

W T K HOLDINGS BERHAD
(Incorporated in Malaysia) (10141-M)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

OBJECTIVES

The primary objectives of the Audit Committee is to assist the Board of Directors in fulfilling the following oversight objectives on the activities of the Group:

- Oversee the financial reporting, accounting and management controls
- Evaluate the internal and external audit process, including issues relating to system of internal control, risk management and governance within the Group
- Assess the Group's processes relating to monitoring compliance with laws and regulations

MEMBERSHIP

The Audit Committee shall be appointed by the Board of Directors from among their numbers and shall comprise not fewer than three (3) members, all of whom shall be non-executive directors. The majority of the Audit Committee members shall be independent directors.

At least one (1) member of the Audit 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' working experience and: -
 - he must have passed the examinations specified in Part I of the 1st Schedule of 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 of the Accountants Act 1967; or
- fulfils such other requirements as prescribed or approved by the Exchange.

The members of the Audit Committee shall elect a chairman from among their numbers who shall be an independent non-executive director. The chairman elected shall be subject to endorsement by the Board.

If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member resulting in the number of members reducing to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members. No alternate director shall be appointed as a member of the Audit Committee.

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MEMBERSHIP (cont'd)

Any former key audit partner responsible for the external audit of the Company and its subsidiaries must observe a cooling-off period of at least two years before one is eligible for appointment as a member of the Audit Committee.

RESPONSIBILITIES

The duties of the Audit Committee shall be: -

1. To review with the external auditors, amongst others: -
 - the nature and scope of audit plan, audit procedures, audit approach, scope of work, reporting requirements prior to the commencement of audit;
 - the audit report and the evaluation of the system of internal controls;
 - the findings of external auditors on issues raised in management letter, external auditors' recommendation and management's response; and
 - the Statements on Risk Management and Internal Control of the Group for inclusion in the Annual Report;
2. To review the quarterly results and year-end financial statements of the Company and the Group with emphasis on compliance with applicable standards and legal & regulatory requirements, and to recommend the same to the Board for approval;
3. To review with the external and internal auditors whether the employees of the Group have given them appropriate assistance to discharge their duties;
4. To review the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
5. To review with the internal auditors the internal audit programme, processes, the results of the internal audit assessment or investigation undertaken and whether appropriate action is taken on the recommendation of the internal audit function;
6. To review the annual performance, including the suitability and independence of the external auditors and recommend to the Board;
7. To review any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
8. To address any letter of resignation from the external auditor and report to the Board accordingly;
9. Review and assess the fees paid to the external auditors and recommend to the Board accordingly;

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RESPONSIBILITIES (cont'd)

10. To review the nature of the non-audit services provided by the external auditors and fees paid for such services relative to the audit fee;
11. To review any appraisal or assessment of the performance of members of the internal audit function, approve any appointment or termination of senior staff members of the internal audit function, be informed of any resignation of internal audit senior staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
12. To consider any significant findings, reservations, difficulties encountered or material weaknesses reported by the external and internal auditors; and
13. Any other functions as may be agreed by the Audit Committee and the Board of Directors or as directed by the Board of Directors.

AUTHORITY

The Audit Committee shall have the authority to: -

- a. investigate any matter within its terms of reference and shall have full, free and unrestricted access to all the Group's records, properties and personnel;
- b. obtain external legal or other independent professional advice, if necessary; and
- c. have direct communication channels with the external auditors and persons carrying out the internal audit function or activity.

MEETINGS AND MINUTES

The Audit Committee will meet at least four (4) times a year although additional meetings may be called at any time, at the discretion of the Chairman. The quorum shall be two (2) members of which the majority present must be independent directors. The other Board members including Managing Director, Chief Financial Officer, Chief Operating Officer or other senior management officers may attend these meetings upon the invitation of the Audit Committee. However, the Audit Committee shall meet with the external auditors without executive Board members and the management present at least twice a year or whenever necessary.

The internal and/or external auditors can request to attend and be heard at any meetings of the Audit Committee and shall appear before the Audit Committee when required. Upon the request of the auditors, the Chairman of the Audit Committee shall also convene a meeting of the Audit Committee to consider any matters the auditors believe should bring to the attention of the Board of Directors or the shareholders.

Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and of the Board. The Chairman of the Audit Committee shall report on each meeting to the Board. The Secretary of the Company shall be the Secretary of the Audit Committee.