

# GADANG HOLDINGS BERHAD

Registration No. 199301023376 (278114-K)

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## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

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### 1. Objective

The objective of the Audit Committee is to assist the Board of Directors ("Board") in fulfilling its oversight responsibilities for the financial reporting process, internal control systems and internal and external audit functions.

### 2. Composition

2.1 The Audit Committee shall be appointed by the Board. All the Audit Committee members should be non-executive directors, with a majority of them being independent directors. The Chairman of the Board shall not be a member of the Audit Committee.

2.2 At least one (1) member of the Audit Committee shall be:

- (i) a member of the Malaysian Institute of Accountants ("MIA");
- (ii) if he/she is not a member of the MIA, he/she must have at least three (3) years working experience and:
  - he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - he/she 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
- (iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

2.3 The Chairman of the Audit Committee shall be an Independent, Non-Executive Director who is not Chairman of the Board.

2.4 Any former key audit partner of the Group shall observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee.

2.5 No alternate director shall be appointed as a member of the Audit Committee. If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three, the Board shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

### 3. Secretary

The Company Secretary shall be the Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and

circulating it, supported by explanatory documentation to the Audit Committee members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee and circulating them to the Audit Committee members and to the other members of the Board.

#### **4. Meetings**

The Audit Committee shall meet at least five (5) times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties. In addition, the Chairman may call a meeting of the Audit Committee if a request is made by any Audit Committee member, the Company's chief executive, or the internal or external auditors.

Other Board members and employees may attend meetings upon the invitation of the Audit Committee. However, at least twice a year, the Audit Committee shall meet with the external auditors without any executive Board member present.

A quorum shall consist of two (2) members and the majority of members present must be independent directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the independent members present.

A circular resolution in writing, signed by all of the Audit Committee members, either by facsimile, email or other forms of electronic communication shall be valid and effective as if it had been passed at a meeting duly convened and constituted.

#### **5. Authority**

The Audit Committee is authorised by the Board to:-

- investigate any activity within its terms of reference ;
- have the resources which are required to perform its duties;
- have full and unrestricted access to any information pertaining to the Group;
- have direct communication channels with the internal and external auditors and with senior management of the Group;
- be able to obtain external legal or other independent professional advice as necessary;
- be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of executive Board members and employees, whenever deemed necessary.

#### **6. Duties and Responsibilities**

The duties and responsibilities of the Audit Committee shall include:-

- a. To review the annual performance assessment, including the suitability and independence of the external auditors in accordance with the External Auditors Policy.

- b. To review and recommend the appointment of external auditors, the audit fee and any question of resignation or dismissal;
- c. To discuss with the external auditors prior to the commencement of the audit, their audit plan, which shall state the nature and scope of the audit, and to ensure coordination of the audit where more than one audit firm is involved;
- d. To review the quarterly results and annual financial statements before submission to the Board, focusing on:
  - any changes in or implementation of major accounting policies and practices;
  - significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
  - significant adjustments arising from the audit;
  - going concern assumption; and
  - compliance with applicable approved accounting standards and regulatory requirements;
- e. To review the external auditors' evaluation of the Group's system of internal controls;
- f. To discuss problems and reservations arising from the interim and final external audits, and any matters the external auditors may wish to discuss (in the absence of management, where necessary);
- g. To review the external auditors' management letter to the Audit Committee and management's response;
- h. To review the assistance given by the employees of the Group to the external auditors;
- i. To do the following in relation to the internal audit function:-
  - review the adequacy of scope, function, competency and resources of the internal audit department and that it has the necessary authority to carry out its work;
  - review internal audit programme;
  - ensure co-ordination of external audit with internal audit;
  - consider the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of the staff of the internal audit function;
  - review and approve any appointment or termination of senior staff members of the internal audit function;
  - be informed of the resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reason for resignation;

- j. To ensure there are adequate procedures and processes in place to track, monitor and review the related party transactions that may arise within the Company and the Group.
- k. To ensure there are established policies and procedures in place to track, monitor and review any situation that may create an actual, perceived or potential conflict of interest that may arise within the Company and the Group, including any transaction, procedure or course of conduct that raises questions on management integrity and to ensure measures are taken to resolve, eliminate or mitigate such conflict of interest.
- n. Any other activities, as authorised by the Board.

## **7. Review of the Audit Committee**

The Audit Committee shall conduct a self-assessment annually to monitor its overall effectiveness in meeting its responsibilities and report the results to the Board.

The Nomination & Remuneration Committee and Board shall review the composition, terms of office, performance and effectiveness of the Audit Committee and each of its members annually to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

## **8. Review of the Terms of Reference**

The Audit Committee may review its Terms of Reference annually or as and when deemed necessary.

*Revised and approved by the Board on 24 January 2024.*