

**TA GLOBAL BERHAD (CO. NO.: 828855-P)**  
**(INCORPORATED IN MALAYSIA)**

**TERMS OF REFERENCE OF THE AUDIT & RISK COMMITTEE**

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**INTERPRETATION**

- (a) "The Company" means TA GLOBAL BERHAD.
- (b) "The Board" means the Board of Directors of the Company.
- (c) "The Group" means the Company and its subsidiary companies.
- (d) "The Committee" means the Audit & Risk Committee established by the Board.
- (e) "The Listing Requirements" means Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

**OBJECTIVES**

- 1.1 To provide additional assurance to the Board by giving objective and independent review of financial, operational and administrative controls and procedures.
- 1.2 To assist the Board in establishing and maintaining internal controls for areas of risks as well as safeguarding of assets.
- 1.3 To assess and supervise the quality of audits conducted by the internal and external auditors.
- 1.4 To reinforce the independence of the company's external auditor, and assure that the auditor will have free rein in the audit process.
- 1.5 To provide a forum for regular, informal and private discussion between the external auditor and directors who have no significant relationships with management.
- 1.6 To reinforce the objectivity of the internal audit department.

**MEMBERSHIP**

- 2.1 The Committee shall be appointed by the Board amongst its directors and shall comprise at least three (3) members who must be non-executive directors and financially literate, majority of whom shall be independent directors.
- 2.2 At least one (1) member of the Committee :-
  - 2.2.1 must be a member of the Malaysian Institute of Accountants ("MIA"); or
  - 2.2.2 if he/she is not a member of the MIA, he/she must have at least three (3) years' working experience and:-
    - (a) he/she must have passed the examinations specified in the Part 1 of the 1st Schedule of the Accountants Act, 1967; or
    - (b) he/she must be member of one of the associations of accountants specified in Part II of the 1<sup>st</sup> schedule of the Accountants Act 1967.
  - 2.2.3 fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

- 2.3 The members of the Committee shall elect a Chairman among themselves who is an independent director.
- 2.4 If the number of members is reduced below three (3) as a result of resignation or death of a member, or for any other reason the member ceased to be member of the Committee, the Board shall, within three (3) months of that event, appoint amongst such other non-executive directors, a new member as may be required to make up the minimum member of three (3).
- 2.5 No alternate director shall be appointed as a member of the Committee.

### **AUTHORITY**

- 3.1 The Committee is authorized by the Board to investigate any matter within its terms of reference.
- 3.2 It shall have the resources which are required to perform its duties and full and unrestricted access to any information, records and documents pertaining to the Group.
- 3.3 It shall also have the authority to obtain external professional advice or other advice and invite persons with relevant experience and expertise to attend its meetings, if necessary.
- 3.4 It shall have direct communications channels with the external auditors and person(s) carrying out the internal audit function or activity.
- 3.5 It shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.
- 3.6 In exceptional situations that require a special investigation to be carried out, such as fraud, violation of code of conduct or an illegal act, the Committee is entrusted with the duty to consider the major findings of internal investigations and management's response. The Committee has the right of direct access to anyone in the Group to conduct such investigation.
- 3.7 In compliance with Paragraph 15.16 of the Listing Requirements, where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee must promptly report such matter to Bursa Malaysia Securities Berhad.

### **FUNCTIONS**

- 4.1 Functions of the Committee shall be the following:-
- (a) To review and discuss with the external auditor on the following:-
- the audit plan including nature and scope of audit and to ensure coordination of audit where more than one audit firm is involved;
  - the evaluation of the system of internal controls;
  - the audit report; and
  - the assistance given by the employees of Company to the external auditor.
- (b) To perform the following in relation to the internal audit function:-
- to review 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;
  - to review the scope of the internal audit programme, processes and procedures, internal audit plans and reports;
  - to consider the results of the internal audit investigations, to assess management's response and/or actions taken to rectify any reported shortcoming and to consider whether or not appropriate action is taken on the recommendations of the internal audit function;
  - to review, evaluate and monitor the effectiveness of internal control systems

- (c) To review the quarterly results, annual and consolidated financial statements, before the approval by the Board, focusing particularly on:-
- any changes in or implementation of accounting policies and practices;
  - significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
  - going concern assumption; and
  - compliance with accounting standards and other legal requirements.
- (d) Review any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (e) To review any letter of resignation from the external auditors of the Company.
- (f) To review and recommend the appointment of external auditors, the audit fee and any questions of suitability, resignation or dismissal including nomination of person or persons as external auditors.
- (g) To review whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.
- (h) To review the external auditors' management letter and management's response.
- (i) To oversee risk management matters relating to activities of the Group.
- (j) To oversee compliance function and monitoring the overall compliance of the Group.
- (k) To assist the Board to fulfill its responsibilities with regard to risk management in order to manage the overall risk exposure of the Group.
- (l) To carry out such other responsibilities, functions or assignments as may be agreed upon with the Board from time to time.

## **MEETINGS**

- 5.1 The Committee shall meet at least four (4) times a year i.e. on a quarterly basis or as and when the need arises and/or any such additional meetings as the Chairman so decides to properly carry out its duties and ensure effective discharge of its duties and responsibilities
- 5.2 A quorum shall consist of two (2) members. The majority of members present must be independent non-executive directors.
- 5.3 Notices of not less than seven (7) days shall be given for the calling of any meeting to those entitled and required to be present.
- 5.4 Matters raised and tabled at all meetings shall be decided by a majority of votes of members.
- 5.5 A resolution in writing, signed by all the members shall be as valid and effectual as if it had been deliberated and decided upon at meeting of the Committee.
- 5.6 Proceedings of all meetings and resolution passed pursuant to above shall be recorded by the Secretary and kept at Company's registered office.
- 5.7 Every member of the Board shall have the right at any time to inspect the minutes of all meetings and the reports submitted thereat.
- 5.8 The external auditors shall have the right to appear and be heard at any meeting and shall appear before the Committee when so required by the Committee.

- 5.9 Upon the request of the external auditors, the Chairman shall convene a meeting to consider any matters the external auditors believe should be brought to the attention of the directors or shareholders.
- 5.10 Other directors and employees attend any particular meeting of the Committee only at the Committee's invitation, specific to the relevant meeting.
- 5.11 The finance director or chief financial officer, the head of internal audit and a representative of the external auditors shall normally attend meetings of the Committee. At least twice a year the Committee shall meet with the external auditors without executive board members present.

#### **COMPLIANCE WITH THE COMPANY'S ARTICLES OF ASSOCIATION**

- 6.1 The provisions of Articles 88, 89, 90 and 91 of the Company's Articles of Association except as otherwise expressly provided in these terms shall apply to the Committee.

#### **REVIEW OF THE TERMS OF REFERENCE**

- 7.1 The members of the Committee will review the above terms of reference from time to time whenever deem necessary for approval by the Board. The latest copy of the terms of reference of the Committee shall be made available on the Company's website.