

LHN Logistics Limited
(the “**Company**” and together with its subsidiaries, the “**Group**”)
(Company Registration No. 202129609C)
10 Raeburn Park #02-15B Singapore 088702

AUDIT AND RISK COMMITTEE
TERMS OF REFERENCE

1. MEMBERSHIP

- 1.1. The Audit and Risk Committee (“**ARC**”) shall be appointed by the board of directors (the “**Board**”) from among its members and shall comprise at least three directors, all of whom are non-executive and the majority of whom, including the chairman of the ARC (the “**ARC Chairman**”), shall be independent. The independence of the ARC members shall be determined with reference to Rule 406(3)(d) of Section B: Rules of Catalist (the “**Catalist Rules**”) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and Provision 2.1 of the Code of Corporate Governance 2018 (the “**Code**”).
- 1.2. The ARC Chairman shall be elected by members of the ARC.
- 1.3. The ARC shall have at least two members, including the ARC Chairman, who have recent and relevant accounting or related financial management expertise or experience, as the Board, in its business judgement, interprets such qualifications. The ARC members are required to keep abreast of changes in accounting standards and issues that have a direct impact on financial statements.
- 1.4. A former partner or director of the Company’s existing auditing firm or auditing corporation shall not be appointed as a member of the ARC (a) within a period of two (2) years commencing on the date of his or her ceasing to be a partner of the auditing firm or director of the auditing corporation, and in any case (b) for as long as he or she has any financial interest in the auditing firm or auditing corporation.
- 1.5. An ARC member who wishes to retire or resign from the ARC shall notify the Board by giving at least one (1) months’ notice in writing or such shorter notice as may be agreed to by the Board.
- 1.6. An ARC member shall automatically cease to be a member of the ARC if he or she is removed/disqualified under the provisions of the Companies Act 1967 of Singapore (the “**Companies Act**”), or if he or she resigns, retires or is not re-elected as a Board member.
- 1.7. If an ARC member resigns, ceases to be a director, or for any other reason vacates office resulting in the number of ARC members falling below the minimum number of three, the Board will, on the recommendation of the nominating committee of the Company (the “**Nominating Committee**”), appoint a new member as soon as possible. The Company shall endeavour to fill the vacancy within two (2) months but in any event not later than three (3) months.
- 1.8. New members shall receive an induction covering the ARC’s terms of reference and be provided with an overview of the Company’s risk governance structure, risk strategy and policy, risk management and internal control systems and financial reporting policies.
- 1.9. The appointment of the members of the ARC may be revoked, or additional members may be appointed, by separate resolutions passed by the Board and by the ARC, subject to and/or taking into consideration the recommendations from the Nominating Committee.

2. MEETINGS OF THE ARC

- 2.1. The ARC shall meet at least two times a year and otherwise as required and as often as necessary and each ARC member is expected to attend every meeting.
- 2.2. The members may participate in a meeting via telephone conference or such other similar communication equipment by means of which all persons participating in the meeting can hear each other, without a member being in the physical presence of another member or members, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

- 2.3. The ARC will meet separately and periodically (at least annually) with the external auditor ("**EA**") without the presence of management and the internal auditor ("**IA**"), and the IA without the presence of management and the EA.
- 2.4. The quorum of the ARC meeting shall be two (2) members, including at least one independent non-executive director.
- 2.5. The ARC may, at its discretion, invite any other Board members, senior management personnel or external consultants whom it believes can provide the information it needs for the purposes of the meeting, to attend the meeting. For the avoidance of doubt, such invitees would not count towards the quorum.
- 2.6. A resolution shall be considered passed if there is a majority of votes passed in favour of the resolution during a meeting of the ARC. In the event of an equality of votes, the ARC Chairman shall have a casting vote.
- 2.7. A member shall not vote in respect of any matters or proposal whatsoever in which he or she has any direct or indirect interest. A member shall not be counted in the quorum at a meeting in relation to any resolution on which he or she is debarred from voting.
- 2.8. A resolution in writing signed by all the members and constituting a quorum shall be valid and as effectual as a resolution duly passed at an ARC meeting and may consist of several documents in the like form, each signed by one or more members. The expression "in writing" and "signed" include approval by telefax, telex, cable, electronic mail or telegram by any such member.
- 2.9. The secretary of the Company or his/her nominee shall act as the secretary of the ARC (the "**ARC Secretary**"). Each meeting of the ARC shall be properly minuted and upon confirmation of such minutes by the Chairman of the meeting, a copy of the confirmed minutes shall then be duly circulated to all members of the ARC. The minutes will be kept by the ARC Secretary and will be available for review as requested by any director of the Company.

3. DUTIES

- 3.1. The duties of the ARC shall be:
 - (a) assisting the Board in discharging its statutory responsibilities on financing and accounting matters;
 - (b) reviewing the assurance from the Executive Chairman and **Head of Finance** (being the Finance Director/Chief Financial Officer/Financial Controller as the case may be) of the Company on the financial records and financial statements of the Company;
 - (c) reviewing the assurance from the Executive Chairman and Head of Finance of the Company on the effectiveness of risk management and internal controls of the Company;
 - (d) reviewing the half-yearly and annual financial statements prior to submission to the Board for review and approval;
 - (e) reviewing significant financial reporting issues and judgements to ensure the integrity of the Company's and/or the Group's financial statements, which includes reviewing and discussing with the Company's internal and external auditors any issues and concerns arising from the audits, any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's financial performance or financial position and the Company's management's response to such issues;
 - (f) reviewing any formal announcements relating to the Company's and/or the Group's financial performance and ensuring that the outcome of the review of the Group's key financial risk areas is disclosed in the Company's annual reports, and if the findings are material, to be announced via SGXNet in accordance with the Catalist Rules;
 - (g) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors;

- (h) reviewing the external auditor's audit plan and audit report, and the external auditor's evaluation of the system of internal accounting controls, including financial, operational, compliance and information technology controls, as well as reviewing the Company's implementation of any recommendations to address any control weaknesses highlighted by the external auditor;
- (i) reviewing the Company's policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on, and in particular, ensuring that the Company publicly discloses and clearly communicates to its employees the existence of a whistle-blowing policy and procedures for raising such concerns;
- (j) reviewing the key financial risk areas, the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNet;
- (k) reviewing at least annually the adequacy and effectiveness of the Company's risk management and internal controls systems, including financial, operational, compliance and information technology controls, and, where necessary and appropriate, provide a statement on the Board's comment on the adequacy and effectiveness of the Company's internal controls;
- (l) reviewing any interested person transactions as defined under Chapter 9 of the Catalist Rules (the "**Interested Person Transactions**") and monitoring the procedures established to regulate such Interested Person Transactions, including ensuring compliance with the Company's internal control system and the relevant provisions of the Catalist Rules, as well as all conflicts of interests to ensure that proper measures to mitigate such conflicts of interests have been put in place;
- (m) reviewing any related party transactions as defined under the SFRS(I) IAS 24 on related party disclosures (the "**Related Party Transactions**") and monitoring the procedures established to regulate such Related Party Transactions, including ensuring that they are on normal commercial terms and do not prejudice the interests of the Company;
- (n) reviewing and assessing from time to time whether additional processes are required to be put in place to manage any material conflicts of interest with the controlling shareholders of the Company and propose, where appropriate, the relevant measures for the management of such conflicts;
- (o) reviewing the implementation by our Group of the internal control recommendations made by the internal auditors and following up on and review of the effective implementation of the proposed rectification measures for the low-risk internal controls weaknesses identified by the internal auditors;
- (p) reviewing transactions undertaken by the Group which fall within the scope of Chapter 10 of the Catalist Rules;
- (q) to be the primary reporting line of the internal audit function and ensuring that the internal audit function has direct, unrestricted and unfettered access to all the Group's documents, records, properties and personnel, including the chairman of the Board and the ARC Chairman;
- (r) ensuring that the internal audit function is independent, effective, adequately resourced and has appropriate standing within the Company;
- (s) reviewing the scope and results of the internal audit procedures, and at least annually, the adequacy, effectiveness, independence, scope and results of the Company's internal audit function;
- (t) ensuring that the internal audit function is staffed with persons with the relevant qualifications and experience, and deciding on the appointment, termination and remuneration of the head of the internal audit function;

- (u) meeting with the Company's external auditors and internal auditors, in each case without the presence of the Company's management, at least annually and review the co-operation given by the management to the internal and external auditors, where applicable;
- (v) reviewing the assistance, coordination and co-operation given to the Group's management to the internal and external auditors;
- (w) reviewing the nature, extent and costs of non-audit services performed by the external auditor, to ensure their independence and objectivity;
- (x) appraising and reporting to the Board on the audits undertaken by the external auditors and internal auditors and the adequacy of disclosure of information;
- (y) where necessary, commissioning an independent audit on internal controls and risk management systems for the assurance of the ARC, or where it is not satisfied with the Company's systems of internal controls and risk management;
- (z) making recommendations to the Board on (i) the proposals to shareholders of the Company on the appointment, reappointment and removal of the external auditor; and (ii) the remuneration and terms of engagement of the external auditor;
- (aa) undertaking such other reviews and projects as may be requested by the Board, and reporting to the Board its findings from time to time on matters arising and requiring the attention of the ARC;
- (bb) monitoring the measures undertaken by the Group to mitigate and to the extent possible remediate non-compliance by the Group, and having oversight of and reviewing such measures to monitor and to the extent possible prevent further recurrence of non-compliances;
- (cc) reviewing changes in accounting policies and practices, major risk areas and significant adjustments arising from audits, compliance statutory and regulatory requirements including the accounting standards and the Catalist Rules, and concerns and issues arising from audits including any matters which the Company's external and internal auditors may wish to discuss in the absence of the Company's management;
- (dd) reviewing and approving all hedging policies implemented by the Group (if any) and conducting periodic review of foreign exchange transactions and hedging policies and procedures;
- (ee) monitoring the implementation of a policy and procedures for sustainability reporting;
- (ff) appraising the performance of the Head of Finance on an annual basis;
- (gg) reviewing the procedures and policies put in place to ensure compliance with various laws and regulations at least annually, to ensure that such procedures and policies are commensurate with the Group's operations and expansion plans from time to time;
- (hh) having oversight of and monitoring and reviewing the political situation in Myanmar before the Group makes any decision to proceed with its business plans in Myanmar. On a continuing basis, the ARC will also monitor and review the political and legal concerns and ensure that all requisite licences, permits and approvals have been obtained by the Group for such business operations in Myanmar;
- (ii) having oversight of and monitoring the coming into force of the Trademark Law in Myanmar (Pyidaungsu Hluttaw Law No. 3/2019) dated 30 January 2019 (the "**Trademark Law**") and ensuring that the requisite trademark registration procedures (where applicable) under the Trademark Law are completed once the Trademark Law comes into force;
- (jj) reviewing the procedures by which employees of the Group may, in confidence, report to the ARC Chairman, possible improprieties in matters of financial reporting or other matters;
- (kk) reviewing and establishing procedures for receipt, retention and treatment of complaints received by the Group, including among others, criminal offences involving the Group or its employees,

and/or questionable accounting, auditing, business, safety or other matters that impact negatively on the Group, and ensuring that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and

- (II) undertaking generally such other functions and duties as may be required by law or the Catalyst Rules or as recommended by the Code, and by amendments made thereto from time to time.

4. REPORTING PROCEDURE

- 4.1. The ARC shall report to the Board on the outcome of its reviews and discussions, including its findings on any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the operating results or financial position of the Company.
- 4.2. The ARC shall report to the Board on their decisions or recommendations arising from the performance of their duties under these terms of reference as the ARC deems appropriate.

5. AUTHORITY

- 5.1. The ARC is granted the authority to:
 - (a) assist the Board in fulfilling its roles and responsibilities in accordance with these terms of reference;
 - (b) investigate any matter within these terms of reference and to require cooperation by all employees and/or management of the Company;
 - (c) have direct and unrestricted access to the representatives of the external auditor, internal auditor, and management of the Company;
 - (d) if necessary, meet with any relevant person of the Company without any executive director present; and
 - (e) be provided with sufficient resources to perform its duties under these terms of reference, including obtaining at the Company's expense, legal or other professional advice on any matters set out herein.

6. GENERAL

- 6.1. The ARC Chairman (or in his or her absence, another member of the ARC) shall attend the Company's general meetings to answer any shareholders' queries falling within the scope of the ARC.
- 6.2. The ARC in carrying out its tasks under these terms of reference may obtain at the Company's expense such external or other independent professional advice as it considers necessary to carry out its duties.
- 6.3. The Board will ensure that the ARC has the resources and access to independent professional advice at the Company's expense in order for it to perform its duties.
- 6.4. The ARC shall review its terms of reference at least once a year to ensure that they remain consistent with the Board's objectives and responsibilities. Any amendment to be made to these terms of reference shall be subject to the approval of the Board.