

**WEIDA (M) BHD.**  
**(Company No: 504747-W)**

**TERMS OF REFERENCE**  
**AUDIT COMMITTEE**

**1. Constitution**

The Audit Committee (“the Committee”) was established on 17 May 2001. The functions and authority of the Committee extend to Weida (M) Bhd and all its subsidiaries, collectively referred to as “the Group”.

**2. Primary objectives**

The Committee has been formed with the following objectives:

- (a) enhance openness, integrity and accountability in the Group’s activities so as to safeguard the rights and interests of the shareholders;
- (b) provide assistance to the Board of Directors (“the Board”) in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices;
- (c) enhance the Group’s business effectiveness and efficiency, quality of the accounting and audit functions and strengthen the public’s confidence in the Group’s reported results;
- (d) maintain, through regularly scheduled meetings, a direct line of communication between the Board and the External and Internal Auditors; and
- (e) enhance the independence of the internal audit functions.

**3. Membership**

The Committee shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members. All the Committee members must be Non-Executive Directors, with a majority of them being Independent Directors. No Alternate Director shall be appointed as a member of the Committee. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

At least one (1) member of the Committee:

- must be a member of Malaysian Institute of Accountants (“MIA”); or
- if he is not a member of the MIA, he must have at least three (3) years working experience and:
  - he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
  - he must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

- fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa”).

A cooling-off period of at least two (2) years is required from a former key audit partner before being appointed as a member of the Committee. The key audit partner includes the engagement partner, the individual responsible for the engagement of quality control review, and other audit partners, if any, on the engagement team who make key decisions or judgments on significant matters with respect to the audit of the financial statements on which the auditor will express an opinion.

If membership of the Committee for any reason falls below three (3) members, the Board shall, within three (3) months of that event, appoint such number of new members as may be required to fulfil the minimum requirement.

#### **4. Chairman**

The Chairman of the Committee (“the Chairman”) shall be an Independent Director elected by the members of the Committee. The Chairman is not the Chairman of the Board. If the Chairman is absent at any meeting, members present at the meeting shall elect one (1) of them who is an Independent Director to chair the meeting. In the event the position of Chairman falls vacant, it must be filled within three (3) months therefrom.

#### **5. Secretary**

The Secretary to the Committee shall be any one (1) of the Joint Company Secretaries.

In the absence of the Secretary at the meeting, the members present at the meeting shall elect any other person as the Secretary of the meeting.

#### **6. Quorum**

A quorum of a meeting of the Committee shall consist of a majority of Independent Directors and shall not be less than two (2) Independent Directors. For purpose of determining whether the quorum for the transaction of the business of the Committee exists in the case of a meeting of the Committee, in addition to the members present at the meeting, any member in telephonic, video conferencing or electronic communication with such meeting shall be counted in the quorum.

#### **7. Meetings and Minutes**

The Committee shall hold at least four (4) meetings a year. Additional meetings may be held as and when necessary, upon request by any Committee member, the Management, Internal or External Auditors. Internal Auditors or persons carrying out the internal audit function or activity, Senior Management and senior finance department personnel are normally invited to attend the meetings. Other members of the Board of Directors, employees and representatives of External Auditors shall attend the meetings upon the invitation of the Committee.

Notice of any meeting of the Committee may be given by telephone or facsimile and the contemporaneous linking together by telephone or such other electronic communication of a number of the members being not less than the quorum shall be deemed to constitute a meeting of the Committee wherever in the world they are, as long as:

- (a) the quorum of Committee is met;
- (b) at the commencement of the meeting each member acknowledges the presence thereof to all the other members taking part and such participation shall be deemed to be present in person;
- (c) each of the members taking part is able to hear each of them, subject as hereinafter mentioned throughout the meeting;
- (d) the members present at the commencement of the meeting do not leave the meeting by disconnecting the telephone, video conferencing or such other electronic devices, but the meeting shall be deemed to have been conducted validly notwithstanding that a member's telephone, video conferencing or such other electronic devices is unintentionally disconnected during the meeting and the proceedings thereof shall be deemed to be as valid as if the telephone, video conferencing or such other electronic devices had not been disconnected;
- (e) all information and documents are made equally available to all participants prior to or at/during the meeting; and
- (f) minutes of the proceedings shall be sufficient evidence thereof and of the observance of all necessary formalities if signed and certified by the Chairman.

Notice of meeting and board papers shall be given to all members of the Committee at least fourteen (14) days and five (5) business days respectively before the date of meeting.

The Secretary shall discuss with Senior Management on the agenda. The final agenda for the meeting will be approved by the Chairman or in his absence, by any one (1) of the Committee's members. The Secretary will inform/remind the relevant persons to submit their reports/materials/papers on presentation to him at least eight (8) days before the date of meeting. In the case where the subject matter/agenda item is sensitive or otherwise confidential or in a state of flux, the reports/materials/papers shall be directly circulated/presented at the meeting.

The decision of the Committee shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote, provided that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question in issue, the Chairman shall not have a casting vote.

Minutes of each meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and shall be accepted as *prima facie* evidence without further proof of the facts stated therein. Such minutes of meetings shall be kept by the Secretary and distributed to each member of the Committee. The Chairman of the Committee shall report on each meeting to the Board from time to time.

A resolution in writing signed by all members of the Committee shall be deemed to have been passed at a meeting held on a date on which it was signed by the last member of the Committee.

## 8. Authority

The Committee is authorised by the Board to:

- (a) investigate any activity within its terms of reference and shall have unrestricted access to all employees of Weida (M) Bhd (“WEIDA” or “the Company”) and its Group of Companies (“the Group”);
- (b) have the resources in order to perform its duties as set out in its terms of reference;
- (c) have full and unrestricted access to information pertaining to the Group;
- (d) have direct communication channels with the Internal and External Auditors;
- (e) obtain external legal or other independent professional advice as necessary; and
- (f) convene meetings with the Internal Auditors, External Auditors or both, excluding the attendance of other Directors and employees of the Group at least twice a year.

Notwithstanding anything to the contrary hereinbefore stated, the Committee does not have executive powers and shall report to the Board on matters considered and its recommendations thereon, pertaining to the Group.

## 9. Responsibility

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, the Committee has the responsibility to promptly report such matter to Bursa.

## 10. Functions and Duties

The duties of the Committee are to:

- (a) consider the appointment or re-appointment, nomination, resignation and dismissal of External Auditors and the audit fee and any questions of resignation or dismissal;
- (b) review the nature and scope of audit plans prepared by the Internal and External Auditors before the audit commence;
- (c) review the audit reports prepared by the Internal and External Auditors, the major findings and Management’s responses thereto;
- (d) discuss problems and reservations arising from the interim and final audits, and any matter the External Auditors may wish to bring up;

- (e) review the quarterly unaudited financial statements and annual audited financial statements of the Company and the Group, primarily focusing on the matters set out below, before submission to the Board:
- implementation of major accounting policy changes;
  - significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and
  - compliance with accounting and financial reporting standards, and legal requirements.
- (f) review the internal audit plan, processes, the results of the internal audit assessments and to consider the Internal Audit Reports, major findings and Management's responses thereto on any internal investigations carried out by the Internal Auditors and ensure that appropriate action is taken by Management in respect of the audit observations and the Committee's recommendations;
- (g) review the auditors' evaluation of the systems of internal controls;
- (h) review the adequacy of the scope, competency and resources of the Internal Audit Department ("IAD") and whether it has the necessary authority to carry out its work;
- (i) review any appraisal or assessment of the performance of the staff in the IAD and their independence and effectiveness of the overall audit process;
- (j) approve appointment or termination of Senior Executives in the IAD;
- (k) be informed of any resignation of Executives in the IAD and to provide the resigning Executive an opportunity to submit his or her reason for resigning;
- (l) review the assistance given by the Company and the Group's employees to the auditors;
- (m) review related party transactions and conflict of interest situation that may arise within the Company and the Group including any transactions, procedures or cause of conduct that raises questions of Management integrity;
- (n) review any letter of resignation from the External Auditors of the Group;
- (o) review whether there is reason (supported by grounds) to believe that the Group's External Auditors is not suitable for re-appointment;
- (p) to establish and review policies and procedures to assess the suitability and independence of External Auditors; and
- (q) to review the Statement on Risk Management and Internal Control for disclosure in Annual Report prior to recommendation to the Board for approval;
- (r) to review terms of reference of Committee and recommend to the Board for approval; and

(s) perform such other functions as may be agreed to by the Committee and the Board.

**11. Review of the composition of the Audit Committee**

The Nominating Committee shall review the term of office and performance of the Committee and each of its members annually to determine whether the Committee and members have carried out their duties in accordance with their terms of reference.