

TERMS OF REFERENCE
MAHB BOARD AUDIT COMMITTEE (BAC)

1.0 CONSTITUTION

1.1 The authority and function of the BAC extends to MAHB and all its subsidiaries, joint ventures and associates within the Group.

2.0 ESTABLISHMENT OF OBJECTIVES

2.1 Assist the Board of Directors;

i) in fulfilling its fiduciary responsibilities relating to the company's accounting policies, financial reporting practices, business ethics policies and financial position and performance.

ii) assessing the Group's processes relating to internal controls, risk management and governance.

2.2 Ensure transparency, integrity and accountability in the Group's activities to safeguard the rights and interest of the Shareholders.

2.3 Maintain, through regularly scheduled meetings, a direct line of communication between the Board and the External and Internal Auditors.

2.4 Enhance the independence of the External and Internal Audit functions.

3.0 MEMBERSHIP

3.1 The BAC shall be appointed by the Board of Directors of MAHB from among its members and:

(i) all members shall be Non-Executive Directors and comprise of at least four (4) members.

(ii) a majority of the members must be Independent Directors.

(iii) at least one member must be a member of the Malaysian Institute of Accountants, or if he is not, then he must comply with para 15.10 of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

3.2 If for any reason the membership falls below four members, the Board of Directors shall within one month of the event, appoint such number of new members as may be required to fulfil the minimum requirement.

- 3.3 No alternate Director is to be appointed as a member of BAC.
- 3.4 The Chairman of the BAC shall be an independent Non-Executive Director appointed by the Board of Directors.
- 3.5 The Board Nomination and Remuneration Committee must review the term of office and performance of the BAC and each of its members annually to determine whether the BAC and members have carried out their duties in accordance with their terms of reference.
- 3.6 A cooling-off period of two (2) years is required before a former audit partner can be appointed as member of the BAC.

4.0 **AUTHORITY**

- 4.1 The BAC shall have the following authority as empowered by the Board of Directors:-
 - (i) Have authority to investigate any matter within its terms of reference.
 - (ii) Have the resources required to perform its duties.
 - (iii) Have full and unrestricted access to any information, records, properties and personnel within the Group.
 - (iv) Have direct communication channels with the External Auditors and Internal Auditors.
 - (v) To obtain independent professional advisers or other advisers and to engage outsiders with relevant experience and expertise if necessary.
 - (vi) 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.
 - (vii) To discuss with Management to ensure that there are specific and effective avenues for whistle blowing.

5.0 **FUNCTION AND DUTIES**

The functions and duties of BAC shall be to:

- 5.1 Consider the appointment of the External Auditors, the audit fee and any questions of resignation or dismissal.

- 5.2 Discuss with the External Auditors before the audit commences the nature and scope of the audit, the annual audit plan and ensure co-ordination where more than one firm is involved.
- 5.3 Review the quarterly and year-end financial statements of the Group prior to submission to the Board, focusing particularly on:
- changes in or implementation of major accounting policy and practices
 - significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed
 - the going concern assumption
 - compliance with accounting standards, the Listing Requirements of BMSB and other legal requirements
- 5.4 Review and monitor the financial position and performance of the MAHB Group on a quarterly basis.
- 5.5 Review the efficiency of the Group's operations particularly those relating to areas of significant risks.
- 5.6 Assess the internal process for determining and managing key risks. Review the Statement of Risk Management and Internal Control prior to submission to the Board.
- 5.7 Discuss problems and reservations arising from the interim and final audits, and any other matter the auditor may wish to discuss in the absence of management where necessary.
- 5.8 Review the External Auditor's Management Letter and management's response.
- 5.9 Oversee the Internal Audit functions by:
- Reviewing and approving the Internal Audit Charter of Internal Audit Division in the Group.
 - Reviewing the adequacy of the plan, scope, functions, competency and resources and that it has the necessary authority to carry out its work and have appropriate standing in the Group.
 - Reviewing the internal audit programme and results of the internal audit process and where necessary ensure that appropriate action is taken on its recommendations.
 - Evaluating and approving the appointment, promotion, transfer, termination of service/contract and offer of new employment contract of Head of Internal Audit.

- Reviewing and approving the remuneration structure for Head of Internal Audit.
 - Being informed of the appointment and resignation of Internal Audit management staff and provide them the opportunity to submit reasons for resigning.
- 5.10 Review any related party transactions and conflict of interest situations that may arise including any transaction, procedure or course of conduct that raises questions of integrity.
 - 5.11 Consider the major findings of internal investigations and management's response.
 - 5.12 Carry out other duties as directed by the Board.
 - 5.13 Promptly report to BMSB on matters reported by it to the Board that have not been satisfactorily resolved resulting in a breach of the Listing Requirements of the BMSB.
 - 5.14 Direct any special investigations to be carried out by the Internal Audit.
 - 5.15 Review and reassess, with the assistance of management and the External Auditors, the adequacy of the Terms of Reference of the BAC on annual basis.
 - 5.16 Annual evaluation of the external auditor's performance to ensure continued independence, objectivity and quality of audits.
 - 5.17 As an oversight of the whistleblowing programme, an independent member of the BAC shall be the Chairman of the Whistleblowing Independent Committee.
 - 5.18 All matters pertaining to ethics, integrity, corruption, abuse of power and other scope covered under the MACC Act 2009 (including but not limited to that dealt with/by WIC) shall be reported to BAC via Corporate Integrity Unit (CIU).

6.0 **FREQUENCY OF MEETINGS/QUORUM/SECRETARY**

- 6.1 The BAC meeting can be held within or outside Malaysia and can be held at two(2) or more venues within or outside Malaysia using any telecommunication device or such other communication facilities that enable the BAC members as a whole to participate for the entire duration of the meeting. Participation by the BAC member in a meeting using any telecommunication device or other communication facilities shall be treated as presence in person and shall be counted towards the quorum notwithstanding the fact that he/she is not physically present at the venue where the meeting is to be held.

- 6.2 The BAC Meetings shall be held at least six times during the financial year. Notice of meetings shall be circulated to the members one week in advance. The agenda for each meeting shall be circulated at least three full working days before each meeting to the Committee members.
- 6.3 Upon the request of any member of BAC, the Head of Internal Audit or the External Auditor, the Chairman of BAC shall convene a special meeting to consider any matters.
- 6.4 A quorum of three members, of which two are independent, is the minimum required to be present at any BAC Meetings. At any meetings, there must be a majority of independent members.
- 6.5 The Company Secretary shall be the Secretary of the BAC.
- 6.6 The meetings of the BAC shall be attended by the Head of Internal Audit. The Management of MAHB shall be represented by the Managing Director or his authorized representatives, at the invitation of the BAC and shall excuse themselves when so directed by the BAC.
- 6.7 The Committee may request other members of management, Internal Auditors and External Auditors to participate in the BAC meetings, as and when necessary.
- 6.8 The minutes of the meetings shall be tabled at the MAHB Board of Directors meetings.