



A.B.N. 64 063 656 333

Vietnam Industrial Investments Limited
POLICIES MANUAL

AUDIT COMMITTEE CHARTER

The Board hereby resolves to establish a Committee of the Board to be known as the Audit Committee comprising of three (3) members. All members of the Audit Committee must be non-executive directors and should consist of a majority of independent directors.

1. ORGANISATION

This Charter governs the operations of the Audit Committee. The Committee shall review and reassess the Charter at least annually and obtain the approval of the Board of Directors.

Membership

The Committee shall be members of, and appointed by, the Board of Directors and shall comprise at least two directors that have diverse, complementary backgrounds and are independent of management and the Company. All members of the Audit Committee must be non-executive directors. The Chair of the Committee may not be the Chair of the Board of Directors and must be independent. In addition, the Committee Chair shall have leadership experience and strong finance, accounting and/or business background. All committee members shall be financially literate, or become financially literate within a reasonable period of time after appointment. Furthermore, at least one member shall have a reasonable level of accounting and/or related financial management expertise as determined by the Board of Directors.

Members of the Committee shall be considered independent so long as they do not have any relationship with the Company that may interfere with the exercise of independent judgement. Majority of members should meet the definition of independent director as outlined in the ASX Corporate Governance Principles and Recommendations. The only compensation shall be directors' fees for services provided to the Audit Committee.

The Board will review the membership and charter of the Committee annually. Where necessary, the Board, upon the recommendation of the Committee, may by resolution, alter the responsibilities, functions or membership of the Committee. The Committee may also recommend to the Board the formal adoption of the revised charter for future operations of the Committee.

Secretarial and Meetings

The Company Secretary shall be appointed secretary of the Committee. The secretary, in conjunction with the Chairman, shall draw up an agenda which shall be circulated at least one week prior to each meeting to the members of the Committee and the auditors.

The Chairman will call a meeting of the Audit Committee if so requested by any Committee member if so requested by any Committee member, senior management or auditors. Senior management and the auditors should be given notice of all meetings and have the right to attend and speak at the discretion of the Committee.



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Meetings

The Committee shall meet at least two times each year (ie. before completion of the half-yearly and annual accounts) with the auditors and appropriate members of management. The purpose of these meetings shall be to:

1. Review and if necessary have input into external audit plans.
2. Review and approve the half-yearly financial report.
3. Review of internal audit reports.
4. Update the external audit plans.
5. Review and approve the annual financial report.

Furthermore, the Committee shall meet in private sessions as and when required to assess management's effectiveness.

Purpose

The Audit Committee shall provide assistance to the Board of Directors in fulfilling its corporate governance and oversight responsibilities, as well as advise on the modification and maintenance of the Company's financial reporting, internal control structure, risk management systems, external audit functions and appropriate ethical standards for the management of the Company. A further purpose of the Committee is to check the ongoing independence of the Auditors. In doing so, it is the responsibility of the Committee to maintain free and open communication between Committee, external auditors and management of the Company.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

2. DUTIES AND RESPONSIBILITIES

Understanding the Business

The Committee shall ensure it understands the Company's structure, controls and types of transactions in order to adequately assess the significant risks faced by the Company in the current environment.

Financial Reporting

The primary responsibility of the Audit Committee is to oversee the Company's financial reporting process on behalf of the Board and report the results of its activities to the Board.

The Board of Directors are ultimately responsible for the integrity of the Company's financial reports including the appropriateness of the accounting policies and principles that are used by the Company. The external auditors are responsible for auditing the Company's financial reports and for reviewing the Company's unaudited interim financial reports.



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The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee will take appropriate actions to set the overall corporate “tone” for quality financial reporting, sound business risk practices and ethical behaviour. The following shall be the principle duties and responsibilities of the Audit Committee. These are set forth as a guide with the understanding that the Committee may supplement them as appropriate.

Assessment of Accounting, Financial and Internal Controls

The Committee shall discuss with management and the external auditors, the adequacy and effectiveness of the accounting and financial controls, including the Company’s policies and procedures to assess, monitor and manage business risk and legal and ethical compliance programs with the objective of recommending enhancements and improving the quality of the accounting function.

The Committee shall meet separately and periodically with management, internal and external auditors to discuss issues and concern warranting Committee attention, including but not limited to their assessment of the effectiveness of internal controls and the process for improvement. The Committee shall provide sufficient opportunity for the external auditors to meet privately with the members of the Committee. The Committee shall review with the external auditor any audit problems or difficulties and management’s response. Further, the Committee shall review audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by management.

The Committee shall review (in consultation with management and external auditors) the appropriateness of the accounting principles adopted by management in the composition and presentation of the financial reports and approve all significant accounting policy changes.

The Committee shall review any regulatory reports submitted to the Company and monitor management’s response to them.

Appointment of External Auditors

The Committee shall be directly responsible for making recommendations to the Board of Directors on the appointment, re-appointment or replacement (subject, if applicable, to shareholder ratification), remuneration, monitoring of effectiveness and independence of the external auditors, including resolution of disagreements between management and the auditor regarding financial reporting. In assessing which external audit firm to be engaged, factors such as reputation, knowledge of industry, resources, commitment and value added benefits to the Company should be considered. Further, if it is deemed necessary based on lack of actual perceived independence, the Committee shall request for the rotation of external engagement partners.

A Committee member or a delegated senior executive can approve all audit and non-audit services provided by the external auditors other than in the instance where the fee fall outside budget parameters and are in excess of \$30,000. In this instance, full Audit Committee approval must be received for such a transaction.

The Committee, Committee member or delegated senior executive shall not engage the external auditors to perform any non-audit/assurance services that may impair or appear to impair the external auditor’s judgement in respect of the Company.



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Independence of the External Auditors

The Committee shall review and assess the independence of the external auditor, including but not limited to any relationships with the Company or any other entity that may impair or appear to impair the external auditor's judgement or independence in respect of the Company.

Scope of the External Audit

The Committee shall discuss with the external auditors the overall scope of the external audit, including identified risk areas, significant problems that may be foreseen and any additional agreed-upon procedures. The Committee shall also discuss the impact of any proposed changes in accounting policies on the financial statements and review the nature and impact of any changes in accounting policies adopted by the entity during the year.

In addition, the Committee shall also review the external auditor's compensation to ensure that an effective, comprehensive and complete audit can be conducted for the agreed compensation level. Further, the Committee shall liaise with the external auditors to ensure their approach to the review/audit of the annual and half-year statutory accounts are conducted in an effective manner.

Internal Audit

Appointment of Internal Auditors

The Committee shall be directly responsible for making recommendations to the Board of Directors on the appointment, re-appointment or replacement (subject, if applicable, to shareholder ratification), remuneration, monitoring of effectiveness and independence of the internal auditors, including resolution of disagreements between management and the auditor regarding internal controls. In assessing which internal audit firm to be engaged, factors such as reputation, knowledge of industry, resources, commitment and value added benefits to the Company should be considered.

The Committee, Committee member or delegated senior executive shall not engage the internal auditors to perform any non-internal audit services that may impair or appear to impair the internal auditor's judgement in respect of the Company.

Scope of the Internal Audit

The Committee shall discuss with the internal auditors the overall scope of the internal audit, including governance guidance on risk management and control, identified risk areas, significant problems that may be foreseen and any additional agreed-upon procedures. Internal auditors shall provide assurance to the Audit Committee and the Board of Directors that the financial and operational controls designed to manage the VII Group's risks and achieve the VII Group's objectives are operating in an efficient, effective and ethical manner.

The scope of internal audit activity includes examining and evaluating the policies, procedures and systems which are in place to ensure: reliability and integrity of information, compliance with policies, plans, procedures, laws and regulations; safeguarding assets; economical and efficient use of resources; and accomplishment of established objectives and goals for operations or programs. Internal Audit may provide consulting services with the Company concerning issues related to internal controls, special investigations, and other areas of interest and concern.

The extent and frequency of internal audits will depend upon varying circumstances such as results of previous audits, relative risk associated with activities, materiality, the adequacy of the system of internal control and the resources available.



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The Audit Committee may present Final Internal Audit Reports to the Board of Directors for review and implementation of the recommendations.

The Internal Audit and Risk Management processes are set out in the Company's Internal Audit and Risk Management Policy (Annexure 2).

The Company is in the process of establishing the internal audit function within the Group.

Assessment of the Internal Audit

The Committee, at least on an annual basis, shall obtain and review a report by the internal auditors describing (or meet, discuss and document the following with them):

- * The audit firm's internal quality control procedures.
- * Any material issues raised by the most recent internal quality control review, or peer review, of the audit firm, or by an inquiry or investigation by government or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.
- * All relationships between the external auditor and the Company (to assess the auditor's independence).

Communications with Stakeholders

The Committee shall be responsible for monitoring compliance with the Corporations Act and ASX Listing Rules.

The Committee shall review the half-year financial report and the preliminary final report prior to the filing of these with the ASX. The Committee is responsible for making the necessary recommendation to the Board for the approval of these documents. Also, the Committee shall discuss the results of the half-year review and any other matters required to be communicated to the Committee by the external auditors under generally accepted auditing standards. The Chair of the Committee may represent the entire Committee for the purposes of this review.

The Committee shall review the Representation Letter signed by the Chief Executive Officer and Chief Financial Officer on compliance with statutory responsibilities to ensure that the information provided is complete and appropriate. Also, the Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the external auditors under generally accepted auditing standards.

The Committee is responsible for reviewing the draft financial statements and the audit report and to make the necessary recommendation to the Board for approval of the financial statements.

The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. The Committee shall receive corporate legal reports of evidence of a material violation of the Corporations Act, the ASX Listing Rules or breaches of fiduciary duty. The Committee is responsible for reviewing reports on any major defalcations, frauds and thefts from the Company.



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Other Duties

The Committee shall ensure that in each financial year the Chief Financial Officer and Chief Executive Officer are to state in writing to the Board that the Company's financial reports present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

The Committee is responsible for organising, reviewing and reporting on any special reviews or investigations deemed necessary by the Board.

The Committee must report to the Board formally at the next Board meeting following from the last Committee meeting on matters relevant to the Committee's roles and responsibilities.

The Committee must brief the Board promptly on all urgent and significant matters.



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ANNEXURE 2

Internal Audit and Risk Management Policy

Introduction

This Charter establishes the authority and responsibility conferred by the Audit Committee of VII on the Internal Audit and Risk Management functions, so that it may perform adequately within the VII Group including its controlled entities and associated entities (if any).

This document should be read in conjunction with the Risk Management and Internal Control, and Audit Committee Charters.

Purpose of internal audit and risk management

Internal Audit and Risk Management provide an independent and objective review and advisory service to:

- provide assurance to VII Board of Directors and Chief Financial Officer that the financial and operational controls designed to manage the VII Group's risks and achieve the VII Group's objectives are operating in an efficient, effective and ethical manner, and
- assist management in improving the VII Group's and its operating entities' business performance

Independence

Independence is essential to the effectiveness of the internal audit function.

The Internal Auditor has no direct authority or responsibility for the activities reviewed by the group, has no responsibility for developing or implementing procedures or systems and does not prepare records or initiate or approve accounting transactions external to the Internal Audit and Risk Management group.

Internal Auditor reports functionally to the Audit Committee. The Internal Auditor is accountable to the Audit Committee for the efficient and effective operation of the internal audit function and risk management.

It is the responsibility of the Internal Auditor to communicate to the Audit Committee any perceived or potential conflicts that may compromise the objectivity or independence of Internal Audit and Risk Management. The Internal Auditor has direct access to the Chief Financial Officer, and the Chair and other members of the Audit Committee, if required. The Chief Financial Officer and Chair of the Audit Committee has direct access to the Internal Auditor, if required.

Authority and confidentiality

Internal Auditor is authorised to have full, free and unrestricted access to all functions, premises, assets, records, and other documentation and information that the Internal Auditor considers necessary to enable the Internal Audit and Risk Management group to meet its responsibilities.

Internal Auditor also has the authority to seek any information it requires to fulfil its responsibilities from any officer, employee, consultant or contractor related to the VII Group or any of its related entities.



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All records, documentation and information accessed in the course of undertaking internal audit activities are to be used solely for the conduct of these activities. Internal Auditor is responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

Roles and responsibilities

In the conduct of its activities, Internal Auditor will play an active role in:

- developing and maintaining a culture of accountability and integrity
- facilitating the integration of risk management into day-to-day business activities and processes, and
- promoting a culture of cost-consciousness, self-assessment and adherence to high ethical standards

Internal Audit and Risk Management activities will encompass the following areas:

Audit activities including audits with the following orientation:

Compliance

- employee's actions are in compliance with legislative and regulatory requirements, contractual obligations, licences and permits, and entity's policies and procedures
- significant legislative or regulatory issues impacting the entity are recognised and addressed properly

Financial and operational controls

- internal financial and operational controls, including IT system controls, are adequate and effective
- resources are acquired economically, used efficiently, and adequately protected

Performance improvement

- the efficiency, effectiveness, and ethical conduct of each entity's business systems and processes
- quality and continuous improvement are fostered in the VII Group's and its related entities' control processes

Advisory services beyond Internal Audit and Risk Management's assurance services, to assist management in meeting its objectives, including:

New or changing processes, operations and systems

- providing advice on new or changing processes, operations, and systems coincident with their development, implementation, and/or expansion, including the adequacy of planned controls

Risk management

- assisting management to identify risks and develop risk mitigation and monitoring strategies as part of the risk management framework
- coordinating the annual entity's Risk Management Plan
- monitoring and reporting on the implementation of risk management strategies



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Fraud control

- assisting management to identify the risks of fraud and develop fraud prevention and monitoring strategies
- coordinating the entity's Fraud Control Plan
- investigating suspected fraudulent activities within the entity and its related entities

Long term internal audit plan

The Internal Auditor will develop and co-ordinate a long-term Internal Audit Plan spanning a period of 3-5 years. This will be based on the outcome of a Risk Assessment analysis conducted in consultation with Audit Committee. The long-term Internal Audit Plan will be submitted to the Audit Committee for acceptance, discussion and possible reassessment of priorities and general approval.

Annual internal audit plan

At the commencement of each financial year, the Internal Auditor shall submit to the Audit Committee, for approval, a detailed Internal Audit Plan showing the areas and locations of internal audit work proposed for the ensuing year. The Annual Internal Audit Plan shall be consistent with and flow from the comprehensive long-term Internal Audit Plan and, where appropriate, shall include any planned special assignments. Any significant changes necessitated to the approved plan shall be submitted, together with reasons for such changes, to the Audit Committee, for information.

The internal audit plan should be documented and endorsed by the board. Importantly, the plan should be consistent with the type of approach to be taken and should be adequate for the scale and complexity of the entity's operations.

Internal audit reports

Internal audit reports will be initially prepared in draft form and provided to the Board of Management for comment, submission or action prior to a Final Report being submitted to the Audit Committee. The Chief Financial Officer will also receive a draft copy for their information.

Explanations as to the matters raised and suggested remedial action and/or prioritized recommendations for improvements shall be included in the report. The Board of Management and Chief Accountants shall provide comments for inclusion in the final Internal Audit Report, where requested.

A final Internal Audit Report will be produced including Management Responses, for submission to the Audit Committee.

The Audit Committee will consider any Internal Audit report and any recommendations contained therein. The Audit Committee will make recommendations to the Board of Directors in relation to the implementation of each recommendation. If the Audit Committee recommends to the Board of Directors that an Internal Audit recommendation will not be implemented, reasons will be included in the Audit Committee minutes. The Internal Auditor will be given the opportunity to respond to the Audit Committee if such a recommendation is not to be implemented.

If the Board of Directors determines not to implement an internal audit recommendation (as recommended by the Audit Committee) then the Board will document reasons for the non-implementation of that recommendation.



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Reporting requirements

Within six months of any internal audit report, the Internal Auditor will follow-up to determine the current status regarding implementation of internal audit and risk management recommendations (except where a decision was made by the Audit Committee not to implement). A follow-up report will be provided to the Audit Committee at the end of each half-year on the status of all recommendations that should have been implemented.

A Risk Management Report analysing how the business risks faced by the Group have been identified and management is presented to the Board of Directors and Chief Financial Officer.

As part of its oversight for the risk management and internal control system, the Board of Directors should review the effectiveness of the implementation of that system at least annually.

Each financial year, the Chief Executive Officer (or its equivalent) and Chief Financial Officer are required to provide formal representations to the Board confirming that the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and that the Company's risk management and internal compliance and control system is operating efficiently in all material respects in accordance with Principle 7.2 of the ASX Corporate Governance Principles and Recommendations.

The Chief Executive Officer (or its equivalent) and Chief Financial Officer will provide written assurance to the Board of Directors that the risk management and internal control system is operating effectively to reduce financial reporting risks in all material respects. This requirement is designed to support the declaration required of the CEO and CFO by section 295A of the *Corporations Act 2001* and in accordance with Principle 7.3 of the ASX Corporate Governance Principles and Recommendations.

Operating standards

Internal audit activities will be conducted in accordance with relevant professional standards.

In addition, Internal Auditor is expected to:

- maintain their technical competence and build on their professional qualifications and skills through continuing education
- exercise honesty, objectivity and discipline in the performance of their duties and responsibilities
- maintain their independence
- maintain a constructive relationship with other staff encountered in the course of their duties

Relationship with external audit

Internal and external audit activities will be coordinated to help ensure the adequacy of overall audit coverage and to minimise duplication of effort.

Periodic meetings and contact between internal and external audit shall be held to discuss matters of mutual interest.

External audit will have full and free access to all internal audit plans, working papers and reports.



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Review

The Chair of the Audit Committee will arrange for a periodic, independent review of the efficiency and effectiveness of the operations of the internal audit function at least every three years.