

MARINE & GENERAL BERHAD
TERMS OF REFERENCE (AUDIT COMMITTEE)
Revised – 18 March 2024

1. Membership

- 1.1 The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall consist of not less than 3 members.
- 1.2 The majority of the members including the Chairman of the Committee shall be Independent Directors as defined in Chapter 15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).
- 1.3 The Committee shall include at least 1 person:
- (a) who is a member of the Malaysian Institute of Accountants; or
 - (b) who must have at least 3 years working experience and:-
 - (i) have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - (ii) is a member of one of the Associations specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
 - (c) who must have at least 3 years post qualification experience in accounting or finance and:-
 - (i) has a degree/masters/doctorate in accounting or finance; or
 - (ii) is a member of one of the professional accountancy organisations which has been admitted as a full member of the International Federation of Accountants; or
 - (d) who must have at least 7 years experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
- 1.4 No Alternate Director shall be appointed as a member of the Committee.
- 1.5 The members of the Committee shall elect a Chairman from amongst their number.
- 1.6 If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced below 3, the Board shall, within 3 months appoint such number of new members as may be required to make up the minimum of 3 members.

- 1.7 The terms of office and performance of the Committee and each of its members shall be reviewed by the Board no less than once every 3 years. However, the appointment terminates when a member ceases to be a Director.
- 1.8 Each member of the Committee is entitled to one (1) vote in deciding the matters deliberated at the meeting. The decision that gained the majority votes shall be the decision of the Committee.
- 1.9 **Chairman's casting vote**
In the event of an equality of votes, the Chairman of the Committee shall be entitled to a second or casting vote.

2. **Meetings**

- 2.1 The quorum for a Committee Meeting shall be a least 2 members, the majority of whom must be Independent Directors.
- 2.2 The Committee shall meet at least 4 times a year and such additional meetings as the Chairman shall decide.
- 2.3 Notwithstanding paragraph 2.2 above, upon the request of any member of the Committee, non-member Directors, the Internal or Independent Auditors, the Chairman shall convene a meeting of the Committee to consider the matters brought to its attention.
- 2.4 **Members' Circular Resolution**

A Resolution in writing signed by all members shall be effectual as if it had been passed at a meeting of the Committee.

All such resolutions shall be described as "Members' Circular Resolutions" and shall be forwarded or otherwise delivered to the Company Secretaries without delay and shall be recorded by the Company Secretaries in the Minutes Book. Any such resolution may consist of several documents in the like form, each signed by one (1) or more members.

The expressions "in writing" or "signed" include approval by legible confirmed transmission by facsimile, telex, cable, telegram or other forms of electronic communications.

- 2.5 **Participation at Committee Meeting by way of electronic means**

Members may participate in a meeting of the Committee by means of a conference telephone or similar electronic tele-communicating equipment by means of which all persons participating in the meeting can hear each other and participate throughout the duration of the communication between the members and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

- 2.6 The Independent Auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so.

- 2.7 The non-member Directors and employees of the Company and of the Group shall normally attend the meetings to assist in its deliberations and resolutions of matters raised. However, at least twice a year, the Committee shall meet with the Independent Auditors without the presence of the executive members of the Committee.
- 2.8 The Internal Auditors shall be in attendance at all meetings to present and discuss the audit reports and other related matters as well as the recommendations relating thereto and to follow-up on all relevant decisions made.
- 2.9 The Company Secretaries shall act as Secretaries of the Committee and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting.
- 2.10 The Secretaries of the Committee shall be entrusted to record all proceedings and minutes of all meetings of the Committee.
- 2.11 In addition to the availability of detailed minutes of the Committee Meetings to all Board members, the Committee at each Board Meeting will report a summary of significant matters and resolutions.

3. **Rights and Authority**

The Committee is authorized to:-

- 3.1 Investigate any matter within its terms of reference.
- 3.2 Have adequate resources required to perform its duties.
- 3.3 Have full and unrestricted access to information, records and documents relevant to its activities.
- 3.4 Have direct communication channels with the Independent and Internal Auditors.
- 3.5 Engage, consult and obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise it considers necessary.

4. **Functions and Duties**

- 4.1 To review and recommend for the Board's approval, the Internal Audit Charter which defines the independent purpose, authority, scope and responsibility of the internal audit function in the Company and the Group.
- 4.2 To review the following and report to the Board:-
 - (a) With the Independent Auditors;-
 - (i) the audit plan and audit report and the extent of assistance rendered by employees of the Group.

- (ii) their evaluation of the system of internal controls;
 - (iii) the audit fees and on matters concerning their suitability for nomination, appointment and re-appointment and the underlying reasons for resignation or dismissal as Auditors;
 - (iv) the management letter and management's response; and
 - (v) issues and reservations arising from audits.
- (b) With the Internal Auditors:-
- (i) the adequacy and relevance of the scope, functions and resources of the Internal Auditors and the necessary authority to carry out its work;
 - (ii) the results of internal audit processes including recommendations and actions taken;
 - (iii) the extent of cooperation and assistance rendered by employees of the Group; and
 - (iv) the appraisal of the performance of the internal audit including that of the senior staff and any matter concerning their appointment and termination.
- (c) The quarterly results and year end financial statements prior to the approval by the Board, focusing particularly on:-
- (i) changes and implementation of major accounting policies and practices;
 - (ii) significant and unusual issues;
 - (iii) going concern assumption; and
 - (iv) compliance with accounting standards, regulatory and other legal requirements.
- (d) The major findings of investigations and management response.
- (e) The propriety of 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.
- (f) Any conflicts of interest situation that arose, persist or may arise within the Company or Group, including any transaction, procedure or course of conduct that raises questions of board and/or management integrity, and the measures taken to resolve, eliminate or mitigate such conflicts.

- 4.3 To report any breaches of the Main Market Listing Requirements which have not been satisfactorily resolved, to Bursa Securities.
- 4.4 To prepare the Audit Committee Report for inclusion in the Company's Annual Report covering:-
- (a) the composition of the Committee including the name, designation and directorship of the members;
 - (b) the terms of reference of the Committee;
 - (c) the number of meetings held and details of attendance of each members;
 - (d) a summary of the activities of the Committee in the discharge of its functions and duties; and
 - (e) a summary of the activities of the internal audit function.
 - (f) a summary of any conflicts of interest or potential conflicts of interest situation reviewed by the audit committee pursuant to paragraph 15.12(1)(h) (excluding a related party transaction), and the measures taken to resolve, eliminate, or mitigate such conflicts.
- 4.5 To review the following for publication in the Company's Annual Report:-
- (a) the disclosure statement of the Board on:-
 - (i) the Company's applications of the principles set out in Part I of the Malaysian Code on Corporate Governance; and
 - (ii) the extent of compliance with the best practices set out in Part II of the Malaysian Code on Corporate Governance, specifying reasons for any area of non-compliance and the alternative measures adopted in such areas.
 - (b) the statement on the Board's responsibility for the preparation of the annual audited financial statements.
 - (c) the disclosure statement on the state of the internal control system of the Company and of the Group.
 - (d) other disclosure forming the contents of the annual report spelt out in Part A of Appendix 9C of the Main Market Listing Requirements of Bursa Securities.

The above functions and duties are in addition to such other functions as may be agreed to from time to time by the Committee and the Board.