

STARHUB LTD

AUDIT COMMITTEE TERMS OF REFERENCE

PURPOSE

The Audit Committee (“Committee”) is a standing committee established as a matter of best practice by the Board of Directors. The main objective of the Committee is to assist the Board of Directors in fulfilling its fiduciary responsibilities to act in the interest of the Company’s shareholders as a whole. It provides a basis for achieving and maintaining appropriate balance and independence in the relationship between Management and the External Auditors in carrying out their work.

FUNCTIONS

1. To review, with the External Auditors, the audit plan, their audit report (including any qualifications in their opinion) and report on matters arising from audit in respect of the Company and its subsidiaries, and also Management’s response, level of co-operation and provision of information during the course of the audit, and the cost effectiveness of the audit.
2. To review, with the External Auditors, their evaluation of the effectiveness and adequacy of the system of internal accounting controls of the Company and its subsidiaries, and monitor the response to their findings and actions taken to correct any noted deficiencies. Such review shall be undertaken at least once a year on:
 - the integrity, confidentiality and availability of critical information;
 - the effectiveness and efficiency of operations;
 - the safeguarding of assets; and
 - the compliance with laws and regulations.
3. To review, with the External Auditors, the financial statements and any financial reporting of the Company and its subsidiaries and the report of the External Auditors thereon for submission to the Board of Directors.
4. To review, with the External Auditors, the impact of any new or proposed changes in accounting standards and regulatory requirements to the financial statements and accounting policies of the Company and its subsidiaries. Any changes to the accounting policies of the Company and its subsidiaries arising from this should satisfy the test of substance over form.
5. To review interested person transactions and other conflicts of interests of the Company and its subsidiaries, and also compliance with the procedures for interested person transactions.
6. To assess the suitability of the accounting firm as External Auditors (including their independence, objectivity, resources and experience) and recommend to the Board of Directors the appointment or re-appointment of External Auditors for each financial year and the compensation of External Auditors.
7. Where the External Auditors also supply non-audit services to the Company and its subsidiaries, to monitor and keep the nature and extent of such services under review, and to satisfy itself that the independence, objectivity and effectiveness of the External Auditors are not compromised as a result thereof.

8. To review and approve the Internal Audit plan and to review with the Internal Auditors, the scope and results of the internal audit procedures and to monitor the response to their findings to ensure that appropriate follow-up measures are taken.
9. To review the appropriate level of resources devoted to the internal audit function.
10. To approve the appointment, termination and compensation of the Internal Auditors.
11. To review the assistance given by officers of the Company and its subsidiaries to the External Auditors and Internal Auditors.
12. In the event the Committee becomes aware of a suspected fraud or irregularity or failure of internal controls or infringement of any law, rule and regulation which has or is likely to have a material impact on the operating results and/or financial position of the Company and its subsidiaries as a whole, to commission internal or as appropriate, external investigations into matters, and to review and report the findings thereof to the Board of Directors.
13. If required by Singapore Exchange Securities Trading Limited (the "SGX-ST") or any relevant authority, to appoint a special auditor to review or investigate such areas of the affairs of the Company and/or its subsidiaries as directed, and to report its findings to the Committee, the Board of Directors, the SGX-ST and/or the relevant authority as appropriate
14. To review any actual or potential conflict of interest that may involve Directors as disclosed by them to the Board of Directors and the exercise of Directors' fiduciary duties in this respect, by (a) considering whether a conflict of interest does in fact exist and where such Director is a member of the Committee, such Director will abstain from participating in any proceedings of the Committee in relation to the review of a conflict of interest relating to him, and (b) examining the nature of the conflict and such relevant supporting data as the Committee may deem reasonably necessary.
15. Any other functions as may be agreed to by the Committee and the Board of Directors or prescribed by applicable law or regulation.

COMPOSITION AND CONSTITUTION

1. The Committee shall comprise the following members:-

Chairman	:	Mr Ma Kah Woh
Members	:	Mr Nihal Vijaya Devadas Kaviratne
		Ms Ng Shin Ein
		Mr Lim Ming Seong
2. The Board of Directors shall annually confirm the membership of the Committee, which shall comprise Directors no fewer than three (3) members, all of whom shall be non-executive directors of the Company, and from amongst their number, of whom the majority shall be independent, namely a Director who shall not be:-
 - a) executive directors of the Company or any related corporation; or
 - b) a spouse, parent, brother, sister, son or adopted son or daughter or adopted daughter of an executive director of the Company or any related corporation; or
 - c) any person having a relationship with the Company which, in the opinion of the Board of Directors would interfere, or be reasonably perceived to interfere, with the exercise of independent judgement in carrying out the functions of the Committee.

3. The members of the Audit Committee shall elect a Chairman from among their number, who is independent.
4. Collectively, the Committee should have broad business experience, knowledge of the operations, finance and auditing procedures of the Company and its subsidiaries.
5. If a member of the Committee for any reason ceases to be a member with the result that the number of members is reduced to below three (3) or the requisite majority set out in subparagraph 2 above is not satisfied, the Board shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members or the majority, as the case may be.

MEETINGS AND PROCEEDINGS

1. The Committee shall meet as required, but no less than four (4) times in each financial year.
2. The Committee shall also meet with the external auditors, and with the internal auditors, without the presence of Management at least once a year.
3. A seven (7) days' notice or such shorter notice as may be agreed by the Committee members, shall be given by the Secretary to each member of the Committee specifying the date, time venue and agenda of the meeting of the Committee.
4. Meetings of the Committee may be conducted by means of telephone or audio-visual conferencing or other methods of simultaneous communications by electronic means.
5. The Secretary shall convene a Committee meeting (a) on the requisition of a Committee member; or (b) upon the request of the External or Internal Auditors to consider any matter the External or Internal Auditors believe should be brought to the attention of the Board of Directors or shareholders.
6. The quorum for the Committee shall comprise two (2) members. In the absence of the Chairman, the members present shall elect a Chairman from amongst themselves.
7. All decisions at any meeting of the Committee shall be decided by a majority of votes of the Committee members present and voting. The decision of the Committee shall at all times exclude the vote, approval or recommendation of any member who has a conflict of interests in the subject matter under consideration.
8. Resolutions in writing signed by the requisite majority of the members of the Committee shall be as effective as if a resolution passed at a meeting of the Committee and may consist of several documents in the like form each signed by one or more Committee member.
9. Minutes of the Committee meetings shall be recorded by the Secretary and confirmed by the Chairman of the respective Committee meeting. The minutes shall be tabled to the Board of Directors for information and such be kept by the Secretary at the registered office of the Company.
10. The Company Secretary, failing whom any person appointed by the Committee to act as secretary, shall be the secretary (the "Secretary") for all meetings of the Committee.
11. The Committee may, in its discretion, invite Management, officers or other persons to attend any Committee meeting.
12. The Committee shall otherwise regulate/govern itself as it deems fit but within the ambit of its specified functions and in accordance with applicable law or regulation.