

AUDIT COMMITTEE ("AC")

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 The Board would ensure that the members of the AC are appropriately qualified to discharge their responsibilities. At least two (2) AC members including the AC Chairman shall have recent and relevant accounting or related financial management expertise or experience, as the Board interprets such qualification in its business judgement.
- 1.3 A former partner or director of the Company's existing auditing firm or corporation should not act as a member of the Company's AC:
 - (a) within a period of two (2) years commencing on the date of his/her ceasing to be a partner or director of the auditing firm or auditing corporation; and
 - (b) for as long as he/she has any financial interest in the auditing firm/auditing corporation.

2. Roles and Responsibilities

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

Internal Controls and Compliance

- 2.1 To assist the Board in discharging its statutory and other responsibilities on internal controls, compliance and financial reporting.
- 2.2 To review and report to the Board on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems.
- 2.3 To appraise and report to the Board on the audits undertaken by the external auditors and internal auditors, the adequacy of disclosure of information, and appropriateness and quality of the system of management and internal controls.
- 2.4 To review the assurance from Group Chief Executive Officer and Group Chief Financial Officer on the financial records and financial statements.
- 2.5 To review the policies and arrangements by which staff and any other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters and ensuring that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up actions.
- 2.6 To approve new policies and changes to policies related to the AC's areas of responsibilities.

- 2.7 To review and report to the Board on the process for monitoring the Group's compliance with appropriate legislation and regulations.

Financial Reporting

- 2.8 To review, with Management and the external auditors, the quarterly and annual financial statements (including the accompanying Directors' Statement), and the SGXNET announcements on the financial statements.
- 2.9 To review significant financial reporting issues and judgments 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.

Internal and External Audit

- 2.10 To review and approve the Group's Internal Audit Charter, activities, staffing, skills and organisational structure of the internal audit function and assess the effectiveness of the internal audit function annually.
- 2.11 To review, at least annually, the adequacy and effectiveness of the internal audit function. Ensure that the internal audit function is adequately resourced and has appropriate standing within the Company and the Group; and has unfettered access to documents, records, properties and personnel, including access to the AC.
- 2.12 To review and ensure that the internal audit function complies with International Professional Practice Framework, International Standards for the Professional Practice of Internal Auditing.
- 2.13 To review and approve the audit plans of the external and internal auditors in ensuring 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.
- 2.14 To review the external and internal auditors' evaluation of the system of internal accounting controls.
- 2.15 To review the reports of the external auditors and internal auditors, and consider the effectiveness of responses/actions taken by Management on the auditors' recommendations and observations including review the assistance given by Management to the external and internal auditors.
- 2.16 To review the independence and objectivity of the external auditors annually, taking into account the nature and extent of non-audit services supplied by the external auditors and seeking to maintain objectivity.
- 2.17 To review and state in the Company's annual report (i) the aggregate amount of fees paid to the external auditors for the financial year, and (ii) a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative statement. Review the disclosure of the fees information in the annual report.
- 2.18 To recommend to the Board on the proposals to the shareholders on the appointment, reappointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors.

- 2.19 To oversee the Group's internal audit function which shall report functionally to the AC Chairman and administratively to the Group Chief Executive Officer. Approve decisions relating to appointment/removal of the Group's Head of Internal Audit and review the annual performance appraisal, including independence of Internal Audit, and approve the remuneration for the Group Head of Internal Audit or the accounting/auditing firm or corporation to which the internal audit function is outsourced.
- 2.20 To meet with (i) the external auditors, and (ii) the internal auditors, in each case without the presence of Management, at least annually.

Other Responsibilities

- 2.21 To review "interested persons transactions" as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited and to approve those transactions requiring the AC's approval as specified in any Shareholders Mandate established for this purpose.
- 2.22 To institute and oversee special investigations as needed.
- 2.23 To review and assess the adequacy of the AC's Terms of Reference and request the Board's approval for proposed amendments.
- 2.24 To perform other activities related to the AC's Terms of Reference as requested by the Board.
- 2.25 To disclose a summary of the AC's activities in the Group's annual report and the measures taken by AC members to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements.
- 2.26 To perform any other duties as required under the Companies Act of Singapore, SGX Listing Manual and the Code of Corporate Governance.