



AUDIT COMMITTEE CHARTER

I. INTRODUCTION

Audit Committee play an important role in the governance and oversight of the Company. They are central to establishing good internal controls and, as appropriate, risk management systems as well as delivering quality financial reporting and instituting strong processes for the proper review of transactions.

This document sets out the roles, responsibilities, and authority of the Company's Audit Committee; including the rules of procedures that shall guide the function of the Committee, as approved by the Board of Directors. The Committee in carrying out its responsibilities believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee should take the appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical behaviour.

II. PURPOSE

The primary purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities for:

- the integrity of the Company's accounting and financial reporting principles and policies, and system of internal controls, including the integrity of the Company's financial statements and the independent audit thereof;
- the Company's compliance with legal and regulatory requirements;
- the Company's assessment and management of enterprise risks including credit, market, liquidity, operational and legal risks; and
- the Company's audit process and the performance of the Company's internal audit organization and External Auditor, including the External Auditor's qualifications and independence.



III. MEMBERSHIP

- The Committee shall be appointed by the Board and shall comprise at least three (3) Directors who meet the experience and independence standards and other applicable laws and regulations.
- All Committee Members will be financially literate, and at least one Member of the Committee will have accounting or related financial management expertise as determined by the Board. Management expertise or experience could be interpreted as having some or all of the following:
 - The ability to read and understand financial statements
 - The ability to understand and assess the general application of local or other generally accepted accounting principles
 - The ability to ask pertinent questions about the company's financial reporting process
 - The ability to effectively challenge Management's assertions on financials and Management's responses when appropriate
 - The ability to understand internal controls and risk factors relevant to the company's operations
 - Experience gained through executive responsibility
 - Education or professional qualifications
 - Experience in working within areas of corporate finance, financial reporting or accounting
- The Committee shall be chaired by an Independent Director. The Chairman of the Committee shall be responsible for ensuring the effective interaction among Committee Members and with Management and the Internal and External Auditors.
- If a Member of the Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.



IV. STRUCTURE

- The assignment of responsibilities should be clear within the entity (including responsibilities specific to information systems processing and program development).
- The structure for assigning ownership of data, including who is authorized to initiate and/or change transactions is adequate.
- Policies and procedures for the authorization of transaction have been established at the appropriate level.
- The Committee shall have the authority to retain such outside counsel, accountants, experts and other advisors as it deems appropriate to assist the Committee in the performance of its functions. The Committee shall have sole authority to approve related fees and retention items. The Company will provide appropriate funding, as determined by the Committee, for Compensation to any such outside advisors engaged by the Committee.

V. OPERATIONS

- **MEETINGS**

- The Committee will agree on an annual calendar/schedule of activities that shall determine the agenda for each meeting, subject to adjustments and/or revisions as needed.
- The Committee will meet at least quarterly each year or as often as may be deemed necessary or appropriate in its judgement.
- The quorum for a meeting of the Committee shall be at least a majority of the Members present throughout the meeting.
Minutes will be prepared.

- **RESPONSIBILITIES**

The Committee will carry out the following responsibilities:

- 1. Financial Reporting and Disclosures**

- Obtain a complete understanding of the Company's business, including the industry in which it operates.

- While Management is primarily responsible for the preparation of complete, accurate and reliable financial statements, it is the duty of the Committee to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance.
- Fair and balance review of the interim and annual financial statements before submission to the Board, focusing on changes in accounting policies and practices, alternative accounting treatments, decisions requiring significant element of judgement and estimate, major adjustments resulting from the audit; completeness, clarity, consistency, accuracy and transparency of disclosures of material information; going concern assumptions, compliance with accounting standards, tax, legal, and stock exchange requirements.
- Review significant accounting and reporting issues, including the extent to which the financial statements are affected by any complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Prevention techniques should be established to avoid potential error, misstatement or fraud risks. Detection technique on the other hand should also be established to uncover error or fraud events when preventive measures fail.
- Ensure that Management has designed and implemented necessary internal controls for the prevention and detection of fraud and system is in place to encourage timely, competent and confidential review, investigation and resolution of suspected fraud.
- Review of Management Representation Letter including its approval prior to its submission to the External Auditor.
- Review with management and the external auditors the results of the audit, including any difficulties encountered in the course of their audit work, including any restrictions on the scope of the auditors' activities or on access to requested information, and any significant disagreements with management.
- Communicate with the legal counsel covering litigation claims, contingencies or other significant legal issues that impact financial statements.

- Assess correspondence between the Company and regulators regarding financial statement filings and disclosures.

2. Risk Management

- Review and discuss with Management the policies and processes adopted by Management with respect to risk identification, assessment and management.
- Determine the acceptable risk level and oversee the management of such risk.
- Report and discuss with Management the Company's major financial risk exposures, if any, and the steps Management has taken or plans to take to monitor, minimize or manage such risks exposures.
- Assess Management's efforts in promoting risk awareness within the organization.

3. Internal Control

- Ensure that Management maintains a sound system of internal controls to safeguard the stockholders' investments and the Company's assets.
- Seek assurance on the design and operating effectiveness of internal controls through feedback from Management.
- Assess the effectiveness and adequacy of the Company's internal control system, including information technology security and control established by Management to identify, assess, manage and disclose financial and non-financial risks by ascertaining that the objectives listed below have been addressed:
 - a. Assets are safeguarded
 - b. Fraud or errors in the accounting records are prevented or detected
 - c. Accuracy and completeness of accounting records are ensured
 - d. Reliable financial information is prepared in a timely manner
 - e. Applicable internal policies, laws and regulations relating to the financial reporting process are complied with
- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with Management's responses.

- Highlight to the Board and discuss with Management any serious concerns or significant deficiencies in the design or operating effectiveness of internal controls that could have a material impact on the financial statements.
- Oversight on operational and compliance controls and to risk management policies and systems established by Management.
- Set a framework for fraud prevention and detection including whistle-blower program.

4. Management

- Assess the Management's compliance with the Code of Conduct.
- Discuss with Management the scope of audit.
- Discuss any significant changes to the Company's auditing and accounting principles, policies, controls, procedures, and practices proposed or contemplated by the External Auditor, the Internal Auditor or Management.
- All information received shall be deemed confidential. Investigation results shall not be disclosed or discussed with anyone other than those who have a legitimate need to know.

5. Internal Audit

- Review the appointment, removal and replacement of the Internal Auditor and ensure that the internal audit organization shall be free from interference by outside parties in the performance of its work.
- Examine the Internal Auditor's qualifications. Internal Auditor should meet or exceed the standards set by nationally or internationally recognised professional bodies including the standards for the professional practice of auditing.
- Review the extent and scope of internal audit work.
- Monitor and assess the role and effectiveness of the internal audit function in the overall context of the company's risk management system.
- Ensure that the internal audit function is adequately resourced and skilled in line with the company's nature, size and complexity.
- Review the internal audit program with regard to the complementary roles of the internal and external audit functions.

- Review with Management the charter, plans, activities, staffing and organizational structure of the internal audit function.
- Internal audit function can either be in-house, outsourced to a reputable accounting / auditing firm with an internal audit staff.
- Discuss with Management reports and findings submitted by the Internal Auditor.
- Review and monitor Management's response to the Internal Auditor's findings and recommendations.

6. External Audit

- Review External Auditor's engagement letter.
- Obtain a good understanding of the roles and responsibilities of External Auditors, the nature and scope of the audit and the Auditor's approach that will be adopted in the performance of the audit.
- Assess the qualification, expertise and resources, effectiveness and independence of the External Auditor. External Auditor should be free from any business or other relationships with the company that could materially interfere with their ability to act with integrity and objectivity
- Review the effectiveness of the External Auditor, including compliance with different national and international auditing standards.
- Review the cost effectiveness of the audit.
- Evaluate and determine the non-audit work, if any, of the External Auditor.
- Review periodically the non-audit fees paid to the External Auditor in relation to their significance to the total annual income of the External Auditor and to the Corporation's overall consultancy expenses.
- The Committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence.
- Review the report of the External Auditor and ensure that the management is taking appropriate corrective actions in a timely manner, including addressing control and compliance issues.
- Assess & evaluate External Auditor's performance and make recommendations to the Board on the appointment and reappointment of External Auditor.

- Communication with the External Auditor as to critical policies, alternative treatments, observations on internal controls, audit adjustments, independence, limitations on the audit work set by the management, and other material issues that affect the audit and financial reporting must be made on a complete and timely basis.
- Discuss to the External Auditor any matter relating to suspected fraud, irregularity or infringement to which has or is likely to have a material impact on the Company's operating results or financial position, and at an appropriate time, report the matter to the Board.
- Review and assess Management's competence regarding financial reporting responsibilities including aggressiveness and reasonableness of decisions made concerning Auditor's findings.
- Meet separately with the External Auditor to discuss any matters that the Committee or Auditors believe should be discussed privately.
- Conduct a thorough assessment of the functions of the external auditor within the various entities and in the different capacities in which the external auditor acts. The main conclusions of this assessment are for the purpose of both the evaluation of external auditors for new appointments as well as the evaluation of the incumbent external auditors with regards to re-appointment.

7. Other Responsibilities

- Perform other activities related to this Charter as requested by the Board of Directors.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the Committee Charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in this Charter have been carried out.
- Review progress on actions taken in response to the representations of the Auditors.
- Conduct assessment of its performance at least annually in order to ensure that it continues to fulfil its responsibilities in accordance with global best practices and in compliance with its governing Charter and other relevant regulatory requirements. In this regard, the Committee shall:

- a. Evaluate its performance by filling up a self-assessment questionnaire that shall benchmark its practices against the expectations set out in this Charter.
 - b. Based on the results of self-assessment, formulate and implement plans to improve its performance.
 - c. Review the status of such plans for improvement.
- Evaluate the Committee's and individual Members' performance on a regular basis.
 - Identify relevant training needs intended to keep the members up-to-date with corporate governance best practices, accounting and auditing standards as well as specific areas of concern.

VI. REPORTING PROCESS

- Regularly report to the Board of Directors on the exercise of its duties, about committee activities, issues, and other matters which it considers require action or improvement, and making recommendations as to the step to be taken.
- Provide an open avenue of communication between Internal Audit, the External Auditors, and the Board of Directors.
- Report annually to the Stockholders, describing the Committee's composition, responsibilities and any other information required by rule, including approval of non-audit services.
- Report to the Board of Directors and issue certifications on critical compliance issues.
- Review any other reports the company issues that relate to committee responsibilities.

VII. RESOURCES

- The Committee shall have the resources and authority to discharge its responsibilities, including the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors.
- The Company shall provide funding, as determined by the Committee, for payment of compensation to the External Auditors, as well as for any External Advisors or administrative support employed by the Committee.



- The Committee will have the authority to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company, and to request any Company Officer or Employee, External Counsel, Internal Auditor, or External Auditor to attend meetings of the Committee or otherwise meet with any Members of the Committee.

VIII. OTHER RELEVANT INFORMATION

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the Directors of the Company or Members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfil its responsibilities.