

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 (“Board”) 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) member 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 three (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 Accountants 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. The Chairman shall not be the Chairman of the Board
- (6) No former key audit partner shall be appointed as a member of the AC, unless he/she has observed a cooling-off period of at least two (2) years before for such appointment.
- (7) All members of the AC should be financially literate and are able to understand matters under the purview of the AC. AC members should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

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

Unless in the case of emergency, the notice of the AC meetings and meeting materials shall be circulated at least five (5) business days before each meeting to members of the AC. The 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/her address as appearing in the Register of Directors or to the address provided by the AC member, as the case may be.

The AC meeting may be held at two (2) or more venues within or outside Malaysia using any technology that enable the AC members as a whole to participate for the entire duration of 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 (except where 2 members form the quorum).

(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 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.

D. Circular Resolution

The AC is also allowed to carry out their resolutions by way of written resolutions. A resolution in writing signed or approved via letter, facsimile, email or any other electronic means by all AC members shall be effective for all purposes as a resolution passed at a meeting of the AC 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 internal auditors;
- (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:-

- (1) Financial reporting and processes
 - (a) To review quarterly results and year-end financial statements of the Company, prior to approval by the Board, focusing particularly on:

- changes in or implementation of major accounting policies changes;
 - significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and
 - compliance with accounting standards and other legal/regulatory requirements.
- (b) To review the auditor's report and the findings of the audit with the external auditor, including but not limited to:
- (i) a discussion of any significant issues which arose during the audit;
 - (ii) any accounting and audit judgements;
 - (iii) the level of errors identified during the audit;
 - (iv) the basis for the going concern assumption;
 - (v) compliance with relevant financial reporting standards and relevant financial and governance reporting requirements;
- (c) To review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- (d) To review the evaluation of the systems of internal control with the external auditors;
- (e) To review any management letter sent by the external auditors to the Company and Management's response to such letter;
- (f) To meet with the external auditors, once at the planning stage before the audit and once after the audit at the reporting stage. The AC shall meet the external auditor at least once a year, without Management being present to discuss their remit and any issues arising from the audit.
- (2) Internal control
- (a) To monitor and review on the effectiveness of the Company's internal financial controls and the timeliness of, and reports on, the effectiveness of corrective or remedial actions taken by Management;
 - (b) To review and approve the statements to be included in the Annual Report concerning internal controls and risk management.
- (3) External Auditors
- (a) To consider and make recommendations to the Board in relation to the nomination, appointment, re-appointment, resignation or removal of the

external auditors, including the review of any letter of resignation from the external auditors;

- (b) To establish policies and procedures to assess the suitability and independence of external auditors;
- (c) To review and monitor suitability and independence of the external auditors;
- (d) To review or assess the performance of the external auditors on an annual basis;
- (e) To establish policies and procedures in governing circumstances for contracts of non-audit services to be entered with external auditors;
- (f) 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;
- (g) To review the assistance and co-operation given by the Company's officers and Management to the external auditors.

(4) Internal Auditors

- (a) To review 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;
- (b) To review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (c) To review any appraisal or assessment of the performance of the internal auditors;
- (d) To review any letter of resignation from internal auditors and provide the internal auditors an opportunity to submit reasons for resigning;
- (e) To review the assistance and co-operation given by the Company's officers and Management to the internal auditors;
- (f) To meet the internal auditors at least once a year, without Management being present to discuss their remit and any issues arising from the internal audits carried out. In addition, the internal auditors shall be given the right of direct access to the Chairman of the Board and the AC.

(5) Related Party Transactions

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;

(6) Others

(a) To establish a whistleblowing policy and review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The AC shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;

(b) 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 Main Market Listing Requirements of Bursa Securities;

(c) To carry out any other functions that may be directed by the Board from time to time.

G. Retirement and Resignation of Member of AC

Where practical, 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) and Para 15.10 of the Main Market Listing Requirements of Bursa Securities, the Company shall fill the vacancy within three (3) months.

H. Evaluation and assessment

The AC shall, at least once a year, review its own performance and submit the AC Evaluation Form to the Nomination and Remuneration Committee.

The Nominating and Remuneration Committee shall review the term of office and performance of the AC and each of its members annually to determine whether the AC and its members have carried out their duties in accordance with the Terms of Reference and report to the Board accordingly.

I. Reporting

The AC Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

The AC shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

The AC shall submit an AC Report to shareholders in the Company's Annual Report.

The AC shall review its Terms of Reference periodically and may recommend to the Board any changes it considers necessary.

This Terms of Reference was last reviewed on 12 March 2018.