

NATIONAL HOUSING DEVELOPMENT CO. LTD (NHDC)

RISK AND AUDIT COMMITTEE CHARTER

1. Purpose

The primary function of the Risk and Audit Committee (hereinafter referred to as “the Committee” or “RAC”) is to assist the Board of Directors of NHDC Board of Directors in financial reporting practices, quality and integrity of financial reports, compliance with regulatory bodies, internal controls and risk management.

2. Membership

- 2.1 The Committee shall comprise at least three (3) non-executive directors appointed by the Board.
- 2.2 The Chairperson of the Committee shall be independent non-executive. The Chairperson of the Committee and/or at least one member of the Committee has recent and relevant financial experience with a professional qualification from one of the professional accountancy bodies.
- 2.3 The Chairperson of the Board, the Managing Director/Chief Executive Officer, Finance Manager and Executive Director (if any) shall not be eligible to be appointed as Chairperson or member of the Committee.
- 2.4 Only members of the Committee have the right to attend Committee meetings. However, the Committee may invite other relevant person to attend all or part of any meeting, as deemed necessary and appropriate.
- 2.5 In the absence of the Committee chairperson, the remaining members present shall elect one of themselves to chair the meeting.

3. Secretary

- 3.1. The Company Secretary or any other officer of NHDC (approved by the Board/Committee) shall act as the secretary of the Committee.

4. Quorum

- 4.1 The quorum necessary for the transaction of business shall be any two (2) members.

5. Frequency of meetings

- 5.1. Meetings of the Committee shall be held as the Committee deems appropriate. However, the Committee shall meet as least 4 times a year.

6. Attendance of meetings

- 6.1. The Managing Director or the Chief Executive Officer, the Finance Manager, the Internal Auditor and any other senior officers of NHDC shall attend meetings of this Committee

whenever their services will be required. Representatives of External Auditors shall also be invited to attend when required.

7. Notice of meetings

- 7.1. Meetings of the Committee shall be called by the secretary of the Committee at the request of the Chairperson of the Committee or any member of the Committee.
- 7.2. Notice of each meeting of the Committee confirming the venue, time and date enclosing an agenda of items to be discussed shall, other than under exceptional circumstances, be forwarded to each member of the Committee and any other person required to attend the meeting, prior to the date of the meeting.

8. Minutes of meetings

- 8.1. The secretary shall minute the proceedings of all Committee meetings, including the names of those present and in attendance.
- 8.2. The Committee's minutes shall be circulated to the members of the Committee and to the Chairperson of the Board.

9. Written Resolution

- 9.1. Decisions may also be taken by the way of written resolutions signed by all members of the committee and may give approval by electronic means (such as facsimile, electronic mail or other similar means of communication).

10. Annual General Meeting

- 10.1 The Committee Chairperson shall attend the annual general meeting to answer shareholders' questions.

11. Terms of Reference

The Committee should carry out the following duties and responsibilities:-

Financial Statements

- Examining and reviewing the quality and integrity of the financial statements of the Company including its annual report;
- Review and report to the Board on significant financial reporting issues;

Compliance with Laws, Regulations, International Financial Reporting Standards and Good Governance Practice

- Compliance with International Financial Reporting standards and legal requirements, Regulations and good governance practices;

Internal Controls and Risk Management Systems

- Keep under the adequacy and effectiveness of the Company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems;
- Ensure NHDC have in place a Risk Management Framework;
- Focus on risk identification, measurement, monitoring and management processes;
- Ensure appropriate methodologies and systems are in place to identify and adequately assess and manage risks as and when identified;

Internal Audit

- Monitor and review the effectiveness of the Company's internal audit function, in the context of the Company's overall risk management system;
- The Internal Auditor reports to the Board Chairperson and to the Committee Chairperson and is accountable to the RAC;
- Review and assess the annual internal audit work plan and the results of the internal auditor's work on a periodic basis;
- Review and monitor management's responsiveness to the Internal Auditor's findings and recommendations;

External Audit

- Consider and make recommendations to the Board, to be put to shareholders for approval at the Meeting of Shareholders, in relation to the appointment, re-appointment and removal of the Company's External Auditor, their fee for audit and non-audit services and their terms and scope of works;
- Ensure that at least once every five years the audit services contract be put out to tender;
- Meet the external auditor as and when required and at least once a year without management being present to discuss the auditor's remit and any issues arising from the audit; and
- Review and approve the annual audit plan and findings of the audit with the External Auditor, any representation letter(s) and management letter and management's response to the Auditor's findings and recommendations.

12. Reporting responsibilities

12.1 The Committee Chairperson shall report to the Board on its proceedings.

12.2 The Committee shall make recommendations to the Board it deems appropriate on any area within its remit.

12.3 The Internal Auditor shall report to the Chairperson of the Board and RAC and accountable to the RAC.

13. Remuneration

- 13.1. Members of the Committee shall be paid such special remuneration in respect of their appointment as shall be recommended by the Board and ratified or approved by Shareholders. Such special remuneration shall be in addition to the monthly remuneration payable to directors.
- 13.2. The level and structure of remuneration for Directors shall be determined at the shareholder's meeting.

14. Other matters

The Committee shall:

- 14.1 Have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required.
- 14.2 Work and liaise as necessary with all other Board Committees.
- 14.3. Arrange for periodic reviews of its own performance and as and when required, review its charter to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

15. Authority

- 15.1. The Committee is authorized by the Board :
- (a) To obtain, at the company's expense, outside legal or other professional advice on any matter within its terms of reference;
 - (b) To seek any information it requires from any employee of NHDC in order to perform its duties;
 - (c) To conduct any investigations appropriate to fulfilling its duties;
 - (d) May, at the discretion of the Committee, require other employees of NHDC to attend meetings or parts of the meetings; and
 - (e) To meet with Internal Auditors and External Auditors, without any executive member of the Board in attendance.

APPROVED BY THE BOARD OF DIRECTORS OF NHDC ON 21 MAY 2021.