

SUMMIT POWER INTERNATIONAL LIMITED**AUDIT AND RISK COMMITTEE – COMMITTEE CHARTER****A. GENERAL PROVISIONS****1. Approval**

This Committee Charter has been approved and been put in place by the board of directors (the “**Board**”) of Summit Power International Limited (the “**Company**”) based on the relevant principles of the Code of Corporate Governance 2018 (to the extent such principles are practicable).

2. Revision

The Audit and Risk Committee (the “**ARC**”) shall review:

- (a) at least annually, this Committee Charter and recommend to the Board any appropriate amendments for approval; and
- (b) the annual agenda incorporating any changes in this Committee Charter,

subject always that no revision to this Committee Charter shall be effective unless approved by the Board.

3. Terms of the Committee Charter

In the event of any conflict between this Committee Charter and the Company’s constitution (the “**Constitution**”), the Constitution shall prevail.

4. Access to the Committee Charter

Relevant parts of the Committee Charter may be posted on the Company’s website.

B. PURPOSE

5. The role of the ARC is to support the Board to fulfil its oversight responsibilities in the following areas of the:

- (a) integrity and fairness of the financial statements, annual reports and accounts, half-year report and quarterly reports, including interim reports (collectively, “**Financial Information**”) of the Company and its subsidiaries (collectively, the “**Group**”);
- (b) correctness, accuracy and sufficiency of any announcement relating to the Group’s financial performance; and
- (c) adequacy and effectiveness of the Company’s:
 - (i) risk management systems (including the risk management plans, risk policies, guidelines and limits of the Group) and internal control systems;
 - (ii) internal audit functions (resources, performance and scope of work);
 - (iii) external audit functions (qualifications, independence, engagement and fees);
 - (iv) processes to manage compliance (legal, regulatory and Company policies) risk; and

- (v) methods and procedures (**Procedures**) for the review of all Interested Persons' Transactions (**JPT**) and Related Party Transactions (**RPTs**).

C. COMPOSITION

6. Nomination

The ARC shall be appointed by the Board from among its members in accordance with the Constitution and Shareholders' Agreement.

7. Number of directors

7.1 The ARC shall consist of the following:

- (a) at least three (3) directors;
- (b) be composed of non-executive directors; and
- (c) have a majority of its members, including the chairman of the ARC (the "**ARC Chairman**"), as non-executive.

7.2 The Board shall designate one member of the Committee to act as its Chairman.

7.3 If the number of members of the ARC falls below three (3), the Board shall, as soon as practicable, appoint new members to the ARC to make up the minimum number of three (3). Any new member appointed shall hold office for the remainder of the term of office of the member of the ARC in whose place he or she is appointed.

8. Term of office

Subject always to him or her remaining at all times during his or her term of office as a director of the Company, a member of the ARC shall hold office until the next annual general meeting of the Company following such member's appointment and may be re-appointed to such office.

9. Requirements

9.1 The members of the ARC shall have sufficient and relevant expertise and be appropriately qualified to discharge their responsibilities effectively. All members of the ARC shall have recent and relevant accounting or related financial management expertise or experience.

9.2 The ARC members are required to keep abreast of changes in accounting standards and issues which have a direct impact on financial statements.

10. New members

10.1 The new members of the ARC shall be provided with:

- (a) a latest copy of this Committee Charter;
- (b) minutes of recent AC meetings together with the relevant meeting papers; and
- (c) copies of the relevant policies and procedures of the Company.

10.2 The ARC shall work with the management of the Company (the "**Management**") and other compliance functions (e.g. internal audit, legal, risk management) on a formal process to brief all ARC members (including new ARC members) to ensure that they understand their responsibilities, the Company's business and its operations, current issues, the audit process and the performance expectations of the Board. The briefing session should include:

- (a) an overview by the Management and relevant compliance functions on the Company's risk and compliance framework and any current audit and financial reporting issues;
- (b) meetings with the Management and the internal auditor to discuss any unusual transactions or other matters that come under the purview of the ARC or that may concern the ARC; and
- (c) an introduction to and a meeting with the external auditor.

D. ROLE

11. Authority

The ARC is authorised by the Board to:

- (a) assist the Board in fulfilling its roles and responsibilities in accordance with the terms of reference detailed in this Committee Charter;
- (b) seek any information that it requires from any employee of the Company in order to perform its duties, including but not limited to all accounts, books, records and information on any matter relating to the financial position of the Company, its subsidiaries and affiliates, as may be required for the purposes of discharging its duties;
- (c) have direct and unrestricted access to the representatives of the external auditors, head of internal audit, and the Management;
- (d) meet with any relevant person of the Company or any entity within the Group without the presence of any management staff, if necessary; and
- (e) at the Company's expense, obtain any external legal or professional advice, to appoint consultants and to commission or purchase any relevant reports, surveys and information which it deems necessary.

12. Responsibilities

The ARC shall be responsible for the following matters:

12.1 Financial reporting

- (a) monitor the integrity and fairness, assess and challenge, where necessary, the accuracy, completeness and consistency, of the Group's Financial Information before submitting to the Board for approval, focusing particularly on:
 - (i) the relevance and consistency of the financial reporting and accounting standards, policies and practices used by the Company (i.e. entity level) and the Group (i.e. consolidation level), taking into consideration any changes to such standards, policies and practices;
 - (ii) any significant financial reporting judgements contained in the Financial Information, including but not limited to the assurance provided by the Chief Executive Officer of the Company (**CEO**) and the Chief Financial Officer of the Company (**CFO**) regarding the financial records being properly maintained and the financial statements giving a true and fair view of the Group's operations and finances;
 - (iii) significant adjustments resulting from audit;
 - (iv) the going concern assumptions and any qualifications;

- (v) compliance with accounting standards; and
- (vi) compliance with all applicable rules, regulations and requirements in relation to financial reporting;
- (b) consider any significant or unusual items that are, or may need to be, reflected in the financial report and accounts;
- (c) give due consideration to any matters that have been raised by the staff responsible for the accounting and financial reporting function, compliance officer (or person occupying a similar position) of the Company, or any auditor of the Company; and
- (d) review the correctness, accuracy and sufficiency of any announcement relating to the Group's financial performance;

12.2 Risk management systems and internal control systems

- (a) at least annually, review the adequacy and effectiveness of the risk management systems and internal control systems, including but not limited to financial, operational, compliance and information technology controls. This may include proper identification, analysis, evaluation and treatment of risks, and the regular reporting, monitoring and review of the risk management processes, reviewing Management and/or assurance provider reports (e.g. internal audit) to highlight significant findings and recommendations, inclusive of Management's responses;
- (b) periodically review and discuss the risk management systems and internal control systems with the Management to ensure that the Management has discharged its duty to have effective systems, including but not limited to the following matters:
 - (i) the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions;
 - (ii) the changes in the nature and extent of significant risks, and the ability of the Company to respond to changes in its business and the external environment;
 - (iii) the scope and quality of management's on-going monitoring of risks and of the internal control systems and the work of its internal audit function;
 - (iv) the extent and frequency of communication of monitoring results to the Board which enables it to assess control of the Company and the effectiveness of risk management; and
 - (v) significant control failings or risk areas that have been identified. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the financial performance or condition of the Company;
- (c) where responsibility is delegated by the Board or on its own initiative, prepare an ARC report setting out major investigation findings on the adequacy and effectiveness of risk management systems and internal control systems to the Board and Management's response to these findings;
- (d) review disclosures in the annual report to shareholders relating to the adequacy and effectiveness of the risk management systems and internal control systems (with particular focus on financial reporting risks and controls); and
- (e) review the Company's policy and arrangements for detecting fraud and for whistle-blowing, and ensure that arrangements are in place by which staff of the Company and any other persons

may, in confidence, raise concerns about possible improprieties, fraud or irregularities in matters of financial reporting, financial control, or any other matters, that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action and to report the results of such investigation to the Board;

12.3 Internal audit functions

- (a) monitor and assess the adequacy and effectiveness of the function of internal audit (including the internal audit's charter, plans, activities, staffing, budget, resources, and organisational structure of the function of internal audit) at least once a year. For example, the internal audit function should be adequately resourced, staffed with persons with the relevant qualifications and experience, have appropriate standing within the Company and carry out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors;
- (b) conduct internal quality assurance review (**QAR**) of the function of internal audit at least annually;
- (c) conduct independent validation of QAR at least once every five (5) years;
- (d) where the QAR identifies gaps or lack of expertise with the existing function of internal audit, the ARC may consider co-sourcing or outsourcing options for the function of internal audit;
- (e) review the internal audit programme and reports on a periodic basis and monitor Management's responses to the findings and responsiveness to the recommendations;
- (f) ensure the independence of the head of internal audit, that he or she has direct and unrestricted access to all the Company's documents, records, properties and personnel, including the chairman of the Board and the ARC, and is able to meet separately and privately to discuss any matter or concern;
- (g) review the scope of work and audit plans of the internal auditors, including interaction with Management and other matters related to the conduct of the audits; and
- (h) review the performance of and approve the appointment, replacement, dismissal and compensation of the head of internal audit;

12.4 External audit functions

- (a) review the external auditors' audit plans (including the audit scope, approach and payment of fees), interaction between the external auditors, the internal auditors and the Company and other matters related to the conduct of the audits;
- (b) review the selection and performance (e.g. assess effectiveness through level of errors identified, accuracy in handling key accounting audit judgments, and response to queries from the ARC) of the external auditors and recommend to the Board the appointment, re-appointment, termination, rotation, terms of engagement and remuneration of the external auditors;
- (c) review the scope of work and results of the external audit and at least annually, monitor and assess, the independence and objectivity of the external auditors and consider:
 - (i) the aggregate amount of fees paid to the external auditors for that financial year; and
 - (ii) a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative statement to be included in the annual report to shareholders;

- (d) review the nature, extent and costs of non-audit services provided by the external auditors, seeking to balance the independence and objectivity of the external auditors with the business and operational needs of the Company;
- (e) review the results of the:
 - (i) audit of financial statements and consider significant findings; and
 - (ii) audit representation letter (particularly in relation to non-standard issues) and the external auditors' Management letter to assess whether it is based on a good understanding of the Company's business,and monitor the responsiveness of Management to the recommendations made (or the reasons why they have not been acted upon);
- (f) discuss the adequacy and effectiveness of internal audit functions with the external auditors and thereafter amend the scope of work and audit plans of the internal auditors;
- (g) establish regular meetings with the external auditors to discuss matters that the ARC or auditors believe should be discussed privately; and
- (h) ensure that the external auditors report directly to the ARC and have direct and unrestricted access to the chairman of the Board and the ARC;

12.5 **Compliance risk**

- (a) review the effectiveness of the framework for monitoring compliance with all applicable laws and regulations, including the determination of the scope of work and plan of the staff of the Company responsible for overseeing compliance with all applicable laws and regulations;
- (b) monitor the results of Management's investigation and follow up of any instances of non-compliance;
- (c) monitor the processes for addressing complaints made regarding accounting, internal controls and/or auditing matters;
- (d) clarify the Company's code of conduct and process for disseminating requirements across all Company personnel and monitoring levels of compliance; and
- (e) maintain open communication with and receive periodic reports from Management and Company legal counsel regarding compliance matters;

12.6 **RPTs/IPTs**

- (a) review, approve or recommend the approval of RPTs/IPTs, in accordance with the Company's RPT/IPTs policy;
- (b) review the adequacy and effectiveness and the implementation of the procedures to ensure that all RPTs/IPTs are:
 - (i) carried out on an arm's length basis and normal commercial terms;
 - (ii) not prejudicial to the interests of the Company or its minority shareholders; and
 - (iii) carried out in compliance with all applicable and prevailing laws and regulations.
- (iv) receive and review disclosures and reports regarding RPTs/IPTs.

E. PROCESSES AND PROCEDURES**13. Staff function / Secretary of the ARC**

13.1 The head of internal audit, or any staff designated, shall provide the staff function for the ARC. He or she shall propose the agenda of the meeting to the ARC Chairman and take action on issues and matters arising from the meetings of the ARC.

13.2 The secretary of the Company, or any staff designated, shall act as the secretary of the ARC.

14. Meetings

14.1 The meetings and notice and proceedings of the meetings of the ARC shall be governed by the Constitution.

14.2 The ARC shall meet at least four (4) times a year at appropriate times in the Company's reporting and audit cycle and whenever deemed necessary.

14.3 At the start of each financial year of the Company, the ARC shall set out an annual work plan listing the key activities the ARC intends to undertake during the year (**Work Plan**). Based on the Work Plan, the ARC Chairman shall, in consultation with the head of internal audit and subject always to Clause 14.2 above, determine the frequency and timing of ARC meetings.

14.4 Attendance by all ARC members at each meeting is expected, whether in person or via tele-conference or video-conference. The ARC may invite members of Management (e.g. the CEO, CFO), auditors (e.g. head of internal audit, external auditors) or others (e.g. non-executive directors and subject matter experts) to attend meetings and provide pertinent information, as necessary.

14.5 The ARC will meet separately, periodically (at least annually) with Management. At each of such meeting, the ARC shall require the Management to

- (a) confirm that no adverse or unusual events have taken place and where there are such events, to ensure that their impact have been appropriately accounted for and/or disclosed; and
- (b) provide timely information on changes in business strategies and other relevant information .

14.6 The ARC shall meet (a) with the external auditors, and (b) with the internal auditors, in each case without the presence of Management, at least annually. The external auditors and internal auditors may request a meeting with the ARC whenever deemed necessary.

14.7 Meeting agendas will be prepared by ARC Chairman with the assistance of the secretary of the AC and provided in advance to members, along with appropriate briefing materials. Minutes will also be prepared by the secretary of the ARC.

14.8 In addition to providing the Board with a copy of the agenda, committee papers and minutes of its meetings, the ARC shall ensure that the:

- (a) ARC Chairman reports to the Board on meetings of the ARC, regarding all relevant matters and appropriate recommendations, in a written report (with supporting material) for noting or approval by the Board; and
- (b) ARC addresses any other reporting responsibility.

15. Review of Performance

To ensure that the ARC is fulfilling its stewardship duties to the Board, the ARC shall

- (a) agree and review its key performance metrics with the Board with respect to how it discharges its roles and responsibilities;

- (b) conduct an annual assessment of its performance against the duties and responsibilities as set out in this Committee Charter and provide a report of the findings to the Board; and
- (c) conduct an annual assessment of each ARC member (the ARC Chairman should provide a report of the findings to the Chairman of the Board).

-End-