BERMAZ AUTO BERHAD

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 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 In the event the number of members in the Committee falls below the minimum number of three (3) members for any reason such as due to retirement, resignation etc., the Board shall within three (3) months of such event appoint such number of new members as may be required to make up the minimum number of three (3) members.

1.6 The 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 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 include, among others, the followings:

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 among the members of the Committee.

e) Maintaining active ongoing dialogue with Management as well as with both the 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 both the internal and external auditors.

e) be able to seek external independent professional advice such as solicitors, valuers, consultants, if required.

f) conduct private sessions with the external and/or internal auditors without the presence of other Directors and Management, if required.

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 deliberate on the appointment, reappointment, resignation or dismissal of external auditors, their audit fee and recommend to the Board accordingly.

3.1.2 To discuss with the external auditors on the following:

- audit plans 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.
- feedback on the assistance/cooperation given by employees of the Group to the external auditors during their audit.

3.1.3 To discuss audit findings raised by the external auditors during their interim and/or final audits, and to conduct private sessions on matters which they may wish to discuss without the presence of Management, if any.

3.1.4 To review the Management Letter issued by the external auditors and the response(s) from Management.

3.1.5 To establish policies and procedures to assess the performance, suitability, objectivity and independence of external auditors taking into consideration, among others, the followings:

- 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.

3.1.6 To review the scope, approach, findings and recommendations arising from any external assurance or verification relating to sustainability-related and climate-related disclosures.

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, if applicable.

- 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:

- financial reporting impact arising from changes in major accounting policy.

- 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.

- adequacy, reliability and integrity of sustainability-related and climate-related disclosures reported by the Group (including disclosure of financial impacts) in accordance with the reporting guidelines issued by the National Sustainability Reporting Framework (NSRF).

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 (where applicable).

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.

3.4.4 To review the adequacy and effectiveness of internal controls, and processes established for the collection, monitoring, reporting and verification of sustainability- and climate- related risk and opportunities disclosures.

3.4.5 To review the effectiveness of the internal controls and reporting processes relating to carbon emissions data, carbon trading activities and climate-related financial disclosures.

3.5 Related party transaction and conflict of interest (where applicable)

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 AC 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, the Committee shall promptly report to Bursa Securities on any matter which was reported by the Committee to the Board that was not satisfactorily resolved or addressed and had resulted in a breach of the MMLR.

4.0 <u>FREQUENCY AND ATTENDANCE</u>

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, 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 both the external and internal auditors. During these meetings, the external and/or internal auditors may request for private session(s) with the Committee without the presence of the Executive Directors and 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 meetings shall be determined by the Chairman of the Committee. The Committee may invite other Board members, senior Management personnel such as the Director of Group Operations, Group Chief Financial Officer and/or other departmental heads as well as the external and/or internal auditors to attend its meetings as and when necessary.

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 an extract of the relevant 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 relevant authorities, where appropriate.

4.12 The Committee shall be present at all 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 12 December 2023.

This Terms of Reference was reviewed and approved by the Board on 5 August 2026.