



A-RANK BERHAD

(Company No. 633621-X)
(Incorporated in Malaysia)

**POLICIES AND PROCEDURES
TO ASSESS THE SUITABILITY
AND INDEPENDENCE OF
EXTERNAL AUDITORS**

(Approved by Board on 29 June 2018)

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APPENDIX 1

REQUEST FOR AUTHORISATION - NON-AUDIT SERVICES

1. INTRODUCTION

The Audit Committee (the "AC") of A-Rank Berhad ("A-Rank") is responsible for making recommendations to the Board regarding the appointment and removal of the external auditor. In making those recommendations, the AC is authorised to conduct periodic reviews of the external auditor.

The independence of the external auditors is a key governance issue for A-Rank Group. On an annual basis, the AC should ensure the independence and impartiality of the external auditors, taking into consideration relevant regulatory requirements.

2. SELECTION CRITERIA

Pursuant to Section 271 (1) of the Companies Act 2016, the Company shall at each Annual General Meeting appoint or re-appoint the external auditors of the Company, and the external auditors appointed shall hold office until the conclusion of the next Annual General Meeting of the Company.

Some of the matters for consideration regarding appointment, re-appointment and removal of the A-Rank Group's external auditors by the AC include:

- a) to identify the audit firms which meet the following criteria for appointment:
 - provide a fee quotation which is cost effectiveness for its audit services (fee quotation will not be the main determining factor in the selection of preferred external auditors);
 - must satisfy the AC and the Board that it is independent from the Company and its ability to maintain independence throughout the engagement;
 - there being no conflict of interest situations that could affect the independence of the external auditors; and
 - professional competency and industry experience i.e. the breadth and depth of resources, expertise and experience of the engagement team members.
- b) to assess the proposals received and shortlist the suitable audit firms;
- c) to meet and/or interview the shortlisted audit firms;
- d) to recommend the suitable audit firm to the Board for appointment as external auditors; and
- e) the Board will endorse the recommendation and seek shareholders' approval for the appointment of the new external auditors and/or resignation/removal of the existing external auditors at the Annual General Meeting.

3. APPROVAL OF NON-AUDIT SERVICES

Before appointing the external auditors to undertake non-audit service, considerations should be given to whether this would create a threat to the external auditors' independence or objectivity. The external auditors should not be appointed unless appropriate safeguards are present to eliminate or reduce the threat to an acceptable level.

The external auditors shall not be considered for non-audit services specifically prohibited by the By-Laws of the Malaysian Institute of Accountants ("By-Laws of the MIA") for which no safeguard can eliminate or reduce the threat on the external auditors' independence.

The following non-audit services may be provided by the Group's external auditors in pursuant to the By-Laws of the MIA:

- advice and assurance on the interpretation and implementation of accounting standards, financial reporting matters, tax and governance regulations;
- advice and assurance in respect of direct and indirect tax related matters;
- due diligence investigations related to potential acquisitions, disposals or joint ventures and fund raising exercises;
- statement on risk management and internal control reviews; and
- attestation reports as required by third parties.

The following non-audit services shall not be provided by the Group's external auditors in pursuant to the By-Laws of the MIA:

- bookkeeping and other services relating to accounting records and corporate financial statements;
- the design, implementation and operation of financial information systems;
- internal control functions;
- litigation support services;
- recruitment services; and
- valuation of financial instruments.

All engagements of the external auditors to provide non-audit services are subject to the approval/endorsement by the AC. Management shall also obtain written assurance from the External Auditor that the independence of the External Auditor will not be impaired by the provision of non-audit services.

4. MONITORING AND REPORTING

The Group Finance Manager shall report to the AC on an annual basis on any significant non-audit services and its related fees on non-audit rendered to the Group or its subsidiaries by the external auditors.

5. ROTATION OF EXTERNAL AUDIT ENGAGEMENT PARTNER

The audit partner responsible for the external audit of the Group is subject to rotation at least every five (5) financial years in accordance with By-Laws of the MIA which requires that the engagement partner involved in the external audit should not remain in a key audit role beyond five (5) years and cannot be re-engaged to play a significant role in the audit of the Company for at least another two (2) successive years.

6. INDEPENDENCE ASSESSMENT

The AC shall carry out annual assessment on the performance, suitability and independence of the external auditor based on the following areas:

- a) quality of service;
- b) sufficiency of resources;
- c) communication and interaction; and
- d) independence, objectivity and professional skepticism

The external auditors are precluded from providing any services that may impair their independence or conflict with their role as external auditors. A written assurance from the external auditors confirming 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 to be given to the Company.

7. REVIEW OF THE POLICY

This Policies is approved and adopted by the Board of Directors and AC of A-Rank Berhad on 29 June 2018.

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External Auditors _____

Date _____

Name of subsidiary or entity _____

Description of service (see "Definitions"
for description of permissible services) Kindly provide a description of the service

Audit related services YES/NO _____

Other non-audit services YES/NO _____

Confirmation that the service is permissible
(see "Definitions" for list of permissible services)

Duration of service (weeks/months/years) _____

Estimated fee level (RM) _____

Safeguards required for the service? (see Safeguards") YES/NO Kindly describe the safeguards deployed and state the applicable law/ regulation

Approval (see "Approval process") Date Initials

Subsidiary/ Entity _____

Audit Committee YES/NO _____