



GDB HOLDINGS BERHAD

201301006623 (1036466-U)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. COMPOSITION

- i. The members of the Audit Committee of GDB Holdings Berhad (“Company”) (“AC” or “Committee”) shall be appointed by the Board of Directors (“Board”) of the Company from among its members and shall comprise no fewer than three (3) members, whereby all members must be Non-Executive Directors and financially literate with a majority of them being Independent Non-Executive Directors, 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 shall be an Independent Non-Executive Director.
- 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 Non-Executive Director.
- v. The former partner of the external audit firm of the Company, if any, shall observe a cooling-off period of at least three (3) years before being eligible to be appointed as a member of the Committee.
- vi. In the event of any vacancy in an AC member resulting in non-compliance with paragraph 1(i) above, the Board shall fill the vacancy within three (3) months.

- vii. The terms of office and performance of the Committee and each of its members shall be reviewed by the Nomination Committee annually 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 no fewer 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 a majority of the 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. For the Committee's meetings (except in the case of an emergency), reasonable notice shall be given to all the members of the Committee.

ii. Quorum

The quorum for the meeting is two (2) members of the Committee, a majority of members present must be Independent and Non-Executive Directors.

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: -

External Auditors

- i. To consider any matters concerning the appointment and re-appointment, the audit and non-audit fees and any questions of resignation or dismissal of external auditors; and further ensure the suitability, objectivity and independence of external auditors.
- ii. To review with the external auditors:
 - a. Their audit plan, scope and nature of the audit of the 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. any other matters that the external auditors may wish to discuss (in the absence of the management where necessary).
- iii. To review the assistance given by the management and employees of the Group to the external auditors.
- iv. To review the external auditors' management letter and management's response.
- v. To review any letter of resignation from the external auditors of the Company.
- vi. To review whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment.
- vii. To recommend the nomination of a person or persons as external auditors.

Internal Audit Function

- i. To review and assess the adequacy of the scope, functions, competency, experience and resources of the internal audit functions of which the internal auditors should report directly to the Committee. The internal auditors must be independent and, objective assurance, and have the relevant qualification and be responsible for providing assurance to the Committee that the internal controls are operating effectively.
- ii. To review the internal audit plan, processes, the results of internal audit assessments or investigations undertaken and whether or not appropriate action is taken on the recommendations are made.

- iii. To review the adequacy and effectiveness of the Group's internal control systems and risk management framework, anti-corruption and whistle-blowing as evaluated, identified and reported by the management, internal or external auditors as well as to review whether actions taken to ratify the same are appropriate or in a timely manner.

Financial Reporting

- i. To review the quarterly and year-end financial statements of the Company and its subsidiaries ("Group") before the approval by the Board, focusing particularly on:-
 - a. any changes in or implementation of major accounting policies changes;
 - b. significant matters highlighted including financial reporting issues, significant judgement made by management, significant unusual events or transactions, and how these matters are addressed; and
 - c. compliance with accounting standards and other legal and regulatory requirements.

Compliance and Other Matters

- i. To review, assess and monitor the performance, suitability, objectivity and independence of the internal and external auditors.
- ii. 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.
- iii. To identify Corporate Liability Risks including bribery risks, corruption risks and compliance risks.
- iv. To monitor the Risk Control Measures of Corporate Liability Risk identified.
- v. To carry out such other functions or assignments as may be delegated by the Board from time to time.

4. RIGHTS OF THE COMMITTEE

The Committee is authorised by the Board to have the resources whichever required to perform its duties within its Terms 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 considers necessary.
- iv. To convene meetings with the external and internal auditors or both without the presence of other Executive 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 Main Market Listing Requirements of Bursa Securities, the Committee must promptly report such matter to Bursa Securities.

6. GENERAL MEETINGS

The Chairman of the Committee should attend the general meetings to answer to questions relating to the Committee's activities.

This Terms of Reference (Version 4) was reviewed and updated by the Board of the Company on 19 August 2021.