

Audit Committee Policy – Asian American Medical Group Limited ABN 42 091 559 125

1. Introduction

The role of the Company's Audit Committee is to assist the Board in fulfilling its corporate governance responsibilities in regard to:

- (a) the reliability and integrity of financial information for inclusion in the Company's financial statements;
- (b) audit, accounting and financial reporting obligations of the Company; and
- (c) safeguarding the independence of the external auditor.

In particular, the Committee is to undertake the functions ascribed to an audit committee in the ASX Corporate Governance Principles.

2. Definitions

General terms and abbreviations used in this Policy are defined as follows.

ASX means ASX Limited or the securities market operated by the ASX, as the case may be

ASX Corporate Governance Principles means ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations with 2010 Amendments*

Board means the board of Directors of the Company

GCFO means the Group Chief Financial Officer of the Company

GCOO means the Group Chief Operating officer of the Company

CCO means the Chief Commercial Officer of the Company

Chair means the chairperson of the Audit Committee, currently Mr Heng Boo Fong

Committee or Audit Committee means the Audit Committee

Company means Asian American Medical Group Limited ABN 42 091 559 125

Corporations Act means *Corporations Act 2001 (Cth)*

Director means a director of the Company

Listing Rules means the listing rules of the ASX

MD means the Managing Director of the Company

Policy means this Audit Committee Policy

Secretary means the company secretary of the Company

3. Scope

This Policy is applicable to the Company's related bodies corporate and all levels within the organisation.

4. Membership of the Audit Committee

4.1 Composition

- (a) The Audit Committee will comprise at least two Directors. However if the Company is included in the S&P/ASX 300 Index at the beginning of its financial year in any year, the Audit Committee will consist of:
 - (i) only non-executive Directors;
 - (ii) a majority of independent directors;
 - (iii) an independent chair who is not the chair of the Board; and
 - (iv) at least three members, for the duration of the financial year.
- (b) The Audit Committee currently comprises of two non-executive Directors who are independent Directors. The Chair is also an independent Director.
- (c) If the Company is included in the S&P/ASX 300 Index, membership of the Audit Committee will be reviewed periodically and re-appointment to the Audit Committee will not be automatic. Appointments and resignations will be decided by the Board.
- (d) All members of the Audit Committee must be able to read and understand financial statements and reports.
- (e) The Chair must have leadership experience and a strong finance, accounting or business background.
- (f) The external auditors and GCFO (or equivalent) and other senior executives, may be invited to Audit Committee meetings at the discretion of the Audit Committee.
- (g) The Secretary may appoint a suitable representative to assist in the functions of the meeting.

4.2 Chair

- (a) The Chair is appointed by the Board. If for a particular Audit Committee meeting, the Chair is not present within 10 minutes of the nominated starting time of the meeting, the Audit Committee may elect a chairperson for that meeting.
- (b) If the Company is included in the S&P/ASX 300 Index at the beginning of its financial year in any year, the Chair will be an independent non-executive director who is not the chairperson of the Board.

4.3 Secretary

The Secretary, or his nominated representative, is the secretary of the Audit Committee.

5. Role and objectives of the Audit Committee

The primary role of the Audit Committee is to assist the Board by monitoring and reviewing the effectiveness of the controlled environment of the Company in the areas of legal/regulatory compliance and financial reporting. The Audit Committee reports to the Board on these matters and the effectiveness of the Audit Committee is monitored by the Board.

The overriding objective of the Audit Committee is to provide an independent and objective review of financial and other information prepared by the Company and that is to be provided to members and/or filed with regulators, including:

- (a) overseeing the Company's discharge of its responsibilities with respect to:
 - (i) the financial statements, financial report and annual report;
 - (ii) periodic financial reporting;
 - (iii) legal/regulatory compliance; and
 - (iv) protection of capital;
- (b) overseeing the Company's relationship with external auditors; and
- (c) determining the independence of the external auditors and the policy for audit partner rotation.

The Audit Committee will meet and receive regular reports from its external auditors concerning matters that arise in connection with their audit. The Audit Committee is also responsible for review of the auditor's performance and the process for nomination of the external auditors.

6. Responsibilities of the Audit Committee

To fulfil its responsibilities and duties, the Audit Committee will:

(a) **Financial reporting processes**

- (i) review and discuss with management and the external auditor the half-yearly and annual financial reports including notes to the financial accounts and other disclosures and whether the financial reports should be approved;
- (ii) review the Company's accounting and financial reporting practices, including the effect of changes in accounting standards and practices, the effect of significant judgments or estimates made by management, the appropriateness of assumptions used to support carrying values of assets, ASX listing requirements and corporate legislation. This includes discussing with management and the external auditor the application of those practices and standards to the Company's financial reports;
- (iii) review and discuss with the external audit firm its report regarding significant findings in the conduct of the audit and management's response to those findings; and
- (iv) discuss with management and the external auditor any major issues relating to the system of internal controls over financial information.

(b) Oversight of External Auditor

- (i) review the appointment and, if necessary and subject to shareholder approval, the removal of the external auditor;
- (ii) review and approve the terms of engagement of, and the fees payable to, the external auditor;
- (iii) review the annual audit plan with the external auditor and approve the plan and the quantum of audit fees;
- (iv) review and discuss with the external auditor any matters relating to the conduct of the audit including responses from management, the appropriateness of the Company's accounting policies, and the reasonableness of management estimates and judgments;
- (v) receive and review quarterly reports on non-audit services to determine compliance with the Board's policy on maintaining the independence of the external auditor;
- (vi) review annually the Board's policy on maintaining independence of the external auditor and recommend any changes if necessary; and
- (vii) review the performance of the external auditor having regard to the skills and capabilities of the lead external audit staff; and

(c) Legislative Compliance

- (i) monitor the development and ongoing review of appropriate legislative compliance policies and programmes where applicable;
- (ii) receive, review and discuss with management regular reports on legislative compliance; and
- (iii) monitor progress in responding to enquiries from regulatory authorities.

7. Accountability of Board

The Board has ultimate responsibility for overseeing the performance of the Company, including monitoring of the internal control systems.

8. Appointment of external auditor

An external audit partner is to be permanently engaged by the Company to provide shareholder and investor confidence in the integrity of the Company's financial reports. The Company requires the external audit partner to maintain independence from the Company in accordance with the Corporations Act and this Policy.

Each year, the Company and the auditors should document the terms of the auditor's engagement and present them to the Audit Committee for approval. Terms of engagement must include:

- (a) confirmation of the audit firm's continuing independence and the continuing independence of the senior audit partner;
- (b) a requirement for the audit partner to be present at the AGM for the purpose of answering shareholder questions about the conduct of the audit and the preparation and content of the

auditor's report. The agenda for the AGM must include a note informing shareholders of their right to put questions to the auditor;

- (c) ready access of the audit partner to the Audit Committee via the Chair;
- (d) a requirement for the auditor to provide the Audit Committee with a full and complete report on the audit, with a copy to be presented to management.

On the completion of the year end audit, the Audit Committee is to receive a copy of the audit closing report which clearly documents any potential issues in the financial statements.

9. Meetings and procedures of the Committee

It is intended that each of the Committee will meet at least two times each year, or as often as the members of the Committee deem necessary in order to fulfil their role and objectives set out in this Policy.

Except as set out in this Policy, the Committee is subject to the Board's general policy for engaging or seeking advice from financial and legal advisers.

The Secretary or his nominated representative shall attend all meetings of the Committee and minute the meetings. All minutes of the Committee will be entered into a minute book maintained for that purpose and will be open at all times for inspection by any Director. The Secretary or his.... shall distribute supporting papers for each meeting of the Committee as far in advance as possible.

The Company will disclose in the corporate governance section of each Annual Report the frequency of the meetings of the Committee, the names of members of the Committee and their attendance at meetings of the Committee.

10. Reporting

The Committee is to each report on their meetings to the Board (which may be either verbally or in writing). The Committee will also provide the minutes of the meeting to the Board for information. In conjunction with the approval of the annual financial reports, the Committee is to prepare a Report to the Board. Each Report is to contain all matters relevant to that committee's roles and responsibilities.

The Report prepared by the Audit Committee should include but not be limited to:

- (a) assessment of whether external reporting is consistent with Audit Committee members' information and knowledge and is adequate for security holders' needs;
- (b) assessment of the management processes supporting external reporting;
- (c) to the extent necessary:
 - (i) procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;
 - (ii) recommendations for the appointment or removal of an external auditor; and

- (d) assessment of the performance and independence of the external auditor and whether the Audit Committee is satisfied that independence of this function has been maintained having regard to the provision of non-audit services.

11. Compliance with disclosure obligations

The Committee will review all reporting by the Company of its audit policies and practices to ensure that the Company meets its disclosure obligations as required under the Listing Rules and the Corporations Act.

12. Committee's performance evaluation

The Committee will review their performance from time to time and whenever there are major changes to the management structure of the Company. The performance evaluation will have regard to the extent to which the Company has met its responsibilities as stated in this Policy.

13. Approval

This Policy was approved by the board on 3 November 2016. The Board may change this Policy by resolution.

14. Disclosure of Policy

This Policy is available, and updated as required, on the Company's website (www.aamg.co) in a clearly marked "Corporate Governance" section.