

**Ge-Shen Corporation Berhad**  
Policies and Procedures to  
assess the Suitability,  
Objectivity and Independence  
of External Auditors

Adopted as at 07 April 2022

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## 1. Introduction

Practice 8.3 of the Malaysian Code on Corporate Governance (“MCCG”) stipulates that the Audit Committee (“AC”) should have policies and procedures to assess the suitability, objectivity and independence of the external auditors. In addition, Guidance 8.3 of the MCCG stipulates that the AC should consider the following in assessing the suitability, objectivity and independence of the external auditors:

- the competence, audit quality and resource capacity of the external auditor in relation to the audit;
- the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
- obtaining 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.

The AC should conduct the assessment of the suitability, objectivity, and independence of the external audit firm annually.

This Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors (the “Policy”) sets out the criteria which Ge-Shen Corporation Berhad’s (“Ge-Shen”) Audit and Risk Management Committee (“ARMC”) should consider in assessing the suitability, objectivity and independence of the external auditors of Ge-Shen.

## 2. Assessment of Auditors

Some of the matters (including but not limited to) for the ARMC’s consideration regarding the appointment, re-appointment and removal of ARMC’s external auditors include:

### a. Fees

The external auditors must provide a fee quotation for its audit services. However, price will not be the sole determining factor of suitability.

### b. Competence, audit quality and resource capacity

The ARMC shall consider the audit firm’s reputation and the qualifications of its professionals, including the breadth and depth of resources, expertise and experience of the team members. Their networking ability and competency to address any complex issues, are equally important to assess its suitability.

c. Non-audit services

All engagements of the external auditors to provide non-audit services are subject to the necessary approvals outlined in the Policy on the Provision of Non-Audit Services by External Auditors adopted by Ge-Shen.

d. Independence

A candidate must satisfy the ARMC that it is independent and outline the procedures it has in place to maintain its independence.

The independence of the external auditors is integral to the role of auditors and the ARMC shall give due consideration to this requirement when putting forward a recommendation to the Board of Directors of Ge-Shen.

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 is to be given to Ge-Shen.

A former key audit partner of the Company's external auditors has to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC to safeguard the independence of the audit by avoiding the potential threats which may arise when a key audit partner is in a position to exert significant influence over the audit and preparation of the Company's financial statements.

Former key partner includes the engagement partner, the individual responsible for the engagement of quality control review, and other audit partners, if any, on the engagement team who make key decisions or judgement on significant matters with respect to the audit of the financial statements on which the auditor will express an opinion.

e. Material matters

A candidate must outline its proposed procedures to address the issue of material significance or matter of disagreement with the Management. The external auditors is required to disclose to the ARMC all issues of material significance and all matters of disagreement with the Management, whether resolved or unresolved, and to assist the ARMC to review such matters.

### 3. Approval of Non-Audit Services

All engagements of the external auditors to provide non-audit services with value in aggregate exceeding 50% of the latest Group's audit fees are subject to the approval/endorsement of the ARMC. Prior approval of the ARMC must be obtained before commencement of all non-audit services. If it exceeds 50%, it will be further deliberated by the ARMC to assess the independence of the external auditors.

### 4. Monitoring and Reporting

The Chief Financial Officer or Executive Directors of Ge-Shen shall report to the ARMC on an annual basis on any significant non-audit services and its related fees on non-audit rendered to the Company by the external auditors.

### 5. Rotation of External Audit Engagement Partner

In compliance with the requirements of the Malaysia Institute of Accountants, the external auditors rotate their engagement partners and engagement quality control reviewer assigned to the Company every five (5) years.

### 6. Review of The Policy

The ARMC will review regularly and assess the effectiveness of the Policy. Any requirement for amendment shall be deliberated by the ARMC and any recommendation for revisions shall be highlighted to the Board for approval.

### 7. Revision to The Policy

This Policy shall be reviewed by the ARMC from time to time as necessary to ensure the Policy remains relevant and viable to meet the needs of the Company. Any revision to the Policy shall be recommended to the Board for consideration and approval.