

# TIEN WAH PRESS HOLDINGS BERHAD

Registration No. 199501011233 (340434-K)

## TERMS OF REFERENCE OF THE AUDIT AND RISK COMMITTEE

### 1. Introduction

The Audit and Risk Committee (the “**Committee**”) of Tien Wah Press Holdings Berhad (the “**Company**”) was formed by the Board of Directors of the Company (the “**Board**”). Its primary function is to assist the Board in meeting its responsibilities as promulgated by the relevant requirements and guidelines for the oversight of:

- the accounting and financial reporting process and practices;
- the system of Risk Management and Internal Control;
- the internal and external audit process; and
- the conflict of interest situations and related party transactions

of the Company and its subsidiary companies (the “**Group**”).

### 2. Membership

The Committee shall be appointed by the Board from among their numbers (pursuant to a resolution of the Board) which fulfils the requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“**Bursa Securities**”) or relevant legislation (none of whom shall be Executive).

2.1 The Committee members shall be appointed by and from the Board and shall comprise of not less than three (3) members.

2.2 All the members of the Committee must be Independent Non-Executive Directors. In this respect, the Board adopts the definition of “independent directors” under the Main Market Listing Requirement (“**MMLR**”) of Bursa Securities.

2.3 No Alternate Director shall be appointed as a member of the Committee.

2.4 The Chairman of the Board should not be a member of the Committee.

2.5 At least one (1) member of the Committee must be a member of the Malaysian Institute of Accountants (“**MIA**”) or if he is not a member of MIA, he must have at least three (3) years of working experience and:

- he must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
- he must be a member of the associations of accountants specified in Part II of the Accountants Act 1967; or

**TIEN WAH PRESS HOLDINGS BERHAD**  
**[Registration No: 199501011233 (340434-K)]**  
**Terms of Reference of the Audit and Risk Committee**

- fulfils such other requirements as prescribed or approved by Bursa Securities.
- 2.6 All members of the Committee shall be financially literate and are able to understand matters under the purview of the Committee including the financial reporting process. 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.
- 2.7 In the event of any vacancy in the Committee (including Chairman) resulting from the non-compliance of the above, the Board shall upon the recommendation of the Nomination Committee fill the vacancy within three (3) months of that event.
- 2.8 The appointment of the Committee member terminates when the member ceases to be a Director, or as determined by the Board.
- 2.9 For engagement of a former partner of the external audit firm as member of the Committee, there must be a cooling-off period of at least three (3) years to be observed before being appointed as a member of the Committee.

**3. Chairman of the Committee**

- 3.1 The Chairman of the Committee must be an Independent Non-Executive Director elected among the members of the Committee.
- 3.2 In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst themselves.
- 3.3 The Chairman together with other members of the ARC ensure that: -
- the ARC is fully informed about significant matters related to the Group's audit and its financial statements and addresses these matters;
  - the Committee appropriately communicates the insight, views and concerns about relevant transactions and events to Internal and External Auditors;
  - ARC's concerns on matters that may have an effect on the financial or audit of the Group are communicated to the External Auditor; and
  - there is co-ordination between internal and External Auditors.
- 3.4 The Chairman should engage on a continuous basis with Management, such as the Chief Executive Officer, the Chief Financial Officer/ Group Financial Controller, the Internal Auditors and the External Auditors in order to be kept informed of matters affecting the Company.

**4. Duties of the Committee - Audit**

The duties and responsibilities of the Committee in relation to audit are as follows:

**4.1 Financial Reports and Related Announcements**

- To review the quarterly, annual financial reports and relevant announcements that are prepared by management, before submission to the Board, focusing on:
  - compliance with the applicable accounting, reporting standards, listing and other statutory requirements
  - changes in or implementation of major accounting policies and practices
  - going concern assumption/issues of any entity within the Group
  - significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are being addressed
- To ensure the competency of the accounting staff and adequacy of the resources and infrastructure of the finance function.
- To propose best practices on disclosure in the financial statements and the annual reports of the Group, to be in line with the recommendations set out in the Malaysian Code of Corporate Governance and other applicable rules and regulations.

**4.2 Related Party Transactions and Conflict of Interest Situations**

- To review and report to the Board any related party transaction and conflict of interest situation that arose, persist or may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity and the measures taken to resolve, eliminate, or mitigate such conflicts.
- To review the Conflict of Interest policy to ensure its adequacy and effectiveness in managing matters related to conflicts of interest.
- To review and report to the Board any related party transaction entered into by the Group including the review and monitoring of recurrent related party transactions to ensure that:
  - (a) All transactions are fair, reasonable and undertaken on the Group's normal commercial terms;
  - (b) Internal control procedures with regard to such transactions are sufficient and have been complied with; and
  - (c) Compliance with the relevant provisions of the Bursa Securities' MMLR
- To ensure that the Group has adequate procedures and processes in place to monitor and track related party transactions and to review these processes.

### **4.3 External Auditors**

External auditors play a vital role in the process of accountability for shareholders and the effective functioning of the capital market by the provision of consistent and reliable financial reporting. As such, the ARC, as a measure for ensuring financial statements are a reliable source of information, has to ensure the suitability, objectivity and independence of its External Auditors. The External Auditors Assessment Policy sets out the guidelines and procedures for the ARC to review, assess and monitor the performance, suitability, objectivity and independence of the Company's External Auditors. The External Auditors Assessment Policy is embedded in this Terms of Reference as follows:

#### **A. Annual Reporting**

- The ARC shall review the following and report the same to the Board:
  - (a) the audit plan, nature, scope and plan of the audit issued by the External Auditors before audit commences and ensure co-ordination where more than one audit firm is involved;
  - (b) management letter, any significant audit findings, reservations, difficulties encountered, material weaknesses or audit related recommendations reported by the External Auditors at the conclusion of the audit review;
  - (c) audit report; and
  - (d) the assistance given by the Group's employees to the External Auditors, including any difficulties or disputes with Management encountered during the audit.

#### **B. Selection and Appointment**

- To nominate, consider and recommend the appointment of the External Auditors, review the audit fees, its engagement terms and conditions and to deal with any questions on their resignation or dismissal before making a recommendation to the Board. In determining the appointment of the External Auditors, to consider among others<sup>1</sup>:
  - (a) the adequacy of the experience, audit quality and resources capacity of the accounting firm;
  - (b) the persons assigned to the audit;
  - (c) the accounting firm's audit engagements;
  - (d) the size and complexity of the Group being audited; and
  - (e) the number and experience of supervisory and professional staff assigned to the particular audit.
- Should the ARC determine a need for a change in External Auditors, the ARC will follow the following procedures for selection and appointment of new External Auditors:

**TIEN WAH PRESS HOLDINGS BERHAD**  
**[Registration No: 199501011233 (340434-K)]**  
**Terms of Reference of the Audit and Risk Committee**

- (a) To identify the audit firms which meet the criteria for appointment upon considering the engagement proposals;
- (b) To assess the proposals and shortlist the suitable audit firms;
- (c) To meet and/or interview the shortlisted audit firms;

The ARC may delegate or seek the assistance of the Chief Executive Officer or Group Financial Controller to perform items (a) to (c) above;

- (a) To recommend the appropriate audit firm to the Board for appointment as External Auditors; and
- (b) To endorse the recommendation and seek shareholders' approval for the appointment of the new External Auditors and/or resignation/removal of the existing External Auditors at the general meeting.

**C. Annual Assessment**

- The Company shall at each annual general meeting appoint or re-appoint the External Auditors of the Company, and External Auditors so appointed shall, hold office until the conclusion of the next annual general meeting of the Company.
- In discharging this duty, ARC shall carry out annual assessment on the performance and may request the Chief Executive Officer, Group Financial Controller and/or Internal Auditors to join the assessment, on the suitability, objectivity, performance and the independence of the External Auditors, *inter-alia*: -
  - (a) Service quality;
  - (b) Sufficiency of resources;
  - (c) Communication with the Management;
  - (d) Independence, Objectivity and Professionalism;
  - (e) Ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
  - (f) The nature and extent of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee;
  - (g) The information presented in the Annual Transparency Report<sup>2</sup> of the audit firm. If the audit firm is not required to issue an Annual Transparency Report, the ARC is encouraged to engage the audit firm on matters typically covered in Annual Transparency Report including the audit firm's governance and leadership structure as well as measures undertaken by the audit firm to uphold audit quality and manage risks;
  - (h) whether there are procedures in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors;

**TIEN WAH PRESS HOLDINGS BERHAD**  
**[Registration No: 199501011233 (340434-K)]**  
**Terms of Reference of the Audit and Risk Committee**

undertake follow-up measures, where required.

The external audit firm shall rotate the Audit Partner on engagement upon reaching the cumulative time-on period of seven (7) years, subject to the requirements as stipulated in the MIA, as amended from time to time and any re-enactment thereof.

**D. Assessment of Independence**

- The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditor. In avoidance of doubt, the ARC shall obtain a written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

**E. Non-Audit Engagement**

- The External Auditors can be engaged to perform non-audit services provided such services provided do not impair, or appear to impair the auditor's independence or objectivity.
- The prohibition of non-audit services is based on the following three (3) basic principles:
  - (i) External Auditors cannot function in the role of Management;
  - (ii) External Auditors cannot audit their own work; and
  - (iii) External Auditors cannot serve in an advocacy role of the Group.
- The External Auditors shall also observe and comply with the By-Laws of the Malaysian Institute of Accountants in connection with the provision of non-audit services, which also prohibits the provision of certain services including the following: -
  - (i) Management consulting;
  - (ii) Strategic decision;
  - (iii) Policy and standard operating procedures documentation;
  - (iv) Accounting and book keeping services;
  - (v) Valuations services;
  - (vi) Taxation services;
  - (vii) Internal audit services;
  - (viii) IT systems services;
  - (ix) Litigation support services;
  - (x) Recruitment services; and
  - (xi) Corporate finance services.
- All engagement of the External Auditors to provide non-audit services are subject to the approval/endorsement of the ARC before the services are

**TIEN WAH PRESS HOLDINGS BERHAD**  
**[Registration No: 199501011233 (340434-K)]**  
**Terms of Reference of the Audit and Risk Committee**

rendered by them and its affiliates while taking into account the nature and extent of the non-audit services and the appropriateness of the level of fees.

- Management shall also obtain written assurance from the External Auditors that the independence of the External Auditors will not be impaired by the provision of non-audit services.
- Should the non-audit services constitute 50% of the total amount of audit fees paid to the External Auditors, the ARC to recommend to the Board on the provision of such non-audit services. Additionally, for non-audit services which exceed 50% of the total amount of fees, the ARC will consider the skills and experience of the External Auditors and other suppliers who would make it the most suitable suppliers of such non-audit services. In deciding whether to appoint External Auditors to carry out the services, the principal consideration should be to ensure that the provision of the service does not impair the External Auditors' independence and objectivity.

**4.4 Internal Controls and Audit**

- To assist the Board in the review of the adequacy and effectiveness of the group's system of internal controls, anti-corruption, whistle-blowing and governance processes by supervising an internal audit function within the group.
- To consider the appropriate resources necessary for the internal audit to carry out its tasks and where applicable approve all appointments of internal audit personnel. Such resources could be outsourced or co-source but must be independent of management or the activities that it audits.
- To review the internal audit plan, processes, the results of the internal audit assessments, its scope, implementation plan and provide appropriate guidance to ensure its effectiveness as well as investigation undertaken and whether or not appropriate action is taken on the recommendations.
- To review the periodic internal audit report, its findings and follow-up actions by the respective process owners or functional heads, and to approve appropriate corrective actions.
- To assist the Board in the preparation of the Committee report for inclusion in the Annual Report of the Company.
- To review any appraisal or assessment of the performance of members of the internal audit function;

**TIEN WAH PRESS HOLDINGS BERHAD**  
**[Registration No: 199501011233 (340434-K)]**  
**Terms of Reference of the Audit and Risk Committee**

- To review the adequacy and effectiveness of the risk management process to identify key original risks and the systems/processes in place to monitor and manage risks prepared by the Internal Auditors.

**4.5 Request for Audits**

- If there are requests for audit on any aspect of the Company or Group's operating processes by an external party whether is supplier, holding company or authorities, such request shall be approved by the chairman of the Committee.

**4.6 Listing Requirements Compliance**

- To report promptly any matters resulting in the breach of the Bursa Securities MMLR to the Board. Where the Committee is of the opinion that such matter reported by it to the Board has not been satisfactorily resolved, the Committee shall promptly report such matter to Bursa Securities.

**4.7 Others**

- To carry out such other assignments/functions as may be agreed upon or delegated by the Board.
- The Chairman of the Committee should attend the Annual General Meeting and/or general meetings to answer any shareholder's questions on the Committee's activities, roles and responsibilities.
- Verify the allocations of shares and/or options pursuant to the share issuance scheme for employees to ensure in compliance with the criteria for allocation of shares and/or options under the share issuance scheme, at the end of each financial year.
- Prepare an Audit and Risk Committee Report at the end of the financial year for inclusion in the Annual Report pursuant to Bursa Securities' MMLR.
- To consider other areas as defined by the Board or as may be prescribed by Bursa Securities or any other relevant authority from time to time.

**5. Duties of the Committee - Risk**

The duties and responsibilities of the Committee in relation to risk are as follows:



### **5.1 Enterprise Risk Management**

- To establish an Enterprise Risk Management Policy (“ERM Policy”) to manage the risks and update as and when necessary for the Group;
- To establish an Internal Risk Management Committee and to oversee its functions and headed by the Chief Executive Officer;
- To ensure that a Group Risk Officer is appointed to facilitate the management of the ERM Policy;
- Ensure that the risk management strategy is aligned with the Group’s strategic business objectives and Risk Policy and Procedures;
- To review the adequacy of Group’s risk management framework and assess the resources and knowledge of the Management and employees involved in the risk management process.
- To review all high-risk profiles of the Group and communicate to the Board on the critical risks (present or potential) the Group faces, their changes, and the management action plans to manage the risks in order to safeguard shareholders’ investments and the Company’s assets;
- Conduct an annual review and periodic testing of the Company’s internal control and risk management framework, including any insights it has gained from the review and any changes made to its internal control and risk management framework arising from the review. Where information is commercially sensitive and may give rise to competitive risk, disclosure in general terms is acceptable.
- To review the Statement on Risk Management and Internal Control for inclusion in the Annual Report.

## **6. Quorum and Meeting Procedure**

The Committee shall meet at least four (4) times on a quarterly basis in each financial year and any additional meetings as the Chairman shall decide in order to fulfill its duties.

The Committee shall meet at least once a year with the external auditors without the presence of the executive Board members and Management.

The Chairman may invite any member of the Board, management team and/or group employees that it considered relevant to attend its scheduled meetings to provide information but is customary for the external auditors, the head of the internal audit and the finance director to attend the meetings to assist the Committee in its deliberations.

**TIEN WAH PRESS HOLDINGS BERHAD**  
**[Registration No: 199501011233 (340434-K)]**  
**Terms of Reference of the Audit and Risk Committee**

In order to form a quorum for the meeting, the majority of members present must be independent directors and no business shall be transacted at any meeting of the Committee unless a quorum is present. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst themselves.

A member of ARC shall excuse himself/herself from the meeting during discussion or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for the member. Where this causes insufficient directors to make up a quorum, the ARC has the right to appoint another director(s) who are not members of the ARC but meet the membership criteria to fulfill the quorum requirements.

The Company Secretary or his/her representative or other appropriate senior officer shall also attend each ARC meetings and responsible for keeping the minutes of meetings of the ARC and circulating them to committee members and to the other members of the Board of Directors.

The Committee may conduct its meeting to include participation thereat by any member or invitee via video or teleconferencing or any other means of audio or audio – visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

The ARC may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing, signed, approved or assented by letter, electronic mail, telegram, telex or telefax or other electronic communication by all the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one (1) or more committee members as may be transmitted to the Company by any technology purporting to include a signature and/or electronic or digital signature of the members of the Committee.

**7. Secretary**

The Company Secretary or other appropriate senior official shall act as secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it within a reasonable period prior to the meeting supported by explanatory documentation to committee members prior to each meeting.

**8. Minutes**

The Minutes of meetings of the Committee shall be circulated to all members of the Board. The minutes shall be kept at the registered office of the Company under the custody of the Secretary of the Company and shall be open for inspection by the Board. Any request by Management or other persons to inspect the minutes shall be subject to the approval of the Committee.

**TIEN WAH PRESS HOLDINGS BERHAD**  
**[Registration No: 199501011233 (340434-K)]**  
**Terms of Reference of the Audit and Risk Committee**

**9. Authority of the Committee**

The Committee shall have the authority:

- To investigate any matters within its terms of reference, determine the resources required and to have full access to any employees of the group for information.
- To seek independent professional or other outside advice as and when necessary and considered relevant expertise, at the expense of the Company.
- To have direct communications channels with the external auditor, the head of the internal audit on a continuous basis in order to be kept informed of matters affecting the Group.
- To make relevant reports when necessary to the relevant authorities if any breach of the rules, regulations and/or MMLR of Bursa Securities has occurred and has not been satisfactorily resolved.
- To have full and unrestricted access to any employee and information, documents and resources pertaining to the Company and Group in the course of performing its duties.

**10. Performance**

On an annual basis, the Board of Directors must via the Nomination Committee review and evaluate the term of office and performance of the Committee to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

**11. Periodic Review**

This Terms of Reference shall be reviewed as and when necessary by the Committee.

Any revision or amendment to this Terms of Reference, as proposed by the Committee or any third party, shall first be presented to the Board for its approval. Upon the Board's approval, the said revision or amendment shall form part of this Terms of Reference and this Terms of Reference shall be considered duly revised or amended.

The duly revised or amended Terms of Reference shall be disclosed on the Company's website.

This Term of Reference is reviewed and approved by the Board of Directors on 26 February 2024.