

# **BREM HOLDING BERHAD (66756-P)**

## **REVISED TERMS OF REFERENCE FOR AUDIT COMMITTEE**

### **1) POLICY**

The policy of the Audit Committee is to ensure that internal and external audit functions are properly conducted and that audit recommendations are being carried out effectively by the BREM HOLDING BERHAD group of companies.

### **2) OBJECTIVES**

The objectives of this policy are:-

- 2.1) to assure the shareholders of the Company that the Directors of the Company have complied with Malaysian financial standards and required disclosure policies developed and administered by Bursa Malaysia Securities Berhad ("Bursa Securities");
- 2.2) to ensure consistency with Bursa Securities' commitment to encourage high standards of corporate disclosure and to adopt best practices aimed at maintaining appropriate standards of corporate responsibility, integrity and accountability to all the Company's shareholders; and
- 2.3) to relieve the full Board of Directors from detailed involvement in the review of the results of internal and external audit activities and yet ensure that audit findings are brought to the highest level for consideration.

### **3) MEMBERSHIP**

- 3.1) The Committee shall be appointed by the Board from amongst the non-executive directors of the Company and shall consist of not less than three members, of whom the majority shall be independent.
- 3.2) The Committee shall include at least one person who is a member of the Malaysian Institute of Accountants or alternatively a person who must have at least 3 years' working experience and have passed the examinations specified in Part 1 of the 1<sup>st</sup> Schedule of the Accountants Act 1967 or is a member of one of the associations of accountants specified in Part II of the said Schedule or alternatively a person who has fulfilled such other requirements as prescribed by Bursa Securities or approved by Bursa Securities.
- 3.3) No alternate director shall be appointed as a member of the Committee.
- 3.4) The members of the Committee shall elect from among their number a chairman who is non-executive and independent, as defined above.
- 3.5) If one or more members of the Committee resign, die or for any other reason cease to be a member with the result that the Listing Requirements of the Bursa Securities are breached, the Board shall, within three months of the event, appoint such number of new members as may be required to correct the breach.
- 3.6) The Board shall review the term of office of Committee members annually.
- 3.7) A former key audit partner shall observe a cooling off period of at least 2 years before appointed a member of the Audit Committee.
- 3.8) The Chairman of the Audit Committee shall not be the chairman of the Board.

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**4) AUTHORITY**

5.1) The Committee is authorised by the Board, in accordance with the procedures to be determined by the Board (if any) and at the cost of the Company, to:

- (a) Investigate any activity within the Committee's terms of reference;
- (b) have resources which are reasonably required to enable it 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 (if any);
- (e) obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary;
- (f) convene meetings with the external auditors, internal auditors or both, excluding the attendance of the executive members of the other directors and employees of the Company, whenever deemed necessary.

**5) FUNCTIONS**

5.1) The Audit Committee shall, amongst others, discharge the following functions:-

- (i) review the following and report same to the Board:-
  - (a) with the external auditors, the scope of the audit and the audit plan;
  - (b) with the external auditors, their evaluation of the system of the internal controls;
  - (c) with the external auditors, their management letter and the management's response;
  - (d) with the external auditors, their audit report;
  - (e) the assistance given by the employees to the external auditors;
  - (f) the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - (g) 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 function;
  - (h) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
    - (i) any changes in or implementation of major accounting policy changes;
    - (ii) significant adjustments arising from the audit;
    - (iii) significant and unusual events;
    - (iv) the going concern assumption; and
    - (v) compliance with accounting standards and other legal requirements;
  - (i) any related party transaction and conflict of interest situation that may arise within the Company or the group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (j) any letter of resignation from the external auditors; and
  - (k) whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment;
- (ii) recommend the nomination of a person or person as external auditors; and
- (iii) any other matters as directed by the Board.

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**6) OVERSEEING THE INTERNAL AUDIT FUNCTION**

- 6.1) The Committee shall establish an internal audit function which is independent of the activities it audits.
- 6.2) The Committee shall oversee all internal audit functions and is authorized to commission investigations to be conducted by internal audit as it deems fit.
- 6.3) The internal auditor shall report directly to the Committee and shall have direct access to the Chairman of the Committee.
- 6.4) All proposals by management regarding the appointment, transfer or dismissal of the internal auditor shall require the prior approval of the Committee.
- 6.5) The Committee shall ensure that the person responsible for the internal audit has relevant experience, sufficient standing and authority to discharge his functions effectively.
- 6.6) The Committee shall ensure that the internal audit has sufficient resources to carry out its role effectively.

**7) QUORUM FOR MEETINGS**

- 10.1) The quorum shall be formed only if there is a majority of members present at the meeting who are independent directors.

**8) ATTENDANCE AT MEETINGS**

- 8.1) The Head of Finance, the Head of Internal Audit, and a representative of the External Auditors shall normally attend meetings. Other Board members and employees may attend any particular meeting only at the Audit Committee's invitation, specific to the relevant meeting. However, at twice a year the Committee shall meet with the External Auditors without executive Board members present.

**9) FREQUENCY OF MEETINGS**

- 9.1) The Chairman shall call for meetings, to be held not less than four times a year. The External Auditors may request a meeting if they consider one necessary.

**10) PROCEEDINGS OF MEETINGS**

- 10.1) A member may at any time and the Secretary shall on the requisition of a member summon a meeting of the Audit Committee by giving the members not less than seven days' notice thereof unless such requirement is waived.
- 10.2) In the absence of the Chairman, the Committee shall appoint one of its members present to chair that meeting.
- 10.3) A resolution put to vote shall be decided by a majority of votes of the members present, each member having one vote.
- 10.4) Any decision of the Committee shall be by simple majority. Where necessary and appropriate, any decisions of the Audit Committee can also be passed by way of a written circular resolution.
- 10.5) A meeting may be convened using telephone and/or the contemporaneous linking together by telephone, other media telecommunication or such other electronic communication media of a number of the Committee members being not less than the quorum shall be deemed to constitute a meeting of the Committee wherever in the world they are, as long as
  - the quorum of Committee is met;
  - at the commencement of the meeting each Committee member acknowledges his presence thereof to all the other members taking part and such participation shall be deemed to be his presence in person;

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- each of the Committee members taking part is able to be heard and hear each of the other members subject as hereinafter mentioned throughout the meeting; and
- the Committee members present at the commencement of the meeting do not leave the meeting by disconnecting the telephone, but the meeting shall be deemed to have been conducted validly notwithstanding that the telephone or electronic communication media is accidentally disconnected during the meeting and provided that no discussions or decisions should be made in respect of matters by the members during the disconnection and that if the telephone or electronic communication media cannot be re-connected at all, the meeting shall then be adjourned.

**11) REPORTING PROCEDURES**

- 11.1) The Company Secretary shall be the Secretary of the Committee. He shall record attendance of all members and invitees and take minutes to record the proceedings of every meeting of the Committee. All minutes of meetings shall be circulated to every member of the Board.
- 11.2) The Committee shall prepare an annual report to the Board that provides a summary of the activities of the Committee and the internal audit function or activity for inclusion in the Company's annual report.
- 11.3) The Committee may report any breaches of the Listing Requirements, which have not been satisfactorily resolved, to the Bursa Securities.

**12) TRAINING**

- 12.1) Financially literate.
- 12.2) Member of Audit Committee must undergo training of accounting.

Revised and Approved on 27 February 2018,

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Wong Miow Song  
Chairman of Audit Committee  
Date: 27/2/2018