

TIONG NAM LOGISTICS HOLDINGS BHD

(182485-V)

(Incorporated In Malaysia)

AUDIT COMMITTEE

Terms of Reference of Audit Committee

1. Objectives

The principal objectives of the Audit Committee are as follows:-

- a. To ensure quarterly results and the annual financial statements of the Group:-
 - i. have been prepared in accordance with generally accepted accounting principles and comply with all statutory and the Bursa Malaysia Securities Berhad requirements; and
 - ii. provided by the management are realistic and reliable.
- b. To identify and review business risks and ensure that the Group system of internal control is effective and measures implemented have been adhered to by the management and staff of the Group.
- c. To ensure that internal and external exceptional findings in relation to compliance with the Authorities and the Bursa Malaysia Securities Berhad requirements are corrected and measures be implemented to avoid recurrent.

2. Composition of Audit Committee

- a. The Audit Committee Members are to be appointed by the Board of Directors.
- b. The Audit Committee shall comprise of at least 3 Directors of the Company.
- c. Majority members must be independent non-executive Directors.
- d. At least one (1) member to be a Malaysian Institute of Accountants member or has passed examination specified in the 1st Schedule of the Accountants Act (with at least 3 years of working experience).
- e. The Chairman shall be an independent non-executive Director approved by the Board.
- f. No alternate director shall be appointed as a member of the Audit Committee.
- g. In the event that any vacancy arising from reasons such as retirement, resignation, death, removal of a member of the audit committee or for any other reasons, the Board shall ensure the vacancy be filled within three (3) months to ensure compliance of the Listing Requirements.
- h. The Board shall review the term of office of the Audit Committee members not less than every three (3) years and may reappoint the existing members after the review and/or to appoint new members to the Audit Committee from time to time as and when they think is appropriate.

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Terms of Reference of Audit Committee – cont'd

3. Duties & Responsibilities

The main duties & responsibilities of the Audit Committee shall be:-

- a. To review the quarterly results and annual financial statements of the Group:-
 - i. To ensure that they have been prepared in accordance with generally accepted accounting principles and that all statutory requirements have been complied with.
 - ii. To ensure quarterly results and annual financial statements are true and fair.
- b. To identify and review business risks, the effectiveness of internal control with the internal and external auditors.
- c. To discuss with internal and external auditors in relation to the scope of the audit and audit procedures.
- d. To discuss with internal and external auditors and to report to the Board of Directors significant results and findings.
- e. To consider and recommend the appointment of external auditors, the audit fees and any question of resignation or dismissal.
- f. To review recurrent related party transactions and ensure that the transactions are entered into at arm's length basis and have benefits in term of revenue, efficiency, improving the profile and increasing customer base of the Group.
- g. To consider any other functions that may be required and agreed to be undertaken by the Audit Committee and the Board of Directors.
- h. Overseeing the internal audit functions.

4. Quorum

The quorum for Audit Committee meeting shall be a majority of members present at the meeting whom must be independent Directors.

5. Meeting

- a. The Audit Committee shall meet not less than four (4) times per annum.
- b. Directors who are non-members and/or employees may attend any particular meeting only at the audit committee's invitation, specific to the relevant meeting to provide explanation and expertise advice.
- c. The appointed secretary (usually company secretary) shall take minutes for all proceedings and matters discussed as well as make record attendance for all members and invitees. All minutes of meeting shall be circulated to every member of the Board.

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Terms of Reference of Audit Committee – cont'd

6. Authority

The Audit Committee is authorised by the Board and at the expenses of the Group:-

- a. To investigate any matters within its term of reference.
- b. Have full and unrestricted access to any information of the Group.
- c. To be able to obtain independent professional and other advice.