

TERMS OF REFERENCE
AUDIT COMMITTEE OF HWANG CAPITAL (MALAYSIA) BERHAD

1. CONSTITUTION

The Audit Committee was established on 1 March 1996.

2. MEMBERSHIP

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise not less than three (3) members, all of whom shall be Non-Executive Directors and the majority of whom must be independent. At least one (1) member of the Committee:-

- must be a member of the Malaysian Institute of Accountants; or
- if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of working experience and
 - he must have passed the examination specified in Part I of the 1st Schedule to the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule to the Accountants Act, 1967.
- fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad.

The members of the Committee shall elect the Chairman from among their number who shall be an Independent Director.

3. ATTENDANCE AT MEETINGS

The internal auditors, Chief Financial Officer/ Finance Manager will attend meetings. If necessary, the Committee may request other Directors and senior management to attend any particular meeting. At least twice a year, the Independent members of the Committee shall meet with the external auditors without the presence of Management. The Company Secretary(ies) shall be the secretary(ies) of the Committee.

4. FREQUENCY OF MEETINGS

Meetings will be held not less than four (4) times a year. The external auditors may request a meeting if they consider that one is necessary. The quorum for any meeting shall be majority members of the Committee, with more than half of the members present being Independent Non-Executive Directors.

5. AUTHORITY

The Committee is authorized by the Board:-

- (a) to investigate any activity within its terms of reference.
- (b) to have full and unrestricted access to any information it requires from any employees and all employees are directed to co-operate with any request made by the Committee.
- (c) to have access to resources required to perform its duties.
- (d) to have direct communication channels with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees whenever deemed necessary.
- (e) to direct the internal auditors in its activities and resources.
- (f) to obtain external legal or other independent professional advice, if it considers necessary. In the event that any member of the Committee shall need to seek external legal or other independent professional advice in furtherance of his duties, he shall first consult with and obtain prior approval of the Chairman of the Committee.

6. DUTIES

The duties of the Committee are:-

- (a) to recommend the appointment and reappointment of the external auditors, their audit fee and any questions of their resignation or dismissal to the Board.
- (b) to assess the objectivity, performance and independence of the external auditors (e.g. by reviewing and assessing the various relationships between the external auditors and the Company or any other entity) and internal auditors.
- (c) to establish policies and procedures for the provision of non-audit services by the external auditors and to ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgement of the external auditors.
- (d) to review with the external auditors:-
 - the audit plan
 - their evaluation of the system of internal controls
 - their audit reports
 - their management letter and management's response thereto and
 - the assistance given by the employees to the external auditors.

- (e) to review the financial statements of the Company and the Group before submission to the Board, focusing particularly on:-
- public announcements of results and dividend payment
 - any changes in accounting policies and practices
 - major judgmental areas
 - significant adjustments resulting from the audit
 - the going-concern assumption
 - compliance with applicable approved accounting standards and
 - compliance with regulatory and statutory requirements.
- (f) to discuss problems and reservations arising from the interim and final audits and any matters the external auditors may wish to discuss (in the absence of management where necessary).
- (g) to do the following:-
- to review and approve the internal audit strategic plan, consider major findings and management's response to findings in the Internal Audit reports and where necessary, the Committee will direct actions to be taken by management, as well as to review the level of co-ordination between the internal and external auditors
 - to review the adequacy of the scope, functions, competency and resources of the internal audit function and to ensure that it has the necessary authority to carry out its work
 - to review the appraisal or assessment of the performance of members of the internal audit function
 - to approve any appointment or termination of internal auditors and
 - to be informed of the resignation of any senior members of the internal audit function.
- (h) to keep under review the effectiveness and proper monitoring of internal control system.
- (i) to review inspection and examination reports issued by the relevant regulatory authorities to ensure that appropriate actions are taken in respect of the findings and where necessary, direct actions to be taken by management.
- (j) to review related party transactions that may arise within the Company or Group
- (k) to review and assess with the senior management and external auditors the Statement of Risk Management and Internal Control of the Group for inclusion in the Annual Report.
- (l) to submit to the Board an Audit Committee report for inclusion in the Annual Report.
- (m) to review the Statement on Corporate Governance and best practices for inclusion in the Annual Report.

- (n) to perform such other functions as may be agreed upon by the Committee and the Board.

7. REPORTING PROCEDURES

The Company Secretary(ies) shall circulate the minutes of meetings of the Committee to all members of the Board.