

# WAH SEONG CORPORATION BERHAD

## (Company No. 495846-A)

### AUDIT COMMITTEE

#### TERMS OF REFERENCE

##### **i. Composition**

The Board shall elect and appoint Committee members from amongst their numbers, comprising no fewer than three (3) Directors, all of whom must be non-executive directors, with a majority of them being independent non-executive Directors of the Company.

The Board shall at all times ensure that at least one (1) member of the Committee shall be:

- a member of the Malaysian Institute of Accountants (“MIA”); or
- if he or she is not a member of MIA, he or she must have at least three (3) years of working experience and:-
  - he or she must have passed the examinations specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act 1967; or
  - he or she 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;
- fulfils such other requirements as may be prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”) from time to time.

If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.

The Chairman of the Committee shall be an independent non-executive Director. No alternate Director of the Board shall be appointed as a member of the Committee.

The Board shall review the terms of each of its members at least once (1) every three (3) years.

##### **ii. Quorum and Committee’s procedures**

Meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate.

The Committee will meet the external auditors at least twice (2) a year without the presence of any executive Board members and Management.

In order to form a quorum for the meeting, the majority of the members present must be independent non-executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Company Secretary shall be appointed Secretary of the Committee (“the Secretary”). The Secretary, in collaboration with the Chairman, shall draw up an agenda and the notice of meeting, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee. The minutes shall be recorded by the Secretary and circulated to members of the Committee and thereafter to be tabled to the Board.

In the event the Secretary is unable to attend any of the meetings, an assistant or deputy Secretary(s) may be appointed for that specific meeting.

The Secretary shall be the custodian of the minutes and records of the Committee.

The Committee may, as and when deemed necessary, invite other Board members and senior management members to attend the meetings.

The Chairman shall submit an annual report to the Board summarising the Committee’s activities during the year and the related significant results and findings.

The Committee shall meet at least annually with the management, and at least once every year with the Head of Internal Audit in separate sessions to discuss any matters with the Committee without the presence of any executive member of the Board.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

### **iii. Majority Decision**

The decision and/or voting at meetings of the Committee shall be by a simple majority of the members present.

Any decision or recommendation made by the Committee shall be escalated to the Board for review and ultimate approval.

### **iv. Authority**

The Committee is authorised to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group.

The Committee shall have full and unlimited access to any information pertaining to the Group.

The Committee shall have direct communication channels with the internal and external auditors and with senior management of the Group and shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the other directors and employees of the Company, whenever deemed necessary.

The Committee shall have the resources that it requires to perform its duties. The Committee can obtain, at the expense of the Company, outside legal or other independent professional advice that it considers necessary.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Securities, the Committee shall promptly report such matter to the Bursa Securities.

## **v. Responsibilities and duties**

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:

- Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board.
- Review with the external auditors, the audit scope and plan, including any subsequent changes to the audit scope and plan.
- Review the quarterly results and the annual financial statements, prior to the approval by the Board focusing particularly on:
  - changes in or implementation of major accounting policy changes;
  - significant or unusual events; and
  - compliance with accounting standards and other legal requirements;
- Review the Internal Audit Charter and the adequacy of the internal audit scope and plan, as well as the functions, competency and resources of the Group Internal Audit Department and whether it has the necessary authority to carry out its work.
- Review the internal and external audit reports to ensure that appropriate and prompt remedial action is taken by Management on major deficiencies in controls or procedures that are identified.
- Review major audit findings and the Management's response during the year with Management, internal and external auditors, including the status of previous audit recommendations.
- Review the assistance given by the Group's officers to both the internal and external auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
- Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money.
- Approve all decisions regarding the appointment or removal of the Head, Group Internal Audit.
- Review the adequacy and integrity of internal control systems, including risk management, management information system, and the internal auditors' and/or external auditors' evaluation of the said systems.
- Direct and where appropriate supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts.
- Review procedures in place to ensure that the Group is in compliance with the Companies Act 1965, Main Market Listing Requirements of Bursa Securities and other legislative and reporting requirements.

- Review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises question on Management integrity.
- Prepare reports, if the circumstances arise or at least once (1) a year, to the Board summarizing the work performed in fulfilling the Committee's primary responsibilities.
- Review the allocation of options pursuant to WSC Group's Employees Share Option Scheme ("WSC Group ESOS").
- Any other activities, as authorized by the Board.