



W T K HOLDINGS BERHAD

197001000863 (10141-M)

Incorporated in Malaysia

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

OBJECTIVES

The primary objectives of the Audit Committee (“the Committee”) is to assist the Board of Directors (“Board”) 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; and
- Assess the Group’s processes relating to monitoring compliance with laws and regulations.

MEMBERSHIP

- a. The Committee shall be appointed by the Board 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 Committee members shall be independent directors. The Committee members are expected to be financially literate, competent and are able to understand matters under purview of the Committee including the financial reporting process.

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’ 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 Bursa Malaysia Securities Berhad.
- b. The members of the Committee shall propose a Chairman from among their numbers for the approval of the Board. The Chairman of the Committee shall be an independent director.

MEMBERSHIP (cont'd)

- c. If a member of the 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 shall, within three (3) months of that event, appoint such number of new member(s) 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 Committee.
- d. Any former audit partner responsible for the external audit of the Company and its subsidiaries must observe a cooling-off period of at least three (3) years before one is eligible for appointment as a member of the Committee.

DUTIES AND RESPONSIBILITIES

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, objectivity and independence of the external auditors and recommend to the Board;
7. To review the Annual Transparency Report of the external auditors firm;
8. 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;

DUTIES AND RESPONSIBILITIES (cont'd)

9. To address any letter of resignation from the external auditor and report to the Board accordingly;
10. Review and assess the fees paid to the external auditors and recommend to the Board accordingly;
11. To review and approve the nature of the non-audit services to be provided by the external auditors and fees paid for such services relative to the audit fee before they are rendered by the external auditor;
12. 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;
13. To consider any significant findings, reservations, difficulties encountered or material weaknesses reported by the external and internal auditors; and
14. Any other functions as may be agreed by the Committee and the Board or as directed by the Board.

AUTHORITY

The 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

- a. The 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 of the Committee.
- b. The quorum of each meeting 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 Committee. However, the Committee shall meet with the external auditors without executive Board members and the management present at least twice a year or whenever necessary.

MEETINGS AND MINUTES (cont'd)

- c. The internal and/or external auditors can request to attend and be heard at any meetings of the Committee and shall appear before the Committee when required. Upon the request of the auditors, the Chairman of the Committee shall also convene a meeting of the Committee to consider any matters the auditors believe should bring to the attention of the Board or the shareholders.
- d. Questions arising at any meeting of the Committee shall be decided by a majority of votes and a determination by a majority of members shall for all purposes be deemed a determination of the Committee. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote PROVIDED THAT where two (2) members form a quorum, the chairman of the meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue, shall not have a second or casting vote.
- e. Where necessary and appropriate, any decision of the Committee can be taken up by way of a written circular resolution of the Committee.
- f. The Secretary of the Committee is responsible for keeping minutes of meetings. Minutes of each meeting shall be extended to all members of the Board in a timely manner.

SECRETARY

The Secretary of the Company or person(s) appointed by the Committee shall be the Secretary of the Committee.