

AUDIT COMMITTEE

TERMS OF REFERENCE

1. Composition

- 1.1 The AC should comprise at least three (3) directors of the Company, all of whom should be non-executives. The majority of the AC members, including the AC Chairman, should be independent.
- 1.2 At least two (2) AC members including the AC Chairman shall have recent and relevant accounting or related financial management expertise or experience.
- 1.3 A former partner or director of the Company's existing auditing firm or auditing corporation should not act as a member of the AC:
 - (a) within a period of two (2) years commencing on the date of his/her ceasing to be a partner of the auditing firm or a director of the auditing corporation; and
 - (b) in any case, for as long as he/she has any financial interest in the auditing firm or auditing corporation.

2. Roles and Responsibilities

The AC was formed by the Board to carry out the following duties:-

Internal Controls, Risk Management and Compliance

- 2.1 To assist the Board in discharging its statutory and other responsibilities on internal controls, risk management, compliance and financial reporting.
- 2.2 Specific matters relating to risk management, internal controls (excluding financial risks and compliance risks with financial impact), and technology are addressed by the Board Risk and Technology Committee ("BRTC") as set up in its TOR.
- 2.3 The AC shall consider and assess any concerns or issues escalated by the BRTC in respect of matters within their respective purview, in accordance with these Terms of Reference, and take follow-up action as appropriate.
- 2.4 To review and report to the Board at least annually on its assessment of the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems.
- 2.5 To review the assurance from the Chief Executive Officer and other key management personnel who are responsible, that the Group's internal controls and risk management systems are adequate and effective.
- 2.6 To disclose in the Company's annual report whether it concurs with the Board's comments on the adequacy and effectiveness of the Group's internal controls and risk management systems, and where material weaknesses are identified by the Board or the AC, review disclosures in the Company's annual report on such weaknesses together with the steps taken to address them.

- 2.7 To review the assurance from the Chief Executive Officer and Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.
- 2.8 To review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.
- 2.9 To ensure that the Company publicly discloses, and clearly communicates to employees of the Group, the existence of a whistleblowing policy and procedures for raising concerns.
- 2.10 To review reports on significant whistleblowing incidents and ensure that they will be appropriately dealt with.
- 2.11 To (a) review the findings of internal investigations into any suspected fraud or irregularity, or suspected infringement of any Singapore laws or regulations or rules of the SGX-ST or any other regulatory authority in Singapore, which the AC becomes aware of, and which has or is likely to have a material impact on the Company's operating results or financial position, and (b) discuss such matter with the external auditors and, at an appropriate time, report the matter to the Board.
- 2.12 To approve new policies and changes to policies related to the AC's areas of responsibilities.

Financial Reporting

- 2.13 To review, with Management and the external auditors, the interim and annual financial statements (including the accompanying Directors' Statement), and the SGXNET announcements on the financial statements.
- 2.14 To review and report to the Board, the significant financial reporting issues and judgments, and how these issues were addressed, so as to ensure the integrity of the financial statements of the Company and the Group, and the related SGXNET and any other announcements relating to the Group's financial performance.
- 2.15 To review and report to the Board, significant issues (including significant adjustments) raised by the external auditors in their review or audit of the Company's year-end financial statements which have a material impact on the interim financial statements or financial updates previously announced by the Company. To advise the Board if changes are needed to improve the quality of future interim financial statements or financial updates.
- 2.16 To review the application and consistency of the accounting standards used at the Company and Group levels, and assess, and challenge, where necessary, the accuracy, completeness, and consistency of financial reports (including interim reports), before they are submitted to the Board for approval or made public.

Internal and External Audit

- 2.17 To review and approve the Group's Internal Audit Charter, plans, activities, staffing, budget, resources and organisational structure of the internal audit function.
- 2.18 To review and report to the Board, its assessment of the adequacy, effectiveness, independence, scope and results of the internal audit function.

- 2.19 To receive communications from the Head of Internal Audit on the internal audit function's performance relative to its plan and other matters pertinent to the function's operations and effectiveness.
- 2.20 To make appropriate inquiries of management and the Head of Internal Audit to determine whether there is inappropriate scope or resource limitations impacting the internal audit function's ability to fulfil its mandate.
- 2.21 To ensure that the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience, has unfettered access to all of the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company and the Group.
- 2.22 To ensure that the internal auditors comply with the standards set by nationally or internationally recognised professional bodies and to periodically receive reports from the Head of Internal Audit on the internal audit function's conformance with the Global Internal Audit Standards and the Code of Ethics, as assessed through its quality assurance and improvement program.
- 2.23 To comment in the Company's annual report on whether the internal audit function is independent, effective and adequately resourced.
- 2.24 To receive disclosures from the Head of Internal Audit regarding any interference encountered by internal auditors related to the scope, performance, or communication of internal audit services and results, including the implications of such interference on the internal audit function's effectiveness and ability to fulfil its mandate.
- 2.25 To receive communications from the Head of Internal Audit on the rationale for not including an assurance engagement for an activity or areas assessed as high risk in the internal audit plan, and explanations for any conflicting demands for services.
- 2.26 To review and report to the Board, its assessment of the adequacy, effectiveness, independence, scope and results of the external audit taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority of Singapore.
- 2.27 To review and approve the audit plans of the external auditors and internal auditors and ensure that audit resources are allocated according to the key business and financial risk areas, focusing on optimum coverage and efforts between the external and internal auditors.
- 2.28 To review the external auditors' and internal auditors' evaluation of the system of internal accounting controls.
- 2.29 To review the reports of the external auditors and internal auditors, and consider the effectiveness of responses/actions taken by Management on the external auditors' and internal auditors' recommendations and observations including to review the assistance given by Management to the external auditors and internal auditors.
- 2.30 To discuss key audit matters with the external auditors and ascertain if there are any follow-up actions which should be taken to reduce the extent of uncertainty and corresponding need for judgment for future periods.
- 2.31 To review the audit representation letter (particularly in relation to non-standard issues), and the external auditors' management letter to assess if it is based on a good understanding of the Company's business.

- 2.32 To review and report to the Board, its assessment of the independence and objectivity of the external auditors annually, taking into consideration the requirements under the Accountants Act, Chapter 2 of Singapore, including but not limited to the aggregate and respective fees paid for audit and non-audit services and the cooperation extended by Management to allow an effective audit.
- 2.33 To provide a confirmation in the Company's annual report that it has undertaken a review of all non-audit services provided by the external auditors and that they would not, in its opinion, affect the independence of the external auditors.
- 2.34 To ensure that (a) the aggregate amount of fees paid to the external auditors for the financial year, and (b) a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative statement, are stated in the Company's annual report. To review the disclosure of the fees information in the annual report.
- 2.35 To ensure the rotation of the audit engagement partner every five years.
- 2.36 To state in the Company's annual report whether the Company has complied with Rule 712, and Rule 715 or 716 of the SGX-ST Listing Manual in relation to its external auditors.
- 2.37 To review and report to the Board, its assessment of the quality of the work carried out by the external auditors, and the basis of such assessment, such as the use of the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority of Singapore.
- 2.38 To recommend to the Board on (a) the proposals to the shareholders on the appointment, reappointment and removal of the external auditors, and (b) the remuneration and terms of engagement of the external auditors.
- 2.39 To oversee the Group's internal audit function which shall report functionally to the AC Chairman and administratively to the Chief Executive Officer. To approve the appointment, termination and remuneration of the Group's Head of Internal Audit or the accounting/auditing firm or corporation to which the internal audit function is outsourced.
- 2.40 To review and approve the Group's Head of Internal Audit's plan for the performance of an external quality assessment of the internal audit function, including the scope, frequency, competencies and independence of the external assessor or assessment team, to receive the external assessment report of the internal audit function directly from the external assessor and to review and approve the internal audit function's action plans to address identified conformance gaps and opportunities for improvement.
- 2.41 To meet with (a) the external auditors, and (b) the internal auditors, in each case without the presence of Management, at least annually. To ensure the Head of Internal Audit has unrestricted access to and direct communication and interaction with the AC, including in private meetings without Senior Management present, as deemed necessary by the Head of Internal Audit or AC.

Other Responsibilities

- 2.42 To review "interested person transactions" as defined in Chapter 9 of the SGX-ST Listing Manual and to approve those transactions requiring the AC's approval as specified in any Shareholders Mandate established for this purpose.
- 2.43 To ensure proper disclosure and reporting to shareholders on "interested person transactions" as defined in Chapter 9 of the SGX-ST Listing Manual, as required by the SGX-ST Listing Manual.

- 2.44 To institute and oversee special investigations as needed.
- 2.45 To review and assess the adequacy of the AC's Terms of Reference and request the Board's approval for proposed amendments.
- 2.46 To perform other activities related to the AC's Terms of Reference as requested by the Board.
- 2.47 To disclose a summary of the AC's activities in the Company's annual report.
- 2.48 To perform any other duties as required under the Companies Act, the SGX-ST Listing Manual, the Code of Corporate Governance and/or the Practice Guidance for the Code of Corporate Governance.