

**W T K HOLDINGS BERHAD**  
**TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

**Constitution**

The Audit Committee was formed pursuant to a resolution passed on 20 September 1993 by the Board of Directors.

**Objectives**

It is the objective of the Audit Committee to assure the shareholders of the Company that the Group has complied with applicable Approved Accounting Standards in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Audit Committee will endeavour to adopt certain practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to all shareholders of the Company. With this, the Audit Committee will review, evaluate and satisfy itself that the Management Committee, assisted by the internal audit team and risk management committee team, has exercised its role and carried out its function effectively to:-

- (1) maintain a sound system of internal control to safeguard shareholders' interest and company assets;
- (2) assist the Board as a whole in setting appropriate policies and procedures to review the adequacy and integrity of the Group's system of internal control and management information systems including system for compliance with applicable laws, rules, directives and guidelines; and
- (3) identify principal risks and ensure the implementation of appropriate internal control systems to manage these affected risks.

**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 1<sup>st</sup> 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 1<sup>st</sup> 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.

## **Functions**

The duties of the Audit Committee shall be:-

1. To review the quarterly results and year-end financial statements of the Company and the Group, and to recommend the same to the Board for approval whilst ensuring that they are prepared in a timely and accurate manner complying with all applicable accounting and regulatory requirements and are promptly published;
2. To recommend the appointment or re-appointment of the external auditors, the audit fee and any questions of resignation or dismissal;
3. To review with the external auditors:-
  - the nature and scope of their audit plan;
  - the evaluation of the soundness of the system of internal control;
  - the audit report on the financial statements;
  - the management letter of their recommendations and findings; and
  - the assistance which they can render to our internal audit function and the co-ordination between the external and internal audit.
4. To review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
5. To review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendation of the internal audit function;
6. 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 staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
7. To consider any significant findings, reservations, difficulties encountered or material weaknesses reported by the external and internal auditors;
8. To review with the external and internal auditors whether the employees of the Group have given them appropriate assistance to discharge their duties;

9. 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; and
10. 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 Group's Chief Financial Officer and other Board members or 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 present at least twice a year and whenever necessary.

The internal and/or external auditors have the right to appear 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.