

THE GRANDE HOLDINGS LIMITED

AUDIT COMMITTEE

COMPOSITION

The Audit Committee of The Grande Holdings Limited (“the Company”) shall be appointed by the Directors from amongst themselves via a Director’s resolution and shall compose of not less than three (3) members, a majority of whom shall be Independent Non Executive Directors.

A former partner of the Company’s existing auditing firm should be prohibited from acting as a member of the Company’s audit committee for a period of 1 year commencing on the date of his ceasing to be a partner of the firm or to have any financial interest in the firm, whichever being the later.

The members of the Audit Committee shall elect a Chairman from among themselves who must be an independent director of the Company. All members of the Audit Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company.

The Company Secretary of the Company shall be the Secretary of the Audit Committee.

TERMS OF REFERENCE

Objective

The objectives of the Audit Committee are:

- (a) to review the scope and work of the external auditors to ensure that it is cost effective, impartial and independent. Where the external auditors also provide “non-audit” services, the Audit Committee shall monitor them to ensure that such “non-audit” work do not affect the independence and objectivity of the auditor.
- (b) to ensure that the Board present a balance, clear and comprehensive assessment of the Company’s performance, position and prospects including such presentation in the annual and interim reports, other price sensitive announcements and other financial disclosures required under the Exchange Listing Rules and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

Authority

In carrying out its duties and responsibilities, the Audit Committee will have full free and unrestricted access to the Company’s records, properties and personnel. The Audit Committee may, if it deems necessary, obtain the advice of external consultants.

The Audit Committee shall be provided with sufficient resources to discharge its duties.

Duties and Responsibilities

The following are the main duties and responsibilities of the Audit Committee collectively. These are not exhaustive and can be augmented if necessary by Board approval:

- (a) to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;
- (b) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard and to discuss with the auditor the nature and the scope of the audit and reporting obligations before the audit commences;
- (c) to develop and implement policy on the engagement of an external auditor to supply non audit services and to report to the Board any matters which it considers that action or improvement is needed;
- (d) to monitor the integrity of the financial statements of the Company as well as the annual report and accounts, half year report, quarterly report and to review significant financial reporting judgements contained in them including changes in accounting policies and practices, major judgemental areas, significant adjustments resulting from audit, going concern assumptions and qualifications, compliance with accounting standards and compliance with the Exchange Listing Rules and other legal requirement in relation to financial reporting;
- (e) to review and to discuss with the management the Company's financial controls, internal control and risk management systems and ensure that the management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget;
- (f) to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response;
- (g) to ensure that there is co ordination between the internal and external auditors and that the internal audit function is adequately resourced and has appropriate standing in the Company and to monitor and review the effectiveness of the internal audit function;
- (h) to review the Company's accounting policies;
- (i) to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response;
- (j) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (k) to report to the Board on matters as set out and as provided in the Code of Corporate Governance;

- (l) to consider other topics as raised by the Board in relation to the Company's financial reporting system and internal control procedures;
- (m) to review arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters and ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow up action;
- (n) to act as key representative body for overseeing the Company's relation with the external auditor.

Meetings

The Audit Committee shall meet at least two times a year. The number of committee meeting held in a year and details of each individual member in respect of the meetings held should be disclosed in the Annual Report together with the terms of reference of the Audit Committee, its role and the authority delegated to it by the Board.

The Audit Committee shall also liaise with the Company's Board and senior management and to meet with the Company auditors at least once a year.

The Audit Committee shall be chaired by the Chairman of the Committee. In the absence of the Chairman of the Audit Committee, the members present shall elect from amongst themselves, a chairman for the Meeting. The quorum for each meeting shall be two (2) members. All recommendations and findings of the Audit Committee shall be submitted to the Board of Directors for approval. In the absence of a meeting, any issues may be resolved through a circular resolution.

Any Director and /or senior management and/ or any appropriate officer and/or staff may be invited to attend where their presence is requested by the Committee Chairman.

The Company Secretary shall be in attendance at each Audit Committee meeting and shall record the proceedings of the Meeting.