

EFFICIENT E-SOLUTIONS BERHAD (632479-H)

TERMS OF REFERENCE OF AUDIT COMMITTEE (“AC”)

Composition

The members of the Committee shall be appointed by the Board from amongst the Directors excluding Alternate Directors; shall consist of not less than three (3) members, all the AC member must be non-executive directors, with a majority of them being independent directors. At least one (1) member of the AC:

- (a) must be a member of Malaysian Institute of Accountant (“MIA”); or
- (b) If he is not a member of MIA, he must have at least three (3) years of working experience and:
 - (aa) he must be a member of one of the associations of the accountants specified in Part II of the 1st Schedule of the Accountant Act, 1967, or
 - (bb) he must have passed the examination specified in Part I of the 1st Schedule of the Accountant Act 1967; or
- (c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”).

In the event of any vacancy in the Committee resulting in the non-compliance in respect of composition of Committee, the Company must fill the vacancy within 3 months.

At least two (2) years cooling-off period shall be observed, before a former key audit partner is appointed as a member of the Committee.

Chairman

The Chairman of the Committee must be an independent director. A quorum consists of two (2) members present and a majority of whom must be Independent Directors. In the absence of the Chairman, the members shall elect any one of the members present at the meeting to be the Chairman of the meeting.

Secretary

The Company Secretary or any other person appointed by the AC shall be the Secretary of the Committee.

Meeting Procedure

At least four (4) meetings shall be convened during a year. The meetings shall be scheduled regularly by the Secretary and due notice shall be distributed to the members before the meeting together with the agenda and supporting papers. The minutes of the meeting shall be recorded for reference and inspection purposes.

The executive directors, accountants, employees and representatives of the external/internal auditors may be present in any particular meeting only by invitation of the Committee, specific to the relevant meeting.

Circular Resolutions

A resolution in writing signed by a majority of the AC members for the time being shall be as valid and effectual as if it had been passed at a meeting of the AC duly called and constituted. Any such resolution may consist of several documents in like form each signed by one (1) or more AC members. Any such document may be accepted as sufficiently signed by an AC member if transmitted to the Company by telex, telegram, cable, facsimile or other electrical or digital written message to include a signature of an AC member.

Authority

The Committee wherever necessary and reasonable for the performance of its duties, shall in accordance with the procedure determined by the Board and at the cost of the Company:

- Have authority to investigate any matter within its term of reference;
- Have the resources which are required to perform its duties;
- Have full and unrestricted access to any information pertaining to the Group;
- Have direct communication channels with the external auditors and internal auditors;
- Be able to obtain independent professional or other advice; and
- Be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the listed company, whenever deemed necessary.

Functions

The Committee shall, amongst others, discharge the following functions and report the same to the board of directors:-

- To review the audit plan with the external auditors;
- To review the evaluation of the systems of internal controls with the external auditors;
- To review the audit report with the external auditors;
- To review the assistance given by the Company's and Group's employees to the external auditors;
- 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;
- To review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit functions;
- To review the quarterly results and year end financial statements, prior to the approval of the Board of Directors, focusing particularly on:-
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements.
- To review any related party transaction and conflicts of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- To review all areas of significant risk arrangements in place to contain those risks to acceptable levels;

- To verify that the allocation of options pursuant to the share scheme for employees complies with the criteria of allocation;
- To review the resignation or dismissal of the external auditors of the Company;
- To review whether there is reason (supported by grounds) to believe that the Group's external auditor is not suitable for re-appointment;
- To recommend the nomination of external auditors, the audit fee and any questions of resignation or dismissal; and
- To promptly report to Bursa Malaysia Securities Berhad on matters which results in a breach of Listing Requirements.

Term of Office

The terms of office and performance of the Committee and each of its members shall be reviewed by the Nominating & Remuneration Committee and Board of Directors annually to determine whether the Committee and its members have carried out their duties in accordance with the terms of reference.

Review of the AC's Terms of Reference

The AC shall periodically review and update its terms of reference to ensure compliance with regulatory and legal requirements, which will take precedence over any stipulation of the terms of reference, and in accordance with the needs of the Company/Group that may have an impact on the discharge of the AC's duties and responsibilities.

The Board's approval is mandatory for any amendments to the terms of reference of the AC.