



AUDIT COMMITTEE –TERMS OF REFERENCE

1. Objectives

The primary function of the Audit Committee (the “Committee”) is to assist the Board of Directors (“Board”) of Rhong Khen International Berhad (formerly known as Latitude Tree Holdings Berhad) (the “Company”) in fulfilling its fiduciary duties as well as the following oversight objectives on the activities of the Company and its subsidiaries (the “Group”):

- oversee financial reporting process; and
- evaluate the internal and external audit processes, including issues pertaining to the system of internal control and risk management within the Group.

2. Composition

The Audit Committee shall be appointed by the Directors from among their members (pursuant to a resolution of the Board) which fulfils the following requirements:

- a) The Audit Committee must be composed of no fewer than 3 members;
- b) A majority of the Audit Committee must be Independent Directors;
- c) All members of the Audit Committee must be Non-Executive Directors;
- d) All members of the Audit Committee must be financially literate; and
- e) At least one member of the Audit 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 3 years’ working experience and:
 - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
 - iii) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad (“Bursa Securities”).
- f) The members of the Audit Committee shall elect a Chairman from among their members who shall be an Independent Director.
- g) In the event of any vacancy in the Audit Committee (including Chairman) resulting in the non-compliance of (a) to (c) and (e) to (f) above, the vacancy must be filled within 3 months of that event.
- h) No Alternate Director shall be appointed as a member of the Audit Committee.



RHONG KHEN INTERNATIONAL BERHAD
(Formerly known as Latitude Tree Holdings Berhad)

- i) It is required for a former key audit partner of external audit firm * to observe a cooling-off period of at least three (3) years before being appointed as a member of the Committee.

** This applies to all former partners of the external audit firm and/or the affiliate firm (including those providing advisory services, tax consulting and so forth).*

- j) The Nomination Committee must review the term of office and performance of the Audit Committee and each of its members annually to determine whether the Audit Committee and members have carried out their duties in accordance with the terms of reference.

3. Chairman

- a) The Chairman of the Audit Committee shall be an Independent Non-Executive Director elected amongst the members of the Audit Committee;
- b) The Chairman of the Audit Committee is not the Chairman of the Board.
- c) In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst themselves;
- d) The Chairman together with other members of the Audit Committee to ensure that:-
 - (i) the Audit Committee is fully informed about significant matters related to the Group's audit and its financial statements and addresses these matters;
 - (ii) the Audit Committee appropriately communicate the insight, views and concerns about relevant transaction and events to internal and external auditors;
 - (iii) Audit Committee's concerns on matters that may have an effect on the financial or audit of the Group are communicated to the external auditor; and
 - (iv) there is co-ordination between internal and external auditors.

4. Functions

The functions of the Audit Committee are as follows:

- a) Review the following and report the same to the Board of Directors:
 - i) with the external auditors, the audit plan;
 - ii) with the external auditors, his evaluation of the system of risk management and internal controls;
 - iii) with the external auditors, his audit report;
 - iv) the assistance given by the Company's employees to the external auditors, including any difficulties or disputes with Management encountered during the audit; and
 - v) any related party transaction and conflict of interest situation that may arise



RHONG KHEN INTERNATIONAL BERHAD
(Formerly known as Latitude Tree Holdings Berhad)

within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity and the framework established.

- b) To consider the appointment/re-appointment of the external auditors and the audit fee and any issues regarding resignation or dismissal of external auditors before making a recommendation to the Board.
- c) To discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- d) Review and approve the non-audit services rendered by the external auditors and/or its network firms or its affiliates to the Group for the financial year, including the nature of the non-audit services, fees for the non-audit services (individually and in aggregate) relative to the external audit fees and safeguards deployed to eliminate or reduce the threat to objectivity and independence in the conduct of the external audit resulting from the non-audit services provided. In the event that the non-audit fees paid to the Group's external auditors, or a firm or corporation or affiliated to the external auditors' firm are significant (e.g. constitute 50% of the total amount of audit fees paid to the Group's external auditors), the Company Group is required to state the details on the nature of the non-audit services rendered in the Company's Group's annual report.
- e) To review the quarterly and year-end financial statements of the Company, focusing particularly on:
 - any changes in or implementation of major accounting policies and practices;
 - significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions and how these matters are being addressed;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- f) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
- g) To review the external auditors' management letter and management's response;
- h) To assist the Board in establishing an internal audit function which is independent of the activities it audits and to do the following:
 - 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;
 - review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
 - review any appraisal or assessment of the performance of members of the internal audit function;
 - approve any appointments or termination of senior staff members of the internal audit function (for in-house internal audit function);
 - take cognisance of resignations of internal audit staff members (for in-house internal audit function) or the internal audit service provider; and



RHONG KHEN INTERNATIONAL BERHAD
(Formerly known as Latitude Tree Holdings Berhad)

- include in the Audit Committee report, a summary of the activities of the internal audit function or activity.
- i) To consider the major findings of any internal investigations and management's response;
- j) Ensure that proper investigations are carried out, on a timely basis, for substantiated cases reported by any whistleblower and report the results and conclusion of such investigations, with the appropriate cause of action shall be recommended to the Board for approval, in accordance with the Group's whistleblowing policy; and
- k) To consider other areas as defined by the Board or as may be prescribed by Bursa Securities or any other relevant authority from time to time.

5. Rights of the Audit Committee

The Audit Committee shall, wherever necessary and reasonable for the Company to perform of its duties, in accordance with a procedure to be determined by the Board and at the cost of the Company:

- a) Have authority to investigate any matter within its terms of reference;
- b) Have the resources which are required to perform its duties;
- c) Have full and unrestricted access to any information pertaining to the Company;
- d) Have direct communication channels with employees of the Company, the external auditors and person(s) carrying out the internal audit function or activity (if any);
- e) Be able to obtain independent professional or other advice; and
- f) Be able to convene meetings with the external auditors, the persons carrying out the internal audit function or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary.
- g) The Committee shall meet at least twice a year with the Head of Internal Audit and the external auditors to discuss any matters without the presence of the management and any executive members of the Board.
- h) Be able to make relevant reports when necessary to the relevant authorities if any breach of the rules, regulations and/or Main Market Listing Requirements of Bursa Securities has occurred and has not been satisfactorily resolved.

6. Meetings

The Audit Committee shall meet at least 4 times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties. However, at least twice a year the Audit Committee shall meet with the external auditors, internal auditors or both, without executive Board members and employees present.

In addition, the Chairman may call a meeting of the Audit Committee if a request is made by any Committee member, the Company's Chief Executive, or the internal or external auditors.



RHONG KHEN INTERNATIONAL BERHAD
(Formerly known as Latitude Tree Holdings Berhad)

The Company Secretary or other appropriate senior official shall act as secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to Committee members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee, and circulating them to Committee members and to the other members of the Board.

The quorum of a meeting shall be 2 members and consist of a majority of Independent Directors.

By invitation of the Audit Committee, other Directors and employees may be invited to attend any particular Audit Committee Meeting when their presence are considered appropriate.

The Chairman of the Committee shall engage on a continuous basis with Senior Management, such as the Managing Director, Group Finance Director, Group Financial Controller, the Head of Internal Audit and the external auditors in order to be kept informed of matters affecting the Group.

The Audit Committee may deal with matters by way of circular reports and resolutions in lieu of convening a formal meeting. A resolution in writing signed by all members in lieu of convening a formal meeting shall be as valid and effectual as it had been passed at a meeting of the Audit Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more members. Any such document may be accepted as sufficiently signed by an Audit Committee member if transmitted to the Company by email, facsimile or other electronic means or digital written message/application to include a signature of an Audit Committee member.

The Board should appoint internal auditors who will report functionally to the Audit Committee directly and the Audit Committee is to review their performance.

This revised Terms of Reference was approved by the Board on 30 June 2022