



**GDB HOLDINGS BERHAD**  
(1036466-U)

**TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

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**1. COMPOSITION**

- i. The members of the Committee shall be appointed by the Board of Directors (“Board”) from among its members and shall comprise not less than three (3) members, whereby all members must be Independent Directors and financially literate, and at least one (1) member of the Committee:-
  - a. must be a member of the Malaysian Institute of Accountants; or
  - b. if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years’ working experience and :-
    - o he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - o he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  - c. fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”).
- ii. Alternate Director shall not be appointed as a member of the Committee.
- iii. The Committee shall elect a Chairman from among its members who is an Independent Director and shall be appointed by the Board. The Chairman of the Committee is not the Chairman of the Board.
- iv. In the event the elected Chairman is not able to attend a meeting, the remaining members present shall elect one of themselves as Chairman for the meeting. The elected Chairman shall be an Independent Director.
- v. If a member of the Audit Committee resigns, retires, dies or for any other reason ceases to be a member resulting in the non-compliance with item 1(i) above, the Board shall fill the vacancy within three (3) months.
- vi. The terms of office and performance of the Committee and each of its members shall be reviewed by the Nomination Committee once a year to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

## 2. MEETINGS

### i. Frequency of meetings

- a. Meetings shall be held not less than four (4) times a year. However, additional meetings may be called at anytime depending on the scope of activities of the Committee. In the event issues requiring the Committee's decision arise between meetings, such issues may be resolved through written resolutions of the Committee. Such written resolution shall be deemed valid and effectual if it is signed or approved by letter, facsimile or any electronic means by members of the Committee pursuant to the Constitution of the Company.
- b. Other Board members, senior management, internal and external auditors may be invited to attend meetings.
- c. Prior notice shall be given for all meetings.

### ii. Quorum

The minimum quorum for the meeting is two (2) members of the Committee..

### iii. Secretary

The Company Secretary shall be the secretary of the Committee. The Secretary shall circulate the notice and minutes of the Committee to all members of the Committee.

### iv. Minutes of the Committee Meeting

Every meeting of the Committee must be minuted either by the Company Secretary or any other person approved by the Committee and such minutes must be confirmed by the Committee at the next succeeding Committee meeting.

The Minutes of each meeting signed by the Chairman of that meeting or by the Chairman of the next succeeding meeting shall be evidence of the proceedings that the meeting was duly convened and held.

## 3. FUNCTIONS

The functions of the Committee are as follows:-

- i. To consider any matters concerning the appointment and re-appointment of external auditors, the audit fee and any questions of resignation or dismissal of external auditors; and further ensure the suitability and independence of external auditors.

- ii. To review with the external auditors:
  - a. Their audit plan, scope and nature of the audit of the Company and its subsidiaries (“Group”);
  - b. Their evaluation and findings of the system of risk management and internal controls and the audit reports on the financial statements;
  - c. The management letter and management’s response with regard to problems and reservations arising from their audits;
  - d. the assistance given by the management and staff of the Group to the external auditors; and
  - e. any other matters that the external auditors may wish to discuss (in the absence of the Managing Director, Executive Directors and/or the Management if necessary).
- iii. To implement policies and procedures to annually review and assess the suitability, objectivity and independence of internal and external auditors.
- iv. To review and assess the adequacy of the scope, functions, resources, competency and performance of the internal audit functions of which the internal auditors should report directly to the Committee.
- v. To review the adequacy and effectiveness of the Group’s internal control systems and risk management framework as evaluated, identified and reported by the Management, internal or external auditors as well as to review the appropriate and timely corrective actions undertaken to ratify the same.
- vi. To review the quarterly and yearly financial statements of the Group, focusing particularly on any changes in implementation of major accounting policies and practices, significant adjustments arising from the audit, the going concern assumption and compliance with applicable approved accounting standards and other legal and regulatory requirements.
- vii. To review any related party transactions and conflicts of interest situations that may arise within the Company or Group including any transactions, procedures or course of conduct that raises questions of management integrity.
- viii. To carry out such other functions or assignments as may be delegated by the Board from time to time.

#### 4. AUTHORITY

The Committee is authorised by the Board to have the resources whichever required to perform its duties within its term of reference at the cost of the Company, including but not limited to the following:-

- i. To secure full and unrestricted access to any information concerning the Group.
- ii. To communicate directly with the external and internal auditors and all employees of the Group.
- iii. To seek and obtain independent professional advice and to secure the attendance of outsiders with relevant experience and expertise as it considers necessary.
- iv. To convene meetings with the external and internal auditors or both without the presence of Directors and employees of the company, whenever deemed necessary.

#### **5. COMMUNICATION TO THE BOARD**

- i. The minutes of each Committee meeting shall be tabled to the Board for notation.
- ii. The Committee may from time to time submit to the Board its recommendation on matters within its purview, for the Board's decision.
- iii. Where the Committee is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of the ACE Market Listing Requirements of Bursa Securities, the Committee must promptly report such matter to Bursa Securities.