

**PM CAPITAL ASIAN OPPORTUNITIES FUND LIMITED**  
**ACN 168 666 171**

**AUDIT COMMITTEE CHARTER**

**OBJECTIVES**

- 1 The Audit Committee (**Committee**) has been established by the board of directors (**Board**) of PM CAPITAL Asian Opportunities Fund Limited ACN 168 666 171 (**Company**). Its functions are to support and advise the Board in fulfilling its responsibilities to shareholders, employees and other stakeholders of the Company by:
  - 1.1 assisting the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control relating to all matters affecting the Company's financial performance, the audit process, and the Company's process for monitoring compliance with laws and regulations and the Company's Code of Conduct;
  - 1.2 assisting the Board with the adoption and application of appropriate ethical standards and management of the Company and the conduct of the Company's business;
  - 1.3 implementing and supervising the Company's risk management framework; and
  - 1.4 reviewing the adequacy of the Company's insurance policies.

**AUTHORITY**

- 2 The Committee has authority to conduct or authorise investigations into any matters within its scope of responsibility. It is empowered to:
  - 2.1 retain outside counsel, accountants, or other parties to advise the Committee or assist in the conduct of an investigation;
  - 2.2 seek any information it requires from employees (all of whom are directed to cooperate with the Committee's requests) or external parties; and
  - 2.3 meet with Company officers, employees, internal and external auditors, or outside counsel, as necessary and without management present.

**SPECIFIC RESPONSIBILITIES**

- 3 In order to fulfil its responsibilities to the Board, the Committee will:

**Financial statements**

- 3.1 review the half-yearly and yearly financial statements and consider whether they are complete, consistent with information known to the Committee and reflect appropriate accounting policies and principles;
- 3.2 receive and consider in connection with the Company's half-yearly and yearly financial statements letters of representation to the Board in respect of financial reporting and the adequacy and effectiveness of the Company's risk management, internal

compliance and control systems and the process and evidence adopted to satisfy those conclusions;

3.3 review the financial sections of the Company's Annual Report and related regulatory filings before release and consider the accuracy and completeness of the information;

3.4 review with management and the external auditors the results of the audit;

#### **Net tangible asset backing**

3.5 review the monthly net tangible asset backing of the Company's quoted securities prior to its release to ASX;

#### **Internal control**

3.6 review the effectiveness of the Company's internal controls regarding all matters affecting the Company's financial performance and financial reporting, including information technology security and control;

3.7 review the scope of internal (if one is appointed) and external auditors' review of internal control, review reports on significant findings and recommendations, together with management's responses, and recommend changes from time to time as appropriate;

#### **Internal audit**

3.8 review with management and the internal auditor (if one is appointed) this Charter, and the plans and activities of the internal audit;

3.9 meet with the internal auditor (if one is appointed) to review reports and monitor management response;

3.10 meet separately, at least once a year, to discuss any matters that the Committee or internal auditor (if one is appointed) believes should be discussed privately;

3.11 review the effectiveness of the internal audit activity;

3.12 ensure there are no unjustified restrictions or limitations placed on the internal audit function, and review and concur in the appointment, replacement or dismissal of the internal auditor (if one is appointed);

#### **External audit**

3.13 establish procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;

3.14 review the external auditors' proposed audit scope and approach;

3.15 meet with the external auditors to review reports, and meet separately, at least once a year, to discuss in that regard any matters that the Committee or auditors believe should be discussed privately;

3.16 establish policies as appropriate in regards to the independence and integrity of the external auditor;

3.17 review and confirm the independence of the external auditors by rotating audit partners and obtaining statements from the auditors concerning any relationships between the auditors and the Company, including non-audit services;

3.18 for the purpose of removing or appointing external auditors review the performance of them, including their proposed fees, and if appropriate conduct a tender of the audit. Any subsequent recommendation following the tender for the appointment of an external auditor will be put to the Board and then if a change is approved it will be put forward to shareholders for their approval;

### **Compliance**

3.19 consider the workplan for Company compliance activities;

3.20 obtain regular updates from management and the Company's legal counsel regarding compliance matters;

3.21 review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance;

3.22 review and assess the management process supporting external reporting;

3.23 review the findings of any examinations by regulatory agencies and authorities;

3.24 review the process for communicating the Code of Conduct to Company personnel, and for monitoring compliance with that Code;

### **Risk management**

3.25 consider the overall risk management framework and review its effectiveness in meeting sound corporate governance principles and keep the Board informed of all significant business risks;

3.26 review with management the system for identifying, managing, and monitoring the key risks to the Company;

3.27 obtain reports from management on the status of any key risk exposures or incidents;

### **Reporting responsibilities**

3.28 regularly report to the Board about Committee activities, issues, and related recommendations. Such report should include the results of the Committee's;

3.28.1 assessment of whether external reporting is consistent with Committee members' information and knowledge and is adequate for the needs of the Company's shareholders;

3.28.2 assessment of the management processes which supports external reporting;

3.28.3 procedures for the selection and appointment of the Company's external auditor and for the rotation of external audit engagement partners;

- 3.28.4 recommendations for the appointment or, if necessary, the removal of the external auditor;
- 3.28.5 assessment of the performance and independence of the Company's external auditors. Where the external auditor provides non-audit services, the report should also state whether the Committee is satisfied that provision of those services has not compromised the auditor's independence;
- 3.28.6 assessment of the performance and objectivity of the Company's internal audit function;
- 3.28.7 the results of the Committee's review of the Company's risk management and internal control systems;
- 3.28.8 recommendations for the appointment, or if necessary, the dismissal of the head of internal audit (if one is appointed);
- 3.29 provide an open avenue of communication between internal audit, the external auditors and the Board. For the purpose of supporting the independence of their function, the external auditor and the internal auditor (if one is appointed) will have a direct line of reporting access to the Committee;
- 3.30 report annually to the Company's shareholders, describing the Committee's composition, responsibilities and how they were discharged and any other information required by law or the Australian Securities Exchange (**ASX**) Listing Rules;
- 3.31 review any other reports the Company issues that relate to Committee responsibilities;

#### **Related party transactions**

- 3.32 review and monitor related party transactions and investments involving the Company and its directors including maintaining a register of related party contracts which is reviewed at least annually;
- 3.33 review insurance policies;
- 3.34 review the adequacy of the Company's and its subsidiaries (if any) insurance policies;
- 3.35 review and approve all transactions in which the Company is a participant; and in which any parties related to the Company (including its executive officers, Directors, beneficial owners of more than 5% of the Company's shares, immediate family members of the foregoing persons and any other persons whom the Board determines may be considered related parties of the Company) has or will have a direct or indirect material interest;
- 3.36 the Committee should only approve those related party transactions that are determined to be in, or are not inconsistent with, the best interests of the Company and its shareholders, after taking into account all available facts and circumstances as the Committee or the Chairperson of the Company determines in good faith to be necessary. Transactions with related parties will also be subject to shareholder approval to the extent required by the ASX Listing Rules;

### Other responsibilities

- 3.37 review the adequacy of external reporting by the Company to meet the needs of shareholders;
- 3.38 perform other activities related to this Charter as requested by the Board;
- 3.39 institute and oversee special investigations as needed;
- 3.40 confirm annually that all responsibilities outlined in this Charter have been carried out; and
- 3.41 evaluate the Committee's and individual members' performance on a regular basis.

### COMPOSITION

- 4 Where the Company's Board comprises more than three directors, the Committee will comprise a minimum of three members, all of which shall be independent non-executive directors.
- 5 Where the Company's Board comprises three directors, the Committee will comprise a minimum of three members, with a majority of members being independent non-executive directors.
- 6 All members of the Committee should be financially literate. At least one member should have relevant qualifications and experience (that is, should be a qualified accountant or other finance professional with experience of financial and accounting matters).
- 7 The Board will nominate the Chairman of the Committee (**Committee Chairman**) from time to time. The Committee Chairman will be an independent non-executive director who is not Chairman of the Board.

### PROCEDURAL REQUIREMENTS

- 8 The Committee will meet as required but not less than four times a year.
- 9 A quorum of the Committee will comprise two members, one of whom must be the Committee Chairman or, in the absence of the Committee Chairman, another independent director. However all members of the Committee are expected to attend and participate in Committee meetings.
- 10 If the Committee Chairman is absent from a meeting and no acting Committee Chairman has been appointed, the Committee members present may choose one of them to act as Committee Chairman for that meeting.
- 11 Meetings of the Committee may be held or participated in by conference call or similar means, and decisions may be made by circular or written resolution.
- 12 Non-committee members may be invited to attend meetings by the Committee Chairman.
- 13 Each member of the Committee will have one vote.
- 14 The Committee Chairman will not have a casting vote. If there is a tied vote, the motion will lapse.

- 15 The Committee must be provided with such internal resources as it considers necessary or desirable to fulfil its objectives. This will include rights of access to management, rights to seek explanations and additional information and access to auditors, internal and external, without management present.
- 16 The Committee may seek such advice from any internal or external parties or professional advice as it may consider necessary or desirable to fulfil its objectives.
- 17 Following each meeting the Committee Chairman will report to the Board on any matter that should be brought to the Board's attention and on any recommendation of the Committee that requires Board approval or action, and provide the Board with sufficient information upon which to make a decision in that regard.
- 18 Minutes of meetings of the Committee will be prepared for approval by the Committee and circulated to the members of the Board.
- 19 The Company Secretary will provide such assistance as may be required by the Committee Chairman including in relation to preparation of the agenda, minutes or papers for the Committee.

#### **ANNUAL REVIEW**

- 20 The Committee will prepare and provide to the Board annually:
- 20.1 a self-evaluation of its performance against this Charter;
  - 20.2 recommended goals and objectives for the coming year; and
  - 20.3 recommended changes or improvements to this Charter if necessary.
- 21 The annual review may be done by way of an oral or written report to the Board by the Committee Chairman.

#### **REVISIONS OF THIS CHARTER**

- 22 This Charter and any amendments to it must be approved by the Board of the Company.
- 23 The Committee is responsible for review of the effectiveness of this Charter and the operations of the Committee and to make recommendations to the Board of any amendments to this Charter.