

WELLSPIRE HOLDINGS BERHAD
Registration No. 202101026155 (1426455-A)
("the Company")

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. MEMBERSHIP

1.1 Members of the Audit Committee ("the Committee") shall be appointed by the board of directors of the Company ("the Board") amongst its directors and shall comprise at least three (3) members all of whom must be Independent Non-Executive Directors.

1.2 The Chairman of the Board must not be a member of the Committee.

1.3 All members of the Committee should be financially literate and have sufficient understanding of the Company's business and must be able to read, analyse, interpret and understand financial statements, and ask pertinent questions about the Company's reporting process.

1.4 At least one (1) member of the Committee:-

- (a) must be a member of the Malaysian Institute of Accountants ("MIA"); or
- (b) if not a member of the MIA, he/she must have at least three (3) years' working experience; and
 - (i) must have passed the examinations specified in Part I of the 1 First Schedule of the Accountants Act 1967; or
 - (ii) must be a member of one associations of accountants specified in Part II of the 1 First Schedule of the Accountants Act 1967; or
- (c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

1.5 No alternate director shall be appointed as a member of the Committee.

1.6 No former key audit partner shall be appointed as a member of the Committee before observing a cooling-off period of at least three (3) years before being appointed as a member of the Committee.

For the purpose of the foregoing, a former key audit partner means the engagement partner, the individual who is responsible for the engagement of quality control review and other audit partners, if any, on the engagement team who make key decisions and/or judgements on significant matters with respect to the audit of the financial statements of the Company on which the auditor will express an opinion.

1.7 The term of office, the effectiveness and performance of the Committee and each of its members shall be reviewed by the Nominating and Remuneration Committee annually to determine whether the Committee and its members have carried out their duties in accordance with these terms of reference.

WELLSPIRE HOLDINGS BERHAD
Registration No. 202101026155 (1426455-A)
Terms of Reference of the Audit Committee

1.8 Where the members of the Committee for any reason are reduced to less than three (3), the Board shall be based on the recommendation of the Nominating and Remuneration Committee, within three (3) months from the occurrence of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

2. CHAIRMAN

2.1 The Chairman of the Committee shall be an Independent Non-Executive Director.

2.2 In the absent of the Chairman of the Committee, the other members of the Committee shall amongst themselves elect a Chairman who must be an Independent Non-Executive Director to chair the meeting.

3. SECRETARY

The Company Secretary shall be the Secretary of the Committee.

4. QUORUM AND MEETING PROCEDURES

4.1 The Committee shall meet at least four (4) times each year. The Chairman may request for additional meetings as he considers necessary.

4.2 If any member is unable to be physically present, he/she may choose to participate by means of a conference telephone or any other audio, audio-visual, or communication equipment which allows all persons participating in the meeting to hear and speak with each other and the person shall be deemed to be present in person and shall be entitled to vote or be counted in a quorum accordingly.

4.3 The quorum for the meeting shall be two (2) members.

4.4 The Company Secretary, in consultation with the Chairman of the Committee, shall draw up the agenda of the meeting. The agenda, together with the relevant support papers, shall be circulated at least five (5) business days, or shorter notice where it is unavoidable prior each meeting to the members of the Committee.

4.5 The Chief Financial Officer / Financial Controller / Finance Manager, the Head of Internal Audit shall normally attend meetings or be excluded at the discretion of the Chairman. The Committee may, as and when deemed necessary, invite any Board members or any member of management or any employee of the Company, who the Committee thinks fit, to attend its meetings to assist and provide pertinent information as necessary.

4.6 A matter put to vote at the Committee meetings shall be decided by a simple majority of the votes. In the event of an equality of votes, the Chairman has the casting vote.

WELLSPIRE HOLDINGS BERHAD
Registration No. 202101026155 (1426455-A)
Terms of Reference of the Audit Committee

4.7 A member of the Committee who has an interest or is involved directly or indirectly in any matter under consideration by the meeting, shall abstain from deliberating and voting.

4.8 The Committee shall meet at least once a year with the internal and external auditors without the presence of any executive Board members, management or employees. The Chairman may request for additional meetings if they consider it necessary.

5. MINUTES

5.1 The Company shall cause minutes of all proceedings of the Committee meeting to be entered in books for that purpose. Minutes of each meeting shall be signed by the Chairman of the meeting at which proceedings were held or by the Chairman of the next succeeding meeting.

5.2 Minutes shall be kept by the Company at the registered office of the Company and shall be open for inspection by any Committee member or Board member.

5.3 The minutes of each Committee meeting shall be distributed to the Board members for notation.

6. CIRCULAR RESOLUTION

6.1 A resolution in writing signed by a majority of the Committee members for the time being shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted.

6.2 The resolution may consist of several documents in like form, each signed by one (1) or more Committee members. Such document may be accepted as sufficiently signed by a Committee member if it is transmitted to the Company by facsimile or other electrical or digital written message, which includes a signature of the said Committee member.

7. REPORTING

The Committee, through its Chairman, shall report a summary of significant matters to the Board at the next Board meeting after each Committee meeting. When presenting any recommendations to the Board for approval, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision.

8. AUTHORITY

8.1 The Committee shall in accordance with a procedure to be determined by the Board and at the expense of the Company:-

(a) have explicit authority to investigate any matter within its terms of reference;

WELLSPIRE HOLDINGS BERHAD
Registration No. 202101026155 (1426455-A)
Terms of Reference of the Audit Committee

- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to all information and documents which are required to perform its duties as well as to the internal and external auditors and management of Company and its subsidiaries (“the Group”);
- (d) obtain external professional advice or other advice and invite persons with relevant experience to attend its meetings, if necessary;
- (e) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (f) be able to convene meetings with the external auditors, the person(s) carrying out the internal audit function or activity, or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary; and
- (g) 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 ACE Market Listing Requirements of Bursa Securities (“ACE LR”), the Committee shall promptly report such matter to Bursa Securities.

9. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee are as follows:-

Financial Reporting

- 9.1 Review the Annual Report, quarterly results and the year-end financial statements of the Group, before submission to the Board for approval, focusing particularly on:-
- (a) changes in or implementation of major accounting policy changes;
 - (b) significant matters highlighted including financial reporting issues, significant judgement made by management, significant and unusual events or transactions and how these matters are addressed;
 - (c) significant adjustment arising from the audit;
 - (d) major judgemental areas;
 - (e) the going concern assumption; and
 - (f) compliance with accounting standards, regulatory and other legal requirements.
- 9.2 Review and provide advice on whether the financial statements taken as a whole provide a true and fair view of the Company’s financial position and performance.

WELLSPIRE HOLDINGS BERHAD
Registration No. 202101026155 (1426455-A)
Terms of Reference of the Audit Committee

- 9.3 Ask probing questions to ascertain whether the financial statements are consistent with operational and other information known, where there are significant matters requiring judgement.

External Auditors

- 9.4 Consider and recommend to the Board on the appointment or re-appointment of external auditors and to fix their fees (audit and non-audit), after assessing their independence and capabilities as well as the effectiveness of the external audit process.

- 9.5 Review the following and report the same to the Board:-

- (a) letter of resignation from the external auditors or suggestions for their dismissal, including a copy of any written representations or statement of circumstances in relation with the resignation made by the external auditors, if applicable; and
- (b) whether there is reason (supported by grounds) to believe that the external auditor is not suitable for re-appointment.

- 9.6 Assess the suitability, objectivity and independence of the external auditors on an annual basis based on the policies and procedures that have been established and the annual performance evaluation of the external auditors undertaken by the Committee. The policies and procedures must include among others consideration on:-

- (a) the criteria to guide decisions on the appointment and re-appointment of the external auditor. The criteria should include an assessment of the competence, audit quality and resource capacity of the external auditor in relation to the audit. The assessment should also consider information presented in the Annual Transparency Report of the audit firm. If the Annual Transparency Report is not available, the Committee may engage the audit firm on matters typically covered in an Annual Transparency Report including the audit firm's governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks;
- (b) the appropriateness of audit fees to support a quality audit;
- (c) requirement for non-audit service to be approved by the Committee before they rendered by the external auditor and its affiliates while taking into account the nature and external of the non-audit services and the appropriateness of the level of fees;
- (d) requirement to obtain written assurance from the external auditor confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and

WELLSPIRE HOLDINGS BERHAD
Registration No. 202101026155 (1426455-A)
Terms of Reference of the Audit Committee

- (e) the conduct of an annual evaluation on the performance of the external auditor and undertaking follow-up measures, where required.

9.7 Review the following with the external auditors and report the same to the Board:-

- (a) audit plan, its scope and nature;
- (b) audit report;
- (c) evaluation of the system of internal controls;
- (d) the assistance given by the employees to the external auditors, including any difficulties or disputes with management encountered during audit; and
- (e) external auditors' management letter and management's response thereto.

Internal Audit

9.8 In relation to the internal audit function (whether in-house or outsourced), the responsibilities of the Committee are to:-

- (a) 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;
- (b) review the internal audit plan, programme, processes, and the reporting structure;
- (c) review the results of the internal auditor's assessments, investigations undertaken and whether or not appropriate actions are taken by the management, based on the recommendations of the internal auditors;
- (d) review the appraisal or assessment of the performance of the internal audit function on an annual basis; and
- (e) review any special audit which the Committee deems necessary.

Related Party Transactions ("RPTs") and Recurrent RPT ("RRPTs") and Conflict of Interest ("COI")

9.9 Monitor, review and report to the Board any RPTs and RRPTs that may arise within the Company and/or Group, including any transaction, procedures or course of conduct that raises question on management integrity.

WELLSPIRE HOLDINGS BERHAD
Registration No. 202101026155 (1426455-A)
Terms of Reference of the Audit Committee

- 9.10 Review and report to the Board, any COI or potential COI situations that arose, persist or may arise within the Company and/or Group (applies to all Directors and Employees of the Group) including any transaction, procedure or course of conduct that raises questions or management integrity, together with the measures taken to resolve, eliminate, or mitigate such conflicts.

In reviewing the COI, the AC should consider the following factors:

- i. The nature and potential duration of COI situations, and the impact on the Group; and
- ii. Controls in place/corrective actions to be taken – to ensure that the Conflicted Director or Conflicted Employee does not abuse his or her power to gain an unfair advantage.

Others

- 9.11 Review all financial related reports/statements as required by the ACE LR, for inclusion in the Annual Report;
- 9.12 Verify allocation of units or options issued pursuant to the various incentive or retention schemes implemented by the Group (if any);
- 9.13 Obtain regular updates from the management regarding compliance matters;
- 9.14 Review findings, queries or investigation by the regulatory agencies (if any);
- 9.15 Review the adequacy and appropriateness of Anti-Bribery and Corruption Policy, and Whistleblowing Policy, when necessary; and
- 9.16 Carry out any other functions that may be mutually agreed upon by the Committee and the Board.
- 9.17 To ensure and confirm that the management has placed no restriction on the scope of the audit and inquire into the staffing and competence of the external auditors in performing their work and assistance given by the Company's officers to the external auditors.

10. REVIEW OF THE WRITTEN TERMS OF REFERENCE

- 10.1 Any amendments to these terms of reference shall be approved by the Board. These terms of reference will be reviewed and updated periodically in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Committee's responsibilities.
- 10.2 The written terms of reference will be made to public on the Company's website.