

IQ-group

IQ GROUP HOLDINGS BERHAD

(Company No. 636944-U)
(Incorporated in Malaysia under the Companies Act, 1965)

POLICY ON NON-AUDIT SERVICES

1. Objective

IQ Group Holdings Berhad (the “company” or “IQGHB”), its Board and its Audit Committee (“AC”) are committed to ensuring the independence of the external auditors in substance as well as in form. The objectives of the policy are:

- to comply with Malaysian Code of Corporate Governance 2012 (“MCCG 2012”), Malaysian legislation, IFAC standards and other relevant auditor-independence rules, guidelines, standards, etc.;
- to ensure that neither the nature of the service nor the level of the reliance placed on it by the Company, could, or could be seen to, impair the objectivity of the external auditors’ opinion on the financial statements;
- to establish a transparent reporting process for the AC to monitor the observance and compliance of the external auditors with this Policy; and
- to avoid unnecessary restrictions on the request for services from the external auditors.

2. Role of the Audit Committee

Recommendation 5.2 of the MCCG 2012 stipulates that the AC should have policies and procedures to assess the suitability of external auditors. The AC’s objective is to ensure that the provision of non-audit services to IQGHB does not impair the external auditor’s independence or objectivity. In this context, the AC shall consider the followings:

- whether the skills and experience of the external auditors make it suitable service provider of the non-audit service(s);
- whether safeguards have been deployed to eliminate or reduce to an acceptable level any threat to objectivity and independence in the conduct of the audit resulting from the non-audit services provided by the external auditors; and
- the nature of non-audit services, the related fee levels and fee levels individually, and in aggregate relative to the audit fee.

The AC should satisfy itself that any safeguards required by legislation or standards are implemented and complied with.

3. Policy

Before appointing the external auditor to undertake a non-audit service, considerations should be given to whether this would create a threat to the external auditors' independence or objectivity. The external auditor should not be appointed unless appropriate safeguards are present to eliminate or reduce the threat to an acceptable level.

External auditors shall not be considered for non-audit services specifically prohibited by the by-laws of the Malaysian Institute of Accountants or promulgations of the International Federation of Accountants for which no safeguard can eliminate or reduce the threat on the external auditors' independence.

4. Approval of non-audit services

Recurring and planned non-audit services pre-approved by the AC

The recurring or planned non-audit services includes general audit related services such as reviewing of Company's Director's Statement on Internal control and tax services such as preparation of company's tax returns and provisional tax computation etc.

The Group Financial Controller of the Company will on annual basis submit a list of recurring and/or planned non-audit services together with an estimate of expected fees for the financial year to the AC for pre-approval.

Non-recurring and/ or un-planned non-audit services

Engagements of external auditors to provide non-recurring and/ or unplanned non-audit services must be pre-approved by the Chief Executive Officer (on behalf of AC) of the Company if the fee does not exceed the thresholds set by the AC of IQGHB as below.

- the fee for non-audit service exceeds RM100,000; or
- the annual fee for all non-audit services (recurring or non recurring) exceed or are likely to exceed 50% of the Group's annual audit fees,

whichever is lower.

Such pre-approvals are to be reviewed by the AC no later than its next meeting for ratification.

5. Approval process

Approval of non-audit services committed by a subsidiary or entity of IQGHB is required to be in accordance with this policy.

The subsidiary or entity must inform the Group Financial Controller of the non-audit services and the estimated fees to be incurred.

The subsidiary or entity can only proceed with the non-audit service work when authorised in accordance with this Policy.

6. Monitoring and reporting

Audit Committee

The AC is to report to the Board on annual basis in respect to the non-audit services provided by the external auditors and its related fees incurred during the financial year. The AC is to provide a statement as to whether they are satisfied that the services provided during the year are compatible with applicable independent rules and standards for auditors, as well as the provisions stipulated in this Policy.

Group Financial Controller

The Group Financial Controller must report to the AC on quarterly basis on any significant non-audit services and its related fees on non-audit services rendered to IQGHB or its subsidiary by the external auditors.

7. Policy Governance

The policy shall be made available to the website of the Company and will be reviewed periodically by the AC and the Board.