



BINTULU PORT HOLDINGS BERHAD GROUP OF COMPANIES

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

29 November 2021

BINTULU PORT HOLDINGS BERHAD

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

1.0 INTRODUCTION

- 1.1 The purpose of the Audit Committee (“the AC”) is to assist the Board of Directors, Bintulu Port Holdings Berhad (“the Board”) in fulfilling its fiduciary responsibilities in regards to —
- 1.1.1 overseeing accounting policies, financial reporting practices, business ethics policies and financial position and performance of Bintulu Port Holdings Berhad (“the Company”) and its subsidiary companies (“the Group”) and the adequacy of related disclosures and financial reporting;
 - 1.1.2 evaluating the internal and external audit process and outcomes;
 - 1.1.3 reviewing conflict of interest situations and related party transactions; and
 - 1.1.4 undertake any such other functions as may be determined by the Board from time to time.

2.0 COMPOSITION

- 2.1 The members of the AC shall be appointed by the Board from amongst its Board of Directors, which shall satisfy the following requirements¹ —
- 2.1.1 The AC shall comprise of at least three (3) members, exclusively of Non-Executive Directors, with a majority of them being Independent Directors.²
 - 2.1.2 At least one member of the AC³ —
 - a) must be a member of the Malaysian Institute of Accountants; or
 - b) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years’ working experience and —
 - i) have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or

¹ Para. 15.09 (1), Part C – Audit Committee, Chapter 15, Main Market Listing Requirements (MMLR).

² Para. 15.09 (1) (a), (b), *ibid.*

³ Para. 15.09 (1) (c), *ibid.*

- ii) 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 There shall be no alternate director appointed as a member of the AC.⁴

2.3 In the event that a former partner of the external audit firm of the Company is to be appointed as member of the AC, the said former partner must observe a cooling-off period of at least three (3) years prior to his appointment to the AC.⁵

2.4 In the event of any vacancy in the AC resulting in the non-compliance of paragraphs 2.1 and 3.1 herein, the Company must fill the vacancy within three (3) months, or within such extension period approved by Bursa Malaysia Securities Berhad ("Bursa Malaysia").⁶

2.5 The Nomination and Remuneration Committee of the Company must review the term of office and performance of the AC and each of its members annually to determine whether the AC and its members have carried out their duties in accordance with their terms of reference.⁷

3.0 CHAIRMAN

3.1 The Chairman of the AC shall be an Independent Director.⁸

3.2 In the absence of the AC Chairman, the remaining members present shall elect one of their numbers present to chair the meeting, who shall be an independent director.

3.3 The Chairman of the AC shall not be a Chairman of the Board.⁹

4.0 SECRETARY

4.1 The Company Secretary or any authorised person shall be the secretary of the Committee (the "Secretary").

4.2 The Secretary shall provide assistance to the members of the Committee, including but not limited to assist the AC Chairman in planning the work of the Committee, formulating meeting agendas, maintenance of committee minutes, collation and distribution of information required by the Committee and provide practical support, as and when needed.

⁴ Para 15.09 (2), Part C – Audit Committee, Chapter 15, MMLR.

⁵ Practice 9.2, Malaysian Code on Corporate Governance 2021 (MCCG 2021).

⁶ Para. 15.19, Part C – Audit Committee, Chapter 15, MMLR.

⁷ Para. 15.20, *ibid*.

⁸ Para. 15.10, *ibid*.

⁹ Practice 9.1, MCCG 2021.

5.0 QUORUM

The quorum shall be two (2) members, with at least one (1) member present shall be an Independent Director.¹⁰

6.0 MEETINGS AND PROCEDURES

6.1 Meetings of the Audit Committee (“AC meetings”) may be conducted by means of telephone conference, video conference or any other form of audio or audio-visual instantaneous communication and the participation in the meeting pursuant to this provision shall constitute presence in person at such meeting.

6.2 The AC may regulate its own procedure, in particular of¹¹ —

6.2.1 the calling of meetings;

6.2.2 the notice to be given of such meetings;

6.2.3 the voting and proceedings of such meetings;

6.2.4 the keeping of minutes; and

6.2.5 the custody, production, and inspection of such minutes.

6.3 The minutes of such a meeting signed by the AC Chairman or Chairman of the meeting shall be conclusive of any meeting conducted as aforesaid.

6.4 AC meetings shall be held at least four (4) times a year during each financial quarter.

6.5 AC meetings may be called, at any other time, by the AC Chairman or any member of the AC.

6.6 The AC shall have full discretion to invite any Director or members of the Management to attend its meetings.¹²

6.7 Upon the request of the external auditor, the Chairman of the AC must convene a meeting of the committee to consider any matter the external auditor believes should be brought to the attention of the Directors or shareholders.¹³

¹⁰ Para. 15.18, Part C – Audit Committee, Chapter 15, MMLR.

¹¹ Para. 15.14, *ibid.*

¹² Para. 15.13, *ibid.*

¹³ Para. 15.24, *ibid.*

7.0 RESOLUTIONS IN WRITING

- 7.1 The AC may pass resolutions by circulation.
- 7.2 A resolution in writing signed by a majority of AC members, including at least one (1) independent Director, shall be as valid and effectual as if it had been passed at a meeting of the AC duly called and constituted.
- 7.3 These resolutions may consist of several documents in original or facsimile in the like form each signed by one or more members.

8.0 PRINCIPAL DUTIES AND RESPONSIBILITIES

- 8.1 The AC is responsible to review, evaluate, report and make appropriate recommendations to the Board on the following matters¹⁴ —

8.1.1 EXTERNAL AUDIT FUNCTION

- a) Appointment and re-appointment of the external auditors, the audit fee and any questions of resignation and dismissal;
- b) Establishment of policies and procedures to assess the suitability, objectivity and independence of the external auditors that consider, among others —
 - i) The competence, audit quality and resource capacity of the external auditor in relation to the audit;
 - ii) the nature and extent of the non-audit services rendered and appropriateness of the level of fees; and
 - iii) 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;
- c) In relation to Paragraph 8.1.1 (b) (iii), the assessment on the suitability, objectivity and independence of the external auditors should be conducted annually;
- d) Review with the external auditors the nature and scope of the audit plan, the system of internal control and the audit report, including the external auditors' management letter and Management's response;
- e) Assistance and cooperation rendered by the Group's employees to the external auditors.

¹⁴ Para. 15.12 (1), Part C – Audit Committee, Chapter 15, MMLR.

8.1.2 GROUP INTERNAL AUDIT (“GIA”)

- a) Adequacy of GIA’s scope, functions, resources, its appropriate competency and authority within the Group;
- b) Appointment, transfer or dismissal (including termination and removal) of the Head of GIA, in consultation with the Management of the Company.

The AC shall be informed of any resignation of the Head of GIA, who shall be provided with the opportunity to submit his/her reason for resignation to the AC;

- c) GIA’s annual internal audit plan, processes and reports/ findings generated by the GIA, and whether appropriate action is taken on the recommendations of GIA;
- d) Effectiveness and performance of the GIA on an annual basis;
- e) Issuance of guidance and instructions for further actions to be taken by the Management of the Company;
- f) Direct communication/access from the GIA to the Chairman of the AC providing independence from the Management to the AC.

8.1.3 INTERNAL CONTROL

Adequacy and effectiveness of the Group’s internal control system to provide reasonable assurance that —

- a) the assets of the Group are safeguarded against loss from unauthorised use or disposition and to give a proper account of the assets; and
- b) all transactions are properly authorised and that the transactions are recorded as necessary to enable the preparation of a true and fair view of the financial statements of the Company.

8.1.4 WHISTLEBLOWING

Oversight on the adequacy and effectiveness of the Group’s Whistleblowing Policy and procedures implemented to address allegations made by whistleblowers, to ensure that there is proportionate and independent investigation of such allegations and that appropriate follow-up action is taken and brought to the attention of the AC, where necessary.

8.1.5 GENERAL

- a) Quarterly and annual financial statements, focusing particularly on —
 - i) any changes in or implementation of accounting policies and practices;
 - ii) significant matters highlighted including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters are addressed; and
 - iii) compliance with accounting standards and other legal requirements;
- b) Ensure adequacy and effectiveness of the Group's accounting policies and procedures;
- c) Review and endorse any related party transaction and review any situation of conflict of interest in relation thereto that may arise within the Group including any transaction, procedure or course of action that raises questions of management integrity; and
- d) Consider any other relevant matters as defined by the Board.

8.2 Where the AC is of the view that a matter reported by it to the Board of Directors of the Company has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements, the AC must promptly report such matter to Bursa Malaysia Securities Berhad.

9.0 RIGHTS AND AUTHORITY

9.1 The AC shall have —

- 9.1.1 the resources which are required to perform its duties;
- 9.1.2 full and unrestricted access to all information and documents within the Group to perform its duties;
- 9.1.3 the right to obtain independent professional or other advice at the Company's expense;
- 9.1.4 the right to regulate its own procedure on the calling of meeting and meet as and when required on a reasonable notice;

- 9.1.5 the ability to convene meetings with the external auditors, the person(s) carrying out the internal audit function or activity or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary;
- 9.1.6 the right to pass resolutions by a simple majority vote from the AC members;
- 9.1.7 direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- 9.1.8 the right to provide recommendations to the Board for consideration and approval; and
- 9.1.9 the authority to investigate any matter within its terms of reference.

10.0 REVIEW OF THE TERMS OF REFERENCE

- 10.1 The AC shall recommend any change to its terms of reference in such manner as the AC deems appropriate to the Board for approval.
- 10.2 The terms of reference shall be assessed, reviewed and updated as and when necessary or when there are changes to the Malaysian Code of Corporate Governance, the Listing Requirements or any other regulatory requirement.
- 10.3 It shall also be reviewed and updated when there are changes to the direction or strategies of the Group that may affect the AC's roles.

11.0 DATE EFFECTIVE

This Terms of Reference for the Audit Committee shall be in effect from 29 November 2021.