

TA WIN HOLDINGS BERHAD (291592-U)

POLICIES AND PROCEDURES TO ASSESS THE SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS

Objective

The objective of this policies and procedures is to ensure that the Group has external audit independence in line with best practice to ensure reliable and credible financial reporting.

Selection Criteria

The Audit Committee will evaluate potential external auditors on a number of criteria including, but not limited to:

- a) The auditor being registered as an auditor under the Companies Act, 2016;
- b) The auditor being registered with the Audit Oversight Board for public companies under the Securities Commission Act, 1993;
- c) The independence of the external audit firm from the Company and ability to maintain independence throughout the engagement;
- d) There being no conflict of interest situations that could affect the independence of the external auditors;
- e) Internal governance processes such arrangements that are proposed to enable partner rotation and succession planning;
- f) Reputation, professional competency, experience, resources and integrity of key personnel;
- g) The audit approach and methodology; and
- h) Cost effectiveness

Selection and appointment procedures

In the event that the Audit Committee decides a new external auditors is required:

- a) The Audit Committee will construct a shortlist of candidates that meet their selection criteria and ascertain their willingness to act;
- b) Interested candidates will be required to submit a proposal addressing the Audit Committee's criteria as well as a statement that they are independent;
- c) The Audit Committee will interview candidates in order to further assess their suitability; and
- d) Once the assessment process has been completed, the Audit Committee informs the Board of the process adopted in undertaking the review, the external auditor recommended by the Committee and the reasons for that recommendation.
- e) Upon the Board of Directors endorsed the recommendation, to seek shareholders' approval for the appointment of the new External Auditors and resignation/removal of the existing External Auditors at the general meeting.

Assessment of External Auditors

The Audit Committee will review the performance of the external auditors on an annual basis after completion of the year end audit. In evaluating the effectiveness of

external audit, the Audit Committee will assess the effectiveness of external auditors based on a number of criteria including but not restricted to:-

- a) the overall comprehensive of the external audit plan;
- b) the timeliness and quality of communications promised under the plan and delivered during the audit;
- c) the competency of external audit staff; and
- d) the adequacy of resources to achieve the scope as outlined in the plan.

The Audit Committee will seek feedback from management during the assessment process.

External Auditors Independence

The Audit Committee will review the independence of the external auditors annually at the time the external auditors present its annual audit plan. The Audit Committee will review and assess the independence of the external auditors, including but not limited to any relationships with the Group or any other person or entity that may impair or compromise, or appear to impair or compromise, the external auditors' independence. The Audit Committee will request the external auditors to provide a written assurance 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.

Provision of Non Audit Services of External Auditors

The External Auditors can be engaged to perform non-audit engagement that are not, and are not perceived to be, in conflict with the role of the External Auditors. This excludes audit related work in compliance with statutory requirements.

The three (3) basic principles on the prohibition of non-audit engagement are as follows:

- (a) Not to function as Management;
- (b) Not to audit their own work; and
- (c) Not to serve in an advocacy role of the Company and its subsidiaries.

The External Auditors shall observe and comply with the By-Laws of the Malaysian Institute of Accountants in relation to the provision of non-audit engagement, which include the following:

- (a) Accounting and Book Keeping Services;
- (b) Valuation Services;
- (c) Taxation Services;
- (d) Internal Audit Services;
- (e) IT Systems Services;
- (f) Litigation Support Services;
- (g) Recruitment Services; and
- (h) Corporate Finance Services.

All engagements of the External Auditors to provide non-audit services are subject to the approval by the Audit Committee; and with expectation on the Management to

obtain confirmation from the External Auditors on their independence which shall not be impaired by the provision of non-audit engagement.

Rotation of Audit Partner

The audit partner responsible for the external audit of the Company and its subsidiaries is subject to rotation at least every five (5) years.

The former key audit partner has to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Annual Audit Planning

The External Auditors shall present an annual audit planning memorandum for review and discussion with the Audit Committee. The External Auditors shall also provide a management letter to the Audit Committee upon completion of the annual audit.

Review of The Policies and Procedures

These policies and procedures will be periodically reviewed in accordance with the needs.