

## **NEW FRONTIER PROPERTIES LTD**

### **AUDIT & RISK COMMITTEE – TERMS OF REFERENCE**

#### **1 Membership**

- (a) The Committee shall comprise at least three members. The Chairman of the Committee shall be appointed by the Board and the other members of the Committee shall be appointed by the Board in consultation with the Chairman.
- (b) The Chairman of the Committee shall have recent relevant experience in financial and risk-related activities, supported by a professional qualification.

#### **2 Proceedings**

- (a) Only the members of the Committee shall have the right to attend its meetings. The Committee may, subject to these terms of reference and with the assistance of the Company Secretary, regulate its own proceedings.
- (b) The Committee shall meet with the Company's auditors at each annual reporting period and at each quarterly reporting period if deemed necessary by the finance director or the Committee.
- (c) The Committee may invite the Company's finance director to attend its meetings, in whole or in part, as it considers appropriate.
- (d) In the absence of the Committee's Chairman at a meeting, the remaining members shall elect one of their number to chair the meeting.
- (e) The Company Secretary shall act as secretary of the Committee and shall work in liaison with the Chairman to ensure that the Committee has an appropriate schedule of meetings and receives relevant papers and information electronically in sufficient time to enable full consideration of relevant matters.
- (f) The quorum for the transaction of business at the Committee's meetings shall be three members.
- (g) The Committee shall meet not less than three times annually and its meetings shall coincide with relevant points in the Company's planning and audit cycle.
- (h) At least one of the Committee's meetings during any year shall have as the primary item of business the review of the Company's corporate and operational risk profile and measures in mitigation.
- (i) Meetings of the Committee shall be convened by the Secretary at the request of any of its members, in consultation with the Chairman. The Secretary shall consult the Chairman of the Committee without delay in the event that a meeting of the Committee is requested by any of the Company's auditors or finance director.
- (j) The Committee is authorised: (i) to seek any information it requires from any employee/director of the company in order to perform its duties; (ii) to obtain, at the company's expense, external legal or other professional advice on any matter

within its terms of reference where required; and (iii) to request the attendance of any employee at a meeting of the committee as and when required.

- (k) Unless otherwise agreed, notices of meetings of the Committee shall contain the date, time and venue of the meeting, together with a description of the items of business for consideration. Notices and supporting documents shall be forwarded to each member of the Committee and to others invited to attend, by such methods as individuals have specified, at least 5 working days prior to the meeting.
- (l) The Secretary shall provide appropriate minutes of the Committee's proceedings and shall circulate the draft minutes to members timeously following each meeting. Approved minutes shall be provided to the other members of the Board

### **3 Duties**

- (a) The Committee is empowered and required to carry out the duties set out in the Appendix to this document: "Duties of the Audit & Risk Committee".
- (b) In addition to chairing meetings of the Committee, the Committee's chairman shall consult and maintain a dialogue with key individuals whose roles relate to the Committee's interests, including the Chairman of the Board, the lead external auditor, the Chief Executive and the Finance Director and executives responsible for internal audit and the risk function.
- (c) The Committee's Chairman shall endeavour to make himself available to report to shareholders and respond to their questions at meetings of the Company's members, in particular the Annual General Meeting.
- (d) The Committee's chairman, in liaison with the Secretary, shall ensure that appropriate and timely induction is provided to new members and on a continuing basis for all members.

## **Appendix: Duties of the Audit & Risk Committee**

The Committee shall:

1. Monitor the integrity of the Company's financial statements, including reviewing the financial statements prior to approval, including annual report and other periodic reports, results' announcements and statements relating to financial performance, focusing on significant financial reporting issues, major judgemental areas, significant audit adjustments, going concern and compliance with accounting standards and securities exchange and regulatory requirements;
2. Monitor, and challenge where necessary, the consistency of and any changes to accounting policies, the selection of accounting methodology for significant transactions, the application of appropriate accounting standards and the clarity of disclosure in the Group's financial reports including all material supporting information;
3. Monitor the independence and objectivity of the auditors and make recommendations to the Board, to be put to members for approval at the AGM, in relation to the appointment, re-appointment and removal of the auditors and their remuneration and overseeing the selection process for new auditors as necessary;
4. Consider any issues arising from the audit and any matters the auditors wish to raise;
5. Review the effectiveness of the audit, including the auditors' management letter and the response of management to its findings and recommendations;
6. Develop and implement policy on the engagement of the external auditor to supply non-audit services, and approve the terms on which the auditor may be engaged to supply such services;
7. Review audit planning process to ensure that the policies in place to combat financial crime, money-laundering activities, fraud and bribery are tested through the audit process;
8. Review the internal procedures by which employees, advisors and contractors may raise concerns about possible improprieties in matters of financial reporting and other matters ("whistleblowing"), to ensure that arrangements are in place for the investigation of such matters and appropriate follow-up action;
9. Advise the Board on the Company's overall risk profile, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment and drawing on financial stability assessments such as those published by relevant industry and regulatory authorities;
10. Oversee and advise the Board on the current risk exposures of the Company and future risk strategy and prepare a risk matrix for the Company;
11. Consider and approve the remit of the risk management function and ensuring that it has: (i) adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards; and (ii) adequate independence and is free from management and other restrictions.

12. Review promptly all risk management reports on the Company and review and monitor management's responsiveness to findings and recommendations contained in such reports (whether formal or informal).
13. Ensure the risk management function is provided with unfettered direct access to the Committee and the Chairman of the Board.
14. Report formally to the Board on its proceedings and make recommendations to the Board on any area within its remit.
15. Produce an annual formal report on the Company's risk management objectives, policy and management framework for inclusion in the Company's annual report, including in relation to financial instruments.
16. At least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.