GDEX BERHAD
(Registration No. 200301028159 (630579-A))
(Incorporated in Malaysia)

TERMS OF REFERENCE FOR AUDIT AND RISK MANAGEMENT COMMITTEE

1. Objectives

The objective of the Audit and Risk Management Committee ("**Committee**") is to assist the Board of Directors in meeting its responsibilities for the oversight of:

- the financial reporting process;
- the system of Risk Management and Internal Control;
- the internal and external audit process; and
- the conflict of interest situations and related party transactions.

In addition, the Committee shall:

a) Oversee and appraise the quality of the audits conducted both by the Company's internal and external auditors, including issues pertaining to the internal control within the Company and its subsidiaries ("**Group**");

b) Maintain open lines of communication between the Board of Directors, the internal auditors and the external auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and

c) Assist the Board in overseeing and reviewing the adequacy and effectiveness of the Group's administrative, operational and accounting controls.

2. Composition

The Committee shall be appointed by the Board of Directors ("**Board**") from among the Directors. In this respect, the Board adopts the definition of "Independent Director" as defined under the Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

2.1 Composition and Membership

The Committee shall consist of not less than three (3) members which fulfills the following requirements:

2.1.1 all members of the Committee must be non-executive directors;
2.1.2 a majority of the Committee must be independent directors;
2.1.3 all the Committee members must be financially literate, with at least one member of the Committee:
2.1.4 must be a member of the Malaysian Institute of Accountants; or
2.1.5 if he is not a member of the Malaysian Institute of Accountants, the member must have at least three (3) years' working experience and:-

- he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or

- he must be a member of one of the associations of the accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
- Must have fulfilled such other requirements as prescribed or approved by Bursa Securities.

2.1.6 An Alternate Director must not be appointed as a member of the Committee.

2.1.7 All members of the Committee shall be financially literate and are able to understand matters under the purview of the Committee including the financial reporting process. All members of the Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

2.1.8 For engagement of a former partner of the external audit firm of the Company as a member, there is a cooling-off period of at least three (3) years to be observed before being appointed as a member of the Committee.

2.2 Committee Chairman

The members of the Committee shall elect a Chairman from among themselves who shall be an Independent Director and is not the Chairman of the Board.

The Chairman together with other members of the Committee ensure that:

(i) the Committee is fully informed about significant matters related to the Group's audit and its financial statements and addresses these matters;

(ii) the Committee appropriately communicates the insight, views and concerns about relevant transactions and events to internal and external auditors;

(iii) Committee's concerns on matters that may have an effect on the financial or audit of the Group are communicated to the external auditor; and

(iv) there is co-ordination between internal and external auditors.

The Chairman of the Committee should engage on a continuous basis with key officers such as the Chief Executive Officer, the Chief Financial Officer, the internal auditor and the external auditor in order to be kept informed of matters affecting the Group.

2.3 Terms of Membership

The term of office and performance of the members shall be subject to review by the Combined Nomination and Remuneration Committee annually to determine whether the Committee and its members have carried out their duties in accordance with their Terms of Reference.

2.4 Retirement and resignation

The appointment of Committee member terminates when the member ceases to be a Director, or as determined by the Board.

In the event of any vacancy in the Committee (including Chairman), resulting in the non-compliance of items 2.2 and 2.3, the Board shall, upon recommendation of the Combined Nomination and Remuneration Committee fill the vacancy within three (3) months of the event.

3. Authority

The Committee is authorized by the Board to investigate and report any specific matters of the Company and its subsidiaries within its terms of reference or otherwise directed by the Board.

It shall, in accordance with a procedure to be determined by the Board and at the expense of the Company: -

(i) have full and unlimited/unrestricted access to all employees, information and documents/ resources which are required to perform their duties as well as to the internal and external auditors and key officers of the Company and Group;

(ii) obtain, at the expense of the Company, other independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary after consultation with the Board;

(iii) be able to convene meetings with the external auditors, the persons carrying out the internal audit function or both, excluding the attendance of the Executive Director and management, whenever deemed necessary; and

(iv) be able to make relevant reports when necessary to the relevant authorities if a breach of the Listing Requirements occurs after informing the Board.

4. Meetings and Minutes

4.1 The Committee shall meet at least five (5) times a year and such additional times as the Chairman may determine in order to discharge its duties.

4.2 In the absence of the Chairman, the other Independent Director shall be the Chairman for that meeting.

4.3 In addition to Committee members, meetings may include Company department representatives and external auditors, as required. External auditors shall attend meetings involving statutory accounts or audit matters. The

Committee shall meet with the external auditors at least twice a year without the presence of executive Board members or management.

4.4 The Committee may invite any person as it deems appropriate, to attend meeting and provide assistance in its deliberations.

4.5 The quorum for a meeting shall be two (2) members of the Committee who are both Independent Directors.

4.6 A Committee member shall excuse himself/herself from the meeting during discussion or deliberations of any matter which gives rise to an actual or perceived conflict of interest related to the member.

4.7 The Committee members may participate in a meeting by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

4.8 Unless a meeting is called on a short notice basis, the notice and agenda for each meeting shall be circulated at least five (5) business days before each meeting to Committee members and all those who are required to attend the meeting. Written materials including Board papers and information requested by the Committee from Management shall be received together with the agenda for the meetings.

4.9 The decision of the Committee shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote, provided that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question in issue, the Chairman shall not have a casting vote.

4.10 The Committee shall be reporting to the full Board from time to time its recommendation for consideration and implementation and the actual decision shall be the responsibility of the Board after considering the recommendation of the Committee. The Committee itself shall have no executive power with respect to those findings and recommendations.

4.11 The Company Secretary or his/her representative or other appropriate senior officer shall act as Secretary of the Committee and shall be responsible for drawing up the agenda with the concurrence of the Chairman and circulating it, together with supporting documentation, to Committee members prior to each meeting.

4.12 The Company Secretary or his/her representative or other appropriate senior officer shall also attend each Committee meeting and be responsible for recording the proceedings thereof. The minutes of each meeting shall be maintained and circulated to all Committee members and the other members of the Board.

4.13 The internal auditors shall have the right to attend and be heard at any Committee meeting and are expected to attend all Committee meetings.

4.14 Upon the request of any Committee member, the Chief Executive Officer, the internal auditors and/or the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter that the auditor(s) consider should be brought to the attention of the Board or the shareholders.

4.15 Where the Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved, resulting in a breach of Bursa Securities' requirements, the Committee shall promptly report such matter to Bursa Securities.

4.16 The Committee can make decisions without holding a formal meeting by using written (circular) resolutions. If all members sign a written resolution, it is just as valid as a decision made in a formal meeting. The resolution can be signed in separate copies by different members. Signatures sent by email or other electronic or digital means are accepted as valid.

5. Duties and Responsibilities

The duties and responsibilities of the Committee shall include oversight of the following matters:

(A) External Auditor

i) To nominate and recommend the nomination and appointment/re-appointment of the external auditor, the audit fee and any questions of resignation or dismissal, any letter of resignation from the external auditors and whether there is a reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment. In considering the appointment/re-appointment of the external auditor, to consider among others[1]:

a) the adequacy of the experience and resources of the audit firm;
b) the persons assigned to the audit;
c) the accounting firm's audit engagements;
d) the size and complexity of the listed issuer's group being audited; and
e) the number and experience of supervisory and professional staff assigned to the particular audit;

The appointment of external auditors for subsidiaries shall require the endorsement of both the Audit and Risk Management Committee (ARMC) and the Board of the holding company.

The Committee is to also consider the performance of the external auditors and its independence, *inter-alia*:-

a) the external auditors' ability to meet deadlines in providing services and responding to issues in a timely manner as outline in the external audit plan;

b) the competence, audit quality and resource capacity of the external auditors in relation to the audit;

c) the information presented in the Annual Transparency Report[2] of the audit firm.

If the audit firm is not required to issue an Annual Transparency Report, the Committee is encouraged to engage the audit firm on matters typically covered in Annual Transparency Report including the audit firm's governance and leadership structure as well as measures undertaken by the audit firm to uphold audit quality and manage risks;

d) the nature of the non-audit services provided by the external auditors and fees paid for such services relative to the audit fee;

e) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditors; and

f) obtaining assurance from the external auditors (written or other modes) 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.

Notes:-

[1] *To the extent permissible pursuant to the applicable rules, laws and regulations of each jurisdiction in which the Group operates and the framework adopted by the Group for appointment of statutory auditors for statutory audit and non-audit services.*

[2] *Annual Transparency Report is issued by audit firms registered with the Audit Oversight Board (AOB) where (i) the audit firms have more than 50 public interest entity (PIE) audit clients; and (ii) total market capitalisation of the audit firm's PIE clients above RM10 billion at the end of the calendar year for two (2) consecutive years.*

ii) To review the annual evaluation of the performance of the external auditor, including the suitability, objectivity and its independence as below and undertaking follow-up measures, where required:

a) the external auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as outline in the external audit plan;
b) the nature of the non-audit services provided by the external auditor and fees paid for such services relative to the audit fee;
c) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the external auditor;

d) the competence, audit quality and resource capacity of the external auditor in relation to the audit; and
e) obtaining 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.

iii) To discuss with the external auditor before the audit commences, the nature and scope of the audit, the audit plans and ensure proper coordination where more than one audit firm is involved;

iv) To review with the external auditor, the external auditor's observations and evaluation of the system of internal control;

v) To review with the external auditor, the external auditor's audit report;

vi) To review the quarterly results and year-end financial statements of the Company, prior to their approval by the Board, with particular focus on:

a) any changes in, or implementation of, major accounting policies and practices;
b) significant matters highlighted, including financial reporting issues, significant judgments made by management, significant or unusual events or transactions, and how such matters are addressed;
c) the going concern assumption; and
d) compliance with applicable accounting standards and other legal requirements.

vii) To discuss any issues, reservations or concerns arising from the interim and final audits, and any matter that the external or internal auditor may wish to raise, in the absence of management where necessary;

viii) To review the external auditor's management letter and management's responses;

ix) To approve non-audit services before they are provided by the external auditor and its affiliates, taking into account the nature and extent of such services and the appropriateness of the related fees.

The Committee should avoid the situation where the audit firm does not act like management when the audit firm providing non-audit services to the Company. Such a situation may be a breach of the independence requirements on the part of the audit firm. In the event that the non-audit fees paid to the Company's external auditors, or a firm or corporation affiliated to the external auditors' firm are significant (e.g. constitute 50% of the total amount of audit fees paid to the Company's external auditors) the Company is required to state the details on the nature of non-audit services rendered in the Committee Report.

x) To review the Committee Report and Statement of Risk Management and Internal Control for inclusion in the Annual Report.

xi) To review other reports which are required by the Committee.

(B) Internal Audit

i) To approve any appointment or termination of senior staff members of the internal audit function.

ii) To review all resignations in order to have a clear understanding of the reasons for resignation.

iii) To review the results of performance assessments of members of the internal audit functions.

iv) To review the structure, competency and resources of the internal audit function, and ensure that it is independent of the activities it audits and it has the necessary authority to carry out its work.

v) To review the scope of the internal audit program, processes and reports of the internal audit program, and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function.

vi) To consider the major findings of internal investigations and management's response.

a) Take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;

b) To investigate, or cause to be investigated, any matter within its terms of reference.

c) To have explicit authority over the resources such as professional advice and full access to information to investigate certain matter.

vi)To ensure that the internal audit function is independent of the activities it audits. The Head of Internal Audit shall report functionally to the Committee and administratively to management. The Head of Internal Audit shall possess the relevant qualifications and be responsible for providing assurance to the Committee on the effectiveness of the internal control system. The Head of Internal Audit shall also be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control and governance processes within the Company.

(C) Risk Management

i) To review and recommend to the Board the Group's risk management framework, policies and guidelines, and to oversee the promotion of an appropriate risk management culture across the Group, including:

a) the integration of the risk management and internal control framework into all aspects of the Group's activities;
b) the communication of the Group's approach to risk management;
c) the determination of the types and levels of risk that are acceptable to the Group; and
d) the setting of standards and expectations for conduct and probity.

ii) To review and recommend to the Board the Group's risk appetite and tolerance levels.

iii) To review major decisions and matters that may materially affect the Group's risk profile or exposure.

iv) To oversee the adequacy and effectiveness of the Group's risk monitoring and reporting mechanisms.

v) To oversee management's identification, assessment and management of key risks, with a view to reducing the likelihood and impact of material adverse events.

vi) To satisfy itself that non-key risks are being actively managed, and that appropriate controls are in place and operating effectively.

vii) To review the adequacy and effectiveness of the Group's risk management framework, processes and responsibilities, and to recommend to the Board any changes or improvements to key elements of such framework and processes.

viii) To obtain and consider formal feedback from the Internal Auditor, Chief Financial Officer and Group Chief Executive Officer on the adequacy and effectiveness of the Group's risk management and internal control systems.

(D) Related Party Transactions

i) To review any related party transaction and conflict of interest situation that has arisen, persists or may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate or mitigate such conflict; and

ii) To review the adequacy and effectiveness of the Group's policies, procedures and processes for identifying, monitoring, tracking and reporting related party transactions and conflict of interest situations.

(E) Anti-Bribery and Corruption and Whistleblowing

i) To assist the Board in overseeing and reviewing the adequacy, effectiveness and implementation of the Group's Anti-Bribery Management System ("ABMS") in accordance with ISO 37001:2025, and to report to the Board on matters relating to compliance therewith;

ii) To oversee the management of bribery and corruption risks within the Group; and

iii) To oversee that proper and timely investigations are carried out in respect of substantiated whistleblowing reports in accordance with the Whistleblowing Policy and Procedures.

(F) Other Matters

i) To report promptly to the Board any matter that may result in a breach of the Main Market Listing Requirements of Bursa Securities and, where the Committee is of the view that such matter has not been satisfactorily resolved, to report the matter promptly to Bursa Securities;

ii) To review and recommend to the Board the Committee Report and the Statement on Risk Management and Internal Control for inclusion in the Annual Report;

iii) To consider such other matters as may be referred to the Committee by the Board or as may be prescribed by Bursa Securities or any other relevant authority from time to time; and

iv) To carry out any other functions as may be agreed between the Committee and the Board.

6. Annual General Meeting

The Chairman of the Committee or, in his absence, another member of the Committee shall attend the Annual General Meeting to respond to any shareholder questions relating to the Committee's activities.

7. Revision of the Terms of Reference

This Terms of Reference will be reviewed annually and as and when required. The Terms of Reference is available on the Company's website (please refer to https://tinyurl.com/umzrkkp2 in the Company's website www.gdexpress.com for the policy).