



MUDAJAYA GROUP BERHAD

(Company No. 605539-H)

AUDIT COMMITTEE CHARTER

1. INTRODUCTION

The Audit Committee (“**the Committee**”) was established pursuant to a resolution of the Board of Directors (“**the Board**”) of Mudajaya Group Berhad (“**Mudajaya**”) passed on 29 March 2004.

This Charter (or terms of reference) outlines the purpose of the Committee, its composition, authority, and duties and responsibilities.

2. PURPOSE

The purpose of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the preparation of financial statements, financial reporting and the maintenance of a sound system of internal control, risk management and governance.

3. COMPOSITION

The Committee shall be appointed by the Board from amongst its members such that the following requirements are met:

- (a) The Committee shall comprise no fewer than 3 members;
- (b) All Committee members must be Non-Executive Directors, with a majority of them being Independent Directors; and
- (c) At least one member of the Committee must be a member of the Malaysian Institute of Accountants or fulfil such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

The members of the Committee shall elect a Chairman from among their number who shall also satisfy the criteria of being an Independent Director.

No Alternate Director shall be appointed as a member of the Committee.



No former audit partner of Mudajaya's external auditors shall be appointed to the Committee unless that person has observed a cooling-off period of at least 2 years before being appointed as a member of the Committee.

In the event of any vacancy in the Committee resulting in the number of members being reduced to below 3, the Board shall fill the vacancy within 3 months.

4. MEETINGS AND MINUTES

The Committee shall meet at least 4 times per year, with the authority to convene additional meetings as and when necessary. Quorum at a meeting of the Committee shall be at least 2 members, present in person or by telephone or other telecommunication device, where the majority of whom shall comprise Independent Directors.

Any matter requiring decision will be decided by a majority of votes of members present. The Committee may deal with matters by way of circular resolutions in lieu of convening a formal meeting. A resolution in writing signed by a majority of members shall be as valid and effectual as it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members.

The Committee may request any member of Management, the external auditors or others to be in attendance at a meeting of the Committee.

Minutes of each Committee meeting will be prepared and distributed to each member of the Committee and the Board.

The Company Secretary of Mudajaya shall act as secretary to the Committee.

The meetings and proceedings of the Committee are governed by the provisions of the Constitution of Mudajaya regulating the meetings and proceedings of the Board so far as the same are applicable.

5. AUTHORITY

The Committee is authorised by the Board to:

- (a) investigate any matter/activity of Mudajaya and its subsidiaries ("**Mudajaya Group**") within the scope of this Charter;
- (b) have full and unfettered access to any and all resources, personnel, documents, records or other information of Mudajaya as is required to discharge the duties and responsibilities of the Committee as articulated in this Charter;
- (c) obtain legal or other independent professional advice to assist the Committee in discharging its responsibilities;



- (d) have direct communication channels with the internal and external auditors; and
- (e) convene meetings with the external auditors, the internal auditors or both as and when necessary, excluding the attendance of other Directors and employees of Mudajaya.

Where 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 Listing Requirements of Bursa Securities, the Committee must promptly report such matter to Bursa Securities.

6. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee shall include but not limited to the following:

(a) Financial Reporting

- Review the quarterly results and annual financial statements prior to submission to the Board for approval, focusing particularly on:
 - (i) any significant changes in accounting policies and practices and its implementation;
 - (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) compliance with accounting standards and other legal requirements;
 - (iv) going concern assumptions; and
 - (v) significant audit issues and adjustments arising from audit.
- Review the financial report and cash flows report, including bank facilities and bank covenants of Mudajaya Group.

(b) Internal Audit

- Review and approve the internal audit programme/plan, consider the findings of internal audit engagements and monitor the implementation of audit recommendations/corrective actions.
- Review the scope, functions, competency, resources and budget of the internal audit function, and ensure that it has the necessary authority to conduct its work.
- Review the adequacy, effectiveness and sufficiency of the systems of internal control, risk management and governance of Mudajaya Group.
- Review and assess the performance and independence of the internal auditors.



- Consider the appointment of the Head of Internal Audit and any matter concerning his/her resignation or dismissal.

(c) External Audit

- Review with the external auditors, their audit plan (including the scope and nature of audit) and their evaluation of the system of internal controls.
- Review the external auditors' findings, management letter and Management's response.
- Review with the external auditors, their audit report and to consider the audit opinion and key audit matters contained therein.
- Consider the appointment of external auditors, remuneration, terms of reference and any questions of resignation or dismissal.
- Review the assistance given by the employees of Mudajaya to the external auditors.
- Carry out annual review of the performance of the external auditors, including assessment of suitability and independence of external auditors for recommendation to the Board for re-appointment and the audit fee thereof.
- Review and monitor the extent of non-audit services to be provided by the external auditors and/or its affiliates to ensure that the provision of non-audit services does not impair their independence or objectivity, and recommend the non-audit fees for the Board's approval.
- Discuss problems and reservations, if any, arising from the audits, and any matter which the external auditors may wish to discuss (in the absence of Management where necessary).

(d) Risk Management

- To review and monitor the effectiveness and adequacy of Mudajaya Group's risk management framework to ensure the existence of effective risk management, policy and control.
- The Risk Management Committee is responsible for overseeing the risk management matters of Mudajaya Group, which include identifying, managing, monitoring, treating and mitigating significant risks across the Group. It assists the Board to fulfil its responsibilities with regard to risk governance and risk management in order to manage the overall risk exposure of the Group.



(e) Employee Share Option Scheme (“ESOS”)

- Verify the allocation of options pursuant to the ESOS of Mudajaya as being in compliance with the disclosed criteria for allocation of options, at the end of each financial year, if applicable.

(f) Other Matters

- Review conflict of interest situations that may arise and related party transactions entered into by Mudajaya Group to ensure that the said transactions are on commercial terms and that associated control measures are adequate.
- Disclose any and all actual or perceived conflicts of interest of the Committee members.
- Review the Audit Committee Report, and the Statement on Risk Management and Internal Control before submitting for the Board’s approval and inclusion in Mudajaya’s Annual Report.

The Chairman of the Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

The Committee shall undertake additional work and/or responsibilities as delegated by the Board from time to time.

7. REVIEW OF CHARTER

The Committee will review this Charter on a biennial basis with a view to ensuring the Charter remains consistent with the Committee's purpose, authority and responsibilities.

This Charter was approved by the Board on 27 February 2019.