

B E S H O M

BESHOM HOLDINGS BERHAD

(Registration No. 202101001114 (1401412-A))

Audit Committee
Terms of Reference

AUDIT COMMITTEE: TERMS OF REFERENCE

Definition:

- “Committee”** : The Audit Committee of the Company.
- “Company”** : BESHOM HOLDINGS BERHAD
- “Group”** : The Company and its subsidiaries.
- “MMLR”** : Bursa Securities Main Market Listing Requirements including any relevant practice notes, directives, guidelines issued pursuant thereto and any amendment, modification, supplemental to the Listing Requirements that may be made from time to time.
- “the Board” or “the Directors”** : The directors for the time being of the Company or such number of them as have authority to act for the Company.
- “the Code”** : Malaysian Code on Corporate Governance and as may be amended from time to time.
- “the Designated Stock Exchange”** : Bursa Malaysia Securities Berhad (Registration no. 200301033577 (635998-W)) for so long as the shares of the Company are listed and quoted on the Bursa Malaysia Securities Berhad and/or such other stock exchange in respect of which the shares of the Company may be listed or quoted.
- “the Secretary”** : Any person or persons jointly appointed to perform the duties of the Secretary of the Company including any person(s) appointed temporarily and any representative of the Secretary.

1. Objectives

The Audit Committee (“Committee”) is a Committee of the Board of Directors of Beshom Holdings Berhad (“Company”) established on 12 November 2021. The Board has constituted the Committee with the authority necessary to perform the duties set out in these Terms of Reference. Its objectives are (i) to assist the Board of Directors in meeting its responsibilities relating to accounting and reporting practices of the Company and its subsidiaries (“the Group”); (ii) to oversee and evaluate audit work conducted by both the Company’s external auditors and internal auditors; and (iii) to ensure the independence of the Company’s external auditors and the internal audit function.

2. Composition and membership

- 2.1 The Board must appoint the members of the Committee from amongst its Directors which fulfils the following requirements:-
- (a) the Committee must be composed of not fewer than 3 members;
 - (b) all the Committee members must be non-executive directors, with a majority of them being independent directors; and
 - (c) at least one member of the committee:-
 - (i) must be a member of the Malaysian Institute of Accountants;
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and: -
 - (aa) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - (iii) fulfils such other requirements as prescribed or approved by the Exchange.
- 2.2 The Board must ensure that no alternate director is appointed as a member of the Committee.
- 2.3 The Board must ensure a cooling off period of at least three (3) years before a former partner of the external audit firm be appointed as a member of the Committee as to safeguard the independency of the audited financial statements.

3. Chairman of the Committee

- 3.1 The members of the Committee must elect a Chairman among themselves who is an independent director.
- 3.2 If the Chairman is not present at a meeting within fifteen (15) minutes after the time appointed for holding the meeting, the members of the Committee may elect one (1) of their members to be the chairman of the meeting.
- 3.3 The Chairman of the meeting shall have a second or casting vote except when only two (2) Committee members are competent to vote in the question at issue and he or she is one of such member.

4. Secretary of the Committee

- 4.1 The Company Secretary or in her absence, the Head of Internal Audit, shall be the Secretary of the Committee.

5. Vacancy

5.1 In the event of any vacancy in the Committee resulting in the non-compliance of paragraphs 2.1 and 3.1 above, the Company must fill the vacancy within 3 months.

6. Review of the term of office of the Committee and the performance of its members

6.1 The Committee shall also review annually its own performance, constitution and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it deems necessary and appropriate to the Board for approval.

6.2 The Nominating Committee must review the term of office and performance of the Committee and each of its members annually to determine whether the Committee and its members have carried out their duties in accordance with these terms of reference.

7. Functions of the Committee

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

7.1 Review the following and report the same to the Board:-

- (a) With the External Auditors, the scope of annual audit and approval of annual audit plan including any changes to the planned scope of the audit plan;
- (b) With the External Auditors, the evaluation of risk management and internal control system;
- (c) With the External Auditors, their audit report;
- (d) The External Auditors' management letters and management's responses;
- (e) The assistance given by employees of the Company to the External Auditors;
- (f) The quarterly results and the year-end financial statements, prior to the approval by the Board, focusing particularly on:-
 - (i) changes in and/or implementation of major accounting policies and practices;
 - (ii) significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are addressed;
 - (iii) going concern assumptions; and

- (iv) compliance with accounting standards and other legal requirements;
- (g) The related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or code of conduct that may raise concern or question of management's integrity;
- (h) Reviewing audit matters pertaining to Anti-Bribery Policy ("ABP"), including ensuring the inclusion of ABP in the Group's internal audit scope, and reviewing the effectiveness of the Group's internal control system pertaining to ABP;
- (i) Verification on the allocation of the Employees' Share Option Scheme ("ESOS") to ensure compliance with the allocation criteria approved by ESOS Committee and in compliance with the ESOS By-Laws, if any;
- (j) The letter of resignation or dismissal of the External Auditors of the Company and any reason supported by grounds, if any to believe that the External Auditors are not suitable for re-appointment;
- (k) The recommendation or the appointment of a person or persons as the External Auditors, review and assess the performance on the suitability of the person(s) as External Auditors and the external audit fees in the following areas:
 - (a) Service quality;
 - (b) Sufficiency of resources;
 - (c) Communication with the Management; and
 - (d) Independence, Objectivity and Professionalism.
- (l) The audit fees and the nature of non-audit services and the related fee level compared to the external audit fees of the Company and Group. The policy on audit and non-audit services is guided by the following principles: -
 - (i) the auditors may provide audit and non-audit related services that, while outside the scope of the statutory audit, are consistent with the role of auditors;
 - (ii) the External Auditors should not provide services that are perceived to be materially in conflict with the role of auditors. However, the External Auditors may be permitted to provide non-audit services that are not perceived to be materially in conflict with the role of auditors; and
 - (iii) exceptions may be made to the policy where the variation is in the interest of the Company and arrangements are put in place to preserve the integrity of the external audit process. The Board must specifically approve any such exceptions.

7.2 Review the internal audit function which includes the following:

- (i) 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;
- (ii) The internal audit plan, programmes, processes and findings of the internal audit reports or investigation undertaken to ensure that the appropriate actions are taken on the recommendations of the internal auditors;
- (iii) The review, appraisal and assessment of the performance of the Head of Internal Audit and co-sourced internal auditors (if applicable); and approval for any appointment or termination of the Head of Internal Audit as well as co-sourced internal audit service provider (if applicable);
- (iv) To approve any appointment or termination of Head of Internal Audit; and
- (v) Take cognizance of resignations of senior internal audit staff and provide the resigning staff member an opportunity to submit his reason for resigning.

8. Procedure of the meetings of the Committee

8.1 Frequency of Meetings

The Committee shall meet at least four (4) times a year at appropriate times in the reporting cycle and otherwise as required.

8.2 Quorum

- (a) The quorum for a meeting shall be made up of a majority of the members present, who shall be Independent Directors.
- (b) A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the rights, authorities, duties, powers and discretions vested upon the Committee.
- (c) In the event a quorum is not present within fifteen (15) minutes after the time appointed for holding the meeting, the meeting shall stand adjourned to the following working day at the same time and place, or to such other day and at such other time and place as the Chairman may determine.

8.3 Notice of meeting

- (a) Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.
- (b) Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee in writing or in any form including via the electronic media, and also any other Directors or persons required to attend, not later than three (3) working days before the date of the meeting. Supporting papers shall be sent in any medium to the Committee members and to other attendees as appropriate, at the same time when available.
- (c) Any Committee member may waive notice of any meeting and any such waiver may be retroactive.
- (d) The Committee may invite the Group Managing Director, Group Executive Director who is also the Group Chief Financial Officer, representatives from Accounts, Finance and Operation Management, Head of Group Internal Audit, and the representative of the co-sourced Internal Auditors, if applicable and External Auditors to attend any or all of its meetings.

8.4 Meetings and proceedings

- (a) The Committee members may meet together for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit.
- (b) The Committee members may participate in a meeting of the Committee by means of a telephone or video-conference or any other medium of which all persons participating in the meeting can hear each other, without a Committee member being in the physical presence of another Committee member or members, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. The Committee members participating in any such meeting shall be counted in the quorum for such meeting and subject to there being a requisite quorum present, all resolutions agreed by the Committee members in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Committee members duly convened and held. A meeting conducted by means of a telephone or video-conference or any other medium as aforesaid is deemed to be held at the place agreed upon by the Committee members attending the meeting, provided that at least one of the Committee members present at the meeting was at the place for the duration of the meeting.

8.5 Attendance of other directors, employees and others

Other directors, employees and/or any persons may be invited to attend any specific meeting of the Committee strictly upon the Committee's invitation only.

8.6 Minutes of Meetings

- (a) The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- (b) The Secretary should ascertain, at the beginning of each meeting, the existence of any conflict of interests and minute them accordingly.
- (c) Minutes of the Committee's meetings shall be circulated promptly to all members of the Committee and, once approved, to all members of the Board.
- (d) The Secretary shall keep record of all conclusions and resolutions passed at all Committee meetings, including the names and signatures of the attendants.
- (e) Full minutes of the Committee meetings shall be kept by the Secretary.

8.7 Circular Resolution

A resolution in writing signed or approved by letter, telefax or other written electronic communications by a majority of the members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting. All such resolutions shall be forwarded or otherwise delivered to the Secretary and shall be recorded by the Secretary in the minutes book. Any such resolution may consist of several documents in like for, each signed by one (1) or more members.

9. Reporting of breaches to the Designated Stock Exchange

- 9.1 Where a member of 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 member must promptly report such matter to the Designated Stock Exchange.

10. Authority of the Committee

- 10.1 The Company must ensure that wherever necessary and reasonable for the performance of its duties, the Committee must, by the authority and in accordance with a procedure to be determined by the Board and at the cost of the Company: -
 - (a) have authority to 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 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 independent professional or other advice, if need be;
- (f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary; and
- (g) review any significant transactions which falls under any one of the percentage ratios indicated in Paragraph 10.02(g) of the MMLR with threshold of 5% or more and which is not within the normal course of business.

11. Reporting Responsibilities

- (a) The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- (b) The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- (c) The Committee shall compile a report to shareholders of a summary of its work in the discharge of its functions and duties for that financial year and how it has met its responsibilities and the work of the internal audit function to be included in the Company's Annual Report.

12. Other Matters

The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the company secretary/ies for assistance as required;
- (b) be provided with appropriate and timely training, in the form of an induction programme for new members and on an ongoing basis for all members;
- (c) give due consideration to laws and regulations, the provisions of the Malaysian Code of Corporate Governance and the requirements of the Designated Stock Exchange and other securities rules as appropriate;
- (d) oversee any investigation of activities that are within these Terms of Reference.