



EXTERNAL AUDITORS' POLICY AND PROCEDURES

1. OBJECTIVE

The External Auditors' Policy and Procedures of Eupe Corporation Berhad ("Eupe" or the "Company") outlines the Company's policies and procedures in assessing the suitability, objectivity and independence of external auditors and continuous monitor their performance.

2. SELECTION, APPOINTMENT, RE-APPOINTMENT AND REMOVAL OF EXTERNAL AUDITORS

2.1 The Board of Directors ("Board") has delegated to the Risk Management and Audit Committee ("RMAC") the responsibility for the appointment, fixing remuneration, re-appointment and removal of external auditors in line with the provisions of the Companies Act 2016 ("Act") and Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

2.2 Should there be a need to fill a casual vacancy of the external auditors, the RMAC will follow the following procedures for selection and appointment of new external auditors:

- (i) the RMAC to identify the audit firms who meet the criteria for appointment or to consider notice of nomination received from shareholders (as the case may be) and request for their proposals of engagement for consideration;
- (ii) the RMAC to meet and/or interview the shortlisted audit firm(s);
- (iii) the RMAC may delegate or seek the assistance of the Chief Financial Officer ("CFO") to perform items (i) to (ii) above;
- (iv) the RMAC will recommend the appropriate audit firm for the Board's approval; and
- (v) the Board will, if deemed appropriate, endorse the recommendation and seek shareholders' approval for the appointment of the new external auditors at a general meeting. The external auditors so appointed shall, hold office until the conclusion of the next Annual General Meeting ("AGM") of the Company.

2.3 The RMAC will consider the following criteria to determine the suitability of the external auditors prior to the appointment:

- (i) reputation of the audit firm;
- (ii) size, resources and geographical coverage of the audit firm; and
- (iii) the adequacy of the experience of the audit firm.



- 2.4 The Board shall propose the re-appointment of the Company's existing external auditors to shareholders at the AGM of the Company, after taking into consideration of the annual assessment of the external auditors conducted by the RMAC based on the criteria as set out in Section 8 below.
- 2.5 Where external auditors are removed from office or give notice to the Company of their desire to resign as external auditors of Eupe, the RMAC shall ensure that the Company forward to Bursa Securities a copy of any written representations or statement of circumstances connected with the resignation made by the external auditors at the same time as copies of such representations or statement of circumstances are submitted to the Registrar of Companies pursuant to Section 284 of the Act.

3. INDEPENDENCE

- 3.1 The external auditors are precluded from providing any services that may impair their independence or conflict with their role as external auditors.
- 3.2 In avoidance of doubt, the RMAC shall obtain 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.

4. NON-AUDIT SERVICES

- 4.1 The external auditors or a firm or corporation affiliated to the auditors' firm 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.
- 4.2 The prohibition of non-audit services is based on three (3) basic principles as follows:
 - (i) external auditors cannot function in the role of Management;
 - (ii) external auditors cannot audit their own work; and
 - (iii) external auditors cannot serve in an advocacy role of the Company and its subsidiaries.
- 4.3 The external auditors shall observe and comply with the By-Laws of the Malaysian Institute of Accountants ("By-Laws") in relation to the provision of the non-audit services, which include the following:
 - (i) Accounting and book keeping services;
 - (ii) Valuation services;
 - (iii) Taxation services;
 - (iv) Internal audit services;
 - (v) IT system services;
 - (vi) Litigation support services
 - (vii) Recruitment services; and
 - (viii) Corporate finance services.



- 4.4 All engagements of the external auditors or a firm or corporation affiliated to the auditors' firm to provide non-audit services are subject to the approval/endorsement of the RMAC.
- 4.5 In determining the remuneration for the non-audit services to be provided by the external auditors or a firm or corporation affiliated to the auditors' firm, the RMAC will consider the nature and the scope of work, the availability of alternate service providers, the reason for recommending the external auditors and any other circumstances relevant to the engagement. Should the fee for non-audit services constitute 50% or more of the total amount of audit fees of the Group charged by the external auditors, the RMAC shall recommend the proposed engagement with justification for the Board's consideration and approval. In deciding whether to appoint the external auditors to carry out the activities, the principal consideration should be to ensure that the provision of the non-audit services does not impair the external auditors' independence and objectivity.

The RMAC should avoid situations where the audit firm inadvertently assumes the responsibilities of management in the course of providing non-audit services.

- 4.6 Written assurance shall be obtained from the external auditors confirming that they are, and have been, independent throughout the conduct of audit engagement in accordance with the terms of all relevant professional and regulatory requirements, and that the independence of the external auditors will not be impaired by the provision of the non-audit services.

5. ROTATION OF AUDIT PARTNER

The audit partner responsible for the external audit of the Group is subject to rotation in accordance with the By-Laws.

6. APPOINTMENT OF FORMER PARTNER OF EXTERNAL AUDIT FIRM AS MEMBER OF RMAC

In the event of a former partner of the external audit firm of the Company and/or the affiliate firm (including those providing advisory services, tax consulting etc.) being appointed as a member of the Board, he/she shall observe a cooling-off period of at least three (3) years before being appointed as a member of the RMAC.

7. REPORTING

- 7.1 The external auditors shall submit an Annual Audit Planning Memorandum for review and endorsement of the RMAC, prior to commencement of its audit review.
- 7.2 The external auditors shall, upon completion of its audit review, provide an Audit Review Memorandum to RMAC which include all key audit issues and their findings.



7.3 The external auditors shall also provide a management letter, if any, to the RMAC upon completion of the annual audit.

8. ANNUAL ASSESSMENT

The RMAC shall carry out annual assessment on the performance, suitability, objectivity and independence of the external auditors based on the following key areas:

- (i) Competency;
- (ii) Quality of service;
- (iii) Resources capacity;
- (iv) Communication and interaction with Management;
- (v) Independence, objectivity and professional scepticism; and
- (vi) Appropriateness of audit fee to support quality audit.

The annual assessment should also consider information presented in the Annual Transparency Report of the external audit firm. If the external audit firm is not required to issue an Annual Transparency Report, the RMAC is encouraged to engage the audit firm on matters typically covered in an Annual Transparency Report including the audit firm's governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks.

9. REVIEW OF THE POLICY

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