

OVERSEA ENTERPRISE BERHAD (317155-U)
(Incorporated in Malaysia)

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

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1. INTRODUCTION

The Audit Committee (Committee) of the Company is responsible to assess, review and monitor the performance, suitability and independence of the External Auditors. The objective of this Policies and Procedures to Assess the Suitability and Independence of External Auditors (Policy) provides the Committee with guidelines to assess and review the performance of the External Auditors for the purpose to ensure the suitability and independence of the External Auditors.

2. PROVISION UNDER SECTION 271 OF COMPANIES ACT 2016

In accordance with Section 271 of the Companies Act 2016, an Auditor of a public company shall be appointed for each financial year and should only be appointed by the Board or Members of the Company.

The Board shall appoint an auditor—

- (a) at any time before the first annual general meeting of the company and the auditor will hold office until the conclusion of the first annual general meeting for the appointment; or
- (b) to fill casual vacancy in the office of the auditor and the auditor will hold office until the conclusion of the next annual general meeting for the appointment.

The members shall appoint an auditor by ordinary resolution—

- (a) at the annual general meeting;
- (b) if the company should have appointed an auditor at an annual general meeting but failed to do so; or
- (c) if the Board fails to appoint an auditor as mentioned above.

3. SELECTION AND APPOINTMENT

The Committee shall observe the following procedures for selection and appointment of new External Auditors, should the need to change the External Auditors is arises:-

- (a) To identify the audit firms that meet the criteria for appointment and to request for their proposals of engagement for consideration;
- (b) To assess the proposals and fee and shortlist the suitable audit firms;
- (c) To interview the shortlisted audit firms;
- (d) To recommend to the Board the appointment of the appropriate audit firm as External Auditors; and
- (e) Upon the Board of Directors endorsed the recommendation, to seek shareholders' approval for the appointment of the new External Auditors and resignation/removal of the existing External Auditors at the general meeting.

The Committee may delegate or request for assistance from the Head of the Finance Department to perform tasks (a) to (c) above.

4. INDEPENDENCE

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

The External Auditors shall provide a written assurance to the Committee 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 ENGAGEMENT

External Auditors can be engaged to perform non-audit services 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 prohibition of non-audit services are guided by the below-mentioned principles:-

- (a) Not to function as Management;
- (b) Not to audit their own work; and
- (c) Not to serve in an advocacy role of the Company and its subsidiaries.

External Auditors shall observe and comply with the By-Laws of the Malaysian Institute of Accountants in relation to the provision of non-audit engagement such as:-

- (a) Accounting and book keeping services;
- (b) Taxation services;
- (c) Valuation services;
- (d) Corporate finance services.
- (e) Internal audit services;
- (f) Litigation Support services;
- (g) Software systems services; and
- (h) Recruitment services.

Engagements of external auditors to provide non-recurring and/or unplanned non-audit services must be approved as follows:-

Approval thresholds for non-audit work to be carried out for the Company or its subsidiaries

Approver

- | | |
|-----------------------------------|--------------------|
| (a) Below RM50,000 per engagement | Executive Director |
| (b) Above RM50,000 per engagement | Audit Committee |

The Management shall obtain confirmation from the External Auditors on their independence which shall not be impaired by the provision of non-audit engagement.

6. ROTATION OF AUDIT PARTNER

The audit partner responsible for the external audit of the Company and its subsidiaries is subject to rotation at least every five (5) years.

7. ANNUAL AUDIT PLANNING

The External Auditors shall present an annual audit planning memorandum for review and discussion with the Committee.

The External Auditors shall also provide a management letter to the Committee upon completion of the annual audit.

8. ANNUAL PERFORMANCE AND INDEPENDENCE ASSESSMENT

The Committee shall carry out annual assessment on the performance and independence of the External Auditors and may request the Executive Director or Head of the Finance Department to join the assessment, on the suitability and independence of the External Auditors on the following major areas:-

- (a) Calibre of the audit firm;
- (b) Quality process/performance;
- (c) Audit team/resources;
- (d) Communication with the Management; and
- (e) Independence, Objectivity and Professionalism.

9. REVIEW

The Committee shall, from time to time and at any time that it deems necessary, review this Policy to ensure that it continues to remain relevant.

History

Date	Description
31 July 2017	Establishment