



TITIJAYA LAND BERHAD
[Registration No. 201201024624 (1009114-M)]

TERMS OF REFERENCE OF AUDIT COMMITTEE

1. Constitution and Membership

- 1.1 The Audit Committee shall be appointed by the Board of Directors (“**Board**”) from amongst their number and shall consist of not less than three (3) members and at least one (1) member of the Audit Committee:-
- (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 three (3) years' working experience and:-
 - (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (ii) he must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - (c) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“**Bursa Securities**”).
- 1.2 All the Audit Committee members must be Non-Executive Directors, with a majority of the Committee members being Independent Directors.
- 1.3 No alternate director is to be appointed as a member of the Audit Committee.
- 1.4 The Audit Committee shall require a former partner of the external audit firm of the Company to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee. In this regard, this applies to all former partners of the audit firm and/or the affiliate firm (including those providing advisory services, tax consulting etc.).
- 1.5 The members of the Audit Committee shall elect a Chairman from among their number who shall be an Independent Director. In the absence of the Chairman of the Audit Committee, the other members of the Audit Committee shall amongst themselves elect a Chairman who must be Independent Director to chair the meeting.
- 1.6 The Chairman of the Audit Committee shall not be the chair of the Board.
- 1.7 All members of the Audit Committee shall be financially literate and are able to understand matters under the purview of the Audit Committee, including the financial reporting process.
- 1.8 In the event of any vacancy resulting in non-compliance with requirements on the composition of Audit Committee and the election of an independent Chairman of the Audit Committee, the vacancy shall be filled within three (3) months thereof.

2. Authority

- 2.1 The Audit Committee is authorised by the Board to investigate any matter within its terms of reference.
- 2.2 The Audit Committee is authorised to seek any information it requires with unrestricted access, for the discharge of its duties, from the external auditors and internal auditors as well as any employee of the Group and any other persons (if applicable) and all employees are directed to co-operate with any request made by the Audit Committee.
- 2.3 The Audit Committee shall have the resources which are required to perform its duties, at the Company's expense, where appropriate.
- 2.4 The Audit Committee is authorised to obtain legal or independent professional advice or other expert advice if it considers necessary at the Company's expense, where appropriate.
- 2.5 The Audit Committee shall have direct communication channels with the external auditors and internal auditors.
- 2.6 The Audit Committee shall be able to 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, in order to enable the Audit Committee and the external auditors or the internal auditors or both, to discuss problems and reservations and any other matter the external auditors or internal auditors may wish to bring up to the attention and consideration of the Audit Committee.

3. Functions and Duties

- 3.1 The functions and duties of the Audit Committee shall be:-

3.1.1 Financial Reporting

- (a) To review the quarterly results and year-end financial statements of the Company and the Group, prior to the approval by the Board, focusing particularly on:-
 - (i) changes in or implementation of major accounting policies and procedures;
 - (ii) significant matters highlighted including financial reporting issues, significant judgements made by the Management, significant and unusual events or transactions, and how these matters are addressed; and
 - (iii) compliance with applicable approved accounting standards and other relevant legal requirements.

3.1.2 External Audit

- (a) To consider and recommend to the Board for approval of the appointment or re-appointment of the external auditors and their audit fees.

- (b) To review the following:-
 - (i) any letter of resignation from the external auditors; and
 - (ii) whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment.
- (c) To assess the performance, suitability, objectivity and independence of the external auditors on an annual basis.
- (d) To recommend the nomination of a person or persons for appointment as external auditors or internal auditors.
- (e) To review the following with the external auditors:-
 - (i) the nature and scope of the audit, including the coordination of audit where more than one audit firm is involved;
 - (ii) the audit plan;
 - (iii) the assistance given by the employees to the external auditors;
 - (iv) the evaluation of the system of internal controls;
 - (v) the effectiveness of the management information system, including any improvement suggestions and management's response;
 - (vi) the external auditors' audit report; and
 - (vii) the external auditors' management letter and management's response thereto.
- (f) To discuss any significant audit findings, reservations and difficulties encountered arising from the interim and final audits, or material internal control weaknesses reported by the external auditors and any matter the external auditors may wish to discuss (in the absence of the Management).

3.1.3 Internal Audit

- (a) Review the internal audit function to determine whether its activities are performed independently, proficiently and with due professional care. The Board or the Audit Committee is to determine the remit of the internal audit function.
- (b) Review the adequacy of the scope, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work.
- (c) To assess whether the internal audit function is carried out in accordance with a recognised framework.
- (d) To review the internal audit plan, processes, the results of the internal audit assessments, investigation undertaken and whether or not appropriate action are taken by the Management on the recommendations.
- (e) Conduct performance evaluation of the internal audit function.
- (f) To approve any appointment or termination of the internal auditors; and
- (g) To review:-
 - (i) any letter of resignation from the internal auditors; and
 - (ii) whether there is reason (supported by grounds) to believe that the internal auditors are not suitable for reappointment.

3.1.4 Related Party Transactions

- (a) To consider any related party transaction and conflict of interest situation that arose, persist or may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts. .
- (b) Review the adequacy of processes that the Group has in place for evaluating, approving, tracking and reporting of related party transactions.

3.1.5 Other matters

- (a) Promptly report to Bursa Securities on any matter reported to the Board which has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Securities;
- (b) On an annual basis, the Audit Committee shall prepare for the Board, and for inclusion in the Company's Annual Report, a summary of its activities in the discharge of its functions and duties, including a summary of any conflict of interest or potential conflict of interest situation reviewed by the Audit Committee pursuant to paragraph 15.12(1)(h) of the Main Market Listing Requirements of Bursa Securities (excluding a related party transaction), and the measures taken to resolve, eliminate, or mitigate such conflicts, for the financial year under review.
- (c) To review and approve the statements to be included in the Annual Report concerning risk management and internal controls; and
- (d) To perform any other functions or duties as may be agreed to by the Audit Committee and the Board.

4. Meetings

4.1 Frequency and Meeting Mode

- (a) Meetings shall be held not less than four (4) times in a financial year, although additional meetings may be called at any time at the Audit Committee Chairman's discretion.
- (b) Any member of the Audit Committee may participate in any meeting of the Audit Committee via telephone conferencing, video conferencing or by means of any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

4.2 Quorum and Attendance at Meetings

- (a) In order to form a quorum in respect of a meeting of the Audit Committee, the majority of members present must be Independent Directors.
- (b) The Group Chief Financial Officer or head of the finance department, the internal auditors and the external auditors shall normally attend meetings. Other Board members, employees or external professional advisers, consultants or legal advisers may attend meetings upon the invitation of the Audit Committee.

- (c) Upon the request of the external auditors, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditors believe should be brought to the attention of the Board or shareholders.

4.3 Notice and Agenda

- (a) Notice of Audit Committee meetings, including the relevant meeting papers/documents/information shall be given/circulated to the Audit Committee members and all those who are required to attend the meeting at least three (3) working days before each meeting.
- (b) Questions arising at any meeting of the Audit Committee shall be decided by a majority of votes of the members present, and in the case of equality of votes, the Chairman of the Audit Committee shall have a second or casting vote.

4.4 Meeting Minutes

- (a) The Audit Committee shall report to the Board on its recommendations and decisions. The minutes of the Audit Committee are to be tabled and noted by the Board.
- (b) The minutes of the Audit Committee meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.
- (c) The books containing the minutes of proceedings of any meeting of the Audit Committee shall be kept by the Company at the registered office or the principal office of the Company, and shall be open for inspection by any member of the Audit Committee and the Board.

4.5 Circular Resolution

A circular resolution in writing signed by the members of the Audit Committee who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting of the Audit Committee duly convened. Any such resolution may consist of several documents in like form, each signed by one (1) or more members of the Audit Committee and may be accepted as sufficiently signed by an Audit Committee member if transmitted to the Company by telex, telegram, cable, facsimile or other electrical or digital written message purporting to include a signature of an Audit Committee member.

4.6 Company Secretary(ies)

- (a) The Company Secretary(ies) or such other person(s) authorised by the Board shall act as the Secretary to the Audit Committee.
- (b) The Secretary shall be responsible for keeping the minutes of meetings of the Audit Committee, circulating them to members of the Audit Committee and to the other members of the Board, and for following up on outstanding matters.

5. Review of the Audit Committee

The Nomination Committee shall review the terms of office and performance of the Audit Committee and each of its members at least once a year to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

6. Review of the Terms of Reference

The Audit Committee shall recommend any changes to its terms of reference in such manner as the Audit Committee deems appropriate to the Board for approval. The terms of reference shall be assessed, reviewed and updated where necessary, to reflect the current best practice in corporate governance and risk management, Main Market Listing Requirements of Bursa Securities or any other regulatory requirements.