

IOI PROPERTIES GROUP BERHAD

Company Registration No. 201301005964 (1035807-A)

AUDIT COMMITTEE TERMS OF REFERENCE

TERMS OF REFERENCE

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1. MEMBERSHIP

The Audit Committee (“AC”) shall be appointed by the Board of Directors (the “Board”) from amongst the Directors and shall consist of no fewer than three (3) members. All the AC members must be Non-Executive Directors with a majority of them being Independent Non-Executive Directors.

All the AC members should be financially literate with at least one (1) Director who is a member of the Malaysian Institute of Accountants or alternatively a person who must have at least three (3) years working experience and have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967 or is a member of one of the associations specified in Part II of the said Schedule or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The AC shall elect a Chairman from among its members who is an Independent Non-Executive Director.

In the event that a member or the Chairman of the AC resigns, dies or for any other reason ceases to be a member or Chairman with the result that the number of members is reduced below three (3) or there is no Chairman in the AC, the Board of Directors shall, within three (3) months of that event, appoint such number of new members or Chairman.

The term of office and performance of the AC and each of its members shall be reviewed by the Governance, Nominating and Remuneration Committee annually.

2. OBJECTIVES

The primary objectives of the AC are to:

- 2.1 Provide assistance to the Board in fulfilling its fiduciary responsibilities, particularly in the areas relating to the Company and its subsidiaries’ accounting and management controls, financial reporting and business ethics policies.
- 2.2 Provide greater emphasis on the audit function by serving as the focal point for communication between Non-Committee Directors, the external auditors, internal auditors and the management and providing a forum for discussion that is independent of the management. It is to be the Board’s principal agent in assuring the independence of the Company’s external auditors and internal auditors, the integrity of the management and the adequacy of disclosures to shareholders.
- 2.3 Review the adequacy and effectiveness of the enterprise risk management functions
- 2.4 Undertake such additional duties as may be appropriate and necessary to assist the Board.

3. AUTHORITY

The AC is authorised by the Board to:

- 3.1 Investigate any matter within its terms of reference; or as directed by the Board and have full and unrestricted access to any information pertaining to the Company and the Group.

- 3.2 Have direct communication channels with both the external auditors and internal auditors.
- 3.3 Full access to any employee or member of the management.
- 3.4 Be able to convene meetings with the external auditors, the internal auditors or both, without the attendance of other Directors and employees, whenever deemed necessary.

The AC is also authorised by the Board to have the necessary resources and to obtain outside legal or other independent professional advice it considers necessary and reasonable for the performance of its duties.

4. DUTIES AND RESPONSIBILITIES

In fulfilling its primary objectives, the AC will need to undertake the following duties and responsibilities summarised below:

- 4.1 To review with management on a periodic basis, the Company's general policies, procedures and controls especially in relation to management accounting, financial reporting and business ethics.
- 4.2 To consider the appointment of the external auditors, the terms of reference of their appointment, the audit fee and any questions of resignation or dismissal.
- 4.3 To review with the external auditors their audit plan, scope and nature of the audit for the Company and the Group.
- 4.4 To review the external auditors' management letter and management's response.
- 4.5 To review with the external auditors with regard to problems and reservations arising from their interim and final audits.
- 4.6 To review with the external auditors the audit report and their evaluation of the system of internal controls.
- 4.7 To review the assistance given by employees of the Company or Group to the external auditors.
- 4.8 To do the following, in relation to the internal audit function:
 - 4.8.1 approve the internal audit charter.
 - 4.8.2 review the adequacy of the scope, competency, budget and resources of the internal audit function and that it has the necessary authority to carry out its work.
 - 4.8.3 review the internal audit plan, processes, the results of the internal audit assessment, investigation undertaken and whether or not appropriate action is taken on the recommendations.
 - 4.8.4 review any appraisal or assessment of the performance of head of internal audit division.
 - 4.8.5 approve any appointment or termination of head of internal audit division.
 - 4.8.6 take cognisance of resignations of internal audit senior staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
 - 4.8.7 review the external assessments of the internal audit function.

- 4.9 To review the Company and the Group's quarterly financial statements and annual financial statements before submission to the Board.

The review shall focus on:

- any changes in or implementation of major accounting policies 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.
 - significant adjustments and issues arising from the audit.
 - the going concern assumption.
 - compliance with the applicable approved accounting standards and other legal requirements.
- 4.10 To review any related party transaction and conflict of interest situations that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- 4.11 To undertake such other responsibilities as may be agreed to by the AC and the Board.
- 4.12 To consider the report, major findings and management's response of any internal investigations carried out by the internal auditors.
- 4.13 To verify the allocation of options pursuant to Employees' Share Option Scheme ("ESOS") in compliance with the criteria of the ESOS at the end of each financial year.
- 4.14 To review the statement on risk management and internal control.

5. CONDUCT OF MEETINGS

5.1 Frequency and Attendance

- 5.1.1 The AC shall meet at least five (5) times a year. The Chairman shall also convene a meeting of the AC if requested to do so by any member, the management or the internal or external auditors to consider any matter within the scope and responsibilities of the AC.
- 5.1.2 The chief executive officer, head of finance, head of internal audit division and representatives of the external auditors shall normally be invited to attend meetings of the AC. The AC may also invite other Directors and employees to attend any of its meeting to assist in resolving and clarifying matters raised.
- 5.1.3 The AC shall meet with the external auditors without executive board members present at least twice a year.

5.2 Quorum

A quorum shall consist of a majority of Independent Non-Executive Directors and shall not be less than two (2).

5.3 Meeting Mode

5.3.1 Meetings of the AC (“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.

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.

5.3.2 Minutes of all AC meetings shall be confirmed by the AC Chairman or Chairman of the meeting and circulated to all members.

5.3.3 The AC may pass resolutions by circulation. A resolution in writing signed by a majority of AC members, shall be as valid and effectual as if it had been passed at a meeting of the AC duly called and constituted.

These resolutions may consist of several documents in original or facsimile in the like form each signed by one or more members.

5.4 Voting

In the event of an equality of votes, the Chairman shall not have a casting vote. All conflicting views shall be submitted to the Board for its final decision.

Any member who has an interest in any matters being reviewed or considered shall abstain from voting on the matter.

6. ATTENDANCE AT ANNUAL GENERAL MEETING

The AC Chairman (or in his absence, an alternative member of the AC) shall attend the Annual General Meeting of the Company.

7. SECRETARY AND MINUTES

The Company Secretary shall be the secretary of the AC and as a reporting procedure, the minutes shall be circulated to all members of the Board.

8. REVIEW OF THE TERMS OF REFERENCE

The AC may review its Terms of Reference annually or as and when deemed necessary.

Approved and adopted by the Board of Directors on 23 February 2018.