

audit COMMITTEE

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee shall be appointed by the Directors from among their number via a Directors' resolution and shall be composed of not fewer than three (3) members of whom a majority shall be independent directors who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. Without limiting the generality of the foregoing, an independent director is one who:-

- i) is not an executive director of the Company or any related corporation;
- ii) has not been within the last two years and is not an officer (except as an independent director) of the Company or any related corporation. For this purpose, "officer" shall have the meaning given in section 4 of the Companies Act, 1965;
- iii) is not a major shareholder of the Company or any related corporation;
- iv) is not a relative of any executive director, officer or major shareholder of the Company or any related corporation. For this purpose, "relative" means the spouse, parent, brother, sister, child (including adopted or step child) and the spouse of such brother, sister or child;
- v) is not acting as a nominee or representative of any executive director or major shareholder of the Company or any related corporation;
- vi) is not engaged as a professional adviser by the Company or any related corporation either personally or through a firm or company of which he is a partner, director or major shareholder, as the case may be; or
- vii) has not within the last two years and does not engage in any transaction with the Company or any related corporation, whether by himself or with other persons or through a firm or company of which he is a partner, director or major shareholder, as the case may be, the value of which exceeds RM250,000

At least one member of the audit committee:-

- (i) must be a member of the Malaysian Institute of Accountants; or

- (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-

- (a) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
- (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

The members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an independent director. All members of the Audit Committee, including the Chairman, will hold office only so long as they serve as Director of the Company.

Where the members of the Audit Committee for any reason be reduced to below three (3), the Board of Directors shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee of the Company comprise the following:-

Danny Ng Siew L'Leong* - *Chairman*

Lee Hon Keong** - *Member*

O Wai Tiong* - *Member*

* *Independent Non-Executive Director*

** *Non-Independent Director*

Secretary of the Audit Committee

Gwee Ooi Teng

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Objectives of the Audit Committee

It is the objectives of the Audit Committee to assure the Shareholders of the Company that the Directors of the Company have complied with specified financial standards and required disclosure policies developed and administered by the KLSE.

audit committee (CONT'D)

In addition, the Audit Committee is also determined to ensure consistency with the KLSE's commitment to encourage high standards of corporate disclosure. The Audit Committee will endeavour to adopt certain practices aimed at maintaining appropriate standards of corporate responsibility, integrity and accountability to all the Company's Shareholders.

Duties and Responsibilities of the Audit Committee

The duties and responsibilities of the Audit Committee include the following and report on the same to the Board of Directors:-

- i) Oversee all matters relating to external audit including the review of the audit plan and audit report and review of external auditors' management letter and management's responses.
- ii) Oversee the internal audit department including the evaluation of the standards of internal control and financial reporting, review of internal audit programme, adequacy of the scope, functions, authority, and resources of the internal audit department and audit findings and management's responses.
- iii) Review of the quarterly results and year end financial statements, focussing particularly on:-
 - any changes in accounting policies and practices;
 - significant adjustments arising from audit;
 - the going concern assumption;
 - compliance with accounting standards and other legal requirements
- iv) Review of the assistance and co-operation given by the Company's officers to the external and internal auditors.
- v) Review any related party transactions that may arise within the Company or the Group.
- vi) Nominate the external auditors for appointment, review any letter of resignation from external auditors and proposal for reappointment of external auditors.

- vii) Consider any other matters as may be agreed to by the Audit Committee and the Board of Directors.

Powers of the Audit Committee

In carrying out their duties and responsibilities, the Audit Committee will in principle have full, free and unrestricted access to all the Company's records, property and personnel and has explicit authority to investigate any matter within its terms of reference.

MEETINGS

The Audit Committee will meet at least four (4) times a year although such additional meetings may be called at any time at the discretion of the Chairman.

The quorum for meetings of Audit Committee shall be 3 members and the majority of the members present shall be independent directors.

The internal and/or external auditor has the right to appear and be heard at any meeting of the Audit Committee and shall appear before the Committee when required by the Committee. Upon the request of the auditor(s), the Chairman of the Audit Committee shall also convene a meeting of the Committee to consider any matters the auditor(s) believes should be brought to the attention of the Board of Directors or the Shareholders.

The Audit Committee may in consultation with the Board of Directors obtain expert external advice on specific issues.

A total of five Audit Committee Meetings were held during the financial year ended 31 December 2000. There was full attendance by the Audit Committee members at all the five meetings.

Internal Audit Function

An internal audit division has been established in 1999. The internal audit team currently comprise an Audit manager and an Audit Executive.