



Registration No. 201001016854 (900557-M)
(Incorporated in Malaysia)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

DEFINITIONS

“BAuto” or “Company”	:	Bermaz Auto Berhad
“Board”	:	Board of Directors of BAuto
“Group”	:	BAuto and its subsidiaries
“Management”	:	Management of BAuto Group
“AC” or “Committee”	:	Audit Committee of BAuto

1. COMPOSITION

- 1.1 The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, all of whom shall be Non-Executive Directors with a majority of them being Independent Directors.
- 1.2 At least one (1) member of the Committee must be a member of the Malaysian Institute of Accountants or possesses such other qualifications and requirements as prescribed or approved by the Bursa Malaysia Securities Berhad (“Bursa Securities”).
- 1.3 No former audit partner shall be appointed as a member of the Committee before observing a cooling-off period of at least three (3) years.
- 1.4 No alternate Director shall be appointed as a member of the Committee.
- 1.5 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 (3), the Board shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- 1.6 The Audit Committee members shall collectively possess a wide range of necessary skills in discharging its duties and are financially literate and are able to understand matters under the purview of the Committee including the financial reporting process.
- 1.7 The terms of office and performance of the Audit Committee and each of its members shall be reviewed by the Nomination and Remuneration Committee annually.
- 1.8 The Chairman of the Committee, who is not the Chairman of the Board, shall be an Independent Non-Executive Director appointed by the Board. The responsibilities of the Chairman of the Committee, amongst others, are as below:
 - a) Planning and conducting meetings.
 - b) Reporting on each meeting of the Committee to the Board.
 - c) Encouraging open discussion during meetings.

- d) Ensuring that the meetings run efficiently and each agenda item is thoroughly and thoughtfully discussed by all members of the Committee.
- e) Maintaining active ongoing dialogue with Management and both internal and external auditors.

2.0 AUTHORITY

2.1 The Committee is authorised by the Board, and at the cost of the Company, to:

- a) 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 or the Group.
- d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity.
- e) be able to obtain external legal or other independent professional advice as necessary.
- f) 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.

3.0 SCOPE AND FUNCTIONS

The scope and functions of the Committee shall include, but not limited to, the following:

3.1 External auditors

- 3.1.1 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.
- 3.1.2 To discuss with the external auditors on the following:
 - audit plan including nature and scope of audit and to ensure coordination of audit where more than one audit firm is involved.
 - the evaluation of the system of internal controls.
 - assistance given by the employees of the Company to the external auditors.
- 3.1.3 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).

3.1.4 To review the external auditors' management letter and management's response.

3.1.5 To establish policies and procedures to assess the performance, suitability, objectivity and independence of external auditors that considers, among others:

- the competence, audit quality and resource capacity of the external auditor in relation to the audit.
- the nature and extent of the non-audit services rendered and appropriateness of the level of fees. In this connection, the Committee shall review and approve all proposed non-audit services, including proposed fees, prior to work commencement.
- obtaining written assurance from the external auditors 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.

The assessment on the suitability, objectivity and independence of the external auditors should be conducted annually to safeguard the quality and reliability of audited financial statements.

3.2 Internal audit

3.2.1 To do the following with regard to the 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 the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action is taken on the recommendations.
- 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.
- 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.
- appraise the performance of the internal audit function on an annual basis.

3.3 Financial reporting

3.3.1 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.
- going concern assumption and ability of the Company.
- significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed.
- compliance with accounting standards and other legal requirements.

3.3.2 To review the allocation of share options pursuant to the Employees' Share Scheme ("ESS") to ensure compliance with the ESS's ByLaws (if any).

3.4 Risk management and internal control

3.4.1 To review the adequacy and effectiveness of risk management, internal control, anti-corruption, whistleblowing and governance processes implemented within the Group.

3.4.2 To review the statement on risk management and internal control in the Company's annual report at the end of each financial year.

3.4.3 To review and monitor the effectiveness of internal control systems and to evaluate the systems with the external auditors.

3.5 Related party transaction and conflict of interest

3.5.1 To do the following with regard to related party transactions (including recurrent related party transactions) and conflict of interest situations:

- To review any related party transaction (including recurrent 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 and the measures taken to resolve, eliminate or mitigate such conflicts.
- Ensure that the Group has adequate procedures and processes in place to monitor, track and identify recurrent related party transaction and conflict of interest situation.

3.6 Others

3.6.1 To review the Audit Committee Report at the end of each financial year.

- 3.6.2 To carry out such other responsibilities, functions or assignments as may be defined jointly by the Audit Committee and the Board from time to time.
- 3.6.3 In compliance with Paragraph 15.16 of the Main Market Listing Requirements (“MMLR”) of Bursa Securities, 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 MMLR, the Committee must promptly report such matter to Bursa Securities.

4.0 FREQUENCY AND ATTENDANCE

- 4.1 The Committee shall meet at least five (5) times a year and on additional meeting(s) as and when required.
- 4.2 The quorum for a meeting of the Committee shall be at least two (2) members and a majority of the members present must be Independent Directors. In the absence of the Chairman of the Committee, the members present shall elect one (1) of their numbers to chair the meeting.
- 4.3 Matters arising at any meeting shall be decided by a majority vote, each member having one (1) vote. In the event of equality of votes, the Chairman of the meeting shall have a casting vote. However, the Chairman of the meeting shall not have a casting vote if only two (2) members are present or when only two (2) members are eligible to vote. The question in issue shall be tabled at the next meeting of the Committee or referred to the Board of the Company, whichever is more expedient.
- 4.4 Upon the request of the external auditors, the Chairman shall convene a meeting of the Committee to consider any matter the external auditors believe should be brought to the attention of the Committee.
- 4.5 At least twice a year and whenever necessary, the Committee shall meet with the external auditors and internal auditors without the presence of Executive Directors or Management personnel.
- 4.6 The meetings of the Committee may be conducted by means of telephone conferencing or other methods of simultaneous communication by electronic or telegraphic means and the minutes of such a meeting signed by the Chairman of the meeting shall be conclusive of any meeting conducted as aforesaid.
- 4.7 A resolution in writing signed or approved by letter, facsimile or electronic communication by a majority of members shall be effective for all purposes as if it were a resolution passed at a meeting of the Committee duly convened, held and constituted. Any such resolution may consist of a single document or several documents all in like form each signed by one or more members. All such resolutions shall be recorded by the Secretary in the minutes book.

- 4.8 The Company Secretary shall be the Secretary of the Committee. The agenda for the Committee meeting(s) shall be determined by the Chairman of the Committee. The Group Chief Executive Officer, Chief Financial Officer, Managing Director of the respective active subsidiaries, and representative of Internal Auditors shall normally be invited to attend meetings of the Committee.

The Committee may, as and when deemed necessary, invite other Board members, Management as well as representative of the external auditors to attend the meetings.

- 4.9 Unless otherwise agreed by all members of the Committee for a shorter period, the notice and agenda for meetings shall be circulated at least five (5) business days prior to the date of meeting to all Committee members and to those who are requested to attend.
- 4.10 Proceedings at meeting shall be properly documented and minutes of meeting to be approved by the Chairman of the meeting or by the Chairman of the next succeeding meeting. Upon approval by the Chairman of the meeting, it shall be conclusive evidence without any further proof of the facts thereon and the minutes of meeting shall then be circulated to the Board. The Management shall be provided with the minutes and list of matters arising for follow up on key actions required.
- 4.11 The Chairman of the Committee shall report to the Board at the next Board meeting following the Committee meeting. Relevant information and supporting documents (if any) shall be provided to the Board for them to have an informed decision and to facilitate making the relevant disclosures and/or announcements to the authorities, where appropriate.
- 4.12 The Committee shall be present at the Annual General Meetings of the Company to assist in responding to any question that may be posed to them by the shareholders.

5.0 REVIEW OF THE TERMS OF REFERENCE

The foregoing Terms of Reference will be amended and modified from time to time in line with any changes in relevant legislation, codes or regulations (in so far as they are applicable to this Terms of Reference and are mandatory), and all such amendments and modifications shall be deemed incorporated without the requirement for further approvals from the Committee and the Board. The Committee and the Board shall thereafter be duly informed of such amendments and modifications. A copy of the Terms of Reference of the Committee is available on the Company's website at www.bauto.com.my.

The previous Terms of Reference was last reviewed and approved by the Board on 3 August 2022.

This Terms of Reference was reviewed and approved by the Board on 12 December 2023.