

**KGW GROUP BERHAD**  
(Registration No. 202201009353 (1455050-D))

**Audit Committee Terms of Reference**

**1. PRIMARY PURPOSES**

The Audit Committee (“**AC**” or “**Committee**”) is established as a committee of the Board of Directors (“**Board**”) of KGW Group Berhad (“**KGW**” or the “**Company**”) with the following primary objectives:

- (i) Assist the Board in fulfilling its fiduciary responsibilities relating to the corporate accounting and practices for the Company and its subsidiaries (the “**Group**”).
- (ii) Improve the Group’s business efficiency, the quality of the accounting function, the system of internal controls and audit function and strengthen the confidence of the public in the Group’s reported results.
- (iii) Maintain a direct line of communication between the Board, external auditors and internal auditors through regularly scheduled meetings.
- (iv) Enhance the effectiveness and independence of both the external and internal auditors’ functions through active participation in the audit process.
- (v) Review and assess the suitability, objectivity and independence of external auditors.
- (vi) Strengthen the role of the independent directors by giving them a greater depth of knowledge as to the operations of the Company and the Group through their participation in the Committee.
- (vii) Act upon the Board’s request to investigate and report on any issues or concerns with regard to the management of the Group.

**2. COMPOSITION**

- (i) The composition of AC was officially set up as Audit and Risk Management Committee (“**ARMC**”) on 27 November 2023 and was revised to be a stand-alone Audit Committee on 26 February 2025. Members of the AC shall be appointed by the Board upon the recommendation of the Nomination and Remuneration Committee (“**NRC**”).
- (ii) AC shall comprise at least three (3) members, all of whom shall be Non-Executive Directors with a majority of them being Independent.

At least one (1) member of the Committee fulfils the following requirements:

- a. must be a member of the Malaysian Institute of Accountants; or
- b. if he/she is not a member of the Malaysian Institute of Accountants, 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
- c. fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

## **2. COMPOSITION (CONT'D)**

- (iii) No alternate director shall be appointed as a member of the Committee.
- (iv) 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.
- (v) If a member of the Committee resigns or for any other reason ceases to be a member which resulting in non-compliance of Clause 2(ii) above, the Board shall fill the vacancy within three (3) months from the date of that event.
- (vi) The terms of office and performance of the Committee and each of its members shall be reviewed by the NRC once a year to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

## **3. CHAIRMAN**

The Committee shall elect a Chairman from amongst its members who is an Independent Non-Executive Director. The Chairman of the Committee must not be the Chairman of the Board.

## **4. AUTHORITY**

The Committee is authorised by the Board:

- i) To have the resources which are required to perform its duties.
- ii) To have full and unrestricted access to any information pertaining to the Company.
- iii) To obtain, at the Company's expense, external independent legal or other professional advice on any matters it deem necessary within its terms of reference.
- iv) To investigate any matter within its terms of reference.
- v) To have direct communication channels with the external auditors and person(s) carrying out the internal audit function.
- vi) Be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

## **5. DUTIES AND RESPONSIBILITIES**

The functions of the Committee are as follows:

- (a) To review: -
  - (i) with the external auditors, the audit plan of the Group;
  - (ii) the performance, suitability, objectivity and independence of external auditors;
  - (iii) the adequacy of existing external auditors' audit arrangements, with particular emphasis on the scope and quality of the audit;

## 5. DUTIES AND RESPONSIBILITIES (CONT'D)

- (iv) the policies and procedures governing the provision of non-audit services by external auditors.
- (v) 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;
- (vi) with the external auditors, the evaluation of system of internal controls;
- (vii) the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal auditors;
- (viii) the external auditors' audit report;
- (ix) any management letter from the external auditors to the Company and the management's response to such letter;
- (x) any letter of resignation from the Company's external auditors; and
- (xi) the assistance given by the employees of the Company to the external auditors;
- (b) To consider the appointment and re-appointment, the audit fee and any questions of resignation or dismissal of external auditors and whether there is a reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment.
- (c) To review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
  - (i) changes in or implementation of major accounting policy changes;
  - (ii) significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed; and
  - (iii) compliance with accounting standards and other legal requirements.
- (d) To carry out any other function that may be mutually agreed upon by the Committee and the Board, which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities.
- (e) To report the actions recommendations of the Committee to the Board.
- (f) To report to Bursa Securities on any matter reported by the Committee to the Board of the Company which has not been satisfactory resolved resulting in a breach of the ACE Market Listing Requirements.

## 6. MEETINGS OF THE COMMITTEE

### 6.1 Frequency

The Committee shall meet at least four (4) times in a financial year or more frequently as circumstances dictate and at least once a year AC shall meet with the external and internal auditors without Executive Board members and Management present.

## 6. MEETINGS OF THE COMMITTEE (CONT'D)

In the event the Chairman of the Committee is not able to attend the meeting, any members of the Committee present at the meeting shall elect one of their members who is an independent Non-Executive Director to chair the meeting.

### 6.2 Notice of Meetings

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than seven (7) days before the date of the meeting. Minutes of the last meeting and relevant papers shall be sent to committee members and to other attendees as appropriate, at the same time.

### 6.3 Quorum

A minimum of two (2) members to form the quorum.

### 6.4 Meeting mode

A member of the Committee may participate in a meeting by either:

- a. physically present in person at the venue of meeting; or
- b. by means of a video conferencing, telephone or other electronic and communication facilities which allows all persons participating in the meeting to hear each other. A participant shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly notwithstanding the fact that he/she is not physically present at the venue where the meeting is to be held. The meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chairman of the meeting then is.

All resolutions of the Committee shall be passed by a simple majority vote, each member having one vote. In case of equality of votes, the Chairman of the meeting shall have a second or casting vote.

The Committee members may also exercise its deliberation and voting via a circular resolution.

A resolution in writing signed or approved by a majority of the members shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted and may consist of several documents in like form each signed by one or more members shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the minutes book of Committee proceedings. The expressions of "in writing" or "signed" include approval by any such member by letter, telefax, electronic mail or any form of electronic approval or electronic signature or digital signature via software, electronic devices or other means of telecommunication apparatus or devices approved by the Directors of the Company for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors.

### 6.5 Secretary of the Committee

The Company Secretary shall be the secretary of the committee.

**6. MEETINGS OF THE COMMITTEE (CONT'D)**

6.6 Minutes of the Committee meeting

The Company Secretary shall record, prepare and circulate the minutes of the meetings of the Committee and such minutes must be confirmed by the Committee at the next succeeding Committee meeting. The signed minutes are properly kept by the Company Secretary.

**7. AMENDMENT, VARIATION OR MODIFICATION**

The Terms of Reference may be amended, varied or modified in writing as and when necessary subject to the Board's review and approval. Upon the Board's approval, the said revision or amendment shall form part of the Terms of Reference and shall be considered duly revised or amended.

The Terms of Reference were reviewed and adopted by the Board of the Company on 26 February 2025.