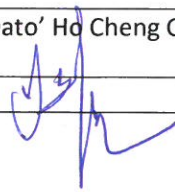


KECK SENG (MALAYSIA) BERHAD GROUP

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	Signature: 

Objective:

To set the guidelines and procedures to ensure the suitability and independence of external auditors.

1) Introduction

The Board recognises that the independence of the external auditors is a key governance issue of the Keck Seng (Malaysia) Berhad's (KSM) Group. It has established the Audit Committee (AC) to assist its oversight function in ensuring the integrity of the Group's financial statements as well in reviewing, assessing and monitoring the performance, suitability and independence of the external auditors.

2) Selection and Appointment

The AC is responsible for the appointment, remuneration and removal of the external auditors.

The following are the procedures for selection and appointment of new external auditors:-

- a) identify the audit firms that meet the appointment criteria;
- b) request for audit engagement proposals;
- c) assess the proposals received and shortlist the candidates;
- d) interview the shortlisted candidates; and
- e) recommend to the Board the suitable candidate for appointment as external auditors.

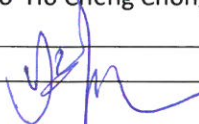
The AC may delegate or seek assistance from the Managing Director or any other Senior Management personnel to perform the abovementioned steps a) to d).

The Board will endorse the recommendation and seek the shareholders' approval at the General Meeting.

3) Competency and Resources

When considering an appropriate candidate for recommendation to the Board, the AC will consider the following:

- a) reputation;
- b) qualification of its professionals;
- c) resources;
- d) expertise and experience of its team members; and
- e) networking ability and competence.

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4) Independence

The external auditors are precluded from providing any services that may impair their independence or conflict with its role as external auditors.

The external auditors are to provide to the AC an assurance that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

5) Non-Audit Services

The external auditors can be engaged to perform non-audit services provided such services do not impair or appear to impair the external auditors' independence or objectivity.

The prohibition of non-audit services is based on:

- a) The external auditors cannot function in the role of Management;
- b) The external auditors cannot audit their own work; and
- c) The external auditors cannot serve as an advocate for the Company or its subsidiaries.

Exceptions maybe made where the variation is in the interest of KSM and arrangements are put in place to preserve the integrity of the external audit process. The Board must specifically approve such exceptions.

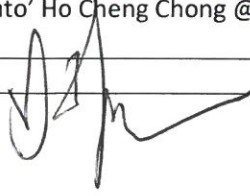
External auditors shall not be considered for non-audit services specifically prohibited by the by-laws of the Malaysian Institute of Accountants.

Non-audit services provided by the external auditors are subject to the approval/endorsement of the AC.

6) Annual Reporting

The AC will review on an annual basis the external auditors' audit planning memorandum.

At the conclusion of the audit review, the AC and Senior Management will discuss with the external auditors on their findings, significant weaknesses and audit related recommendations.

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7) Annual Assessment

The AC will carry out an annual assessment of the external auditors which shall encompass an assessment of the quality of service, sufficiency in resources, communication and interaction and independence, objectivity and professional scepticism.

As part of this review the AC may obtain feedback from the members of Senior Management regarding the quality of the audit service.

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