

# Audit Committee Report

The Audit Committee comprises of three members, two of whom are independent non-executive Directors appointed by the Board who have extensive experience in financial matters. Neither of them are employed by or otherwise affiliated with the former or existing external auditors of the Company.

The Audit Committee has been established to investigate any activity within its terms of reference and make recommendations to the Board for any necessary improvement. Full terms of reference are available on the Company's website ([www.singamas.com](http://www.singamas.com)).

The Audit Committee is provided with sufficient resources to discharge its duties. The Audit Committee is accountable to the Board and minutes of meetings are circulated to the Board for information.

The following is a summary of the work of the Audit Committee during the year under review:

1. review of the financial reports for the year ended 31st December, 2004 and for the six months ended 30th June, 2005;
2. review of the external auditors' statutory audit plan and the letters of representation;
3. review of the findings and recommendations of the internal auditors;
4. consider and approve the 2005 audit fees for the external auditors;
5. review of the "continuing connected transactions" set forth on page 41; and
6. review of the effectiveness of the internal control system of the Company.

On 17th March, 2006, the Audit Committee met to review the 2005 consolidated financial statements, including the accounting principles and practices adopted by the Group, in conjunction with external auditors. Based on this review and discussions with the management, internal auditors, and external auditors, the Audit Committee endorsed the accounting treatment adopted by the Company and had to the best of its ability assured itself that the disclosure of the financial information in this report complies with the applicable accounting standards and Appendix 16 of the Listing Rules. The Audit Committee therefore recommended the Board's approval of the consolidated financial statements for the year ended 31st December, 2005 for public release.

The Audit Committee also recommended the re-appointment of Deloitte Touche Tohmatsu as the Group's external auditors for 2006 and that the related resolution shall be put forth for shareholders' consideration and approval at the forthcoming 2006 annual general meeting.

The Audit Committee has regular meetings at least twice a year. In 2005, a total of three meetings were convened and held and the attendance record is 100 per cent.

## **Members of the Audit Committee**

Ong Ka Thai (*Chairman*)  
Kuan Kim Kin  
Soh Kim Soon

Hong Kong, 20th March, 2006