

AUDIT AND RISK MANAGEMENT COMMITTEE

TERMS OF REFERENCE

COMPOSITION AND CHAIRMAN OF AUDIT COMMITTEE

- The Audit Committee should comprise solely of Independent Directors
- The Chairman of the Audit Committee is not the Chairman of the board.

OBJECTIVE

The principal objective of the Audit and Risk Management Committee:

- Implement and support the oversight function of the proposed board of directors in the area of governance, risk management and internal control.
- Provides a means for review of the Company processes for producing financial data, its internal controls, corporate code of conduct, the independence of the Company's external auditors
- Maintain an open line of communication and consultation between the board of directors of the Company, the internal auditors, the external auditors and the Proposed Key Management.

FUNCTIONS

Functions of the Audit and Risk Management Committee:

- (a) review with the internal and/or external auditors the nature and scope of their audit plans, audit reports, major findings and evaluations of the internal controls system;
- (b) review the quarterly and annual financial statements before submission to the board of directors of the Company, focusing on, amongst others, change in implementation of major accounting policies and practices, significant and unusual events, significant adjustments arising from the audit, the going concern assumption and compliance with accounting standards and other regulatory or legal requirements;
- (c) review matter concerning the suitability for appointment or reappointment of external auditors and matters relating to their resignation;
- (d) review any related party transactions entered into by the Company and any conflict of interest situations that may arise within the Company
- (e) 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 and to report the same to the board of directors of the Company;
- (f) perform such other functions as may be requested by the board of directors of the Company;

- (g) review the adequacy of the Company's risk management framework and assess the resources and knowledge of the management and employee involved in the risk management process;
- (h) review the effectiveness of internal control systems deployed by the management to address those risks;
- (i) review and recommend corrective measures undertaken to remedy failings and/or weaknesses;
- (j) review and further monitor principal risks that may affect the Company directly or indirectly that if deemed necessary, recommend additional course of action to mitigate such risks;
- (k) communication and monitoring of risk assessment results to the board of directors of the Company; and
- (l) actual and potential impact of any failing or weakness, particularly those related to financial performance or conditions affecting the Company.

MEETINGS

- (a) The Committee is to meet at least 4 times a year and as many times as the Committee deems necessary;
- (b) The quorum for any meeting of the Committee shall be at least two members who are Independent Directors and if more than two members are present, a majority of members present must be Independent Directors;
- (c) The Secretary to the Committee shall be the Company Secretary or any other person appointed by the Committee;
- (d) The Secretary shall be responsible, in conjunction with the Chairman, for drawing up the Agenda and circulating it to the Committee members prior to each meeting. The Secretary will also be responsible for keeping the minutes of the meeting of the Committee, and circulating to the Committee members and to other members of the Board; and
- (e) The Audit Committee meeting dates are arranged ahead and communicated to the auditors in advance for them to prepare the Audit Review Memorandum, Audit Planning Memorandum and Audited Financial Statements for presentation to the Audit Committee in order to meet deadlines.

AUTHORITY

The Committee shall have the authority to:-

- (a) 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 which it requires in the course of performing its duties;

- (d) Have direct communication channels amongst the internal and external auditors;
- (e) Obtain independent/external professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
- (f) Convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Group, whenever deemed necessary.

COOLING OFF PERIOD FOR KEY AUDIT PARTNER

Former key audit partner of the Group's existing external auditor is to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee.

