
AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

LT GROUP, INC.

AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

1. Purpose

The Audit and Risk Management Committee (or the “Committee”) shall assist the Board in fulfilling its oversight responsibilities. The Committee shall review (i) the financial reporting process, (ii) the system of internal control and management of financial risks, (iii) the audit process, and (iv) the Corporation’s process for monitoring compliance with laws and regulations and its own code of business conduct. It shall also monitor the risk environment of the Corporation and provide direction for the activities to mitigate, to an acceptable level, the risks that may adversely affect the Corporation’s ability to achieve its goals.

In performing its duties, the Committee shall maintain effective working relationships with the Board of Directors, Management, and the External Auditors. To perform his/her role effectively, each committee member shall obtain an understanding of the detailed responsibilities of committee membership as well as the Corporation’s business, operations, and risks.

2. Committee Structure and Operation

Membership

- 2.1 The Board shall establish the Audit and Risk Management Committee consisting of at least five (5) members who shall preferably have accounting and finance background. At least two (2) of the Committee members shall be independent directors, one of which shall have an audit experience.
- 2.2 The Chairman of the Committee shall be an independent director who shall be appointed by the Board.
- 2.3 Each member of the Committee shall serve as such for a term of one (1) year or until such time that their successors are qualified and duly appointed.
- 2.4 A member of the Committee may be removed from office only by the Board.
- 2.5 A quorum for any meeting shall be the majority of the members of the Committee.
- 2.6 The secretary of the Committee will be the Corporate Secretary, or such other person as designated by the Board.

Investigative Authority

- 2.7 The Board authorizes the Committee, within the scope of its responsibilities, to investigate any matter brought to its attention with full access to all books, records and personnel of the Corporation, inclusive of the discretion to invite any Director or executive officer to attend its meetings, to enable it to effectively discharge its functions.
- 2.8 The Committee shall have the authority to retain such special counsel or outside advisor as it deems appropriate to assist the Committee in the performance of its functions.

Attendance at Meetings

- 2.9 Meetings shall be at least every quarter. Special meetings may be convened as required. The External Auditors may request for the convening of a meeting if they consider that it is necessary.
- 2.10 The Committee shall regularly update the Board about committee activities and make appropriate recommendations.
- 2.11 The Committee must ensure that the Board is made aware of matters which may significantly impact the business affairs and financial condition of the Corporation.

3. Roles and Responsibilities

The Committee shall:

- 3.1 Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;
- 3.2 Ensure the integrity of the Corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for monitoring risk, financial control, and compliance with the law, rules and regulations;
- 3.3 Perform oversight functions over the Corporation's External Auditors. It should ensure that the External Auditors act independently from Management, and that they are given unrestricted access to all records, properties and personnel to enable them to perform the appropriate audit functions;
- 3.4 Establish through the audit system an independent monitoring and evaluation of the adequacy and effectiveness of the Corporation's internal control system, including financial reporting control and information technology security;

- 3.5 Coordinate with legal personnel on the monitoring and checking of compliance with laws, rules and regulations.

Financial Reporting and Disclosures

- 3.6 Gain an adequate understanding of the Corporation's business and industry in which it operates.
- 3.7 Review and approve the annual and quarterly financial statements before their submission to the Board and to the regulatory agencies, with particular focus on the following matters:
- Any changes in accounting policies and practices
 - Major judgmental areas
 - Significant adjustments resulting from the audit
 - Going concern assumptions
 - Compliance with accounting standards
 - Compliance with tax, legal and regulatory requirements
 - Completeness and clarity of the disclosures in the financial statements including related party transactions
- 3.8 Ensure compliance with financial reporting regulations; review the findings of any examinations by regulatory agencies.
- 3.9 Meet with Management and the External Auditors to review the financial statement and the results of the audit including any material weaknesses, fraud, illegal acts or significant deficiencies identified.
- 3.10 Focus on judgmental areas, for example estimates and assumptions used in the preparation of financial statements.
- 3.11 Pay particular attention to complex and/or unusual transactions such as restructuring charges and derivative disclosure; review all related party transactions.
- 3.12 Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- 3.13 Review any reports or communications submitted to the Committee by the External Auditor regarding financial statement filings and disclosures.
- 3.14 Review Management representation letter before its release to External Auditor.

- 3.15 Review any legal matters which could significantly impact the financial statements.
- 3.16 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 fraudulent acts or non-compliance.
- 3.17 Obtain regular updates from Management and Corporation's legal counsel regarding compliance matters.

Risk Management

- 3.18 Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Corporation.
- 3.19 Review of the Corporation's risk register to understand the current risk environment, including review of emerging risks, the interrelationships between risks, and in the context of the Corporation's risk appetite;
- 3.20 Review the Corporation's annual risk assessment exercise. The report shall include specific risks that affect the Corporation and the accompanying measures for countering such risks.
- 3.21 Review risk mitigating strategies for effectiveness and consistency with the Corporation's risk tolerance;
- 3.22 Provide direction for the allocation of resources and assignment of responsibilities for activities addressing business risks;

Internal Control

- 3.23 Evaluate whether Management is setting the appropriate "control culture" by communicating the importance of internal control and the management risk and ensuring that all employee have an understanding of their roles and responsibilities.
- 3.24 Ensure that significant findings and recommendations made by the External Auditors are received and discussed on a timely basis.
- 3.25 Check that internal control recommendations, if there are any, made by the External Auditors have been implemented by Management.

- 3.26 Review adequacy of controls for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown.

Management and Internal Audit

- 3.27 Ensure that the code of conduct is in writing and that arrangements are made for all employees to be aware of it.
- 3.28 Evaluate whether Management is setting the appropriate “tone at the top” by communicating the importance of the code of conduct and the guidelines for acceptable behavior.
- 3.29 Review the process for monitoring compliance with the code of conduct.
- 3.30 Obtain regular updates from Management regarding compliance.
- 3.31 Ensure that significant findings and recommendations made by Management are received and discussed on a timely basis.
- 3.32 Review and discuss with Management the scope, progress, and results of executing an internal audit plan. Discuss the resources and budget necessary to implement it.

External Audit

- 3.33 Assess the independence, professional qualifications and competence of the External Auditor, including reviewing the range of services provided in the context of all consulting services bought by the Corporation.
- 3.34 Ensure that the rotation process of External Auditors or firms are observed and implemented.
- 3.35 Review the External Auditors proposed audit scope and approach and ensure no unjustified restrictions or limitations have been placed on the scope. Recommend fixing of their remuneration to the full Board. Evaluate and determine the non-audit work, if any, of the External Auditor, and review periodically the non-audit fees paid to the External Auditor. The Committee shall disallow any non-audit work that will conflict with his/her duties as an External Auditor. The non-audit work, if allowed, should be disclosed in the Corporation’s annual report.
- 3.36 Meet separately with the External Auditors to discuss any matters that the committee or auditors believe should be discussed privately.

- 3.37 Ensure that Management responds to recommendations by the External Auditors.
- 3.38 Disclose resignation, dismissal or termination of services, the reason/s for and the date of effectivity of such action which shall be reported in the Corporation's annual and current reports. The report shall include a discussion of any disagreement between the External Auditor and the Corporation on accounting principles or practices, financial disclosures or audit procedures which the parties failed to resolve satisfactorily.
- 3.39 Ensure External Auditors comply with Generally Accepted Accounting Principles and Auditing Standards in the conduct of its audit.
- 3.40 As part of the annual audit, the Committee shall evaluate the External Auditors' performance, qualifications and independence.

Other Responsibilities

- 3.41 Receive information from whistle blowers and carry out the required investigation appropriately.
- 3.42 Perform other oversight functions as requested by the Board.
- 3.43 Review and reassess the charter at least annually and obtain approval of changes from the Board.
- 3.44 Evaluate and comply with any assessment or rating required from regulating body. The committee's performance shall be evaluated using the attached self-assessment questionnaire at least annually to determine whether it is functioning effectively on a regular basis.
- 3.45 The Committee shall identify relevant training needs intended to keep the members up-to-date with corporate governance best practices, accounting and auditing standards, as well as specific areas of concern.

4. EFFECTIVITY

This Charter shall take effect upon approval of the Corporation's Board of Directors.