



SAMAIDEN GROUP BERHAD

201901037874 (1347204-V)

**TERMS OF REFERENCE OF
AUDIT COMMITTEE**

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- Terms of Reference of Audit Committee

1. OBJECTIVES

The principal objectives of the Audit Committee ("**Committee**") are to assist the Board of Directors (the "**Board**") in discharging its statutory duties and responsibilities relating to accounting and financial reporting practices of the Company and its subsidiaries ("**the Group**"). In addition, the Committee shall:

- (a) Determine and evaluate the quality, adequacy and effectiveness of the Group's internal control environments and quality of the audit performed by the internal and external auditors;
- (b) Discharge its statutory and fiduciary responsibilities of overseeing the financial risk processes and accounting and financial reporting practices within the Group;
- (c) Oversee and monitor the compliance with laws and regulations, employee's code of conduct and established policies and procedures of the Group; and
- (d) Enhance the independence of the external and internal audit functions by providing direction to and oversight of these functions.

2. COMPOSITION

- (a) The Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members.
- (b) All the Committee members must be Non-Executive Directors, with a majority of them, being Independent Directors.

The definition of "independent directors" shall have the meaning given in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**")

- (c) The Committee shall include at least one (1) member who is a member of the Malaysian Institute of Accountants ("**MIA**") or alternatively, a person who must have at least three (3) years' working experience and must have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967 or must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967 or a person who fulfils such other requirements as prescribed or approved by Bursa Securities.
- (d) No alternate Director shall be appointed as a member of the Committee.
- (e) The members of the Committee shall elect a Chairperson from among themselves and that person so elected need to be an Independent Non-Executive Director.
- (f) Any former key audit partner of the Company and the Group shall observe a cooling-off period of at least three (3) years before being appointed as a member of the Committee.
- (g) In the event a member or the Chairperson of the Committee resigns, dies or for any other reason ceases to be a member or Chairperson with the result that the number of members is reduced to below three (3) or there is no Chairperson in the Committee, the Board shall, within three (3) months of that event, appoint such number of new members or Chairperson.

3. TERMS OF MEMBERSHIPS

The term of office and performance of the Committee and each of its members shall be reviewed by the Nominating Committee annually.

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4. AUTHORITY

The Committee shall act in accordance with a procedure to be determined by the Board and at the cost to be borne by the Company. The Committee is authorised by the Board:

- (a) To investigate any activity of the Company and the Group within its terms of reference and shall be given the resources and full access to information, which it needs to do. All employees shall be directed to co-operate as requested by members of the Committee.
- (b) Have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and the Group.
- (c) To obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this is necessary.
- (d) Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.
- (e) To be able to convene meetings with the external auditors, the person(s) carrying out the internal audit function or activity, or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.
- (f) Where the Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.

5. FUNCTIONS AND DUTIES

The Committee shall have direct communication channels with the external and internal auditors, any other members and person(s) carrying out the internal audit function and activities and be able to convene meetings with the members, and/or external and/or the internal auditors, excluding the attendance of other Directors and employees of the Company and the Group, whenever deemed necessary.

The duties of the Committee should include the following:

- (i) To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;
- (ii) To review the annual performance assessment, including the suitability and independence of the external auditors in accordance with the external auditors policy;
- (iii) To review with the external auditors before the audit commences, the nature and scope of the audit and their audit plan and to ensure an effective co-ordination of audit, where more than one audit firm is involved;
- (iv) To review the non-audit services provided by the external auditor and/or its affiliates including the nature and the extent of the non-audit services and the appropriateness of the level of fees as to eliminate or reduce the threat to objectivity and independence of the conduct of the external audit resulting from the non-audit services provided;
- (v) To obtain written assurance from the external auditor 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 requirement;
- (vi) To review the assistance given by the Company to the internal and/or external auditors;

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- (vii) To review the quarterly and annual results or year-end financial statements of the Company and the Group, prior to the approval of the Board, focusing particularly on:
 - any changes in accounting policies and practices;
 - significant and unusual events;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements;
- (viii) To review the reports in relation to the adequacy and integrity of our Group's internal control system and to review the results of the annual review done on the system of internal control and the risk management framework;
- (ix) To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
- (x) To review the external auditors' management letter and management's response;
- (xi) To do the following in relation to the internal audit function:
 - review the adequacy of the scope, functions, competency and resources of the internal audit functions, and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of internal auditor; and
 - take cognisance of the resignation of the internal auditor and to provide the resigning internal auditor an opportunity to submit his/her reason(s) for resigning.
- (xii) To consider any related party transactions or conflict of interests that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions of management integrity, as well as to assess the financial risks relating to such transactions, and to ensure that our Directors report such transactions annually to the shareholders via Annual Report;
- (xiii) To consider the major finding of internal investigations and management's response;
- (xiv) To report promptly to the Bursa Securities and/or to Securities Commission Malaysia ("SC") on matters reported by the Committee to the Board which have not been satisfactorily resolved resulting in a breach of Listing Requirements, rules and guidelines issued by Bursa Securities and/or the SC;
- (xv) To verify the allocation of options pursuant to Share Issuance Scheme ("SIS") for eligible employees in compliance with the criteria of the SIS at the end of each financial year, if any; and
- (xvi) To consider other topics as defined by the Board.

6. ATTENDANCE AT MEETINGS

- (a) The other Board members and Senior Management of the Group, including Chief Financial Officer, representative(s) of the internal and/or external auditors shall attend meetings upon the invitation of the Committee. The employees also may attend meetings as and when deemed necessary.
- (b) The Committee shall meet with the internal and external auditors without the presence of Executive Board members and management whenever deemed necessary.

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- (c) The Chairperson of the Committee should attend the Annual General Meeting to answer any shareholder's questions on the Committee's activities.

7. MEETINGS

- (a) The quorum of the Committee meetings must be consisting of a majority of members who are independent Directors.
- (b) The Committee shall meet at least four (4) times a year.
- (c) In the absence of the Chairperson of Committee, the remaining members present shall elect one from amongst themselves to chair the meeting.
- (d) The Chairperson may call a meeting if a request is made by the Committee member and/or the external auditors if they consider it necessary.
- (e) The Company Secretary shall act as Secretary of the Committee and shall be responsible, with the concurrence of the Chairperson, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting.
- (f) The Secretary of the Committee shall be entrusted to record all proceedings and minutes of all meetings of the Committee.
- (g) The minutes of the Committee shall be made available to the Board.

8. REVIEW OF THE TERMS OF REFERENCE

The Terms of Reference will be reviewed as and when required and updated in accordance with the needs of the Company and any new regulations. Any revision or amendment to this Terms of Reference, as proposed by the Committee, shall be presented to the Board for its approval.

The Terms of Reference of the Committee was last reviewed by the Board on 23 May 2024 and is made available on the Company's website, www.samaiden.com.my.