a committee of the Board, the AC provides a channel of communication between the Board, Management, the internal auditors and the external auditors on matters arising out of the internal and external audits.

The terms of reference for the AC are annexed hereto as Appendix A.

## Appendix A

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### TERMS OF REFERENCE FOR AUDIT COMMITTEE

#### 1. MEMBERSHIP

- 1.1 The AC shall be appointed by the Board from amongst its members, and shall comprise at least three (3) members.
- 1.2 All AC members shall be non-executive Directors of the Company, a majority of whom, including the chairman of the AC (the “**AC Chairman**”), shall be independent non-executive Directors (“**Independent Director(s)**”) of the Company and shall not be:
  - (a) executive Directors of the Company or any related corporation<sup>1</sup>;
  - (b) a spouse, parent, brother, sister, son or adopted son or daughter or adopted daughter of an executive Director of the Company or of any related corporation; or
  - (c) any person having a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the functions of an audit committee.
- 1.3 A former partner or director of the Company’s existing auditing firm or auditing corporation should be prohibited from acting as a member of the AC within a period of two (2) years commencing on the date of his/her ceasing to be a partner of the auditing firm or a director of the auditing corporation; and in any case, for so long as he/she has any financial interest in the auditing firm or auditing corporation.
- 1.4 The Board shall consider whether a Director is independent in accordance with the provisions of the Listing Manual of the SGX-ST and the Code, as may be amended from time to time.

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<sup>1</sup> A “**related corporation**”, in relation to a company, has the same meaning as currently defined in the Companies Act 1967 of Singapore, i.e. a corporation that is the company’s holding company, subsidiary or another subsidiary of its holding company.

- 1.5 The AC members shall be appropriately qualified to discharge their responsibilities. At least two (2) members (including the AC Chairman) have recent and relevant accounting or related financial management expertise or experience as required under the Code.
- 1.6 The AC shall elect one of its members, who is an Independent Director, to be the AC Chairman.
- 1.7 If the Board considers, in spite of the existence of one (1) or more of the relationships or circumstances as listed in the return referred to in clause 1.8 below, a Director as independent, the Company has to fully disclose the nature of the Director's relationship and why the Board has determined the Director to be considered independent.
- 1.8 On appointment, and thereafter, on an annual basis, every Independent Director shall complete, sign and return to the Company a return as to his/her independence in accordance with the provisions of the SGX-ST's Listing Manual and the Code, and in the form as specified by the Company from time to time. The Nominating Committee of the Company ("NC") shall review the completed and signed return to decide if a Director is to be considered independent and make its recommendation to the Board.
- 1.9 An Independent Director shall immediately notify the company secretary of the Company (the "**Company Secretary**") of any change in circumstances that may result in him/her not being able to meet the criteria for independence.  
  
The Board may, after considering the change in circumstances (with the recommendation of the NC), require the resignation of the member, in compliance with the provisions of the AC's terms of reference and/or any other applicable statutes, rules or regulations.  
  
The Board may, as a result of the resignation, re-constitute the Committee before its next scheduled meeting.
- 1.10 A member who wishes to retire or resign from the Committee shall notify the Board in writing, giving at least one (1) month's notice or such shorter period as may be agreed by the Board.
- 1.11 The office of a member shall become vacant upon the member's death/resignation/retirement/removal or disqualification as a Director.
- 1.12 Any vacancy in the Committee shall be filled within two (2) months, and in any case, no later than three (3) months.
- 1.13 If for any reason, the total number of members shall fall below three (3), the Board shall within three (3) months of such occurrence, appoint such number of new members so that the total number of members is at least three (3).

## 2. ADMINISTRATION

### 2.1 Meetings

- (a) Meetings of the Committee (the “**AC Meetings**”) may be conducted by means of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means without a member being in the physical presence of another member or members and the participation in the meeting pursuant to this provision shall constitute presence in person at such meeting.

The minutes of such a meeting signed by the AC Chairman or chairman of the meeting shall be conclusive evidence of any meeting conducted as aforesaid.

- (b) AC Meetings shall be held as the AC deems appropriate and be held at least four (4) times a year. Meetings shall be organised so that attendance is maximised. AC Meetings may be called, at any time, by the AC Chairman or any member.

These meetings should be held:

- (i) prior to the commencement of the annual external audit;
- (ii) prior to the Board’s approval of the half-year and quarterly results;  
and
- (iii) after the completion of the annual external audit and prior to the Board’s approval of the full year results.
- (c) The external auditors and/or the Head of Internal Audit and/or the internal auditors may request a meeting with the AC if they consider that a meeting is necessary.
- (d) AC Meetings should be attended by:
- Chief Executive Officer (“**CEO**”) or his designate;
  - Chief Financial Officer (“**CFO**”), Finance Director/Manager or Financial Controller;
  - Head of internal audit or representative of internal auditors (as and when required by the AC);
  - Representative of external auditors (as and when required by the AC); and
  - Any other person deemed necessary.

- (e) The Committee shall have full discretion to invite any Director or member of Management or external parties, such as consultants/advisers, if necessary, to attend its meetings.
- (f) The external auditor(s) has the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so by the Committee.
- (g) The secretary of the Committee shall be the Company Secretary for the time being or, such other person as may be nominated by the AC.
- (h) The secretary of the AC shall attend all AC Meetings and minute the proceedings thereof including providing an attendance record of individual members present at all meetings.
- (i) The secretary of the AC shall keep the minutes of all AC Meetings. Draft and final version of the minutes of all AC Meetings shall be circulated to all AC members for their comments and record within a reasonable time after the meetings.

Minutes of all AC Meetings shall (i) be confirmed by the AC Chairman or chairman of the meeting and circulated to all AC members and (ii) signed by the AC Chairman or chairman of the meeting.

If the AC Chairman so decides, the minutes shall be circulated to other members of the Board. Any Director may, provided that there is no conflict of interest and with the agreement of the AC Chairman, obtain copies of the minutes of AC Meetings.

- (j) The notice of each AC Meeting, confirming the venue, date and time and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the Committee at least three (3) working days prior to the date of the meeting. The members of the AC may (i) consent to shorter notice whereupon the requisite notice period shall be waived or (ii) waive notice of an AC Meeting and such waiver may be retroactive.

## **2.2 Quorum**

The quorum shall be any two (2) members, including at least one (1) Independent Director.

If the AC Chairman is not present within five (5) minutes from the appointed time of the meeting, the members present may elect one (1) of their members, who must be independent, to chair the meeting.

### **2.3 Voting**

A resolution shall be considered passed if:

- (a) there is a majority of votes cast in favour of the resolution at an AC Meeting; or
- (b) there is agreement in writing by a majority of members entitled to vote on the decision.

In the event of an equality of votes, the AC Chairman or chairman of the meeting shall not have a casting vote. All conflicting views shall be submitted to the Board for its final decision.

Any member who has an interest in any matter being reviewed or considered by the Committee shall abstain from voting on the matter.

### **2.4 AC Resolutions in Writing**

The Committee may pass written resolutions by circulation. A resolution in writing signed by a majority of members, including at least one (1) Independent Director, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.

These resolutions may consist of several documents in original or facsimile in the like form, each signed by one (1) or more members.

### **2.5 Attendance at General Meetings**

The AC Chairman and all AC members attend the general meetings of the Company and to be prepared to answer questions concerning matters falling within the scope of the AC.

### **3. DUTIES AND RESPONSIBILITIES**

The duties of the AC shall be:

- 3.1 To review the audited financial statements of the Company and the audited consolidated financial statements of the Company and its subsidiaries (the “**Group**”).
- 3.2 To review significant financial reporting issues and judgements so as to ensure integrity of the financial statements of the Company, and any announcements relating to the Company’s financial performance.

In reviewing the half-year, quarterly (if required) and full-year financial statements of the Company before submission to the Board, the AC should focus particularly on:

- (a) any changes in the Group’s financial and accounting policies and practices;
  - (b) major risk areas;
  - (c) significant adjustments and issues resulting from audit, and how they are addressed;
  - (d) the going concern assumptions and any qualifications;
  - (e) compliance with accounting standards; and
  - (f) compliance with the SGX-ST’s Listing Manual and statutory/regulatory requirements in relation to financial reporting;
- 3.3 To develop and review the Company’s policies and practices on corporate governance and make recommendations to the Board.
  - 3.4 Unless expressly addressed by a separate board risk committee, or by the Board itself, to oversee and, at least annually, to review and assess the adequacy and effectiveness of the Company’s internal controls (including financial, operational, compliance and information technology controls) and risk management systems. Such review can be carried out internally or with the assistance of any competent third parties.
  - 3.5 To review and assist the Board in determining, among other things, (i) the nature and extent of significant risks which the Company is willing to take in achieving its strategic objectives and value creation, (ii) the scope and quality of Management’s ongoing monitoring of risks and of internal control systems, and (iii) the effectiveness of the Company’s processes for financial reporting and compliance with the SGX-ST’s Listing Manual.

- 3.6 To review and comment on the Company's internal controls and risk management systems for disclosure in the Company's annual report.
- 3.7 To consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and Management's response to these findings.
- 3.8 To discuss risk management and internal control systems with Management to ensure that Management has performed its duty to have adequate and effective risk management and internal control systems. This discussion and review should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.
- 3.9 To review the assurance from the CEO and CFO on the financial records and financial statements.
- 3.10 To make recommendations to the Board on establishing an adequate, effective and independent internal audit function.
- 3.11 To review at least annually the adequacy, effectiveness and independence of the Company's internal audit function, including ensuring it is adequately resourced and staffed with persons with the relevant qualifications and experience.  
  
The internal auditor(s) should carry out its function according to the standards set by nationally or internationally recognised professional bodies.
- 3.12 Where an internal audit function exists, to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company.
- 3.13 To review the internal audit programme and ensure co-ordination between the internal and external auditors and Management.
- 3.14 To review the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function.
- 3.15 To ensure that the internal auditor(s) has direct and unrestricted access to the AC Chairman.
- 3.16 To review and decide on the appointment, termination and remuneration of the head of the internal audit function, or accounting/auditing firm or corporation if the internal audit function is outsourced.
- 3.17 To ensure co-ordination where more than one auditing firm or corporation is involved.

- 3.18 To review with the internal and external auditors:
- their audit plan, including the nature and scope of the audit before the audit commences;
  - their evaluation of the system of internal accounting controls;
  - their audit report; and
  - their management letter, any material queries raised by the auditor(s) to Management about accounting records, financial records or systems of control and Management's response.
- 3.19 To review interested person transactions (“**IPTs**”) falling within the scope of the SGX-ST's Listing Manual on a quarterly basis to consider whether they are on normal commercial terms and are not prejudicial to the interests of the Company or its minority shareholders.
- 3.20 To review IPTs for potential conflicts of interest as well as all potential conflicts of interests.
- 3.21 To ensure that proper measures to mitigate any conflicts of interests have been put in place.
- 3.22 To review transactions falling within the scope of Chapter 9 and Chapter 10 of the SGX-ST's Listing Manual (if any).
- 3.23 To make recommendations to the Board on (i) the proposals to the shareholders on the appointment, re-appointment, resignation and removal of the external auditor(s), and (ii) the remuneration and terms of engagement of the external auditor(s). Where the Board disagrees with the AC's view on the selection, appointment, resignation or dismissal of the external auditor(s), the Company should include in the corporate governance report a statement from the AC explaining its recommendation and also the reason(s) why the Board has taken a different view.
- 3.24 To discuss problems and concerns, if any, arising from quarterly, half-year and/or full year audits, in consultation with the internal and external auditors, where necessary.
- 3.25 To meet with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually, to discuss any problems or concerns they may have.
- 3.26 To ensure where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by Management.
- 3.27 To review the assistance given by Management to the internal and external auditors.

- 3.28 To assess annually the independence and objectivity of the external auditor(s), taking into consideration, *inter alia*, the aggregate amount of fees paid to the external auditor(s) for a financial year and the breakdown of the fees paid in total for audit and non-audit services respectively, and the cooperation extended by Management to allow an effective audit.

Where the external auditors also provide non-audit services to the Company, the nature and extent of such services should be reviewed in order to balance the maintenance of objectivity and value for money, and to ensure that the independence of the auditors would not be compromised.

- 3.29 To review and discuss with the external auditor(s), any suspected fraud or irregularity, or suspected infringement of any applicable law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and Management's response.
- 3.30 To establish and review the policy and arrangements by which employees of the Company or of the Group and any other person can use, in confidence, to safely make reports or raise concerns about possible improprieties in financial reporting, internal control or any other matters related to the Company and its officers; and conduct an independent investigation of such matters for appropriate follow-up action pursuant to the Company's whistle-blowing programme. The AC should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.
- 3.31 To commission and review findings of internal investigations into matters where there is any suspected fraud or irregularities or failure of internal controls or infringement of any law, rule and regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.
- 3.32 To review and approve all hedging policies and types of hedging instruments to be implemented by the Group, if any.
- 3.33 To investigate any matter within these Terms of Reference, with full access to and cooperation by Management and full discretion to invite any Directors or executive officers to attend its meetings, and the AC should be provided with reasonable resources to enable it to perform its functions.
- 3.34 To report to the Board its findings from time to time on matters arising and requiring the attention of the Committee.
- 3.35 To undertake such other reviews and projects as may be requested by the Board.
- 3.36 To undertake such other functions or duties as may be delegated by the Board or required by regulatory authorities, statute or the SGX-ST's Listing Manual, and by such amendments made thereto from time to time.
- 3.37 To keep abreast of changes to accounting standards and issues which have a direct impact on financial statements.

#### **4. REPORTING PROCEDURES**

- 4.1 The Committee shall report from time to time its findings and recommendations to the Board, including but not limited to the outcome of its reviews and discussions with the internal and external auditors and its findings on any suspected fraud or irregularity, or suspected infringement of any applicable law, rules or regulations, or suspected improprieties in matters of financial reporting or other matters, which has or is likely to have a material impact on the operating results or financial position of the Company.
- 4.2 The Committee shall make recommendations to the Board as it deems appropriate in any area within its remit where action or improvement is needed.

#### **5. REMUNERATION**

- 5.1 Having regard to the functions performed by members of the Committee in addition to their functions as Directors in relation to the activities of the Committee and pursuant to the specific powers conferred upon the Board by the Constitution of the Company, members of the Committee may be paid such special remuneration in respect of their appointment and in such manner as shall be fixed by the Board.
- 5.2 Such special remuneration shall be in addition to the annual fees payable to Directors.

#### **6. AMENDMENTS TO TERMS OF REFERENCE**

- 6.1 The AC or any AC member may recommend amendments to its Terms of Reference due to changes in legislations or rules governing corporate governance, and changes in the Company's structure, organisation and/or operations which are likely to affect the matters set out in the Terms of Reference.
- 6.2 All proposed amendments to the Terms of Reference shall be submitted to the AC for consideration and subject to the approval of the Board.

#### **7. GENERAL**

- 7.1 The Company should provide the AC with sufficient resources to perform its duties. Where necessary, the AC should seek independent professional advice, at the Company's expense, to perform its responsibilities.
- 7.2 The Board will ensure that the AC has access to Management resources and external or independent professional advice in order for it to perform its duties.

*Approved and adopted by the Audit Committee on: 18 March 2024*

*Approved by the Board of Directors on: 18 March 2024*