



REGISTRATION NO.: 199401005913 (291592-U)

**TERMS OF REFERENCE FOR
AUDIT COMMITTEE**

As at 24 March 2021

TA WIN HOLDINGS BERHAD REGISTRATION NO.: 199401005913 (291592-U)	24 MARCH 2021
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REVISION HISTORY LOG

Version No.	Section	Details of Amendments	Date of Approval by the Board
V1	All	Document Published	24 March 2021

GLOSSARY

Term	Description
"AC" or "Committee"	Audit Committee
"Board"	The Company's Board of Directors
"Bursa Malaysia"	Bursa Malaysia Securities Berhad
"Company" or "Ta Win"	Ta Win Holdings Berhad
"IA"	Internal Audit
"MMLR"	Main Market Listing Requirements of Bursa Malaysia Securities Berhad
"MCCG"	Malaysian Code on Corporate Governance
"Secretary"	Company Secretary

1. APPLICABLE LAWS/ REGULATIONS/ GUIDELINES

Including but not limited to:-

- (a) Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
- (b) Capital Markets and Services Act 2007 of Securities Commission;
- (c) Companies Act, 2016;
- (d) Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia;
- (e) the provisions of the Constitution of Ta Win Holdings Berhad.

2. OBJECTIVES/ PRINCIPLES

The principal objective of the Committee is to assist and support the Board in discharging its statutory duties and fiduciary responsibilities relating to corporate accounting, financial reporting practices, the audit process, the process of monitoring compliance with laws and regulations and ensuring that there are reliable and transparent financial reporting processes in the Company.

In addition, the AC shall:-

- (a) Assisted by the Management who is responsible for establishing and maintaining those controls, procedures and processes and the independent internal and external auditors;
- (b) Evaluate the quality of the audit conducted by the internal and external auditors;
- (c) Assess whether the financial reporting of TaWin and its subsidiaries and the Company present a true and fair view of the Group's and the Company's financial position and performance;
- (d) Oversee compliance with laws, regulations and observance of a proper code of conduct; and
- (e) Review and evaluate any related party transactions and conflict of interest situations;

3. COMPOSITION OF MEMBERS

- (i) The AC shall comprise at least three members appointed by the Board of Directors from amongst their number. The Committee must comprise non-executive directors, with a majority being independent directors. *MMLR-15.09(1)(a)&(b)*
- (ii) No alternate director can be appointed as a member of the AC. *MMLR-15.09(2)*
- (iii) The appointment to the AC terminates when a member ceases to be a Director.
- (iv) In the event of any vacancy in Committee including that of an independent Chairman resulting in the non-compliance of the MMLR of Bursa Malaysia, the Company shall fill the vacancy within 3 months. *MMLR-15.19*
- (v) All members of the AC shall be financially literate, able to understand matters under the purview of the AC, including the financial reporting process and at least one member shall:- *MCCG-Practice 8.5*
MMLR-15.09(1)(c)

- (a) be a member of the Malaysian Institute of Accountants ("MIA");
or
- (b) if he/she is not a member of the MIA, he/she must have at least 3 years' working experience and:-
 - he/she must have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or
 - he/she must be a member of one of the association of accountants specified in Part II of the First 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:-
 - a degree/master/doctorate in accounting or finance; or
 - a member of any professional accountancy organization which has been admitted as a full member of the International Federation of Accountants; or
- (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 ("Bursa Securities").
- (vi) The AC has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the AC. *MCCG-Practice 8.2*
- (vii) The Chairman of the AC is not the Chairman of the board. *MCCG-Practice 8.1*

4. THE CHAIRMAN

The members of the Committee shall elect a Chairman from among their number who shall be an independent director. The Chairman of the AC should assume, amongst others, the following responsibilities:-

MMLR-15.10

- (i) planning and conducting the AC meetings;
- (ii) overseeing reporting to the Board;
- (iii) encouraging open discussion during AC meetings;
- (iv) developing and maintaining an active ongoing dialogue with senior management and with both the internal and external auditors;
- (v) shall engage on a continuous basis with Senior Management, such as the Chairman of the Board, the Managing Director, the Finance Officer/ Finance Manager, the Internal Audit and the External Auditors in order to be kept informed of matters affecting the Company; and
- (vi) shall also convene a meeting of the AC to consider any matters that the external auditors and/or Internal Auditor believes should be brought to the attention of the directors or shareholders.

5. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee are as follow:-

- (a) To consider the appointment or reappointment of the external auditor, the audit fees, to question the resignation or dismissal of the external auditor and to recommend the nomination of the external auditors; *MMLR-15.12(1)(i)*
MMLR-15.12(1)(j)
- (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 assess the suitability, objectivity and independence of the external auditor including by approving the provision of non-audit services by the external auditor; *MCCG-Practice 8.3*
- (d) To review the External Auditors' audit plans, scope of their audits and their audit reports, including the External Auditors' evaluation of the system of internal controls; *MMLR-15.12(1)(a)&(b)*
- (e) To review all areas of significant financial risk and the arrangements in place to contain those risks to acceptance levels;
- (f) To review the quarterly results and annual financial statements of the Company and the Group with both external auditors and the management, focusing particularly on:- *MMLR-15.12(1)(g)*
- (i) any change and appropriateness of accounting policies and practices;
 - (ii) significant adjustments arising from the audit;
 - (iii) litigation that could affect the results materially;
 - (iv) significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed;
 - (v) the going concern assumption;
 - (vi) compliance with approved accounting standards and other legal requirements; and
 - (vii) ensuring the timely release of such financial statements.
- (g) To discuss problems and reservations arising from the interim and final audits, and any other matters the external auditor may wish to discuss (in the absence of management where necessary); *MMLR-15.12(1)(c)*
- (h) To review and discuss the external auditor's management letter and management's corresponding response in evaluating the Company's and the Group's system of internal controls. To ensure that the Senior Management takes necessary corrective actions to address external audit findings and recommendations in a timely manner; *MMLR-15.12(1)(b)*
- (i) To assess the effectiveness of the external audit, including meeting the external auditor without the presence of senior management at least twice a year;
- (j) To review the effectiveness of the management information systems;
- (k) To do the following, in relation to the internal audit function:-
- (i) mandate the internal audit function to report directly to the AC; *MMLR-15.27(b)*
 - (ii) review the adequacy of the scope, functions, frequency, *MMLR-15.12(1)(e)*

competency and resources of the internal audit function, and that it has the necessary independence and authority to carry out its work, which should be performed professionally and with impartiality and proficiency;

(iii) review the results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function; *MMLR-15.12(1)(f)*

(iv) establishing a mechanism to assess the performance and effectiveness:-

- review any appraisal or assessment of the performance of members of the internal audit function and their respective audit fees;
- approve any appointment or termination of senior staff members of the internal audit function; and
- take cognisance of resignations of internal audit staff members and provide the staff members an opportunity to submit reasons for the resignation.

(l) 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;

(m) 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; *MMLR-15.12(1)(h)*

(n) To consider the report, major findings and management's response thereto on any internal investigations carried out by the internal auditors;

(o) To review and report the same to the Board of the Company whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for reappointment.

(p) To review the Company's procedures for detecting fraud and whistleblowing and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters and which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters (in compliance with provisions made in the Companies Act, 2016).

In carrying out its duties, the AC is empowered and authorised by the Board of Directors at the cost of the Company:- *MMLR-15.17*

- (i) 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;
- (ii) to have the resources in order to perform its duties as set out in its terms of reference;
- (iii) to have full and unrestricted access to any information pertaining to the Company and the Group;
- (iv) to have direct communication channels with the external auditors and internal auditors;

- (v) to obtain external legal or other independent professional advice where necessary;
- (vi) to invite outsiders with relevant experience to attend its meetings, whenever deemed necessary; and
- (vii) 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 on matters considered and its recommendations thereon, pertaining to the Company and the Group.

6. MEETING AND MINUTES OF THE COMMITTEE

- (a) The AC 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 meeting as the Chairman shall decide in order to fulfill its duties.
- (b) The quorum for all AC's meetings shall be at least two (2) members or 50% of the total members, whichever is higher and consists of a majority members present who must be independent directors. *MMLR-15.18*
- (c) The Finance Officer/ Finance Manager, Internal Auditor and External Auditor of the Company shall normally be invited to attend the meetings to assist in the deliberations and resolution of matters raised. Where their expertise is required, the Chairman of the Board, Managing Director, Executive Director, Senior Management or any other external professionals or employees may also be invited to attend the AC meetings. *MMLR-15.13*
- (d) The Secretary or any person appointed by the AC shall act as Secretary of the AC and shall be responsible, ~~in conjunction with the Chairman,~~ for drawing up the agenda and other supporting explanatory documentation for circulation to the AC prior to each meeting. *MMLR-15.14(b)*
- (e) In addition to the availability of detailed minutes of the AC Meetings to all Board members, the AC will report a summary of significant matters resolution at each Board Meeting.
- (f) Resolutions, proposals and matters tabled for approvals at the AC meeting shall be decided by a simple majority of the members present. In the event of equality of votes, the Chairman of the Committee shall have a second or casting vote. *MMLR-15.14(c)*
- (g) The Secretary of the AC shall be entrusted to record all proceedings and minutes of all meetings of the AC. The Secretary shall be responsible for taking the minutes of meeting, keeping the minutes and to produce the minutes for inspection when necessary. *MMLR-15.14(d)&(e)*

7. RESOLUTIONS AND PROPOSALS BY CIRCULATION

The Committee is allowed to carry out its resolutions by way of circulation. A resolution in writing signed or approved by letter, electronic mail, telegram, telex or telexfax or other form of electronic communication by a simple majority of the Committee, shall be valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.

All such resolutions shall be described as "Members' Circular Resolutions" and shall be forwarded or otherwise delivered to the Secretary without delay and shall be recorded by the Secretary in the minutes book.

8. COMMUNICATION TO THE BOARD

- (i) The minutes of each Committee meeting shall be tabled to the Board for notation.
- (ii) The Committee shall prepare a report concerning its activities in compliance with these terms of reference for tabling to the Board and for inclusion in the Company's Annual Report.

9. REPORTING OF BREACHES TO MMLR OF BURSA MALAYSIA OR ANY OTHER RELEVANT AUTHORITIES

MMLR-15.16

Where the Committee is of the view that a matter reported by it to the board of the Company has not been satisfactorily resolved resulting in a breach of the Listing Requirements of the Bursa Malaysia 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 or any other relevant authorities.

10. REVIEW OF THE COMPOSITION OF THE COMMITTEE

MMLR-15.20

The term of office and performance of the AC and each of the members shall be reviewed by the Nomination Committee annually to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference and recommend to the Board for approval.