

HWA TAI INDUSTRIES BERHAD

TERMS OF REFERENCE OF AUDIT COMMITTEE

MEMBERSHIP

1. An Audit Committee shall be appointed by the Directors from among their number (except Alternate Directors) pursuant to a resolution of the Board of Directors which fulfils the following requirements:
 - (a) The Audit Committee must be composed of no fewer than 3 Members;
 - (b) All Members of the Audit Committee must be Independent Directors; and
 - (c) At least one Member of the Audit Committee:
 - (i) Must be a member of the Malaysian Institute of Accountants; or
 - (ii) If he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - (1) He must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - (2) He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
 - (iii) Fulfils such other requirements as prescribed or approved by Bursa Malaysia.
 - (d) A former partner of the External Audit firm of the Company and / or the affiliate firm is required to observe a cooling-off period of at least 3 years before being appointed as a Member of the Audit Committee.
2. The Members of the Audit Committee shall elect a Chairman from among their number who shall be an Independent Director. The Chairman of the Audit Committee shall not be the Chairman of the Board.
3. If a Member of the Audit Committee resigns, dies or for any other reason ceases to be a Member with the result that the number of Members is reduced below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new Members as may be required to make up the minimum of 3 Members.
4. The Nomination Committee must review the terms of office and performance of the Audit Committee and each of its Members annually to determine whether the Audit Committee and members have carried and their duties in accordance with its terms of reference.

MEETINGS

Each Audit Committee may regulate its own procedure and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.

1. Meetings shall be held not less than 4 times a year.
2. Upon the request of the External Auditor, the Chairman of the Audit Committee shall convene a meeting of the Committee to consider any matters the External Auditor believes should be brought to the attention of the Directors or Shareholders. The External Auditor has the right to appear and be heard at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee.
3. The Chairman shall convene a meeting whenever any Member of the Audit Committee requests for a meeting.
4. Written notice of the meeting together with the agenda shall be given to the Members of the Audit Committee and the External Auditor, where applicable.
5. The quorum for a meeting shall be 2 Provided Always that the majority of Members present must be Independent Directors and any decision shall be by a simple majority. The Chairman shall not have a casting vote.
6. The other Board Members, Head of Finance, the Head of Internal Audit (if any), any employee of the Company and a representative of the External Auditors may be invited to attend meetings. If necessary, the Audit Committee shall meet with the External Auditors without any Executive Board Member present.
7. The Company Secretary shall be the secretary of the Audit Committee.

AUTHORITY

The Audit Committee is authorised by the Board of Directors to:

- a) Investigate any matter within its terms of reference and have the resources which are required to perform its duties.
- b) Seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee.
- c) Obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Audit Committee shall have direct access to the External Auditor and Internal Auditor and be able to convene meetings with the External Auditor, Internal Auditor or both, excluding the attendance of other members of the Board and employees of the Company, whenever necessary.

The Audit Committee shall recommend the nomination of a person or persons as the External Auditor. The assessment on the suitability, objectivity and independence of the External Auditor shall be conducted annually by the Audit Committee.

The Internal Audit function shall report directly to the Audit Committee. The Audit Committee shall be empowered to appoint and remove the Internal Auditor. The Audit Committee shall decide the scope of work, performance evaluation and budget of the Internal Audit function.

DUTIES

The duties of the Audit Committee shall be:

1. To recommend the nomination of a person or persons as External Auditors.
2. To review the following and report the same to the Board of Directors:-
 - a. With the External Auditor, the audit plan;
 - b. With the External Auditor, their evaluation of the system of internal controls;
 - c. With the External Auditor, their audit report;
 - d. The assistance given by the employees of the Company to the External Auditor;
 - e. The adequacy of the scope, competency and resources of the Internal Audit functions and that it has the necessary authority to carry out its function which is to help the Company to accomplish its goals by bringing an objective and disciplined approach to evaluate and improve the effectiveness of risk management, internal controls, anti-corruption, whistleblowing and governance processes;
 - f. The Internal Audit plan, processes, the results of the Internal Audit assessment or investigation undertaken and whether or not appropriate action is taken on the recommendations;
 - g. The quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
 - i) Changes in or implementation of major accounting policy changes;
 - ii) Significant matters highlighted including financial reporting issues, significant judgement made by management, significant and unusual events or transactions, and how these matters are addressed; and
 - iii) Compliance with accounting standards and other legal requirements;

- h. Any related party transaction 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;
 - i. Any letter of resignation from the External Auditors of the Company; and
 - j. Whether there is reason (supported by grounds) to believe that the Company's External Auditor is not suitable for re-appointment. In assessing the suitability of the External Auditor for re-appointment, the Audit Committee shall address the following:-
 - i) Competency;
 - ii) Audit quality;
 - iii) Resource capacity;
 - iv) Appropriateness of audit fees to support a quality audit; and
 - v) Independence, including obtaining written assurance that the External Auditor are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
3. To discuss problems and reservations arising from the interim and final audits, and matters the External Auditor may wish to discuss (in the absence of management where necessary).
 4. To keep under review the effectiveness of risk management and internal controls systems, and in particular review the External Auditor's management letter and management's response.
 5. To consider other topics, as agreed to by the Audit Committee and the Board of Directors.

These Terms of Reference were reviewed and approved by the Board on 26 August 2025