

Board of Directors

as at 18 March 2005

SGX 1207(4)(c)

Mr Tan Cheng Eng

Independent, Non-executive Director

Aged 58, Singaporean

- *Chairman of Board of Directors*
- *Chairman of Remuneration Committee*
- *Member of Audit Committee*

Mr Tan Cheng Eng was appointed to the Board on 1 February 1979 and as the Chairman of the Board and Remuneration Committee on 13 September 2002. He is also a non-executive Chairman of Data Bank Holding Ltd and an executive director of Homegrown Securities Ltd, which are both listed on Singapore Exchange Securities Trading Limited ("SGX-ST"). He was also a former non-executive director of the SGX-ST.

Cheng Eng holds a Master in Financial Engineering from Harvard University, USA and a Bachelor of Arts (Mathematics) degree from University College London.

He has 30 years of experience in the finance industry, of which 17 years were in securities industry. He also serves on the Society of Financial Advisory Consultants and on the boards of National Symposium Council and Singapore Music Conservatory.

Mr David John Grey

Non-independent, Non-executive Director

Aged 61, English

- *Member of Board of Directors*
- *Member of Audit Committee*

Mr David John Grey joined the Board on 15 May 1983 and was last re-elected on 17 May 2003. He is also a non-executive chairman of Merlion Limited, the immediate holding corporation of PwC Holdings Ltd and an executive director of Lion Limited, the ultimate holding corporation of PwC Holdings Ltd.

David holds a Master of Science from London School of Business, United Kingdom and PhD in Bio informatics from Imperial College London.

He has more than 20 years of experience in pharmaceutical industry. He is also the Chairman of the European Union Biotechnology Board and a former Council Member of the Institute of Biomedical Practitioners, United Kingdom.

Mr Ang Boon Chew

Managing Director

Aged 47, Singaporean

- *Member of Board of Directors*

Mr Ang Boon Chew was appointed to the Board on 18 February 2000 and was last re-elected on 17 May 2003. He joined PwC Trading Pte Ltd, a subsidiary of PwC Holdings Ltd in 1982 and became its managing director on 1 October 1992. He was subsequently appointed as the general manager of PwC Holdings Ltd on 2 November 1997 and became the managing director on 18 February 2000.

Boon Chew graduated from the National University of Singapore with a Bachelor of Engineering (Electrical and Electronic) degree. He is a Fellow of the Institute of Engineers, Singapore and a Board member of National Fire Prevention Council.

He has more than 20 years of experience in electrical component parts industry.

Board of Directors

as at 18 March 2005

Dr Ran Jedwin Gervasio

Executive Director

Aged 44, American

- *Member of Board of Directors*

Dr Rana Jedwin Gervasio joined the Board on 26 February 2005. He is the founding member of Visionary Component Inc.(now known as PwC Components (Philippines) Pte Ltd), a newly acquired subsidiary of PwC Holdings Ltd.

Dr Rana holds a PhD in Electrical Electronic Engineering from University of North Carolina, USA. He has 25 years of experience in the component parts industry, including 4 years as a professor in University of Michigan, USA. He is currently a honorary professor of the University of Philippines, and a non-executive director of Routers Electronics Inc, a corporation incorporated in USA.

Mr Balachandran Nair

Independent, Non-executive Director

Aged 62, Singaporean

- *Member of Board of Directors*
- *Chairman of Audit Committee*
- *Member of Remuneration Committee*

Mr Balachandran Nair joined the Board on 1 July 1998 and was last re-elected on 30 June 2004. He is also the Chairman of the Audit Committee.

Balachandran graduated with a Bachelor of Accountancy from National University of Singapore. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Institute of Certified Public Accountants of Singapore (ICPAS).

He has 45 years of experience in finance and management, including 9 years as the Head of Internal Audit Department of Port Aviation Pte Ltd, a listed company on SGX-ST. He is currently the Chief Operating Officer of the Asia Pacific operations of Efficient Shipping Ltd, a company listed in New York Stock Exchange. He is also the Chairman of the Trustees of Singapore Healthcare Fund, Asia Pacific Development Fund and Global Diversified Fund.

Mr Michael Philip White

Independent, Non-executive Director

Aged 52, Norwegian

- *Member of Board of Directors*
- *Member of Audit Committee*
- *Chairman of Nomination Committee*

Mr Michael Philip White joined the Board on 1 July 2003. He was re-elected as a director and appointed as the Chairman to the Nomination Committee on 1 May 2004.

Michael graduated from Stavanger University College, Norway with a Master of Commerce degree. He subsequently obtained a Master in Management of Technology from University of Helsinki, Finland.

He started his career with a multinational group of telecommunication companies in Norway in 1976. He was subsequently employed to head the Asia Pacific operations of Datacom, a company listed on Norway-Oslo Stock Exchange in 1985. He is currently the managing director of Moonstar Limited, a telecommunication company listed on SGX-ST.

Board of Directors

as at 18 March 2005

Madam Wan Oon Kee

Independent, Non-executive Director

Aged 48, Singaporean

- *Member of Board of Directors*
- *Member of Audit Committee*
- *Member of Nomination Committee*

Madam Wan Oon Kee was appointed to the Board on 31 July 2001 and was last re-elected on 31 July 2003.

Oon Kee graduated from University of London with a Bachelor of Science (Building Control) degree. She is currently a member of Royal Institution of Chartered Surveyors, United Kingdom and a Council Member of Singapore Institute of Surveyors and Valuers.

She has more than 20 years' experience in the real estate industry. Beginning her career in Singapore Land Authority, she next joined Leading Real Estate Marketing Pte Ltd as a Chief Operating Officer in 1996. She served as a managing director of Leading Real Estate Marketing Pte Ltd since 2000.

Mr Lee Chee Wai

Independent, Non-executive Director

Aged 56, Singaporean

- *Member of Board of Directors*
- *Member of Nomination Committee*
- *Member of Remuneration Committee*

Lee Chee Wai joined the Board on 1 May 2004.

He graduated with a Bachelor of Law (Hons) degree from National University of Singapore.

He began his career with an international law firm in 1975, and was subsequently employed as the Company Secretary and Legal Advisor of a multinational group of companies in Singapore in 1982. He commenced his professional practice in 1987 and is currently an Advocate & Solicitor of Lee, Lim & Tan, a legal firm, where he has been a partner for the past 16 years.

The Board of Directors ("the Board") is committed to ensure that the highest standards of corporate governance are practised throughout the PwC Holdings Ltd and its subsidiaries ("the Group"), as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group. In view of this, the Board fully supports the Code of Corporate Governance ("the Code") which forms part of the Continuing Obligations of the Singapore Exchange Securities Trading Limited ("SGX-ST")'s Listing Manual. The Board has also established various self-regulatory and monitoring mechanisms, where applicable, to ensure that effective corporate governance is practised.

As specified in paragraph 18 of Corporate Governance Committee's Report, the "objective of the Code is not to prescribe corporate behaviour in detail but to essentially secure sufficient disclosure so that investors and others can assess a company's performance and governance practices and respond in an informed way".

Set below are the policies and practices adopted and practised by the Group to comply with the principles and spirit of the Code. The Board confirm that the Group has complied with the best practices of the Code throughout the financial year ended 31 December 2004, with the following exceptions:

- The Nomination Committee was set up on 1 April 2004; and
- The internal audit department of PwC Components (Philippines) Pte Ltd, a subsidiary acquired during the financial year, was set up on 1 November 2004.

SGX 710(2)(a)

THE CODE

The Code is divided into four main sections, namely:

- (A) Board Matters
- (B) Remuneration Matters
- (C) Accountability and Audit
- (D) Communication with Shareholders

(A) Board Matters

Principle 1: Every company should be led and controlled by an effective Board to enable the company, its shareholders and other stakeholders to achieve their respective objectives.

The principal functions of Board are :

1. reviewing and approving corporate strategies, annual budgets and financial plans and monitoring the organisational performance towards them;
2. reviewing the adequacy and integrity of the company's internal controls, risk management systems, and financial information reporting systems;
3. ensuring the Group's compliance to laws, regulations, policies, directives, guidelines and internal code of conduct;
4. approving the nominations to the Board of directors by Nomination Committee, and endorsing the appointments of management team and/or external auditors;
5. reviewing and approving the remuneration packages for the Board and key executives;
6. ensuring accurate, adequate and timely reporting to, and communication with shareholders; and
7. assuming the responsibility for the satisfactory fulfilment of social responsibilities of the Group.

Matters which are specifically reserved to the full Board for decision include those involving corporate plans and budgets, material acquisitions and disposals of assets, corporate or financial restructuring, share issuances, dividends, other returns to shareholders and interested person transactions. Specific Board approval is required for any investments or expenditures exceeding S\$5 million.

CCG 1.2

The Board has delegated specific responsibilities to 3 subcommittees (Audit, Nomination and Remuneration Committees), the details of which are set out below. These committees have the authority to examine particular issues and report back to the Board with their recommendation. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The Board meets at least 8 times a year, with additional meetings convened as necessary. The Articles of Association allow a Board meeting to be conducted by way of a tele-conference and a video-conference. All Board members bring about an independent judgment, and diversified knowledge and experiences to bear on the issues of strategy, performance, resources and standards of conduct. The matrix on the position, the frequency of meeting and the attendance of directors at these meetings is enclosed as Appendix 1.

CCG 1.1

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises 8 members, 6 of whom are non-executive directors (including the Chairman) as at 18 March 2005 (date of authorisation of the financial statements). All non-executive directors, except for Mr David John Grey who is an executive director of Lion Limited, the ultimate holding company of PwC Holdings Ltd, are independent. Together, the directors bring about a wide ranging business and financial experiences relevant to the direction of a large, expanding group. A brief description of the background of each director is presented on "Board of Directors" section.

CCG 2.1

CCG 2.4

CCG 4.5

The Board considers the current board size as adequate for its present operations. As independent and non-executive directors make up almost two-thirds of the Board, no individual or group is able to dominate the Board's decision-making process. There is also balance in the Board because of the presence of independent, non-executive directors of the calibre necessary to carry sufficient weight in Board decisions. Although all the directors have an equal responsibility for the Group's operations, the role of these independent non-executive directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined, and take account of the long term interests, not only of the shareholders, but also of employees, customers, suppliers, and the many communities in which the Group conducts business.

CCG 2.3

Mr Balachandran Nair acts as the senior independent non-executive director. Any concerns regarding corporate governance may be conveyed to him.

Whilst the Company has a holding corporation, the investment of minority shareholders is fairly reflected through Board representation.

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The roles of the Chairman and Chief Executive Officer ("CEO") are separate. The Chairman, Tan Cheng Eng, is a non-executive director responsible for the Board and is free to act independently in the best interests of the Group. The CEO, Mr Ang Boon Chew is an executive director, who is responsible for the business directions and operational decisions of the Group. The Chairman and CEO are not related.

CCG 3.1

The Chairman ensures that Board meetings are held as and when it is necessary. He also prepares the Board meeting agenda in consultation with the CEO. The Chairman reviews most Board papers before they are presented to the Board and ensures that Board members are provided with complete, adequate and timely information. Management staff who have prepared the papers, or who can provide additional insight into the matters to be discussed, are invited to present the paper or attend at the relevant time during the Board meeting. The Chairman assists to ensure procedures are introduced to comply with the Code.

CCG 3.2

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board. As a principle of good corporate governance, all directors should be required to submit themselves for re-nomination and re-election at regular intervals.

Nomination Committee

CCG 4.1

Mr Michael Philip White (Chairman)

Mr Selamat Baharduddin (Chairman - resigned on 1 May 2004)

Madam Wan Oon Kee

Mr Lee Chee Wai

The Nomination Committee was set up on 1 April 2004. This subcommittee had 3 meetings during the financial period. The matrix on the position, the frequency of meeting and the attendance of directors at these meetings is enclosed as Appendix 1. All members of this Committee are independent non-executive directors.

The Nomination Committee :

- sets a framework to identify and nominate to the Board, candidates for all directorships to be filled by shareholders or the Board; candidates for all executive management positions; and directors to fill the seats on Board committees;
- oversees the management development and succession planning of the Group, including appointing, training and mentoring senior management;
- determines the objective criteria on evaluating the Board's performance; and
- assesses the effectiveness of the Board as a whole and the contribution by each director to the Board.

Election and re-election

New directors are appointed by way of a board resolution, upon their nomination from Nomination Committee. In accordance with the Company's Articles of Association, these new directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one third of the remaining directors be subject to re-election by rotation at each Annual General Meeting.

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The Nomination Committee, in considering the re-appointment of any director, evaluates the performance of the director. On an annual basis, Mr Michael Philip White, who is the Chairman of the Nomination Committee, will assess each director's contribution to the Board. The assessment parameters include attendance record at meetings of the Board and Committees, intensity of participation at meetings, the quality of intervention and special contributions. For more balanced perspective, the Nomination Committee implements a self-assessment process, whereby each director assesses his/her performance, and takes this measure into consideration for the assessment.

CCG 4.2

CCG 5.3

The Nomination Committee also assesses the effectiveness of the Board as a whole and the Committees of the Board on an annual basis. In this aspect, both quantitative and qualitative criteria were adopted. The quantitative performance criteria include return on assets, return on equity, economic value added and profitability on capital employed. The qualitative measures include the effectiveness of the Board in its monitoring role and the attainment of the strategic and long-term objectives set by the Board. The Nomination Committee considers the required mix of skills and experience of the members, including core competencies which the non-executive directors should bring to the Board, during this assessment.

CCG 5.1

CCG 5.3

CCG 5.2

Directors' training

As an integral element of the process of appointing new directors, the Nomination Committee ensures that there is an orientation and education programme for new Board members to ensure incoming directors are familiar with company's business and governance practices. A manual containing company policies and procedures relating to business, corporate governance, interests in securities and transaction, and price-sensitive information, is updated yearly and provided to each director. To keep pace with the fast-changing laws, regulations and commercial risks, all directors have specially convened sessions conducted by professionals from time to time. They also have unrestricted access to these professionals for consultations as and when necessary at the expense of the Group.

CCG 1.3

Policy on external appointments

The Group recognises that its executive directors may be invited to become non-executive directors of other companies and that exposure to such non-executive duties can broaden experience and knowledge of its executive directors which will benefit the Group. Executive directors are therefore allowed, with the Board's consent, to accept non-executive appointments, up to a maximum of 2, as long as these are non-competing companies and are not likely to lead to conflicts of interest. Executive directors are allowed to retain the fees received.

CCG 4.4

Principle 6: In order to fulfil their responsibilities, board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

All directors review a Board report prior to the Board meeting. This is issued in sufficient time at least 5 days prior to the meeting to enable the directors to obtain further explanations, where necessary, in order to be briefed properly before the meeting. The Board report includes, among others, the following details :

- minutes of meetings of the Management Team;
- minutes of meetings of all Committees of the Board;
- monthly performance report of the Group;
- major operational and financial issues;
- customer satisfaction;
- product and service quality;
- market share and market reaction to the Group's strategies;
- environmental performance; and
- status of research and development activities of the component parts segment.

CCG 6.1

CCG 6.2

CCG 10.2

All analysts' reports on the Group are forwarded to the directors on an on-going basis. The directors have also been provided with the contact numbers and e-mail particulars of Group's executive management.

The Board has also approved a procedure for directors, whether as a full Board or in their individual capacity, to take independent advice, where necessary, in the furtherance of their duties and at the Group's expense.

CCG 6.4

All directors have access to the advice and services of the Company Secretary. The Company Secretary attends all meetings of the Board, and ensures that board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary also attends all meetings of the Audit Committee and Nomination Committee.

CCG 6.3

(B) Remuneration Matters

The Company adopted the objective as recommended by the Code to determine the remuneration for a director so as to ensure that the Company attracts and retains the directors needed to run the Group successfully. The component parts of remuneration are structured so as to link rewards to corporate and individual performance, in the case of executive directors. In the case of non-executive directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive concerned.

Principle 7: There should be a formal and transparent procedure for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Remuneration Procedure

The Code endorses, as good practice, a formal framework for fixing the remuneration packages of individual, with a Remuneration Committee making recommendations to the Board. In the previous year, all directors were involved in the process of assessing the remuneration packages of individual directors.

Remuneration Committee

Mr Tan Cheng Eng (Chairman)
Mr Balachandran Nair
Mr Lee Chee Wai

SGX 1207(15)
SGX 852(1)(a)
CCG 7.1
CCG 9.1

The principal responsibilities of Remuneration Committee are :

1. recommending a framework of executive remuneration for the Board and key executives, including share option schemes;
2. determining specific remuneration packages for each executive director and key management personnel; and
3. administering the performance bonus scheme and the share option scheme for the employees of the Group.

This subcommittee of the Board had 2 meetings during the financial year. The matrix on the position, the frequency of meeting and the attendance of directors at these meetings is enclosed as Appendix 1. All members of this Committee (including the Chairman) are independent non-executive directors.

CCG 7.2

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more for this purpose. A proportion of the remuneration, especially that of executive directors, should be linked to performance.

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report.

CCG 9.1
CCG 9.2
CCG 9.4
CCG 8.2

The Remuneration Committee recommends to the Board the framework of executive remuneration, and the remuneration package for each executive director and key management personnel. In framing the Group's remuneration policy, the Remuneration Committee receives advice from external consultants. Although the recommendations are made in consultation with the Chairman of the Board, the remuneration packages are ultimately approved by the entire Board.

CCG 7.3

Remuneration package

The remuneration package of directors and key management personnel includes the following:

(a) Basic salary

The basic salary (inclusive of statutory employer contributions to Central Provident Fund) for each executive director/key management personnel is recommended by the Remuneration Committee, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable organisations.

CCG 8.1

(b) Fees

Fees paid/payable to executive directors are determined by the Board after considering the corporate and individual's relative performance against the comparable organisations. The fees paid/payable to non-executive directors takes into account factors such as effort and time spent, and responsibilities of these directors. The remuneration of non-executive directors are submitted for approval at the Annual General Meeting.

CCG 8.1

CCG 8.3
CCG 9.5

(c) Bonus scheme

The Group operates a bonus scheme for all employees, including the executive directors and key management personnel. The criteria for the scheme is the level of profit achieved from certain aspects of the Group's business activities against targets, together with an assessment of corporate and individual's performance during the year. Bonuses payable to the executive directors/key management personnel are reviewed by the Remuneration Committee and approved by the Board to ensure alignment of their interests with those of shareholders.

CCG 8.1

(d) Benefits in kind

Other customary benefits (such as private medical cover, housing, car) are made available as appropriate.

(e) Service contract

The notice period for the termination of executive directors' service contracts by either parties is one year.

CCG 8.4

(f) Directors' share options

The Group operates a share option scheme for key management and employees. The terms of the scheme and the movement in directors' share options during the financial year ended 31 December 2004 are set out on page 58 of Directors' Report.

CCG 8.5

CCG 9.4

The exercise price of the granted options is equal to the average of the closing prices of the Company's ordinary shares on the Singapore Exchange for the five market days immediately preceding the date of grant. The fair values of option granted to each executive directors during the year, estimated using Binomial Option Pricing Model, are as follows:

	Basic salary ⁽¹⁾ S\$'000	Fees ⁽¹⁾ S\$'000	Bonus S\$'000	Benefits-in-kind S\$'000	Termination benefit S\$'000	Total 2004 S\$'000	Total 2003 S\$'000	Fair value of stock options granted ⁽²⁾ S\$'000		CCG 9.1 CCG 9.2 CCG 9.4 CCG 8.2
								2004 S\$'000	2003 S\$'000	
Executive Directors										
Ang Boon Chew	84	32 ⁽³⁾	203	36	—	355	248	86	60	
Andrew Lloyd White ⁽⁴⁾	74	32 ⁽³⁾	55	13	—	174	186	—	—	
Ran Jedwin Gervasio ⁽⁵⁾	—	—	—	—	—	—	—	—	—	
Non-executive Directors										
Tan Cheng Eng	—	95 ⁽³⁾	—	—	—	95	92	—	—	
David John Grey	—	70 ^{(3),(6)}	—	—	—	70	68	—	—	
Balachandran Nair	—	65 ⁽³⁾	—	—	—	65	60	—	—	
Michael Philip White	—	56	—	—	—	56	27	—	—	
Wan Oon Kee	—	44	—	—	—	44	42	—	—	
Lee Chee Wai ⁽⁷⁾	—	41	—	—	—	41	39	—	—	
Selamat Baharuddin	—	30	—	—	100 ⁽⁸⁾	130	78	—	—	
Francis Wong	—	—	—	—	—	—	100	—	—	
	158	465	258	49	100	1,030	940	86	60	
Key Management Personnel										
Ran Jedwin Gervasio ⁽⁵⁾	42	—	72	18	—	132	—	30	—	
Henry Heng	72	—	146	13	—	231	240	45	54	
Raju Samy	64	—	130	10	—	204	221	25	52	
Abdul Rahmat	63	—	121	9	—	193	207	19	34	
Tracy Phung ⁽⁹⁾	59	—	116	7	—	182	—	17	—	
	300	—	585	57	—	942	668	136	140	

Denotes:

- (1) Includes allowances and contributions to Central Provident Fund (where applicable)
- (2) Refers to options granted to executive directors during the financial year. The fair value of stock options granted is estimated using Binomial Option Pricing model.
- (3) Includes fees paid/payable for directorship in subsidiary/subsidiaries.
- (4) Resigned as a director on 5 January 2005
- (5) Joined the Group as a key executive on 1 October 2004 (upon the acquisition of a subsidiary) and was appointed as a director on 26 February 2005
- (6) Fees paid/payable to Lion Limited, the ultimate holding company and the director's employer company
- (7) Appointed as a director on 1 May 2004
- (8) In appreciation of Mr Selamat Baharuddin's service to the Group for the past 25 years, the Board approved the payment of S\$100,000 as termination benefits to him. He resigned on 1 May 2004.
- (9) Joined the Group as a key executive on 1 January 2004

Other than the above, an immediate family member of Mr Ang Boon Chew, the Managing Director, has an employment relationship with a subsidiary, and has received remuneration amounting to S\$152,000 in that capacity during this financial year.

CCG 9.3

(C) Accountability and Audit

Principle 10: The Board is accountable to the shareholders while the Management is accountable to the Board.

In presenting the quarterly and annual financial statements, and quarterly announcement to shareholders, the directors aim to present a balanced and understandable assessment of the Group's position and prospects.

CCG 10.1

In preparing the financial statements, the directors have :

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on a going concern basis as the directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

Principle 11: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

Audit Committee

Balachandran Nair (Chairman)

CCG 11.7
CA 201B(2)

Tan Cheng Eng

David John Grey

Michael Philip White

Wan Oon Kee

Selamat Baharuddin (resigned on 1 May 2004)

This subcommittee of the Board had 7 meetings during the financial year. The meetings have been attended by the Group Chief Executive Officer, Chief Financial Controller and Head of Internal Audit Department. The presence of external auditors has been requested during these meetings, where necessary. The Committee has also met up with the external auditors without any executive of the Group being present twice during this financial year.

CCG 11.7

All members of this Committee are non-executive directors. Except for Mr David John Grey who is an executive director of Lion Limited, the ultimate holding company of the Group, all members are independent.

CCG 11.5

The Chairman of Audit Committee, Mr Balachandran Nair is a member of the Institute of Certified Public Accountants of Singapore and a Fellow of the Institute of Chartered Accountants in England and Wales. He has 45 years of experience in finance and management, including 9 years as the Head of Internal Audit Department of Port Aviation Pte Ltd, a listed company on SGX-ST. The Chairman of the Board and a member of Audit Committee, Mr Tan Cheng Eng has 30 years of experience in the finance industry, of which 17 years were in securities industry. The Nomination Committee is of the view that the members of the Audit Committee are of necessary expertise and experience to discharge its functions.

CCG 11.1

CCG 11.2

The Committee is authorised by the Board to investigate any activity within its terms of reference. It has an unrestricted access to any information pertaining to the Group, to both the internal and external auditors, and to all employees of the Group. It is also authorised by the Board to obtain external legal or other independent professional advice as necessary and at the expense of the Group.

CCG 11.3

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, including the following :

- reviews with the external auditors, the audit plan, the evaluation of the internal accounting controls, audit reports and any matters which the external auditors wish to discuss (in the absence of management, where necessary);
- reviews with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems;
- reviews any significant findings of internal investigations and management's response;
- makes recommendations to the Board on the appointment of external auditors, the audit fee and any questions of their resignation or dismissal;
- reviews and approves the appointment, replacement, reassignment or the dismissal of the internal auditors;
- monitors interested person transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of action that raises questions of management integrity. The Committee are also required to ensure that directors report such transactions annually to shareholders via annual report;
- review quarterly reporting to SGX-ST and year end annual financial statements of the Group before submission to the Board, focusing on
 - going concern assumption
 - compliance with accounting standards and regulatory requirements
 - any changes in accounting policies and practices
 - significant issues arising from the audit
 - major judgmental areas; and
- any other functions which may be agreed by the Audit Committee and the Board.

CA 201B(9)
CA 201B(5)
CCG 11.7

The Audit Committee has presented a report to the Board in respect of :

- (i) the co-operation given by the Company's officers and whether the Audit Committee in the course of carrying out its duties, was obstructed or impeded by management;
- (ii) the adequacy of the Group's internal accounting control system and its internal control procedures relating to interested person transactions;
- (iii) compliance with legal and other regulatory requirements; and
- (iv) any other matter which in the Audit Committee's opinion, should be brought to the attention of the Board.

The Audit Committee has nominated PricewaterhouseCoopers for re-appointment as auditors of the Company at the forthcoming Annual General Meeting. The Audit Committee has conducted an annual review of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors before confirming their re-nomination.

CA 201B(5)(b)
CCG 11.4
SGX 1207(6)(b)

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems on an annual basis. It should be noted, however, that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, it should be noted that any system can provide only reasonable, and not absolute, assurance against material misstatement of loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk.

The Internal Audit Department performs detailed work to assist the Audit Committee and the Board in the evaluation of the internal controls, financial and accounting matters, compliance, business and financial risk management. The Audit Committee's responsibilities in the Group's internal controls are complemented by the work of Risk Management Department, Legal and Regulations Department and Information Systems Security Department.

Based on internal and management controls in place, the Board is satisfied that there are adequate internal controls in the Group.

CCG 11.4

CCG 12.1

Principle 13: The company should establish an internal audit function that is independent of the activities it audits.

Internal Audit Department ("IAD") is an independent department that reports directly to the Audit Committee and assists the Board in monitoring and managing risks and internal controls of the Group. The Audit Committee approves the internal audit plan and ensures the adequacy of internal audit resources during the first Audit Committee meeting each year. The scope of IAD covers all business and support functions in the Group (including associates and joint ventures) throughout the financial year, except that for PwC Components (Philippines) Pte Ltd, a subsidiary acquired during the financial year, of which the IAD was set up on 1 November 2004. The Head of IAD has adopted Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

Central to the Group's Internal Control System is its Control Self-Assessment ("CSA") process, a risk-based approach towards the implementation and monitoring of control procedures. Risk assessment and evaluation takes place as an integral part of the annual strategic planning cycle conducted at the beginning of each financial year. Having identified the risks arising from strategic business objectives, each business unit is required to document the mitigating actions to manage each significant risk. New areas are introduced for assessment as the business risk profile changes. Information such as risks, the controls and processes for managing risks is subsequently summarised in a risk map, which is reviewed by executive management, IAD, Audit Committee and the Board.

Each quarter, business chief executives (including the Chief Executive Officer) report to the Internal Audit Department on compliance with the Group's policies and procedures as well as changes to the respective risk maps. IAD will conduct check on selective functions to ensure integrity of management reporting. IAD will subsequently summarised the findings and report to the Audit Committee. The Board, as part of the annual strategic review, considers and monitors compliance to the Group's risk map. Control issues arising from assurance processes, including those conducted by external auditors, are also discussed at these meetings.

CCG 13.1

CCG 13.3

CCG 13.2

CCG 13.4

(D) Communication with Shareholders

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

The Group values dialogue with investors. The Chairman and executive directors hold discussions with analysts and shareholders the day after each quarter's announcement of results to the Singapore Exchange Securities Trading Limited. Presentations are made, as appropriate, to explain the Group's strategy, performance and major developments. Results and annual reports are announced or issued within the mandatory period. However, any information that may be regarded as undisclosed material information about the Group will not be given.

CCG 14.1

The Group has an investor relation team which communicates with its investors on a regular basis and attends to their queries. All shareholders of the Group receive the summary annual report and notice of Annual General Meeting. The notice is also advertised in newspaper and made available on website : www.pwcholdings.com.sg.

CCG 14.2

Although mandatory quarterly reporting for listed companies with market capitalization of less than S\$75 million as at 31 March 2003, is waived, the company has chosen to introduce quarterly reporting from 2004 to enhance communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at Annual General Meetings and allow shareholders the opportunity to communicate their views on various matters affecting the company.

At each Annual General Meeting, the Board presents the progress and performance of the business and encourages shareholders to participate in the question and answer session. Executive directors and, where appropriate, the Chairman of the Audit, Nomination and Remuneration Committees, and external auditors are available to respond to shareholders' questions during the meeting. Where appropriate, the Chairman of the Board will undertake to provide the questioner with a written answer to any significant question that cannot be readily responded on the spot.

CCG 15.3

Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxy votes received both for and against each separate resolution.

CCG 15.2

A summary of the discussion at the Annual General Meeting will be made available at the Group's website.

DEALINGS IN SECURITIES

The Group has adopted internal codes pursuant to the SGX-ST's Best Practices Guide applicable to all its officers in relation to dealing in the Company securities. Its officers are not allowed to deal in the PwC Holdings Ltd's shares during the period commencing one month before the announcement of the Group's quarterly results and ending on the date of the announcement of the results.

SGX 710(2)(b)

SUMMARY OF COMMITTEE MEETING - Appendix 1

CCG 1.1
 CCG 11.7

	Board of Directors			Audit Committee			Nomination Committee			Remuneration Committee		
	Number of meetings ⁽¹⁾			Number of meetings ⁽¹⁾			Number of meetings ⁽¹⁾			Number of meetings ⁽¹⁾		
	Position	Held	Attended									
Executive Director												
Ang Boon Chew	M	10	10	–	–	–	–	–	–	–	–	–
Andrew Lloyd White ⁽²⁾	–	10	7	–	–	–	–	–	–	–	–	–
Ran Jedwin Gervasio ⁽³⁾	M	–	–	–	–	–	–	–	–	–	–	–
Non-executive Director												
Tan Cheng Eng	C	10	10	M	7	7	–	–	–	C	2	2
David John Grey	M	10	7	M	7	6	–	–	–	–	–	–
Balachandran Nair	M	10	8	C	7	7	–	–	–	M	2	1
Michael Philip White	M	10	10	M	7	7	C	3	3	–	–	–
Wan Oon Kee	M	10	9	M	7	5	M	3	2	–	–	–
Lee Chee Wai ⁽⁴⁾	M	7	6	–	–	–	M	2	2	M	1	1
Selamat Baharuddin ⁽⁵⁾	–	3	3	–	4	3	–	1	1	–	–	–

Denotes:

C - Chairman as at 18 March 2005; M – Member as at 18 March 2005

(1) Number of meetings held/attended during the financial year/period from 1 January 2004 (or date of appointment, where applicable) to 31 December 2004

(2) Resigned on 5 January 2005

(3) Appointed on 26 February 2005

(4) Appointed on 1 May 2004

(5) Resigned on 1 May 2004.