

## Composition of the Audit Committee for 2008

### **Wan Ismail Wan Nik - Chairman \***

(Independent Non-Executive Director)

### **Patrick Chin Yoke Chung**

(Independent Non-Executive Director)

### **Lai Chang Hun**

(Independent Non-Executive Director)

(\* As best practice and good corporate governance, Mr Patrick Chin was appointed Chairman with effect from 1 January 2009 to replace Encik Wan Ismail who remains as a member of the Audit Committee.)

## Functions

The functions of the Audit Committee are:

- 1) To review and report the following to the Board of Directors of the Company:-
  - a) the audit plan, with the external auditor;
  - b) its evaluation of the system of internal controls with the external auditor;
  - c) its audit report, with the external auditor;
  - d) the assistance given by the employees of the Company to the external auditor;
  - e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - g) the quarterly results and year end financial statements, prior to the approval of the Board of Directors, focusing particularly on:-
    - i) changes in, or implementation of, major accounting policy changes;
    - ii) significant and unusual events;
    - iii) the going concern assumption; and
    - iv) compliance with accounting standards and other legal requirements.
  - h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - i) any dismissal of external auditor or letter of resignation from the external auditor of the Company; and
  - j) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment.
- 2) To review and recommend the appointment of external auditor and their audit fee.
- 3) To provide, by way of regular meetings, a line of communication between the Board and the auditor.
- 4) To enhance the perceptions held by other interested third parties (shareholders, regulators, bankers, creditors and etc.) of the credibility and objectivity of financial reports.
- 5) To discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved.
- 6) To review the external auditor's management letter and management's response.
- 7) To review any appraisal or assessment of the performance of senior staff members of the internal audit function, approve any appointment or termination of the senior staff members of the internal audit function and take cognisance of resignations of internal audit staff members and provide the resigning staff members an opportunity to submit the reasons for resigning.
- 8) To carry out such other functions as may be agreed to by the Audit Committee and the Board of Directors.

## Authorities

The Audit Committee shall:

- 1) have authority to investigate any matter within its terms of reference;
- 2) have resources which are required to perform its duties;
- 3) have full and unrestricted access to any information pertaining to the Company;
- 4) have direct communication channels with the external auditor and person(s) carrying out the internal audit function or activity;
- 5) be able to obtain independent professional or other advice;
- 6) be able to convene meetings excluding the attendance of other directors and employees of the Company with the external auditor at least twice a year; and with the internal auditor or both, whenever deemed necessary;
- 7) have similar rights of access to the internal auditor, as well as the external auditor; and
- 8) have discussion with the external auditor to ensure that there are no unresolved issues of concern.



## Meetings

The Audit Committee shall meet at least four times a year. In addition, the Chairman shall call a meeting of the Audit Committee if a request is made by any committee member or the external auditors.

The Head of Internal Audit should attend the Committee meetings. Where applicable, other senior officers may be invited to attend meetings.

A quorum shall be a majority of members present who must be independent directors. The Chairman of the Audit Committee shall act as Chairman of Meeting. In the absence of the Chairman, the members can elect one of the members present who shall be an independent director to act as Chairman of the Meeting. Questions arising at any meeting shall be decided by a majority of votes of the members present and in case of equality of votes, the Chairman of the Meeting shall have a casting vote. Where two (2) members form a quorum, the Chairman of a Meeting in which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue, shall not have a casting vote.

Any member of the Audit Committee may participate at a Committee meeting by way of telephone and video conferencing or by means of other communication equipment whereby all persons participating in the meeting are able to hear each other, in which event such member shall be deemed to be physically present at the meeting. A member participating in a meeting in the manner aforesaid may also be taken into account in ascertaining the presence of a quorum at the meeting. Any meeting held in such manner shall be deemed to be held at such place as shall be agreed upon by the members attending the meeting provided that at least one of the members present at the meeting was at such place for the duration of the meeting.

The Head of the Corporate Secretarial Department shall act as Secretary of the Audit Committee and be present to take minutes of the meeting and also be responsible for keeping the minutes of meetings of the Audit Committee and circulating to Audit Committee members and to the other members of the Board of Directors.