

COCOALAND HOLDINGS BERHAD (516019-H)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

COMPOSITION

1. The Audit Committee shall be appointed from amongst the Board of Directors (the “Board”) and shall comprise of at least three (3) members, a majority of whom are independent. All members of the Audit Committee must be non-executive directors.
2. All members of the Audit Committee should be financially literate and at least one member of the Audit Committee:-
 - must be a member of the Malaysian Institute of Accountants (MIA); or
 - if he is not a member of the MIA, he must have at least three (3) years’ working experience and:-
 - i. he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - ii. he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
 - fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.
3. No alternate director of the Board shall be appointed as a member of the Audit Committee.
4. If a member of the Audit Committee for any reason ceases to be a member with the result that the number of members is reduced to 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.
5. The Board must review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

CHAIRMAN

The Chairman, who shall be elected by the Audit Committee, shall be an independent director.

SECRETARY

The Company Secretary shall be the Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary shall also be responsible for maintaining the minutes of meetings of Audit Committee and circulating them to members of the Audit Committee.

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MEETINGS

The Audit Committee shall meet at least four (4) times a year, with due notice of issues to be discussed, and should record its conclusion in discharging its duties and responsibilities.

The head of finance, the head of internal audit and a representative of the external auditors should normally attend meetings. Other board members may attend meetings upon invitation of the Audit Committee.

The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

AUTHORITY

The Audit Committee shall have explicit authority to investigate any matter within its terms of reference, the resources to do so, and full and unrestricted access to information. The Audit Committee should be able to obtain independent professional or other advice and to invite outsiders with relevant experience to attend, if necessary.

The Audit Committee shall have direct communication channels with the external auditors and internal auditors. The Audit Committee shall also have the authority to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, at least twice a year.

DUTIES AND RESPONSIBILITIES:

1. To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal;
2. To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
3. To review the quarterly and year-end financial statements prior to the approval by the Board, focusing particularly on: -
 - any change in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
4. To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
5. To review the external auditor's management letter and management's response;
6. To review with the external auditors:-
 - their audit plan;
 - evaluation of the system of internal controls and management information systems;
 - problems and reservation arising from their audits; and
 - audit report;

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7. To do the following, in relation to the internal audit function:
 - review the adequacy of the scope, functions, competency and resources of the internal audit functions, and that it has the necessary authority to carry out its work;
 - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
 - 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; and
 - take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
8. To review any related party transactions and conflict of interest situation that may arise within the Company or Group;
9. To consider and review the major findings of internal investigations and management's response;
10. To review and verify that the allocation of options pursuant to Employees' Share Option Scheme complies with the criteria of allocation; and
11. To consider and review other topics as defined by the Board.
12. The Chairman of the Audit Committee should engage on a continuous basis with senior management, such as the chairman, the chief executive officer, the head of finance, the head of internal audit and the external auditors in order to be kept informed of matters affecting the Company.