



BINTAI KINDEN CORPORATION BERHAD
[199401005191 (290870-P)]
(“BINTAI” OR “COMPANY”)

TERMS OF REFERENCE OF AUDIT COMMITTEE

Objectives

The principal objectives of the Audit Committee are to provide an independent overview on the way the Group conducts its affairs and to ensure conformity with good corporate governance in terms of good internal controls, reliable financial information and giving additional emphasis to the audit functions performed by the internal and external auditors. The Audit Committee is required to specifically review the quarterly results and annual financial statements prior to approval by the Board, focusing particularly on:

- (i) Changes in or implementation of major accounting policy changes;
- (ii) Significant and unusual events; and
- (iii) Compliance with accounting standards and other legal requirements.

The Board is assisted by the Audit Committee in fulfilling its fiduciary responsibilities relating to financial accounting and reporting practices and enhances the independence of the internal and external audit functions.

The Audit Committee seeks to create a climate of discipline and control which will reduce the opportunity of any fraud. It also reviews high level of operational procedures and controls to ensure transparency, integrity and accountability in the conduct of the Group’s activities so as to safeguard the rights and interests of shareholders of the Company.

Criteria for membership

- (a) The Audit Committee shall be appointed by the Board of Directors and consist of not less than three (3) members. All the Audit Committee members shall be non-executive directors with a majority of them being independent directors. No alternate director is to be appointed to the Committee.
- (b) The members of the Audit Committee shall elect a Chairman from amongst their numbers, whom shall be an independent director.
- (c) At least one member of the Audit Committee must meet the criteria of an Accountant as prescribed in Paragraph 15.09(1c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (d) The members shall collectively have knowledge of the industries in which the Group operates and the ability to read and understand financial statements, cash flow and key performance indicators.
- (e) Members shall also be able to understand key business risks as well as financial risks and related controls.

Meetings

The Audit Committee shall meet at least four (4) times a year. A quorum shall consist of two (2) members who are independent directors. Other Board members, management team, the Group Accountant and the internal/external auditors are invited to attend the meetings, as and when required, at the Audit Committee's discretion.

Members of the Audit Committee will meet up with the external auditors, without the attendance of other executive board members and employees of the Company, at least twice during the financial year and whenever deemed necessary. The Chairman of the Audit Committee shall report the outcome of each Audit Committee Meeting (including recommendations) to the Board for approval and/or endorsement. The secretary of the Audit Committee shall be the Company Secretary.

Authority

The Audit Committee is authorised by the Board:

- (a) to review any activity of the Group within its Terms of Reference;
- (b) to have access to the resources necessary to perform its duties;
- (c) to have full and unrestricted access to any employee and information pertaining to the Group.
- (d) to have direct communication channels with the internal and external auditors; and
- (e) to obtain independent legal or other professional advice it considers necessary.

Duties and Responsibilities

(a) Matters relating to External Audit

- (i) To discuss with external auditors, the nature, scope and timeline of the audit covered in the Audit Planning Memorandum.
- (ii) To discuss any material issue and observation arising from the interim and final audits and any ad-hoc issue that the external auditors may have highlighted.
- (iii) to consider the appointment of external auditors as well as the appropriateness of their audit fees as recommended by management.
- (iv) to review the level of assistance and cooperation given by employees of the Group to the external auditors.
- (v) to assess the tenure, independence and suitability of external auditors in carrying out their duties before their reappointment is being approved at the annual general meeting of the Company.
- (vi) To assess the independence of external auditors in respect of the provision of non-audit services to the Group, if any.
- (vii) to consider any letter of resignation of external auditors and any question of resignation and dismissal.
- (viii) To review matter related to auditors' report, management letters and management response thereof.

(b) Matters relating to internal audit

- (i) To review the adequacy of the scope, functions, resources and competency of the internal audit function.
- (ii) To review the system of internal controls and its effectiveness, particularly those related to areas of significant risks.

- (iii) To review and approve the internal audit plan.
- (iv) To ensure coordination of external and internal audit.
- (v) To review significant findings of internal audit review and corresponding management response to ensure that appropriate actions are taken on the recommendations of the internal audit function.
- (vi) To review the assessment of the performance of member of the internal audit function.

(c) Matters relating to financial statements

- (i) To review with management and/or external auditors the quarterly consolidated unaudited financial statements and the consolidated annual audited financial statements of the Company before submission to the Board, focusing particularly on:-
 - changes in or implementation of new accounting policies and practices;
 - major judgmental areas;
 - significant adjustments;
 - going concern assumption;
 - significant and unusual events;
 - compliance with applicable approved accounting standards; and
 - compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other legal requirements.

(d) To review system of internal control, risk management and governance responsibilities

- (i) To review the internal audit planning memorandum to ensure that all areas of concern are covered including all major projects in hand and all functional department within the Group.
- (ii) To review reports of respective risk management teams in relation to the adequacy and integrity of the Group's internal control system in identifying and mitigating risks.
- (iii) To review and recommend the risk management policy, procedures and risk management framework to the Board.
- (iv) Provide guidance on the overall risk strategy for implementation and ensure that the principles and requirements of managing risk are consistently adopted throughout the Group.
- (v) Reviewing the Group's governance framework as recommended and guided by the Malaysian Code of Corporate Governance and other corporate governance best practices.
- (vi) Reviewing the Group's policies to support implementation of the Group's governance framework in compliance with legal and regulatory requirements.
- (vii) To review related party transactions and conflicts of interest situations that may arise within the Group or the Company and any other major transactions outside the normal course of business of the Group and the Company.
- (viii) Reviewing such other matters as the Board may from time to time determine.