

## **TA WIN HOLDINGS BERHAD (Company No. 291592-U)**

### **TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

The terms of reference of the Audit Committee are as follows:-

#### **MEMBERSHIP**

The Audit Committee shall be appointed by the Board of Directors from amongst their number and shall consist of not less than three (3) members, a majority of whom shall be independent directors. All members of the Audit Committee shall be Non-Executive Directors. No Alternate Director is appointed as a member of the Audit Committee and at least one (1) member of the Audit Committee:-

- (a) shall be a member of the Malaysian Institute of Accountants; or
- (b) if he is not a member of the Malaysian Institute of Accountants, he has at least three (3) years' working experience and:-
  - (i) he has passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
  - (ii) he is a member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act 1967.or;
- (c) either one of the following qualifications and at least 3 years' post qualification experience in accounting or finance:-
  - i) a degree/master/doctorate in accounting or finance; or
  - ii) a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountantsor;
- (d) shall have 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or
- (e) Fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The members of the Audit Committee shall elect a Chairman from among their number who shall be an independent director. In the event of any vacancy in Committee resulting in the non-compliance of the above stated conditions, the Company shall fill the vacancy within 3 months.

#### **MEETING AND MINUTES**

The Audit committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. Meetings shall be held not less than four (4) times a year and such additional

**TERMS OF REFERENCE OF THE AUDIT COMMITTEE – Cont'd**

meeting as the Chairman shall decide in order to fulfill its duties. The Company Secretary or any person appointed by the Audit Committee shall act as the Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and other supporting explanatory documentation for circulation to the Audit Committee members prior to each meeting. The Secretary will also be responsible for keeping the minutes of the meetings of the Audit Committee, and circulating them to Audit Committee members and to other members of the Board of Directors. The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the finance director, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company. The Chairman of the Audit Committee shall also convene a meeting of the Audit Committee to consider any matters that the external auditors and/or Internal Auditor believes should be brought to the attention of the directors or shareholders. The Finance Director, Financial Controller, the Internal Auditors and a representative of the external auditors shall normally be invited to attend the meetings. Other members of the Board and employees of the Company may attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting. At least twice a year, the Audit Committee shall meet the external auditors without any executive directors present.

**QUORUM**

A quorum shall consist of a majority of members present who must be independent directors.

**AUTHORITY**

The Audit Committee is empowered and authorised by the Board of Directors at the cost of the Company:-

- (a) to investigate any matters within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group;
- (b) to have the resources in order to perform its duties as set out in its terms of reference;
- (c) to have full and unrestricted access to any information pertaining to the Company and the Group;
- (d) to have direct communication channels with the external auditors and internal auditors;
- (e) to obtain external legal or other independent professional advice where necessary;
- (f) to invite outsiders with relevant experience to attend its meetings, whenever deemed necessary; and

**TERMS OF REFERENCE OF THE AUDIT COMMITTEE – Cont'd**

- (g) 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.

Notwithstanding anything contrary hereinbefore stated, the Committee does not have executive powers and shall report to the Board of Directors on matters considered and its recommendations thereon, pertaining to the Company and the Group.

**DUTIES**

The duties of the Committee are as follow:-

- a) To consider and report the same to the Board of Directors of the Company the appointment, nomination, resignation and dismissal of external auditors and their respective audit fees;
- b) To discuss with the external auditor before the audit commences, the nature and scope of the audit, competency and resources of the external audit and ensure co-ordination where more than one audit firm is involved.
- c) To discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss ( in the absence of management);
- d) To do the following and report the same to the Board of Directors of the Company, in relation to the internal audit function :-
  - 1) review the adequacy of the scope, functions, competency and resources of the internal audit function, and whether its has the necessary authority to carry out its work;
  - 2) review the internal audit programme, processes and results of the internal audit programme, processes or investigation undertaken and, where necessary, ensure that appropriate action are taken on the recommendations of the internal audit function;
  - 3) review any appraisal or assessment of the performance of members of the internal audit function and their respective audit fees;
  - 4) approve any appointment or termination of senior staff members of the internal audit function; and
  - 5) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- e) To review the effectiveness of the management information system;
- f) To review the quarterly results and annual financial statements of the Company and the Group with both the external auditors and management and report the same to the Board of Directors of the Company, focusing particularly on :-
  - 1) any change in or implementation of accounting policies and practices;
  - 2) significant adjustment arising from the audit;
  - 3) any significant unusual events;
  - 4) the going concern assumption; and
  - 5) compliance with accounting standards and other legal requirements.
- g) To review the following and report the same to the Board of Directors of the Company:-

**TERMS OF REFERENCE OF THE AUDIT COMMITTEE – Cont'd**

- 1) with the external auditor, the audit plan;
  - 2) with the external auditor, his evaluation of the system of internal controls;
  - 3) with the external auditor, his audit report; and
  - 4) the assistance given by the employees of the Company and the Group to the external auditor.
- h) To review and discuss any management letter sent by the external auditors to the Company and the management's response to such letter;
  - i) To consider the report, major findings and management's response thereto on any internal investigations carried out by the internal auditors;
  - j) To review all areas of significant financial risk and the arrangements in place to contain those risks to acceptance levels;
  - k) To consider and review any related-party transactions and potential conflict of interest situations that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - l) To review and report the same to the Board of Directors of the Company whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment
  - m) To review the allocation of options pursuant to the Employees' Share Options Scheme and make such statement to be included in the annual report of the Company in relation to a share scheme for employees;
  - n) Any such other functions as may be agreed by the Committee and the Board.

**RESPONSIBILITY**

Where the Committee is of the view that a matter reported by it to the board of directors of the Company has not been satisfactorily resolved resulting in a breach of the Listing Requirements of the Bursa Malaysia Securities Berhad or any serious offence involving fraud and dishonesty committed by the Company or the Group, the Committee has the responsibility to promptly report such matters to the Bursa Malaysia Securities Berhad or any other relevant authorities.

**REVIEW OF THE COMPOSITION OF THE COMMITTEE**

The term of office and performance of the Committee and each of the members shall be reviewed by the Board of Directors at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.