

Corporate Calendar



Automotive Aftermarket Middle East 2004 exhibition held in Dubai, United Arab Emirates

March 2004



New office and factory building occupied by our joint venture company Anhui WinKing Auto Parts Co. Ltd in China

July 2004



The new controlled-atmosphere aluminum bracing furnace commissioned by our Radiators division in Seri Kembangan

July 2004



Automechanika 2004 exhibition in Frankfurt, Germany

September 2004

Fire fighting and evacuation exercise conducted by APM Coil Springs Sdn Bhd together with the Fire Department



September 2004

Gotong royong to clean up factory area in APM Springs Sdn Bhd



October 2004

APM Springs (Vietnam) Co. Ltd obtains investment license to manufacture automotive suspension parts in Vietnam



December 2004

Completion of new factory and logistics centre in Bukit Beruntung



December 2004

Profile of the Board of Directors

Dato' Tan Heng Chew, JP, DJMK, 58, a Malaysian, is a Non-Executive Non-Independent Director. He was the first director of the Company when it was incorporated on 26 March 1997 and was appointed the Chairman of the Board on 1 November 1999.

Dato' Tan graduated from the University of New South Wales, Australia with a Bachelor of Engineering (Honours) degree and a Masters degree in Engineering from the University of Newcastle, Australia. He joined the Tan Chong Motor Holdings Berhad group of companies in 1970 and was instrumental in the establishment of its Autoparts Division in the 1970s and early 1980s.

Dato' Tan sits on the Board of Tan Chong Motor Holdings Berhad as Executive Deputy Chairman and is the Chairman of Warisan TC Holdings Berhad. He is also a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. Dato' Tan has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Dr Fun Woh Peng, 45, a Malaysian, was appointed to the Board on 15 January 2003 as an Executive Director. He is also a member of the Audit Committee.

Dr. Fun holds a PhD. in Electrical Engineering from the University of Texas in Austin, USA. He joined Auto Parts Holdings Sdn Bhd in 1997 as General Manager for business development of the APM Group of companies. His prior experience includes several years with the Ford Motor Company, Ford International Business Development Inc. and FMS Audio, a joint venture of Ford Motor Company, USA.

Encik Azman Badrillah, 57, a Malaysian, is an Executive Director. He was appointed to the Board on 1 November 1999.

Encik Azman graduated with a degree in Economics from the University of Malaya in 1971. He joined Bank of America and had risen to the position of Assistant Vice-President when he left 11 years later. His service with Bank of America included a period spent with the international operations of the bank. Encik Azman joined Tan Chong Motor Holdings Berhad (TCMH) group in 1983 as an Executive Director of its manufacturing division and was responsible for the overall performance of one of its key product groups. With the re-structuring of the TCMH group resulting in the emergence of the Company in 1999, Encik Azman was appointed an Executive Director of the Company.

Encik Azman sits on the board of Tan Chong Motor Holdings Berhad and Eco Resources Berhad. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Mr Tan Eng Hwa, 50, a Malaysian, is an Executive Director. He was first appointed to the Board on 1 November 1999 as a Non-Independent Non-Executive Director.

Mr. Tan graduated from the University of Birmingham with a Bachelor of Commerce degree. He was with the Tan Chong Motor Holdings Berhad group as Treasurer and was also involved in various departmental functions within the group.

Mr. Tan is a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. He has abstained from deliberation and voting in respect of transactions between the Group and related parties involving himself.

Mr Tan Eng Soon, 56, a Singaporean and a Malaysian Permanent Resident, is a Non-Executive Non-Independent Director. He was appointed to the Board on 1 November 1999.

Mr. Tan has a degree in Civil Engineering from the University of New South Wales, Australia. He has been involved in the Tan Chong Motor Holdings Berhad group's operations since 1971.

Mr. Tan is the Group Managing Director of Tan Chong Motor Holdings Berhad. He is also a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company.

He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Encik Ahmad bin Abdullah, 70, a Malaysian, is a Non-Independent Non Executive Director. He was appointed to the Board on 1 November 1999.

Encik Ahmad received his law degree with Honours from the University of Hull in the United Kingdom in 1959. He was appointed by the Yang Di-Pertuan Agong to the constitutional post of Secretary of the Malaysian Parliament where he served from 1959 until 1972 during which period he also represented Malaysia on various international bodies. He joined the Tan Chong Motor Holdings Berhad group in 1975 as an Executive Director of a subsidiary involved in marketing.

Encik Ahmad is the Vice-Chairman of Tan Chong Motor Holdings Berhad. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Dato' N Sadasivan s/o N.N. Pillay, DPMP, JSM, KMN, 65, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 1 November 1999 and is the Chairman of the Audit Committee.

Dato' Sadasivan graduated from the University of Malaya with a Bachelor of Arts (Honours) degree majoring in Economic in 1963. In the same year, Dato' Sadasivan commenced working for the Singapore Economic Development Board and was head of the Industrial Facilities Division when he left to join MIDA in 1968. He was with MIDA for a total of 27 years and became its Director-General in 1984. Dato' Sadasivan sits on the boards of Bank Negara Malaysia and Pengurusan Danaharta Nasional Berhad.

Dato' Sadasivan is also a director of Chemical Company of Malaysia Berhad, Petronas Gas Berhad, Leader Universal Holdings Berhad, Malaysian Airline System Berhad, Malaysian Industrial Development Finance Berhad and Yeo Hiap Seng (Malaysia) Berhad.

Dato' Haji Kamaruddin @ Abas Nordin, DSSA, KMN, 66, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 1 November 1999 and is a member of the Audit Committee.

Dato' Haji Kamaruddin graduated from the University of Canterbury, New Zealand with a Master of Arts degree majoring in Economics in 1966. He

joined the civil service upon his graduation and served the Government until he retired in 1993. During his tenure with the civil service he held various senior positions, among them as Director, Industries Divisions in the MITI, Deputy Secretary General, Ministry of Works and Director-General of the Registration Department, Ministry of Home Affairs.

Dato' Kamaruddin is a director of Tan Chong Motor Holdings Berhad, Lion Industries Corporation Berhad and Greatpac Holdings Berhad. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Encik Mohd. Sharif Haji Yusof, 65, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 1 September 2001 and is a member of the Audit Committee.

Encik Mohd. Sharif is a Fellow Member of the Institute of Chartered Accountants, England and Wales, an Associate Member of the Malaysian Institute of Accountants and a Member of the Malaysian Institute of Certified Public Accountants. He has had more than 20 years experience in government and financial sectors, serving the Selangor State Government, Bumiputra Merchant Bankers Berhad and thereafter British American Life & General Insurance Co. Bhd where he held the position of Senior Vice President, Finance/Company Secretary at the time he retired.

Encik Mohd Sharif is a director of Amanah Capital Malaysia Berhad, Amanah Short Deposit Berhad, Amanah General Asset Berhad, Asia Unit Trust Berhad, Ireka Corporation Berhad, Malayawata Steel Berhad, Amal Assurance Berhad and Kemayan Corporation Berhad.

Except for Dato' Tan Heng Chew, Messrs. Tan Eng Soon and Tan Eng Hwa, who are brothers, none of the other Directors have any family relationship with any other Director and/or major shareholders of the Company.

None of the Directors have any conflict of interest in any business arrangement involving the Company, nor have any convictions for offences within the past 10 years.

The attendance of the Directors at board meetings held in 2004 is summarized on page 18.

Corporate Governance Disclosure

Statement on Corporate Governance

It is the policy of the Company to manage the affairs of the Group in accordance with the appropriate standards of good corporate governance set out in the Malaysian Code on Corporate Governance (the "Code"). The Directors wish to report on the application of such principles.

APPLICATION OF PRINCIPLES

A. Directors

I. The Board

The business of the Company and the Group is managed by the Board of Directors, which is responsible for ensuring that the Group is properly managed to achieve expected long-term improvement in shareholders value.

The Board has a formal schedule of matters for discussion. It includes issues relating to broad policy decisions, quarterly and annual financial results, annual business plans and budgets, significant acquisitions and disposals, material agreements, major capital expenditures and senior executive appointments. Other matters are delegated to Board Committees, officers and line management.

There were 5 board meetings held in 2004. Attendance of the Directors at these meetings were as follows:

Dato' Tan Heng Chew	5/5
Azman bin Badrillah	5/5
Dr. Fun Woh Peng	5/5
Ahmad bin Abdullah	3/5
Tan Eng Soon	5/5
Tan Eng Hwa	5/5
Dato' N. Sadasivan	5/5
Dato' Kamaruddin @ Abas bin Nordin	5/5
Mohd Sharif bin Hj. Yusof	4/5

II. Board Composition

Presently, the Board comprises 9 members: one Non-Executive Chairman, 3 Executive Directors and 5 Non-Executive Directors, 3 of whom are

independent Directors. All Directors held office throughout 2004.

No individual or group of individuals dominates the Board's decision making. The roles of the Chairman and the Executive Directors are separate and clearly defined. The Non-Executive Chairman is responsible for the proper conduct of meetings and ensuring an effective Board whilst the Executive Directors are responsible for the operations of the business units and implementation of Board decisions and policies.

The Directors have wide-ranging experiences, having previously occupied or are currently occupying senior positions in the corporate and government sectors. The profiles of the Board members are set out on pages 16 to 17.

All the Non-Executive Directors are independent of management and have no relationships, which could materially interfere with the exercise of their independent judgement.

III. Supply of information

Board members are provided with appropriate documentation in advance of each Board and Committee meeting. For Board meetings, these documents may include reports on current trading and business issues from the Executive Directors, Heads of Operations and/or the Group Financial Officer, financial reports, proposals for capital expenditure, proposals for acquisitions and disposals as well as proposals for senior executive appointments. In addition to formal Board meetings, the Chairman and Executive Directors also maintain regular contacts with all other Directors and hold informal meetings with the Non-Executive Directors to discuss issues affecting the Group.

There is an agreed procedure for Directors to seek independent professional advice at the Company's expense. Directors also have direct access to the advice and services of the Company Secretaries who are responsible for ensuring that Board procedures are followed.

IV. Appointments to the Board

The Board is of the view that the proposal for appointments of new Directors and the assessment of the contribution of the existing Directors are more effective by drawing on the experience and wisdom of all Directors. As such, both functions are performed by the Board as a whole when necessary and appropriate. Hence, a nomination committee is not required.

V. Re-election

The Company's Articles of Association provide that at every Annual General Meeting of the Company, one-third of the Directors shall retire from office and that all Directors shall retire from office once at least in each three years, but shall be eligible for re-election. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-appointment. Any Director appointed by the Board shall hold office only until the following Annual General Meeting but shall not be taken into account in determining the Directors or the numbers of Directors who are to retire by rotation at that meeting. The Board may from time to time appoint one or more of its number to any executive office for such period and on such terms as it thinks fit.

Non-Executive Directors are not appointed for a specific term and are subject to re-election by shareholders at the next Annual General Meeting following their appointment, or to re-election in accordance with the Company's Articles of Association.

Directors who are due for re-election at the forthcoming Eighth Annual General Meeting are Dato' Tan Heng Chew, Tan Eng Hwa and Mohd. Sharif bin Haji Yusof. Ahmad bin Abdullah seeks re-appointment under Section 129 (6) of the Companies Act, 1965. The profiles of these Directors are set out on pages 16 to 17.

VI Training

The Directors have fulfilled the Mandatory Accreditation Programme requirement as

prescribed by the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and also attended and completed their Continuing Education Programme as required. In keeping themselves abreast with the constant changes in regulatory requirements and development in the business environment, the Directors will continue to participate in seminars and education programmes in order to discharge their duties as directors.

B. Directors' Remuneration

The Board views that the present Directors' remuneration, based on guidelines formulated by drawing on the wealth of experience of all Directors, is more effective than that of a committee of the Board. Hence, a remuneration committee is not required as the role is performed by the Board as a whole as and when necessary or appropriate.

The remuneration policy of the Group which sets out the manner in remunerating executive employees below Board level, seeks to attract and retain as well as to motivate employees to contribute positively to the Group's performance. Such key principles and procedures in rewarding employees also are applicable to the Executive Directors.

The guidelines on the quantum of bonus payments in 2004 and annual salary increment for 2005 for executive employees of the Group, recommended to the Board for its approval by committees, whose members included senior Heads of Operations below board level, were based on performance and depended on the operating results of the Group after taking into consideration the prevailing business environment. The same guidelines were applied to Executive Directors.

The remuneration of each of the Non-Executive Directors is determined by the Board as a whole within the limits set by the Articles of Association. The Non-Executive Directors do not participate in the discussions relating to their remuneration.

Corporate Governance Disclosure

Directors' remuneration in aggregate, with categorisation into appropriate components distinguishing between Executive and Non-Executive Directors, in 2004, is set out below :

	EXECUTIVE DIRECTORS RM'000	NON-EXECUTIVE DIRECTORS RM'000
Directors' fees	-	152
Salaries and allowances	892	16
Bonuses	352	-
Benefits-in-kind	45	-
Total	1,289	168

The number of Directors whose remuneration falls in the following successive bands of RM50,000 is as follows :

	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
Up to RM50,000	-	3
RM50,001 - RM100,000	-	3
RM150,001 - RM200,000	1	-
RM400,001 to RM450,000	1	-
RM650,001 to RM700,000	1	-
Total	3	6

C. Relations with Shareholders

I. Dialogue between Companies and Investors

During the year, the Company held several group and individual meetings with institutional shareholders and investment communities with the view of fostering greater understanding of the Group's business.

The Group's announcements of its financial results and corporate exercises, available via the website of Bursa Malaysia, serve to keep shareholders informed of its financial performance and activities on a timely basis.

II. The AGM

The Seventh Annual General Meeting ("AGM") of the Company was held on Wednesday, 19 May 2004 at the Grand Ballroom, Grand Seasons Hotel, Kuala Lumpur. It was attended by shareholders comprising registered individuals, proxies and corporate representatives, with total shareholdings representing 54.98% of the issued share capital. During the course of the AGM, a forum was made available for the shareholders present to raise questions or issues regarding the Group's performance and financial position, which the Directors appropriately addressed.

D. Accountability and Audit

I. Financial Reporting

The Board has presented a balanced and understandable assessment of the Group's financial position and prospects in the various reports and statements made in the Annual Report dispatched to shareholders as well as in the quarterly financial results disseminated via the website of Bursa Malaysia.

The quarterly announcements on the financial results of the Group and statements contained in the Annual Report are reviewed by the Audit Committee prior to Board's approval and release to Bursa Malaysia and shareholders.

II. Internal Control

The Statement of Internal Control as set out on page 22 of the Annual Report provides an overview of the state of internal controls within the Group.

III. Audit Committee and Auditors

The Board of Directors has established an Audit Committee. The membership of this Committee, a summary of its terms of reference and its activities' are set out in the Audit Committee Report set out on pages 23 to 24.

The Board maintains a formal and transparent relationship with the Group's internal and external auditors.

Other Information

Statement of Compliance with the Best Practices in Corporate Governance

The Board considers that the Company had substantially complied with the Best Practices in Corporate Governance set out in Part 2 of the Code in 2004, except for the formation of remuneration and nomination committees, for which reasons have been given under the section "Application of Principles" in the Statement on Corporate Governance.

Statement on Directors' responsibility for preparing the annual audited accounts

The Directors are required by the Companies' Act, 1965 (the "Act") to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the Group, and their results for the financial year.

In preparing the financial statements for the year ended 31 December 2004, the Directors have:

1. adopted the appropriate accounting policies, which are consistently applied;
2. made judgments and estimates that are reasonable and prudent; and
3. ensure that the applicable approved accounting standards in Malaysia and provisions of the Act are complied with.

The Directors are responsible for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Act. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Statement on Material contracts

There were no material contracts of the Company and subsidiaries involving Directors and substantial shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

Statement on Revaluation Policy

The Group's policy on revaluation of landed properties is stated in Note [1(c)] on page 42 of the financial statements.

Non-Audit Fees

The amount of non-audit fees paid to external auditors for the financial year ended 31 December 2004 was RM434,000.

Share Buyback

There were no share buy backs in 2004. The Company retained all the 250,000 shares bought back in 2003 as treasury shares; there were no re-sale nor cancellation of treasury shares in 2004.

Options, Warrants or Convertible Securities

No options, warrants or convertible securities were issued or exercised during the year.

American Depository Receipts (ADR) or Global Depository Receipts (GDR) Programme

The Company did not sponsor any ADR or GDR programme.

Statement on Internal Control

STATEMENT ON INTERNAL CONTROL

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and Group's assets. The Board of Directors is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following statement which outlines the nature and scope of internal control of the Group.

RESPONSIBILITY

The Board of Directors is ultimately responsible to maintain a sound system of internal control for the Group and for reviewing its adequacy and integrity. However, due to the limitations inherent in any system of internal control, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Audit Committee assists the Board in reviewing the adequacy and integrity of the system of internal control in the Group. The Audit Committee is assisted by the Internal Audit department, which carry out reviews of the system of internal control of the Group and also the extent of compliance with the Group's operating policies and procedures. The findings are reported directly to the Audit Committee.

The membership of the Audit Committee, summary of its terms of reference and activities are set out on pages 23 to 25.

RISK MANAGEMENT

The Audit Committee and the management are committed to formalising a comprehensive Risk Management Framework in accordance with the guidance as contained in the publication - Statement of Internal Control: Guidance for Directors of Public Listed Companies.

During the year, the Group Risk Management Committee met every six-monthly to assess and discuss additional significant risks identified by the Group and subsidiaries, and ensure that appropriate actions are put in place to mitigate the risks. In addition, the Internal Audit department reviews the progress of implementation of the subsidiaries' risks

response plans and the effectiveness of existing controls in managing the relevant risks. The results of the reviews were presented in the Group Risk Management Committee meeting. A training course and support of the Internal Audit department were also provided to all subsidiaries to ensure that the established risk management process is properly accomplished. Continuous efforts will be made to monitor and re-assess the existing risk management framework in regards to maintaining a proper system of managing risks as well as the related control activities.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

The other key elements of Group's internal control systems of the Group are as follows:

- * The Executive Directors actively participate in the day to day running of the businesses and hold regular dialogues with senior management of the various business units.
- * There are defined delegation of responsibilities and limits of authority for different processes, decisions and commitments.
- * The Executive Management Committee (EMC) was established to manage and control the Group's businesses. The EMC monitors the performance of the business units and identify areas requiring follow-up actions. The EMC is further supported by various sub-committees. Matters beyond its limits of authority are referred to the main Board for approval.
- * The full Board meets at least quarterly to discuss the performance of the Group and other major issues. The Annual Report and the announcements of quarterly results are reviewed by the Audit Committee before the Board's approval and release to Bursa Malaysia/public.
- * The Board also reviews and approves the annual budget and business plans of the business units. These plans set out the key business objectives of the respective business units and the major risks and opportunities in the operations and the ensuing action plans.

The Board, with the assistance of the Audit Committee, constantly reviews the adequacy and integrity of the system of internal control and is confident that there were no material losses incurred during the current financial year as a result of weaknesses of internal control.

Audit Committee Report

AUDIT COMMITTEE

The composition and terms of reference of the Audit Committee were adopted by the Board of Directors at a meeting held on 4 July 2001 and shall supersede all previous terms.

COMPOSITION AND MEETINGS

The composition of the Audit Committee and their attendance at the four meetings held during the year are as follows :

Name	Attendance
Dato' N. Sadasivan <i>Chairman</i> <i>Independent Non-Executive Director</i>	4/4
Dato' Haji Kamaruddin @ Abas bin Nordin <i>Independent Non-Executive Director</i>	4/4
Mohd. Sharif bin Haji Yusof <i>Independent Non-Executive Director</i>	3/4
Dr. Fun Woh Peng <i>Executive Director</i>	4/4

TERMS OF REFERENCE

Membership

The Committee shall be appointed by the Board from amongst the Directors and shall be composed of no fewer than three members, a majority of whom must be Independent Directors.

The Committee shall include at least one Director who is a member of the Malaysian Institute of Accountants or alternatively, a person who must have at least 3 years working experience and have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967 or is a member of one of the associations specified in Part II of the said Schedule.

No alternate Director shall be appointed a member of the Committee.

The members of the Committee shall elect a Chairman from among their number who shall be an independent Director.

In the event of any vacancy in the Committee, which result in a breach in the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the vacancy must be filled within three months.

The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three years.

Authority

The Committee is authorised by the Board, and at the cost of the Company, to:

- investigate any matter within its terms of reference
- have the resources which are required to perform its duties
- have full and unrestricted access to any information pertaining to the Company or the Group
- have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any)
- be able to obtain independent professional or other advice
- convene meetings with external auditors, excluding the attendance of the executive members.

Functions

The functions of the Committee shall be, amongst others -

- Review the following and report the same to the Board
 - the audit plan, the evaluation of the system of internal control and the audit report with the external auditor; the assistance given by the employees of the Company / Group to the external auditor
 - the adequacy of the scope and resources of the internal audit functions and that it has the necessary authority to carry out its work
 - the results of the internal audit review or investigations undertaken and whether appropriate action is taken on the internal audit recommendations.
 - the quarterly results and year end financial statements, prior to approval by the Board of Directors, focusing on
 - changes in or implementation of major accounting policy changes, significant and unusual events; and
 - compliance with accounting standards and other legal requirements
 - 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

Audit Committee Report

- f) any letter of resignation from external auditor
 - g) whether there is reason to believe that the external auditor is not suitable for re-appointment;
2. Recommend the nomination of person or persons as external auditor;
 3. Approve any appointment or termination of senior staff members of the internal audit function and review any appraisal or assessment of the performance of its members; and
 4. Any other function as may be required by the Board from time to time.

CONDUCT OF MEETINGS

The Chairman shall call for meetings to be held not less than four times a year. Any member of the Committee may at any time, and the Company Secretaries shall on requisition of the member, summon a meeting.

Except in the case of an emergency, seven days notice of meeting shall be given in writing to all members.

A quorum of meetings shall be a majority of independent Directors. Meetings shall be chaired by the Chairman, and in his absence, by an Independent Director.

Decisions shall be made by a majority of votes.

The Head of Finance, Head of Internal Audit and the Company Secretaries shall normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Committee. A representative of the external auditor shall attend the meeting to consider the final audited financial statements and such other meetings determined by the Committee.

The Chairman shall exercise the right to require those who are in attendance to leave the room when matters to be discussed are likely to be hampered by their presence or confidentially of matters needed to be preserved.

REPORTING PROCEDURES

The Company Secretaries shall record the proceedings of meetings. Minutes shall be circulated to all members of the Board.

The Committee shall prepare, for the Board and for inclusion in the Company's annual report, a summary of its activities in the discharge of its functions and duties for the financial year.

The Committee may report to Bursa Malaysia a matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the year, the Audit Committee reviewed the Group's audit strategy plan with the external auditors before commencement of the audit for the financial year end and thereafter the annual audited accounts, as well as the quarterly financial results before recommending to the Board for release to Bursa Malaysia.

The Audit Committee also reviewed related party transactions on a half-yearly basis, the internal audit plan for the year, all internal audit reports as well as the Group's Risk Management Framework.

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT FUNCTION

The principal role of the internal audit function is to undertake regular independent review and appraisal on the effectiveness of the Group's system of internal control. The annual audit plan is reviewed and approved by the Audit Committee.

During the year ended 31 December 2004, the department undertook audit visits to major subsidiaries of the Group aimed at providing reasonable assurance that the relevant control activities are operating satisfactorily. The internal audit also reviewed the extent of the compliance of the individual subsidiaries with the Group's established policies and procedures as well as the applicable laws and regulations. The audit findings were reported to the Audit Committee and forwarded to the management for its attention. Audit reports also encompassed recommendations for improvement which is deemed practical and necessary. Follow-up reviews were carried out to ascertain that management action plans have been duly implemented.

In addition, internal audit also assisted the Group Risk Management Committee in discharging its responsibilities by ensuring that the on-going risk management process has been duly accomplished.