

DutaLand Berhad

(7296-V)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

1. Composition

a) The Audit Committee (“Committee”) shall be appointed by the Directors amongst its members of no fewer than three (3) members, all of whom shall be Non-Executive Directors, with a majority of them being Independent Directors defined below:

- is not an Executive Director of the Company or its related corporation;
- has not been within the last two (2) years and is not an officer (except as an Independent Director) of the Company or its related corporation;
- is not a major shareholder of the Company or its related corporation;
- is not a relative of any Executive Director, officer or major shareholder of the Company or its related corporation (“relative” means the spouse, parent, brother, sister, child, including adopted or step child, and the spouse of such brother, sister or child);
- is not acting as a nominee or representative of any Executive Director or major shareholder of the Company or its related corporation;
- is not engaged as a professional adviser by the Company or its related corporation [as prescribed by Bursa Malaysia Securities Berhad (“Bursa Securities”)] either personally or through a firm or company of which he is a partner, director or major shareholder; or
- has not been engaged in any transaction with the Company or its related corporation, whether by himself or with other persons or through a firm or company of which he is a partner, director or major shareholder, as the case may be, engaged in any transaction with the Company or its related corporation under such circumstances as prescribed by Bursa Securities.

(b) The Committee shall include at least one member who:

- (i) must be a member of the Malaysian Institute of Accountants (“MIA”); or
- (ii) if he is not a member of the MIA, he must have at least three (3) years’ working experience and:
 - he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
 - he must be a member of one of the association 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 Bursa Securities.

However, all members of the Committee should be financially literate.

- (c) No alternate Director shall be appointed as a member of the Committee.
- (d) The members of the Committee shall elect from among their number a Chairman who is independent and non-executive.
- (e) If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall, within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.
- (f) The Board shall review the term of office and performance of the Committee members at least once every three (3) years.

2. **Authority**

The Committee is authorised by the Board, and at the cost of the Company, to carry out the following:

- investigate any activity within the Terms of Reference of the Committee;
- have resources which are reasonably required to enable it to perform its duties;
- have full and unrestricted access to any information pertaining to the Company or the Group;
- have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- obtain independent professional or other advice and invite outsiders with relevant experience to attend, if necessary;
- 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;
- meet regularly, with due notice of issues to be discussed and record its conclusions in discharging its duties and responsibilities; and
- the Chairman of the Committee should engage on continuous basis with senior management including Executive Directors, Head of Finance, Head of Audit and the external auditors in order to be kept informed of matters affecting the Company.

3. **Duties**

The duties of the Committee shall be to review the following and report the same to the Board:

- Any matters concerning the appointment or recommendation of the external auditors, the audit fee and any question of resignation or dismissal;

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Terms of Reference of the Audit Committee

- The nature and scope of the audit plan by the external auditors before commencement and ensure coordination where more than one audit firm is involved;
- External auditors' audit reports, problems and reservations or areas of concern arising from both the interim and final audits and any other matters the external auditors may wish to discuss (in the absence of Management where necessary);
- Quarterly and year-end financial statements, focusing on any change in or implementation of major accounting policy changes, significant and unusual events, the going concern assumption and compliance with accounting standards and other legal requirements;
- External auditors' management letter and Management's response;
- External auditors' evaluation of the system of internal controls;
- Assistance given by the employees to the external and internal auditors;
- In relation to the internal audit function, to:
 - review the adequacy of the scope, functions, competency and resources of internal audit function and the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process to ensure that appropriate actions are taken on the recommendations of the internal audit function wherever necessary;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointment or termination of senior staff members of the internal audit function;
 - take cognisance of resignations of internal audit staff members and provide resigning staff an opportunity to submit the reasons for resigning;
- Any major findings of internal investigations and Management's response;
- Significant risks identified and control plans;
- Any related party transactions and conflict of interest situations that may arise within the Company or the Group including any transaction, procedure or course of action that raises questions of Management integrity;
- Compliance of procedures and guidelines on recurrent related party transactions; and
- Other topics as authorised by the Board.

4. **Overseeing the Internal Audit Function**

- (a) The Committee shall oversee all internal audit functions and is authorised to commission investigations to be conducted by internal audit, as it deems fit.
- (b) The Head of Internal Audit shall report directly to the Committee and shall have direct access to the Chairman of the Committee.

5. **Procedures**

- (a) The Committee may regulate its own procedures and in particular, the calling of the meetings, the notice given of such meetings, the voting and the proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.
- (b) The secretary of the Committee shall circulate the minutes of the Committee meeting to all members of the Board.

6. **Attendance at Meetings**

- (a) A quorum of the Committee shall be two (2) members present and the majority of the members present must be independent.
- (b) The Head of Finance, the Head of Internal Audit and a representative of the external auditors shall normally attend at the meetings of the Committee. Other Board members may attend meetings upon the invitation of the Committee. However, the Committee should meet with the external auditors without the presence of Executive Directors and Management.
- (c) The Company Secretary shall be the secretary of the Committee.

7. **Frequency of Meetings**

Meetings shall be held not less than four (4) times a year. The external auditors may request a meeting with the Committee if they consider that one is necessary to consider any matter the external auditors wish to bring to the attention of the Directors or shareholders of the Company.