



**MASSY HOLDINGS LTD. (“THE COMPANY”)  
AUDIT COMMITTEE (“THE COMMITTEE”) CHARTER**

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**1. PURPOSE**

The Committee is appointed by the Board of Directors and tasked with assisting the Board in fulfilling its oversight responsibilities.

The purpose of the Committee is to review and make appropriate recommendations for the Board’s approval of the financial reporting process, the system of internal control and the audit process. In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, Management and the Internal and External Auditors.

**2. CONSTITUTION AND PROCESS**

**2.1 Composition and Membership**

The Committee will comprise a minimum of three non-executive members of the Board of Directors, of which two must be independent. All Committee Members shall be appointed by the Board and these appointments of the Committee shall be reviewed annually.

The Audit Committee members shall be selected from the independent members of the Board of Directors. Determination of Independence shall be in accordance with the Company’s Director Independence Policy.

The Group CEO shall also be an Ex-Officio-Member of the Audit Committee.

The Board will appoint the Chairperson of the Committee. The Secretary of the Audit Committee will be the Company Secretary, or such other person nominated by the Board.

**2.2 Membership Qualifications**

Each Committee member will be financially literate. At least one member shall be designated as the financial expert and shall have experience in finance or a professional certification in accounting.

<b>Recommended by:</b>	<b>Audit Committee</b>	<b>Approved &amp; Recommended by:</b>	<b>Governance, Nomination &amp; Remuneration Committee</b>	<b>Approved by:</b>	<b>Massy Holdings Ltd. Board of Directors</b>
<b>Date:</b>	<b>February 06, 2018</b>		<b>March 12, 2018</b>		<b>April 10, 2018</b>



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In addition, each Committee member will obtain an understanding of the detailed responsibilities of Committee membership as well as the Group’s business, operations and risks in order to effectively perform their role.

**2.3 Meetings**

- (i) A quorum for any meeting shall be three members; including at least two non-executive members. The Committee shall meet at least four times a year, with authority to convene additional meetings as circumstances require.
- (ii) The Committee may invite members of management, auditors or others to attend meetings or provide pertinent information as necessary.
- (iii) An Audit Committee meeting may be held without the Audit Committee Chairman being present provided he or she will have discussed the contents of the agenda of the meeting with other members of the Committee prior to the meeting. These discussions may be done by teleconferencing or other similar means.
- (iv) Meeting agendas will be prepared and provided in advance to members, along with relevant and appropriate briefing materials. Minutes will be prepared.

**3. AUTHORITY**

The Audit Committee shall conduct or authorize investigations into any matters within its scope of responsibility and has the authority to:

- (i) Evaluate and recommend the appointment of a registered public accounting firm to provide the services of External Auditor for the Group.
- (ii) Oversee and evaluate the work of the Internal and External Auditor.

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- (iii) Institute special investigations and if appropriate, hire special counsel, accountants or other experts to advise the Committee or assist in the conduct of the investigation.
- (iv) Resolve any disagreements between management and the External Auditors regarding financial reporting.
- (v) Approve all audit services to be provided by the External Auditors.
- (vi) Approve all non-audit services to be provided by the External Auditors in accordance with the Delegation of Authority for Non-Audit Services.
- (vii) Seek any information it requires from Group company officers and employees, all of whom are directed to cooperate with the Committee’s requests.
- (viii) Seek information or hold meetings with the External Auditors, outside counsel or other external third parties as necessary.

**4. RESPONSIBILITIES**

The Committee will execute the following responsibilities:

**4.1 Internal Control**

- (i) Consider the effectiveness of the Group’s internal control environment, including information technology security and control.
- (ii) Evaluate the scope of the internal and external auditors’ review of internal controls over financial reporting, and obtain reports describing significant findings, recommendations and management responses.
- (iii) Evaluate whether management is setting the appropriate tone at the top by communicating the importance of internal control and a thorough understanding of roles and responsibilities to all stakeholders.

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- (iv) Examine the extent to which management reviews computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of a system breakdown.
- (v) Examine the extent to which Internal and External Auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of a system breakdown.
- (vi) Understand whether internal control recommendations made by the Internal and External Auditors have been implemented by management.
- (vii) Confirm that management, the Internal Auditors and the External Auditors keep the Committee informed about fraud, illegal acts, deficiencies in internal control and any other relevant matters.

**4.2 Financial reporting**

- (i) Review and understand the impact on the financial statements of any significant accounting and reporting issues, including complex or unusual transactions, highly judgmental areas or adjustments and recent professional and regulatory pronouncements.
- (ii) Consider whether the financial and operational controls which generate the financial statements are functioning effectively.
- (iii) Inquire of management and the Internal and External Auditors about significant risks and exposures and the plans to minimize or mitigate such risks.
- (iv) Confirm that all regulatory compliance matters have been considered in the preparation of the financial statements.
- (v) Review with management and the External Auditors all matters

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required to be communicated to the Committee under generally accepted auditing and accounting standards.

- (vi) Review with the Group’s legal counsel any legal matters that could have a significant impact on the Group’s Financial Statements.

**4.3 Annual Financial Statements**

- (i) Review, evaluate and provide recommendations on the scope of the external audit required for the satisfactory completion of the Group’s statutory financial statements. Audited statutory financial statements are required for regulated entities in the Group.
- (ii) Review the annual financial statements and consider whether they are complete, consistent with information known to the Committee’s members and reflect appropriate accounting principles.
- (iii) Examine and understand the impact on the financial statements of any complex and or unusual transactions, such as restructuring charges.
- (iv) Examine judgmental areas such as those involving valuation of assets and liabilities, including for example the accounting for and disclosure of obsolete or slow moving inventory, loan losses, warranty, product and environmental liability, litigation reserves and other commitments and contingencies.
- (v) Review with management and the External Auditors the results of the audit, including any difficulties encountered.
- (vi) Consider management’s handling of proposed audit adjustments identified by the External Auditors.
- (vii) Review other sections of the annual report before its release and consider whether the information is adequate, accurate, complete and consistent with member’s knowledge of the company and its operations.

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- (viii) Inquire that the External Auditors communicate other relevant matters to the Committee.

**4.4 Interim Financial Statements**

- (i) Review interim financial reports before filing with regulators and consider whether they are complete and consistent with information known to the Committee’s members.
- (ii) Evaluate how management develops and summarizes quarterly financial information, the extent of Internal or External Audit involvement, the extent to which the Internal or External Auditors review quarterly financial information, and whether the review is performed on a pre or post issuance basis.
- (iii) Meet with management, and if a pre-issuance review was completed with the External Auditors, to examine the interim financial statements and the results of the review.
- (iv) Obtain explanations from management and from the Internal or External Auditors on whether actual financial statements or results for the interim reporting period:
  - a) Varied significantly from the budgeted or projected results
  - b) Include changes in financial ratios and relationships that are consistent with the changes in the Group’s operations and financing practices
  - c) Are prepared using generally accepted accounting principles that are consistently applied
  - d) Contain any actual or proposed changes in accounting or financial reporting practice
  - e) Contain any significant or unusual events or transactions
  - f) Comply with the terms of any loan agreements or debentures
  - g) Contain adequate and appropriate disclosures

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**4.5 Compliance with Laws and Regulations**

- (i) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management’s investigation and follow-up (including disciplinary action) of any instances of non-compliance, fraudulent acts or accounting irregularities.
- (ii) Obtain regular updates from management and legal counsel regarding compliance matters.
- (iii) Review the findings of any examinations by regulatory agencies, such as, the Securities and Exchange Commission, the Central Bank and the Board of Inland Revenue.

**4.6 Internal Audit**

- (i) Review with management and the Group Internal Auditor the charter, plans, activities, staffing and organizational structure of the internal audit function.
- (ii) Review and approve the annual internal audit plan and all major changes to the plan.
- (iii) Ensure there are no unjustified restrictions or limitations to the scope of the internal audit function, and review and concur in the appointment, replacement or dismissal of the Group Internal Auditor.
- (iv) Review the effectiveness of the internal audit function including compliance with the Institute of Internal Auditors’ Standards for the Professional Practice of Internal Auditing.
- (v) On a regular basis meet separately with the Group Internal Auditor to discuss any matters that the Committee or the Internal Auditors believes should be discussed privately.

**4.7 Oversight for the Group Pension Oversight Committee (GPOC)**

Maintain oversight for the Group Pension Oversight Committee

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(GPOC) which has responsibility for the Group’s Pension Plans. The GPOC will report to the Committee on an annual basis or as required.

**4.8 External Audit**

- (i) Review the External Auditor’s proposed audit scope and approach, including coordination of audit effort with the internal audit function.
- (ii) Review the performance of the External Auditors and recommend approval of the appointment or discharge of the External Auditors.
- (iii) On a regular basis meet separately with the External Auditors to discuss any matters that the Committee or the auditors believe should be discussed privately.
- (iv) Review and confirm the independence of the External Auditors by examination of the non-audit services provided and the External Auditors assertion of their independence in accordance with professional standards.

**4.9 Other responsibilities**

- (i) Confirm that significant findings and recommendations made by the Internal and External Auditors are received, discussed and implemented by management on a timely basis.
- (ii) Ensure that the policies and procedures in effect for considering officer’s expenses and perquisites are reviewed.
- (iii) Communicate to the Board matters which may significantly impact the financial condition/affairs of the Group.
- (iv) Perform other oversight functions as requested by the Board of Directors.
- (v) Review and update the charter and recommend approval of any changes to the Board of Directors.
- (vi) Confirm annually that the responsibilities outlined in this

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Charter have been executed.

- (vii) Evaluate the Committee’s and its individual members’ performance.

**4.10 Reporting Responsibilities**

- (i) Regularly report to the Board of Directors on the Committee’s activities, issues, and, related recommendations.
- (ii) Provide an open avenue of communication between Internal Audit, External Audit and the Board of Directors.
- (iii) Report annually to the shareholders describing the Committee’s composition, responsibilities, discharge of duties and any other information required by regulation or professional practice.
- (iv) Review any other reports issued by the Group that relate to the Committee’s responsibilities.

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