



## WATTA HOLDING BERHAD

### AUDIT COMMITTEE

<b>Name</b>	<b>Designation</b>
Lee Tak Wing	Chairman, Independent Non-Executive Director
Hj Ahmad Bin Darus	Member, Independent Non-Executive Director
Gan Leng Swee	Member, Senior Independent Non-Executive Director

### TERMS OF REFERENCE

1. **Constitution**

The Board of Directors has constituted and established an Audit Committee of the Board to be known as the Audit Committee.

2. **Composition**

- (a) The Committee shall be appointed by the Board of Directors from amongst their number and shall consist of not less than three (3) members.
- (b) All the Audit Committee members must be non executive directors, with a majority of them being Independent Directors.
- (c) At least one (1) member of the Committee:-
  - (i) must be a member of the Malaysian Institute of Accountants; or
  - (ii) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience and:-
    - he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
    - he/she 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
    - fulfills such other requirements as prescribed or approved by the Exchange.
- (d) No Alternate Director is to be appointed as a member of the Committee.
- (e) The members of the Committee shall elect a Chairman from among their number who shall be an Independent Director.
- (f) If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced 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.
- (g) The term of office and performance of the Committee and each of its members shall be reviewed by the Board of Directors at least once every three (3) years to determine whether such Committee and its members have carried out their duties in accordance with their terms of reference.



### 3. **Authority**

- (a) The Committee is authorised by the Board of Directors to investigate any matter within its terms of reference and to seek any information it requires from the external auditors and internal auditors as well as any employee and all employees are directed to co-operate with any request made by the Committee.
- (b) The Committee shall have the resources which are required to perform its duties.
- (c) The Committee shall have full and unrestricted access to any information pertaining to the Company.
- (d) The Committee shall have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.
- (e) The Committee is authorised to obtain independent professional or other advice if it considers necessary.
- (f) The Committee shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary, in order to enable the Committee and the external auditors or the internal auditors or both, to discuss problems and reservations and any other matter the external auditors or internal auditors may wish to bring up to the attention of the Committee.

### 4. **Functions and Duties**

The functions and duties of the Committee shall be:-

- 4.1 To review the following and report the same to the Board of Directors of the Company:-
  - (a) with the external auditor, the audit plan;
  - (b) with the external auditor, his audit report;
  - (c) the assistance given by the employees of the Company to the external auditor;
  - (d) the internal audit function:-
    - (i) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
    - (ii) 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 recommendations of the internal audit function;
    - (iii) with the external auditors, his evaluation of the system of internal controls;
  - (e) To ensure the internal audit function of the Company reports directly to the Committee;



- (f) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
    - changes in or implementation of major accounting policy changes;
    - significant and unusual events;
    - compliance with accounting standards, regulatory and other legal requirements;
    - significant adjustments arising from the audit;
    - the going concern assumption; and
    - major judgmental areas.
  - (g) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (h) any letter of resignation from the external auditors of the Company;
  - (i) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and
  - (j) matters arising from the interim and final audit with the external auditor including any report or management letter thereon including management report.
- 4.2 To recommend the nomination of a person or persons as external auditors and the audit fee.
- 4.3 To verify the allocation of options pursuant to a share scheme for employees at the end of each financial year and to prepare a statement verifying such allocation in the annual reports.
- 4.4 To carry out such other functions as may be agreed to by the Audit Committee and Board of Directors.

## 5. **Meetings**

- (a) Meetings shall be held not less than four (4) times in a financial year. The Chairman of the Audit Committee or the external auditor may request a meeting by notifying the Secretary if they consider it necessary.
- (b) A quorum shall be two (2) members and the majority of members present must be Independent Directors.
- (c) The Financial Controller, the internal auditor and a representative of the external auditor shall normally be entitled to attend any meeting of the Committee. Other Board members and employees may also attend any particular Audit Committee meeting upon the invitation of the Committee.



- (d) The Secretary or such other persons authorised by the Board of Directors shall be the Secretary of the Committee and will prepare and circulate the minutes of the meetings to the Committee members, the rest of the Board of Directors and external auditor.
- (e) All minutes of meetings of the Committee are to be circulated to all members of the Board and the Company Secretary for permanent filing.