



## **EXTERNAL AUDITORS ASSESSMENT POLICY**

### **1. INTRODUCTION**

The Board of Directors (“the Board”) has assigned the Audit Committee (“AC”) of YLI Holdings Berhad (“the Company” or “the Group”) to assess, monitor, review and supervise the performance, suitability and independence of External Auditors. The objective of this External Auditors Assessment Policy (“the Policy”) is to outline the guidelines and procedures to be undertaken by the AC for the assessment and review of the Auditors.

The independence of the external auditors is the key element of the Company’s policy. The selection criteria will ensure that the External Auditors are independent and have the relevant expertise and skill for such an appointment.

### **2. SECTION 271 OF THE COMPANIES ACT, 2016**

Pursuant to Section 271 of the Companies Act, 2016, the Company shall at each annual general meeting appoint or reappoint the External Auditors of the Company, and the External Auditors so appointed shall hold office until the conclusion of the next annual general meeting of the Company.

### **3. SELECTION AND APPOINTMENT OF EXTERNAL AUDITORS**

The AC will observe the following procedures for selection and appointment of new External Auditors, when they determine a need to change the external auditors:

- a. To identify the audit firms which meet the criteria for appointment upon considering the engagement proposals;
- b. To assess the proposals and shortlist the suitable audit firms;
- c. To meet and/or interview the shortlisted audit firms;

The AC may delegate or seek the assistance of the Executive Director in charge of finance function to carry out items (a) to (c) above;

- d. To recommend the suitable audit firm to the Board for appointment as External Auditors; and
- e. Upon endorsement from the Board, the proposal to appoint new external auditors and/or resignation/removal of the existing External Auditors will be tabled for shareholders’ approval at the general meeting.

#### **4. ASSESSMENT OF INDEPENDENCE**

The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors.

The AC shall obtain a written assurance form 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.

#### **5. NON-AUDIT SERVICE**

The External Auditors can be engaged to perform non-audit engagement that are not, and are not perceived to be, in conflict with the role of the External Auditors. This excludes audit related work in compliance with statutory requirements.

The three (3) basic principles on the prohibition of non-audit engagement are as follows:

- a. Not to function as Management;
- b. Not to audit their own work; and
- c. Not to serve in an advocacy role of YLI Holdings Berhad and its subsidiaries.

The External Auditors shall observe and comply with the By-Laws of the Malaysian Institute of Accountants in relation to the provision of non-audit services, which include the following:

- a. Accounting and Book Keeping Services;
- b. Valuation Services;
- c. Taxation Services;
- d. Internal Audit Services;
- e. IT System Services;
- f. Litigation Support Services
- g. Recruitment Services; and
- h. Corporate Finance Services.

All engagements of the External Auditors to provide non-audit services are subject to the approval by the AC, and with expectation on the Management to obtain confirmation from the External Auditors on their independence which shall not be impaired by the provision of non-audit services.

## **6. 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) years in accordance with the By-Laws of the Malaysian Institute of Accountants (“MIA”).

## **7. ANNUAL AUDIT PLAN**

The External Auditors will issue an annual audit planning memorandum for review and discussion with the AC. The External Auditors shall also provide a management letter to the AC upon completion of the annual audit.

## **8. ANNUAL ASSESSMENT**

The AC together with the Executive Director in charge of finance function will review the external auditors’ performance annually on the suitability and independence of the External Auditors on the following areas:

- a. Service quality;
- b. Sufficiency of resources;
- c. Communication with the Management; and
- d. Independence, Objectivity and Professionalism.

## **9. REVIEW**

The AC will review the Policy periodically to ensure that it continues to remain relevant and appropriate.