

**WEGMANS HOLDINGS BERHAD**  
**(Company No.:1219319-D)**

<b>TERMS OF REFERENCE OF AUDIT COMMITTEE (“AC”)</b>
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**1. OBJECTIVES**

The AC shall be established to assist the Board in fulfilling its oversight on its corporate governance responsibilities which include but not limited to our financial reporting, annual reporting, internal control structure, related party transactions and external and internal audit functions.

**2. MEMBERSHIP AND COMPOSITION**

The following requirements are to be fulfilled by the Board in the appointment of the AC from among its members.

- 2.1 The composition of the AC shall be no less than three (3) members, and all members of AC must be Independent Non-Executive Directors.
- 2.2 The Chairman of the AC shall be appointed by the Board from among the independent Non-Executive Directors and shall not be the Chairman of the Board.
- 2.3 at least one (1) member of the AC:
- (i) must be a member of the Malaysian Institute of Accountants; or
  - (ii) must have at least three (3) years working experience and;
    - (a) must have passed the examination specified in Part I of the 1<sup>st</sup> Schedule of the Accountants Act, 1967; or
    - (b) 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
    - (c) fulfills such other requirements as prescribed or approved by the regulatory authorities.
- 2.4 Subject to any regulatory disqualification, members of the AC shall not be removed except by the Board.
- 2.5 In the event of any vacancy in the AC, the Board shall within three (3) months fill the same so as to comply with all regulatory requirements. The Board shall, through the NC review the term of office and performance of the AC and each of its members annually.

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**3. MEETINGS AND ATTENDANCE**

- (a) The quorum for all meetings of the AC shall not be less than two (2), a majority of whom shall be Independent Non-Executive Directors. The Chairman shall chair all meetings and in his absence, another Independent Non-Executive Director shall chair it.
- (b) Meetings shall be held not less than four (4) times in a financial year and any additional meetings as the Chairman of the AC shall decide;
- (c) Senior executives and other employees of the Company may be invited to attend the meetings, as and when required by the AC;
- (d) The external auditors may be invited to attend meetings, as and when necessary, to be determined by the AC.
- (e) The AC shall meet separately with the internal and external auditors at least twice a year without the attendance of the Management.
- (f) The Company Secretary shall be the secretary of the AC and shall provide the necessary administrative and secretarial services for the effective functioning of the AC. The draft minutes shall be circulated to the AC members for comment and the signed minutes shall be tabled at the subsequent Board Meeting.
- (g) Attendance at a meeting may be by being present in person or by participating in the meeting by means of video or teleconference.

**4. AUTHORITY**

The Board has empowered the AC to:

- (a) investigate any activity within the scope of the AC's duties and its terms of reference and shall have full and unrestricted access to any information or documents relevant to the AC's activities;
- (b) appoint and obtain independent legal or other relevant consultants or professionals advice;
- (c) communicate directly with the external auditors, internal auditors and all employees of the Company;
- (d) have adequate resources to perform its duties as set out in its terms of reference; and
- (e) make recommendations for improvements of operating performance and management control arising from internal and external audit recommendations.

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5. **RESPONSIBILITIES AND DUTIES**

The functions of the AC have been expanded to include matters specified in the Code 2017 as follows:

(a) **Financial Reporting**

Review the annual and quarterly financial results of the Company focusing on, among others, financial disclosures, changes in accounting policies and practices, significant adjustments arising from the audit, any litigation that could materially affect the results, the going concern assumptions, the key audit matters and compliance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and Listing Requirements.

(b) **Internal Audit**

In respect of the internal audit function:

- (i) to review the adequacy of the scope, functions, competency and resources of the internal audit function, and whether it has the necessary authority to carry out its works or the performance and competency of the internal auditors if the internal audit function is outsourced;
- (ii) to review internal audit program and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit;
- (iii) to review internal audit reports, recommendations and Management’s responses and assess on the actual and potential impact of any failure or weakness of the internal controls in place. Improvement actions in the areas of internal control, systems and efficiency enhancements suggested by the internal auditors are discussed together with the Management Team in a separate forum;
- (iv) review implementation of the recommendations made by the internal auditors through follow-up internal audit reports to the AC;
- (v) to review the whistle-blowing policy and amendments, if any for adoption by the Board; and
- (vi) to request and review any special audit which the AC deems necessary.

(c) **Risk Management**

- (i) to access the resources and knowledge of the Management and employees involved in the risk management process.
- (ii) to review and monitor principal risks which may affect the Group directly or indirectly, and if deemed necessary, recommend additional course(s) of action to mitigate such risks;
- (iii) to monitor and communicate the risk assessment results to the Board;
- (iv) to ensure that the risk management policies and procedures of the operating units are aligned to the business strategies and the risk return direction of the Board; and

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- (v) to assess the actual and potential impact of any failure or weakness of the internal controls in place.

**6. EXTERNAL AUDIT**

With regards to external auditors:

- (a) to review the quarterly and year-end annual financial statements before submission to the Board and announcements to the Bursa Securities, focusing particularly on:
- any changes in accounting policies and practices;
  - significant adjustments arising from the audit;
  - significant and unusual events;
  - the going concern assumption;
  - key audit matters; and
  - compliance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, Listing Requirements and other legal requirements;
- (b) to convene meeting at least twice a year on any issues from the audit, with the external auditors separately without the presence of the management
- (c) to review, consider and recommend the appointment, resignation or termination of external auditors and their audit fee to the Board.
- (d) to review the evaluate factors relating to the independence of the external auditors and work closely with the external auditors in establishing procedures in assessing their suitability and independence, in confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Group in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants;
- (e) to review and discuss with the external auditors, prior to the commencement of audit, the nature and scope of audit and upon completion of the audit assessment, to present the audit findings and recommendations of the external auditors to our Board for discussion;
- (f) to review with the external auditors the audit plan, their evaluation of the systems of internal accounting controls, their audit report and the assistance given by the Company's officers to the external auditors.

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7. **OTHER RESPONSIBILITIES**

- (a) to instruct the external and internal auditors that the AC expects to be advised if there are any areas that require their special attention including major findings of internal investigations and management's response;
- (b) to report its activities to the Board in such manner and at such times as it deems appropriate and report to Bursa Securities where the AC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in breach of the Listing Requirements;
- (c) to review any related party transactions that may arise within the Company in complying with the Listing Requirements including transactions, procedures or courses of conduct that may raise questions on our management's integrity;
- (d) to review any allocation of share options or share issues pursuant to employees' share issuance schemes granted to eligible directors and employees in the Company and its subsidiaries;
- (e) to review Company's procedures for detecting fraud and whistle-blowing policy and ensure that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters; and
- (f) to consider and examine any other matters as the AC considers appropriate or as instructed by the Board.