

DOLPHIN INTERNATIONAL BERHAD

[Registration no. 201201016010 (1001521-X)]

(Incorporated in Malaysia)

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

Objective

The objective of this policies and procedures is to ensure that the Group has external audit independence in line with best practice to ensure reliable and credible financial reporting.

The Audit and Risk Management Committee of the Company is responsible to assess, review and monitor the performance, suitability and independence of the External Auditors. The Policies and Procedures to Assess the Suitability and Independence of External Auditors (Policy) provides the Audit and Risk Management 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.

Provision 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.

Selection Criteria

The Audit and Risk Management Committee will evaluate potential external auditors on a number of criteria including, but not limited to:

- a) The auditor being registered as an auditor under the Companies Act, 2016;
- b) The auditor being registered with the Audit Oversight Board for public companies under the Securities Commission Act, 1993;

- c) The independence of the external audit firm from the Company and ability to maintain independence throughout the engagement;
- d) There being no conflict of interest situations that could affect the independence of the external auditors;
- e) Internal governance processes such arrangements that are proposed to enable partner rotation and succession planning;
- f) Reputation, professional competency, experience, resources and integrity of key personnel;
- g) The audit approach and methodology; and
- h) Cost effectiveness

Selection and appointment procedures

In the event that the Audit and Risk Management Committee decides a new external auditors is required:

- a) The Audit and Risk Management Committee will construct a shortlist of candidates that meet their selection criteria and ascertain their willingness to act;
- b) Interested candidates will be required to submit a proposal addressing the Audit and Risk Management Committee's criteria as well as a statement that they are independent;
- c) The Audit and Risk Management Committee will interview candidates in order to further assess their suitability;
- d) Once the assessment process has been completed, the Audit and Risk Management Committee informs the Board of the process adopted in undertaking the review, the external auditor recommended by the Committee and the reasons for that recommendation;
- 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.

Assessment of External Auditors

The Audit and Risk Management Committee will review the performance of the external auditors on an annual basis after completion of the year end audit. In evaluating the effectiveness of external audit, the Audit and Risk Management Committee will assess the effectiveness of external auditors based on a number of criteria including but not restricted to:-

- a) the overall comprehensive of the external audit plan;
- b) the timeliness and quality of communications promised under the plan and delivered during the audit;
- c) the competency of external audit staff; and
- d) the adequacy of resources to achieve the scope as outlined in the plan.

The Audit and Risk Management Committee will seek feedback from management during the assessment process.

External Auditors Independence

The Audit and Risk Management Committee will review the independence of the external auditors annually at the time the external auditors present its annual audit plan. The Audit and Risk Management Committee will review and assess the independence

of the external auditors, including but not limited to any relationships with the Group or any other person or entity that may impair or compromise, or appear to impair or compromise, the external auditors' independence. The Audit and Risk Management Committee will request the external auditors to provide a written assurance 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.

Provision of Non Audit Services of External Auditors

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 the Company 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 engagement, which include the following:

- (a) Accounting and Book Keeping Services;
- (b) Valuation Services;
- (c) Taxation Services;
- (d) Internal Audit Services;
- (e) IT Systems 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 Audit and Risk Management Committee; 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 engagement.

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 seven (7) years.

The former key audit partner has to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit and Risk Management Committee.

Annual Audit Planning

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

shall also provide a management letter to the Audit and Risk Management Committee upon completion of the annual audit.

Review of The Policies and Procedures

These policies and procedures will be periodically reviewed in accordance with the needs.