

TITIJAYA LAND BERHAD (Co.No. 1009114-M)

TERMS OF REFERENCE OF AUDIT COMMITTEE

Constitution and Membership

1. The Audit Committee shall be appointed by the Board of Directors from amongst their number and shall consist of not less than three (3) members and at least one (1) member of the Committee:-
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
 - (a) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
 - (b) 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
 - (iii) fulfils such other requirements as prescribed or approved by the Exchange.
2. All the Audit Committee members must be Non-Executive Directors, with a majority of the Committee members being Independent Directors.
3. No alternate director is to be appointed as a member of the Committee.
4. The members of the Committee shall elect a chairman from among their number who shall be an Independent Director.
5. The Company Secretary or such other person(s) authorised by the Board of Directors shall act as the Secretary to the Committee.
6. The term of office and performance of the Committee and each of its members shall be reviewed by the Board of Directors at least once every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.
7. If a member of the Committee resigns, dies or for any other reason ceases to be a member with the result of the number of members being reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new member(s) as may be required to make up the minimum number of three (3) members.

Authority

8. The Committee is authorised by the Board of Directors to investigate any matter within its terms of reference.
9. The 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 Committee.

10. The Committee shall have the resources which are required to perform its duties, at the Company's expense, where appropriate.
11. The 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.
12. The Committee shall have direct communication channels with the external auditors and internal auditors.
13. The 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 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 Committee.

Functions and Duties

14. The functions and duties of the Committee shall be:-
 - (i) To review the following and report the same to the Board of Directors:-
 - (a) with the external auditor, the audit plan;
 - (b) with the external auditor, his evaluation of the system of internal controls;
 - (c) with the external auditor, his audit report and audit findings;
 - (d) the assistance given by the employees of the Company to the external auditor;
 - (e) the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - (f) the internal audit programme, processes, the results of the internal audit programme, financial and operational controls, including risk management; or investigation undertaken (if any) and whether or not appropriate action is taken on the recommendations of the internal auditors;
 - (g) the quarterly results and year end's financial statements prior to the approval by the Board of Directors, focusing particularly on:-
 - changes in or implementation of major accounting policy changes;
 - the accuracy and adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Company and the Group;
 - significant and unusual events;
 - compliance with applicable accounting standards and other regulatory or legal requirements;
 - compliance with the Listing Requirements of the Exchange;
 - significant adjustments arising from the audit;
 - material fluctuations in the financial position and results as reflected in the financial statements;
 - the going concern assumption; and
 - major judgmental areas.

- (h) any related party transaction and conflict of interest situation that may arise within the Company or any subsidiary within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (i) external auditors' management letter or report and management's response thereto; and
 - (j) any letter of resignation from the external auditors of the Company.
- (ii) To consider the major findings of internal investigations (if any) and management's response thereto;
 - (iii) To consider the suitability of the external auditors for re-appointment, their audit fees and any question of resignation or dismissal;
 - (iv) To recommend the nomination of a person or persons for appointment as external auditors or internal auditors;
 - (v) To ensure the internal audit function of the Company reports directly to the Committee;
 - (vi) To consider and approve the non-audit service(s) to be provided by the external auditors subject to the confirmation from the external auditors, that such non-audit services(s) pose no threat to the independence of the external auditors;
 - (vii) Promptly report to the Exchange on any matter reported by it to the Board of Directors which has not been satisfactorily resolved resulting in a breach of the Listing Requirements of the Exchange; and
 - (viii) To perform any other functions or duties as may be agreed to by the Committee and the Board of Directors.

Quorum and Attendance at Meetings

- 15. A quorum shall be two (2) members and the majority of members present must be independent directors.
- 16. The financial controller of the Group or head of the finance department, the internal auditor and a representative of the external auditors shall normally attend meetings. Other Board members, employees or external professional advisers, consultants or legal advisers may attend meetings upon invitation of the Committee.
- 17. The Chairman of the Audit Committee or the external auditors may call a meeting whenever they deem it necessary.

Frequency of Meetings and Minutes

- 18. 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 Committee Chairman's discretion.

19. The Committee shall report to the Board of Directors on its recommendations and decisions. The minutes of the Committee are to be tabled and noted by the Board of Directors.
20. The books containing the minutes of proceedings of any meeting of the 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 Committee and the Board of Directors.
21. A circular resolution in writing signed by the members of the Committee who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting of the Committee duly convened. Any such resolution may consist of several documents in like form, each signed by one (1) or more members of the Committee.
22. Any member of the Committee may participate in any meeting of the 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.