

**KHIND HOLDINGS BERHAD (380310 D)**  
(Incorporated in Malaysia)

**TERMS OF REFERENCE OF THE AUDIT COMMITTEE ("THE AC")**

**A. Composition of the AC**

- (1) The AC shall be appointed by the Board of Directors ("BOD") from amongst their members and shall consist of at least three (3) members.
- (2) All AC members must be Non-Executive Directors with a majority of them being Independent Directors.
- (3) At least one (1) of the AC:-
  - (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 3 years' working experience and:-
    - (aa) he must have passed the examinations specified in Part I of the First Schedule of the Accountants act 1967; or
    - (bb) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountant Act 1976; or
  - (iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").
- (4) No alternate Director(s) shall be appointed as member(s) of the AC.
- (5) The members of the AC shall elect a Chairman from amongst its members who shall be an Independent Director.
- (6) The Board shall review the term of office and performance of the AC and each of its members at least once in every 3 years to determine whether the AC and members have carried out their duties in accordance with the Terms of Reference.

**B. Meetings**

(1) **Quorum**

The quorum for the meeting of the AC shall be two (2) members, the majority of whom must be Independent Directors. If at any meeting, the Chairman of the AC is not present within fifteen (15) minutes of the time appointed for holding the same, the members of the AC present shall choose one of their number who shall be an Independent Non-Executive Director to be Chairman of such meeting.

(2) **Frequency of Meeting**

At least four (4) meetings are held in a year. However, meetings are also held as and when required or upon the request of the external auditors to consider any matters that the external auditors believe should be brought to the attention of the Directors and /or shareholders.

(3) **Notice and Venue**

The notice of the AC meetings shall be circulated before each meeting to members of the AC. Except in the case of an emergency, reasonable notice of every meeting shall be given in writing and the notice of each meeting shall be served to the member either personally or by fax or e-mail or by post or by courier to his registered address as appearing in the Register of Directors or to the address provided by the Audit Committee member, as the case may be.

The Audit Committee meeting may be held at two (2) or more venues within or outside Malaysia using any technology that enable the Audit Committee members as a whole to participate for the entire duration of the meeting, and that all information and documents for the meeting must be made available to all members prior to or at the meeting.

(4) **Meetings**

The Chairman shall report on each meeting to the Board. The Company Secretary or such substitute as appointed by the Board or AC from time to time shall be the Secretary of the AC.

Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the Chairman of the AC shall have a second or casting vote.

(5) **Attendance at Meeting**

The presence of external auditors and internal auditors at any meeting of the AC can be requested if required by the AC.

Other members of the Board and officers of the Company may attend the meeting (specific to the relevant meeting) upon the invitation of the AC.

**C. Keeping and Inspection of Minutes**

The Company shall cause minutes of all proceedings of the AC Meeting to be entered in books kept for that purpose.

Those minutes to be signed by the Chairman of the AC Meeting at which the proceedings were had or by the Chairman of the next succeeding meeting shall be evidence of the proceedings to which it relates.

The books containing the minutes of proceedings of the AC Meeting shall be kept by the Company at the Registered Office or any other place as may be determined by the Board and shall be open to the inspection of any members of the Board of Directors or AC members without charge.

**D. Circular Resolution**

The AC is also allowed to carry out their resolutions by way of Circular Resolution. A resolution in writing signed or approved via letter, telex, facsimile, email by all Committee members shall be effective for all purposes as a resolution passed at a meeting of the Audit Committee duly convened, held and constituted. Any such resolution may be contained in a single document or may consist of several documents all in the like form signed by one or more members.

**E. Power and Authority of the AC**

The AC shall in accordance with the procedure determined by the Board and at the cost of the Company:-

- (a) have authority to investigate any matter within the terms of reference;
- (b) have the resources which the AC requires to perform its duties;
- (c) have full and unrestricted access to any information which the AC requires in the course of performing its duties;
- (d) have direct communication channels with the external auditors and person carrying out the internal audit function;
- (e) be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company; and
- (f) be able to convene meetings with the external auditors, internal auditors or both without the attendance of other directors and employees of the Company, whenever deemed necessary.

**F. Duties and Responsibilities of the AC**

The following are the main duties and responsibilities of the AC collectively:-

- (a) To review the nomination of external auditors and the external audit fee;
- (b) To discuss with the external auditors, the nature, scope and quality of external audit plan/arrangements;
- (c) With the external auditors, to review the evaluation of the systems of internal control;
- (d) To review quarterly results and year-end financial statements of the Company, prior to approval by the Board, focusing in particular on
  - compliance with accounting standards and legal/regulatory requirements;
  - changes in accounting policies and practices;
  - significant issues and unusual events;

- (e) To review the external auditors' audit report on the financial statement;
- (f) To review any management letter sent by the external auditors to the Company and Management's response to such letter;
- (g) To review any letter of resignation from the external auditors;
- (h) To consider and review whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;
- (i) To review the assistance given by the Company's officers and Management to the external auditors;
- (j) To discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss;
- (k) To establish policies and procedures to assess the suitability and independence of external auditors;
- (l) To review and monitor suitability and independence of the external auditors;
- (m) To establish policies and procedures in governing circumstances for contracts of non-audit services to be entered with external auditors;
- (n) To obtain written assurance from the external auditors confirming their independence throughout the conduct of the audit engagement in accordance with relevant professional and regulatory requirements;
- (o) To review the effectiveness and competency of the internal audit function;
- (p) To review the internal audit programme and results of the internal audit process or investigation undertaken and whether or not appropriate action is taken on the recommendation of the internal audit function;
- (q) To review the follow up actions by Management on the weakness of internal accounting procedures and controls;
- (r) To review on all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;
- (s) To review the assistance and co-operation given by the Company's officers and Management to the internal auditors;
- (t) To review any appraisal or assessment of the performance of the internal auditors, compliance with accounting standards and regulatory requirements, any changes in accounting policies and practices, significant issues arising from the audit and major judgement issues;

- (u) To review any letter of resignation from internal audit staff and provide the internal auditors an opportunity to submit reasons for resigning;
- (v) To review any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (w) Assist the Board in identifying the principal risks in the achievement of the Company's objectives and ensuring the implementation of appropriate systems to manage these risks;
- (x) To report to Bursa Securities on any matter reported by it to the Board of the Company which has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities; and
- (y) To carry out any other function that may be directed by the Board from time to time.

**G. Retirement and Resignation of Member of AC**

A member of the AC who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

In the event of any vacancy in the AC resulting in the non-compliance with Para 15.09(1) of the Main Market Listing Requirements, the Company shall fill the vacancy within three (3) months.