

BERMAZ AUTO BERHAD

(Company No: 900557-M)

(Incorporated in Malaysia)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. MEMBERSHIP

The Audit Committee (“the Committee”) shall be appointed by the Board from amongst the Directors and shall consist of not less than three members and all the Committee members must be non-executive directors, with majority of them being independent directors and at least one member of the Committee must be a member of the Malaysian Institute of Accountants or such other qualifications and requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”).

If a member of the Committee resigns, dies or for any other reason ceases to be a member resulting in the number of members being reduced to below three, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

2. QUORUM

A quorum for the Committee shall consist of two members and a majority of the members present must be Independent Directors.

3. CHAIRMAN

The Chairman of the Committee shall be an Independent Director appointed by the Board. He shall report on each meeting of the Committee to the Board.

4. SECRETARY

The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to the Committee members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee members and to the other members of the Board of Directors.

5. FREQUENCY OF MEETINGS

Meetings shall be held not less than five (5) times a year and will normally be attended by the Director charged with the responsibilities of the Group’s finance and Head of Internal Audit. The presence of external auditors will be requested if required and the external auditors may also request a meeting if they consider it necessary.

6. AUTHORITY

The Committee is authorised by the Board to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The Committee is also authorised by the Board to obtain external legal or other independent professional advice as necessary.

The Committee is also authorised to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

7. DUTIES

The duties of the Committee shall be:

- (a) To review and recommend the appointment of external auditors, the audit fee and any questions of suitability, resignation or dismissal including recommending the nomination of person or persons as external auditors;
- (b) To discuss with the external auditors on the following:-
 - (i) audit plan including nature and scope of audit and to ensure coordination of audit where more than one audit firm is involved;
 - (ii) the evaluation of the system of internal controls; and
 - (iii) assistance given by the employees of the Company to the external auditors.
- (c) To review the quarterly results and year-end financial statements prior to the approval by the Board, focusing particularly on:
 - changes in or implementation of major accounting policy changes;
 - significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed; and
 - compliance with accounting standards and other legal requirements.
- (d) To prepare Audit Committee Report at the end of each financial year;
- (e) To discuss problems and reservations arising from the interim and final external audits, and any matters the external auditors may wish to discuss (in the absence of management, where necessary);
- (f) To review the external auditors' management letter and management's response;
- (g) To review any related party transaction 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;
- (h) To do the following in relation to internal audit function:-

- review the adequacy of scope, functions, competency and resources of the internal audit department and that it has the necessary authority to carry out its work;
 - review internal audit programme;
 - ensure coordination of external audit with internal audit;
 - consider the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - to review related party transactions entered into by the Company and its subsidiaries, and to ensure that the Directors report such transactions annually to shareholders via the annual report;
 - to review and monitor the effectiveness of internal control systems and to evaluate the systems with the external auditors;
- (i) To carry out such other responsibilities, functions or assignments as may be defined jointly by the Committee and the Board of Directors from time to time;
- (j) In compliance with Paragraph 15.16 of the Bursa Securities Listing Requirements, 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 Listing Requirements, the Committee must promptly report such matter to Bursa Securities.

8. REVIEW OF THE TERMS OF REFERENCE

The members of the Committee will review the above terms of reference from time to time whenever deemed necessary for approval by the Board. The latest copy of the terms of reference of the Committee shall be made available on the Company's website.