



**AYS VENTURES BERHAD**  
Registration No. 201001041243 (925171-T)  
(Incorporated in Malaysia)

**AUDIT COMMITTEE  
TERMS OF REFERENCE**

**Membership**

The Committee shall be appointed by the Board from amongst its Directors (except alternate directors) which fulfills the following requirements:

- (a) the audit committee must be composed of no fewer than three (3) members;
- (b) a majority of the audit committee must be independent directors; and
- (c) at least one member of the audit committee:
  - (i) must be a member of the Malaysian Institute of Accountants; or
  - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
    - (aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
    - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
  - (iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad

The members of the Committee shall elect a Chairman from among their number who shall be an independent director.

The Board shall, within three (3) months of a vacancy occurring in the Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

A former partner of the Company's external audit firm is to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee. This applies to all former partners of the audit firm and/or the affiliate firm (including those providing advisory services, tax consulting, etc.)

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

**Rights**

The Committee shall, in accordance with the procedure determined by the Board and at the cost of the Company:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;

- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

## **Functions**

The functions of the Committee shall include the following:

In fulfilling its primary objectives, the Audit Committee shall undertake the following duties and responsibilities and report the same to the Board for approval:

### Financial Reporting and Compliance

1. To review the quarterly results and annual audited financial statements of the Company, focusing particularly on:
  - (a) changes in or implementation of major accounting policies and practices;
  - (b) Significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed ;
  - (c) compliance with accounting standards and other legal requirements; and
  - (d) the going concern assumption.
2. To review any related party transaction and conflict of interest situation that may arise within the Company, including any transaction, procedure or course of conduct that raises question of management's integrity;

### Risk Management and Internal Audit

3. To consider and approve Annual Risk Management Plan and be satisfied that the methodology employed allows the identification, analysis, assessment, monitoring and communication of risks in a regular manner that will allow the Company to minimise losses and maximise opportunities;
4. To consider and approve the Annual Internal Audit Plan and programme and be satisfied as to the adequacy of coverage and audit methodologies employed;
5. To ensure that the system of internal control is soundly in place, effectively administered and regularly monitored and to review the extent of compliance with established internal policies, standards, plans and procedures;
6. To review and approve the reports on internal audit and risk management and to ensure that appropriate actions are taken on the recommendations of the internal audit and risk management functions;
7. To recommend to the Board steps to improve the system of internal control derived from the findings of the Internal Auditors and External Auditors and from the consultations from the Audit Committee itself;
8. To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
9. To review the scope of internal audit function to ensure it is sufficient enough to be able to provide relevant assurance on the adequacy and operating effectiveness of the Company's governance risk and control processes as promulgated by the Statement of Risk Management and Internal Control

10. To review any appraisal or assessment of the performance and to approve any appointment, resignation or termination of the outsourced Internal Auditors service provider.

#### Statutory and Non-Statutory Audit

11. To review and discuss with the External Auditors, prior to the commencement of audit, the audit plan which states the nature and scope of the audit;
12. To review any matters concerning the appointment and re-appointment, audit and non-audit fees and any questions of resignation, dismissal or removal of the External Auditors;
13. To review factors related to the independence and objectivity of External Auditors and their services including non-statutory audit services;
14. To discuss on findings, problems and reservations arising from the interim and final statutory audits, External Auditors' Audit Committee Report and any matters the External Auditors may wish to discuss as well as to review the extent of cooperation and assistance given by the employees of the Company to the External Auditors;

#### Other Matters

15. To review the Statement of Risk Management and Internal Control and to prepare the Audit Committee Report for the Board's approval prior to inclusion in the Annual Report;
16. To carry out such other functions as may be directed by the Board.

### **Meetings**

Meetings of the Committee shall be held not less than four (4) times a year. The external auditors may request a meeting if they consider that one is necessary and shall have the right to appear and be heard at any meeting of the Committee. The Chairman shall convene a meeting whenever any member of the Committee requests for a meeting. Written notice of the meeting together with the agenda shall be given to the members of the Committee and external auditor where applicable. The quorum for a meeting of the Committee shall be two (2) provided always that the majority of members present must be independent directors.

Other Board members and senior management may attend any particular meeting only at the Committee's invitation.

The Chairman of Audit Committee shall report on the outcome of each Meeting to the Board.

The Company Secretary shall be the Secretary of the Committee.

### **Reporting Procedures**

The Secretary shall maintain minutes of the proceedings of the meetings of the Committee and circulate such minutes to all members of the Board.

### **Annual Review**

The Terms of Reference of the Audit Committee will be reviewed by the Board annually or as required.