

	<p><b>CHELSEA LOGISTICS AND INFRASTRUCTURE HOLDINGS CORP.</b></p>	<p><b>AUDIT COMMITTEE CHARTER</b></p>
---	---	---

This Charter establishes the purpose, composition, authority, responsibilities and operations of the Audit Committee (the “Committee”).

## **1. PURPOSE**

The Committee assists and advises the Board of Directors (the “Board”) in fulfilling its oversight responsibilities to ensure the quality and integrity of the Corporation’s accounting, financial reporting, auditing practices and internal control systems and adherence to over-all corporate governance best practice. The Committee also oversees the Corporation’s process for monitoring compliance with laws, regulations, the Code of Ethics, and performs other duties as the Board may require.

## **2. COMPOSITION**

The Audit Committee shall be composed of at least three (3) non-executive Directors, majority of whom, including the Chairperson, shall be independent. All Committee members shall have relevant background, knowledge, skills and/or experience in areas of accounting, auditing and finance.

The Chairperson of the Audit Committee shall not be the Chairman of the Board or of any other Committees of the Company.

## **3. DUTIES AND RESPONSIBILITIES**

The Audit Committee shall have the following duties and responsibilities:

- a. Recommend the approval by the Board of the Internal Audit Charter (IA Charter), which formally defines the role of Internal Audit, as well as oversee the implementation of the IA Charter;
- b. Through the Internal Audit (IA) Department, monitor and evaluate the adequacy and effectiveness of the Company’s internal control system, integrity of financial reporting, and security of physical and information assets. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the Company’s resources and ensure their effective utilization, (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the Company’s financial data, and (d) ensure compliance with applicable laws and regulations;

- c. Oversee the Internal Audit Department and recommend the appointment and/or grounds for removal of the internal audit head or Chief Audit Executive (CAE). The Audit Committee should also approve the terms and conditions for outsourcing internal audit services;
- d. Establish and identify the reporting line of the Internal Auditor to enable him/her to properly fulfill his/her duties and responsibilities. For this purpose, the Internal Auditor should directly report to the Audit Committee, and administratively to the Chief Executive Officer;
- e. Approve the annual internal audit plan and monitor its implementation;
- f. Review and monitor Management's responsiveness to the Internal Auditor's findings and recommendations;
- g. Prior to the commencement of the financial audit, discusses with the External Auditor the nature, scope and expenses of the audit, and ensure the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
- h. Evaluate and determine the non-audit work, if any, of the External Auditor, and periodically review the non-audit fees paid to the External Auditor in relation to the total fees paid to him and the Company's overall consultancy expenses. The Committee should disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence (as defined under the Code of Ethics for Professional Accountants). The non-audit work, if allowed, should be disclosed in the Company's Annual Report and Annual Corporate Governance Report;
- i. Review and approve the Interim and Annual Financial Statements before their submission to the Board, with particular focus on the following matters:
  - Any change/s in accounting policies and practices
  - Areas where a significant amount of judgment has been exercised
  - Significant adjustments resulting from the audit
  - Going-concern assumptions
  - Compliance with accounting standards
  - Compliance with tax, legal and regulatory requirements
- j. Review the disposition of the recommendations in the External Auditor's management letter;
- k. Perform oversight functions over the Company's Internal and External Auditors. The Committee should ensure the independence of Internal and External Auditors, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
- l. Coordinate, monitor and facilitate compliance with laws, rules and regulations; and
- m. Recommend to the Board the appointment, re-appointment, removal and fees of the External Auditor, duly accredited by the Securities and Exchange Commission, who

undertakes an independent audit of the Company, and provide an objective assurance on the manner by which the financial statements should be prepared and presented to the stockholders.

#### **4. MEETINGS**

The Committee shall meet at least four (4) times a year. The Committee may invite members of Management, auditors or others to attend meetings and provide pertinent information, as necessary. The Committee may hold private meetings with auditors and executive sessions (i.e. without the presence of Management).

The Committee Secretary, under the direction of the Committee Chairperson, shall prepare the agenda and provide the Committee Members advance notice of meetings, the agenda, along with appropriate briefing materials. Minutes of the meeting shall be provided to the members within days after the said meeting.

#### **5. AUTHORITY**

In pursuit of its purpose, duties and responsibilities, and so authorized by the Board, the Committee shall:

- 5.1.** Appoint and evaluate the performance of the External Auditor and Chief Audit Executive;
- 5.2.** Seek any information it requires from Management, and all other employees;
- 5.3.** Gain access to all records, documents, properties, assets and personnel within the Company;
- 5.4.** Review the scope of work of the auditors after considering their assessment of internal controls;
- 5.5.** Obtain any external professional advice and expertise if so required; and
- 5.6.** Investigate any activities within its scope of responsibilities, or as may be required by the Board.

#### **6. ANNUAL REVIEW OF CHARTER**

The Committee shall conduct an annual review of this Charter and propose any enhancements as may be deemed necessary for Board approval.

*18 October 2018*