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SINCE 1993

**TSA GROUP BERHAD**  
**[Registration No. 202201010003 (1455700-A)]**  
**(Incorporated in Malaysia)**

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**TERMS OF REFERENCE OF**  
**AUDIT COMMITTEE**

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**REVISION HISTORY**

Version	Effective Date
1	23.11.2022
2	06.07.2023
3	08.05.2025
4	19.11.2025

## 1. OBJECTIVES

The principal objectives of the Audit Committee ("**the Committee**") are to assist the Board of Directors ("**the Board**") in discharging its statutory duties and responsibilities relating to reliability and integrity of the Company's financial accounting and reporting, disclosure, internal controls, accounting and reporting practices, governance structure of the holding company and each of its subsidiaries. In addition, the Committee shall:-

- a) evaluate the quality of the audits performed by the Internal and External auditors;
- b) provide assurance that the financial information presented by management is relevant, reliable and timely;
- c) oversee compliance with laws and regulations and observance of a proper code of conduct;
- d) ensure financial statements comply with applicable financial reporting standards; and
- e) Act upon the Board's request to investigate and report on any financial anomalies or irregularities in the financial statements and any issues or concerns with regard to the management of the Group.

## 2. COMPOSITION AND APPOINTMENT

- a) The Board shall appoint the members of the Committee from amongst themselves, comprising no fewer than three (3) members, all of whom must be Non-Executive Directors, with the majority of whom, are Independent Directors, including the Chairman.
- b) Any vacancy, resulting in there being no majority of Independent Directors or the number of members reduced to below three (3), shall be filled within three (3) months.
- c) At least one (1) member of the Committee must be:-
  - i) a member of the Malaysian Institute of Accountant ("**MIA**"); or
  - ii) if he is not a member of MIA, he must have at least three (3) years of working experience and:
    - a. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    - b. he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
  - iii) fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad ("**Bursa Securities**").
- d) All members of the Committee shall be preferably financially literate, able to understand matters under the purview of the Committee and have a sufficient understanding of the Company's business.
- e) All members of the Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

- f) No alternate director of the Board or the Chairman of the Board shall be appointed as a member of the Committee.
- g) The term of office and performance of the Committee and each of its members shall be reviewed by the Nomination Committee annually to determine whether the members have carried out their duties in accordance with their terms of reference.
- h) Any former key audit partner of the Company's External Auditors and/or its affiliates firm who is to be appointed as a member of the Committee must observe a cooling-off period of at least three (3) years before he is appointed as a member of the Committee.
- i) The Board shall have the discretion as it deems fit to rescind and/or revoke the appointment of any person(s) in the Committee.
- j) The appointment terminates when a member ceases to be a Director.

### **3. CHAIRMAN**

- a) The Chairman of the Committee shall be elected from amongst their number. The Chairman of the Committee shall be an Independent Director identified by the Board and is not the Chairman of the Board.
- b) In the absence of the Chairman of the Committee, the other members of the Committee shall amongst themselves elect a Chairman who must be an Independent Director to chair the meeting.
- c) The Chairman of the Committee together with other members of the Committee should ensure amongst others, that:-
  - i) the Committee is fully informed about significant matters related to the Company's audit and its financial statements and addresses these matters;
  - ii) the Committee appropriately communicates its insights, views and concerns about relevant transactions and events to Internal and External Auditors;
  - iii) the Committee's concerns on matters that may have an effect on the financial or audit of the Company are communicated to the External Auditors;
  - iv) there is co-ordination between Internal and External Auditors; and
  - v) to inform the Committee, for its review and deliberation, of any corruption and whistle-blower matter that has been escalated to the Chairman.

### **4. SECRETARY(IES)**

The Company Secretary(ies) shall be the Secretary(ies) of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it together with the supporting explanatory documentation before each meeting.

The Company Secretary(ies) will also be responsible for keeping the minutes of the meetings of the Committee and circulating them to the members of the Committee and other members of the Board.

### **5. MEETINGS**

The Committee shall meet regularly, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

Upon the request of the External Auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the External Auditors believe should be brought to the attention of the directors or shareholders.

The Secretary(ies) shall on the requisition of the members of the Committee summon a meeting of the Committee. Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each member of the Committee and any other person required to attend, **at least five (5) working days' notice** before the date of the meeting, except in the case of an emergency, where the Committee may waive such requirement.

To allow sufficient time for members of the Committee to consider the relevant information, agenda of items to be discussed is to be circulated at least five (5) days, or a shorter period where unavoidable, before the meeting. Where there is a need to table a report, a brief statement of findings and/or recommendations is prepared.

The members of the Committee may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

The Chairman of the Committee shall engage continuously with senior management, such as the Chairman, the Managing Director/Chief Executive Officer, the Group Chief Financial Officer, the Internal Auditors and the External Auditors to be kept informed of matters affecting the Company.

Other Board members and employees may attend meetings upon the invitation of the Committee. However, the Committee shall meet with the External Auditors, the Internal Auditors or both, without executive Board members present whenever deemed necessary.

Questions arising at any meeting of the Committee shall be decided by a **majority of votes** of the members present, and in the case of equality of votes, the Chairman of the Committee shall have a second or casting vote.

## **6. MINUTES**

Minutes of each meeting shall be kept at the registered office and distributed to each member of the Committee and also to the other members of the Board. The Chairman of the Committee shall report on each meeting to the Board.

The minutes of the meeting of the Committee shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

The members of the Committee may inspect the minutes of the Committee at the registered office or such other place as may be determined by the Committee.

## **7. QUORUM**

The quorum for the meeting of the Committee shall be the **majority of members present who must be Independent Directors**.

## **8. CIRCULAR RESOLUTIONS**

A resolution in writing signed by a majority of the Committee's members, for the time being, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.

Any such resolution may consist of several documents in like form each signed by one (1) or more of the Committee members. Any such document may be accepted as sufficiently signed by a majority Committee's member if transmitted to the Company by telex, telegram, cable, facsimile or other electrical or digital written messages to include a signature of a Committee's member.

## **9. REPORTING**

The Committee shall report to the Board, either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference at least once a year, but more frequently if it so wishes.

The Committee shall report to the Board on any specific matters referred to it by the Board for investigation and report.

## **10. AUTHORITY**

The Committee shall, follow a procedure to be determined by the Board and at the cost and expense of the Company, where necessary and reasonable for the performance of its duties:-

- a) have explicit authority to investigate any matter or activity within its terms of reference. All employees shall be directed to co-operate as requested by members of the Committee.
- b) have the resources which are required to perform its duties as set out in its terms of reference or any requirements or statute or laws.
- c) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the Internal and External Auditors and senior management of the Company and Group.
- d) be able to obtain independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise, if necessary.
- e) have direct communication channels with the Internal Auditor, External Auditors and person(s) carrying out the internal audit function or activity (if any).
- f) be able to convene meetings with the Internal Auditors, External Auditors or the person(s) carrying out the internal audit function or activity or both, excluding the attendance of other Directors and employees of the Company or the Group, whenever deemed necessary.
- g) be able to request the attendance of any employee at a meeting of the Committee and/or seek any information it requires from any employee of the Company to perform its duties.
- h) where the Committee is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the ACE Market Listing Requirements of Bursa Securities, the Committee shall promptly report such matter to Bursa Securities.

## 11. DUTIES AND RESPONSIBILITIES

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

### Audit

- a) To review the quarterly reports on consolidated results and year-end financial statements of the Company before submission to the Board, focusing particularly on:-
  - i) changes in or implementation of major accounting policy changes;
  - ii) significant matters highlighted including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters are addressed;
  - iii) compliance with applicable accounting standards and other legal requirements;
  - iv) significant adjustments arising from the audit;
  - v) review the external auditors' management letter and management's responses
  - vi) the going concern assumption; and
  - vii) major judgement areas.
- b) To discuss problems and reservations arising from the interim and final audits, key audit matters and any matter the External Auditors may wish to discuss (in the absence of Management, where necessary).
- c) To review with Management:-
  - i) audit reports and management letter issued by the External Auditors and the implementation of audit recommendations; and
  - ii) interim financial information.
- d) To monitor the integrity of the Company's financial statements.
- e) To consider the appointment and/or re-appointment of the External Auditors, the audit fee and any questions of resignation or dismissal, including recommending the nomination of a person(s) as External Auditors.
- f) To govern the circumstances under which contracts for the provision of non-audit services can be entered into and procedures that must be followed by the External Auditors.
- g) To review the following and report the same to the Board:-
  - i) with the External Auditors, before the audit commences, the nature and scope of the audit plan, including any changes to the planned audit scope, and ensure co-ordination where more than one (1) audit firm is involved;
  - ii) with the External Auditors, his evaluation of the system of internal controls;
  - iii) with the External Auditors, the audit report;
  - iv) the results of their valuation of the accounting policies and systems of internal accounting controls within the Group;

- v) the assistance given by the employees of the Company to External Auditors, including any difficulties or disputes with Management encountered during the audit;
  - vi) any letter of resignation from the External Auditors of the Company;
  - vii) whether there is a reason (supported by grounds) to believe that the Company's External Auditors are not suitable for re-appointment; and
  - viii) any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules, regulations, directives or guidelines which has or is likely to have a material impact on the Company's and the Group's operating results or financial position, and Management's response.
- h) To assess the suitability, objectivity and independence of the External Auditors. This assessment should be conducted annually.
- i) To discharge the following duties and responsibilities, concerning the internal audit function: -
  - i) ensure that the internal audit function is effective and able to function independently;
  - ii) determine the scope of work of the internal audit function;
  - iii) approve the budget or internal audit fees for the internal audit function;
  - iv) review and report the same to the Board, the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - v) review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - vi) review the internal audit plan, processes, the internal audit reports, results and findings of the internal audit assessments, investigations undertaken and whether or not appropriate actions and steps have been taken in response to recommendations on audit findings;
  - vii) review any appraisal or undertake an assessment of the performance of Internal auditors or members of the internal audit function;
  - viii) approve any appointment, termination or removal of Internal Auditors or members of the internal audit function; and
  - ix) take cognisance of resignations of Internal Auditors or members of the internal audit function and provide them with an opportunity to submit his reason for resigning;
- j) To consider the major findings of internal investigations, including fraud investigations and Management's response.
- k) To report to the Board, its findings on the financial and management performance and other material matters.
- l) To consider any related party transaction entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and

normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transaction annually to shareholders via the annual report, and to review conflict of interest situation that have arisen or may arise within the Company or the Group. This includes reviewing any transactions, procedures or courses of conduct that raise questions about management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts.

- m) To monitor the Company's compliance with relevant laws, regulations and code of conduct.
- n) To verify the allocation of employees' share option scheme ("**ESOS**") / share issuance scheme ("**SIS**") in compliance with the criteria as stipulated in the By-laws of ESOS / SIS of the Company, if any, at the end of the financial year.
- o) To consider and approve the adequacy of the scope, functions, competency and resources of the internal audit function and ensure it has appropriate access to information to enable it to perform its function effectively and following the relevant professional standards.
- p) To monitor the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements.
- q) To review and approve the audit committee report to be included in the Annual Report.
- r) To review and ensure that the annual budget is financially sound and sustainable.

### **13. PUBLISHED AT THE WEBSITE**

The Terms of Reference of the Committee shall be made available on the Company's website.

### **14. REVIEW OF THE TERMS OF REFERENCE**

The Terms of Reference of the Committee shall be reviewed by the Board annually to ensure the Committee remains consistent with the Company's objectives and Board's responsibilities and in line with the relevant laws and legislations.

**END**