

# **TERMS OF REFERENCE AUDIT COMMITTEE OF AE MULTI HOLDINGS BERHAD**

## **1. MEMBERSHIP**

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise not less than three (3) members, all of whom shall be Non-Executive Directors and the majority of whom must be independent. All members of the Committee should be financially literate. At least one (1) member of the Committee:-

- must be a member of the Malaysian Institute of Accountants; or
- if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of working experience and
  - he must have passed the examination specified in Part I of the 1st Schedule to the Accountants Act, 1967; or
  - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule to the Accountants Act, 1967; or
- fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad.

The members of the Committee shall elect the Chairman from among their number who shall be an Independent Director. An alternate director shall not be a member of the Audit Committee.

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

In case a former partner of the external audit firm of the Company is being nominated as an Audit Committee member, he shall observe a cooling-off period of at least three (3) years before being appointed as an Audit Committee member.

## **2. ATTENDANCE AT MEETINGS**

The Chief Financial Officer/ Finance Manager, representative(s) of the internal auditors and representative(s) of external auditors will be invited to some Audit Committee Meeting. Other Directors and employees may attend any particular audit committee meeting only at the Audit Committee's invitation, specific to the relevant meeting. At least twice a year, the Independent members of the Committee shall meet with the external auditors without the presence of management / executive directors. The Company Secretary(ies) shall be the secretary(ies) of the Committee.

## **3. SECRETARY**

The Company Secretary or his nominee shall act as the Secretary of the Committee.

## **4. MINUTES OF MEETINGS**

The Secretary shall minutes the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

Minutes of Committee meetings shall be circulated promptly to all members of the Committee and the Chairman of the Board and, once agreed, to all other members of the Board, unless a conflict of interest exists.

## 5. FREQUENCY OF MEETINGS

Meetings will be held not less than four (4) times a year. Additional meetings may be held at the discretion of the Committee or at the request of external auditors. The external auditors may request a meeting if they consider that one is necessary. The quorum for any meeting shall be two and the majority members of the Committee present must be Independent Non-Executive Directors.

The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as Chairman, the Chief Executive Officer, Chief Financial Officer/ Finance Manager, the head of the internal audit and the external auditors in order to be kept informed of matters affecting the Company.

## 6. AUTHORITY

The Committee is authorised by the Board:-

- (a) to investigate any activity within its terms of reference.
- (b) to have full and unrestricted access to any information it requires from any employees and all employees are directed to co-operate with any request made by the Committee.
- (c) to have access to resources required to perform its duties.
- (d) to have direct communication channels with the external auditors, the internal auditors or both.
- (e) to convene meeting with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees whenever deemed necessary.
- (f) to direct the internal auditors in its activities and resources.
- (g) to obtain external legal or other independent professional advice, if it considers necessary.

## 7. DUTIES

**The duties of the Committee are:-**

- (a) to recommend the appointment / reappointment / nomination / suitability of the external auditors, their audit fee and any questions of their resignation or dismissal to the Board.
- (b) to assess the objectivity, performance and independence of the external auditors (e.g. by reviewing and assessing the various relationships between the external auditors and the Company or any other entity) and internal auditors.
- (c) to establish policies and procedures for the provision of non-audit services by the external auditors and to ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgement of the external auditors.
- (d) to review with the external auditors:-
  - the audit plan
  - their evaluation of the system of internal controls

- their audit reports
- their management letter and management's response thereto and
- the assistance given by the employees to the external auditors.

(e) to review the quarterly results and year end financial statements of the Company and the Group before submission to the Board, whilst ensuring that they are prepared in a timely and accurate manner, focusing particularly on:-

- public announcements of results and dividend payment
- any changes in or implementation of major accounting policies and practices
- major judgmental areas
- significant adjustments resulting from the audit
- the going-concern assumption
- compliance with accounting standards and other legal requirements
- compliance with regulatory and statutory requirements and
- significant and unusual events.

(f) to discuss problems and reservations arising from the interim and final audits and any matters the external auditors may wish to discuss (in the absence of management where necessary).

(g) to do the following, in relation to the internal audit function:-

- to review internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function
- to review the adequacy of the scope, functions, competency and resources of the internal audit function and to ensure that it has the necessary authority to carry out its work
- to review the appraisal or assessment of the performance of members of the internal audit function
- to approve any appointment or termination of internal auditors and
- to be informed of the resignation of any senior members of the internal audit function.

(h) to keep under review the effectiveness and proper monitoring of internal control system.

(i) to review any related party transactions 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.

(j) to consider the major findings of internal investigations and management's response and ensure co-ordination between the internal and external auditors.

(k) to review and verify the allocation of options or shares granted to employees pursuant to the employees share option scheme, transactions, procedure or course of conduct that raises questions of management integrity.

(l) to review with the Board of Directors of the Company whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.

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

## 8. REPORTING PROCEDURES

The Company Secretary(ies) shall circulate the minutes of meetings of the Committee to all members of the Board.

## **9. CIRCULAR RESOLUTIONS**

A resolution in writing signed by all the members present in Malaysia shall be as valid and effectual as if it had been passed at a meeting of the committee duly called and constituted.