



Transparency Report 2021

Grant Thornton Malaysia PLT

31 December 2021

Regulatory context

This is our Transparency Report for the financial year ended 31 December 2021 (the report) as required by the Securities Commission Malaysia, which requires the publication of an annual transparency report by audit firms that have more than 50 public interest entity audit clients and the total market capitalisation of the audit firm's PIE clients amounts to above RM10 billion.

This report is prepared in accordance with Section 152(2) of the Securities Commission Malaysia Act 1993 (SCMA) and adhere to the principles as required accordingly. In this report, the terms "GTM," "Firm", "we" and "our" refer to Grant Thornton Malaysia PLT (201906003682 & AF 0737), a limited liability partnership.

While GTM is a multidisciplinary firm, this report is primarily focused on our audit practice and related assurance services.



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Foreword



“Our vision is to build a sustainable, profitable and evolving global assurance practice that provides consistent high quality, exceptional client service and a meaningful people experience.”

Dato' NK Jasani
Country Managing Partner
Grant Thornton Malaysia PLT

Welcome to our Transparency Report 2021. This report provides insight on our continuous strive in upholding audit quality while maintaining public trust in the capital markets, our clients and regulators, and adapting to the ever-challenging environment due to high profile corporate failures and also the unprecedented impact of the COVID-19 pandemic.

We take pride in having a committed and dedicated workforce for they have shown resilience and agility during times of difficulties yet delivering timely audit work without compromise on audit quality. Although our commitment is to operate as a high-quality and sustainable audit firm, supporting the wellbeing of our people remains as one of the top priorities during this COVID-19 pandemic. Our Firm offers vaccination programme to our people including post vaccine leave to ensure their safety during this time.

In the audit strategy aspect, we rethink and redefine our audit strategy to take account of the uncertainties and potential risks resulting from the COVID-19 pandemic. Our people are constantly reminded on exercising their professional judgement and scepticism especially during the pandemic as the ways of auditing are very much different as compared to the time of pre-COVID-19. We have been leveraging on technology while adapting to the new way of auditing, such as practicing virtual stock take and virtual audit file review which were introduced due to movement restrictions. Besides that, our Technical and Training department has been updating our auditors on the significant risk areas impacted by the COVID-19 pandemic by giving constant virtual training. In addition, a new global audit methodology, known as the Leading Effective Audit Practice (LEAP) has been rolled out in 2021 which will further improve audit quality.

In 2021, our quality control team had also been focusing on improving our Firm's quality control systems where they have collaborated with network firms to further enhance the risk management and audit quality of the Firm. This is in compliance with the recent release of the revised quality management standards issued by the International Auditing and Assurance Standards Board (IAASB) which will be effective from 15 December 2022.

As we are now transitioning from the COVID-19 pandemic to endemic living, we will continue our focus on sustainable and inclusive growth. Our Firm remains innovative in our approach to technology as digital transformation is necessary when physical distancing has become the new norm. We will continue to enhance our technology to achieve higher standards of quality and efficient audit in the near future.

A handwritten signature in black ink, appearing to be 'NK Jasani', written over a horizontal line.

Dato' NK Jasani
Country Managing Partner
Grant Thornton Malaysia PLT

Legal Structure and the Grant Thornton Network

Grant Thornton International Limited (GTIL)

Grant Thornton International Ltd (GTIL) is a private company limited by guarantee, incorporated in England and Wales. It is a non-practicing international umbrella entity that does not provide services to clients. Grant Thornton member firms around the world deliver services to clients. As of 1 January 2021, GTIL has more than 140 member firms. GTIL is amongst the 6 large Global networks that forms the Global Public Policy Committee (GPPC).

Legal relationship between GTIL and other member firms

Grant Thornton is the registered trademark of GTIL and is the name by which the member firms are known. The right of member firms to use the Grant Thornton name and logo are included in agreement with GTIL.

GTIL and the member firms are not a worldwide partnership. Member firms are generally locally owned and managed. GTIL and its member firms are not the agents of, and do not obligate one another and are not liable for one another's acts and omissions. Member firms carry the Grant Thornton name, either exclusively or as part of their national practice names.

Board of Governors of GTIL

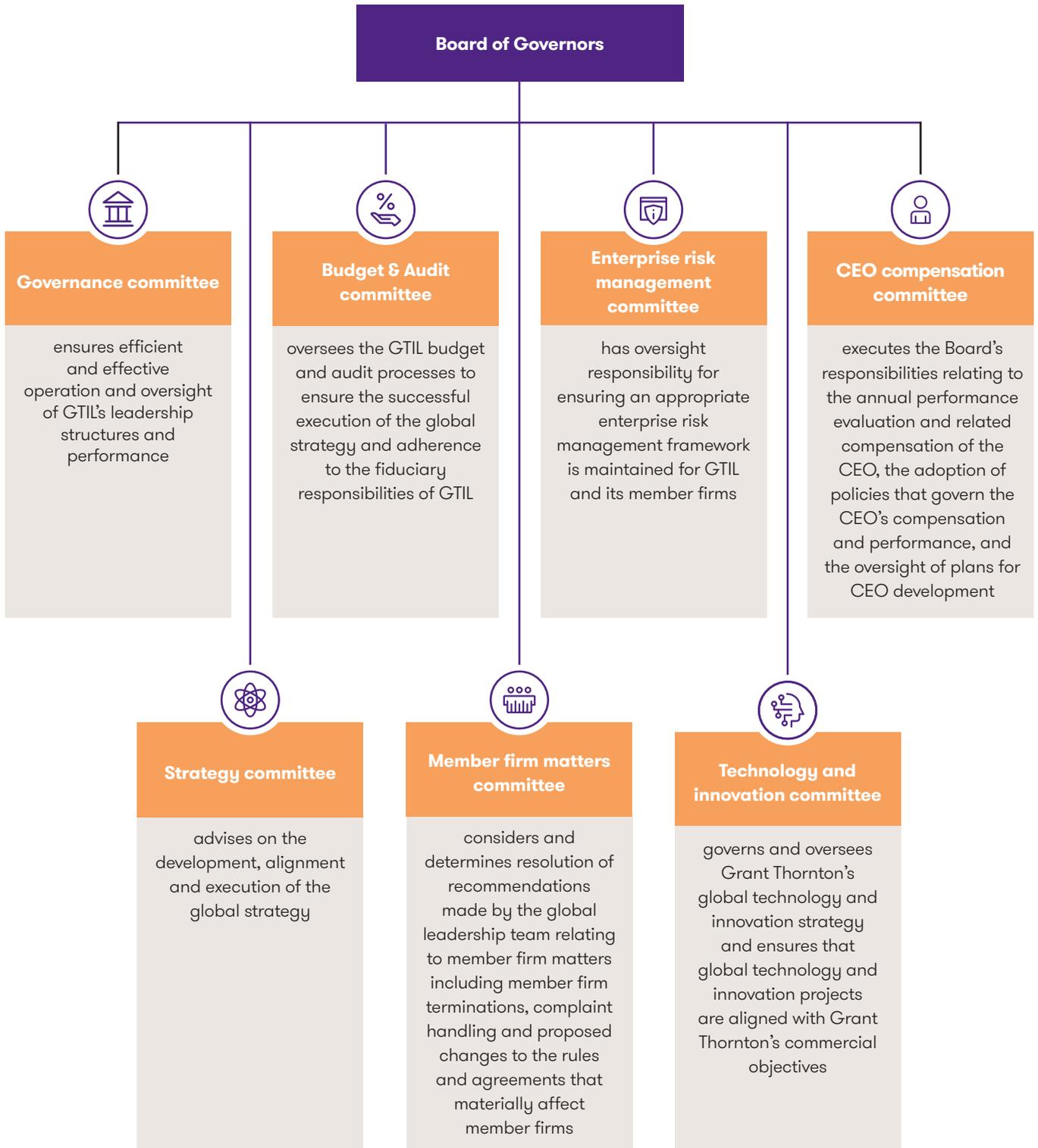
The Board of Governors (the Board) is the principal and overriding authority in GTIL. The Board exercises governance over GTIL and comprises the chair of the Board; the Chief Executive Officer of GTIL (CEO); Managing Partners from the largest Grant Thornton member firms; Managing Partners elected or appointed from other Grant Thornton member firms that are not amongst the largest; and independent Board members.

Independent Board members bring a valuable external business perspective to the deliberations of the Board, add to the network's profile and increase Board transparency. Independent Board members support the network's recognition of its public interest responsibilities and its attitude toward quality, risk management and governance, as well as the network's effectiveness in executing its strategic goals and market positioning. GTIL has processes in place to ensure that the appointment of independent Board members and their ongoing services are compliant with relevant independence rules.

There are seven standing committees with authority and powers for certain matters as delegated to them by the Board. The use of standing committees allows a more efficient and effective discharge of the Board's responsibilities and involves others in the activities of the Board. Committee membership includes, but is not limited to, Board members.



Board of Governors structure



Grant Thornton Malaysia (GTM)

Grant Thornton Malaysia PLT is a member firm of Grant Thornton International Ltd (GTIL). GTM is a partnership governed by the Malaysia's Partnership Act of 1961 since its establishment in 1974. The structure has changed to a limited liability partnership established under the Limited Liability Partnerships Act 2012 of Malaysia on 1 January 2020 onwards. GTM's headquarter is located in Kuala Lumpur while its three branches are located in Penang, Johor Bahru and Kuantan.

The Kuala Lumpur Office and Kuantan Office are wholly owned by the partners, all of whom are the employees of the Kuala Lumpur Office. There is only one partner who owns substantial shares within the range of equity share held between 31% to 40%. The remaining equity partners do not own equity shares of more than 10%. There is no family relationship among the partners, except for Dato' NK Jasani and Mr. Kishan Jasani who are father and son.

GTM Penang Office is wholly-owned by Mr. John Lau and jointly managed by Mr. John Lau and Mr. Terence Lau who are father and son.

GTM Johor Bahru Office is jointly owned and managed by GTM and Mr. Wong Wen Tak. There is only one partner who owns substantial shares within the range of equity share held between 51% to 60%.

Entities in which GTM has beneficial interests are summarised as below:



Entities	Place and Country of operation	Services
Grant Thornton Taxation Sdn Bhd	Kuala Lumpur and Kuantan, Malaysia	Taxation
Grant Thornton Tax Consultants Sdn Bhd	Penang, Malaysia	Taxation
Grant Thornton MSW Tax Sdn Bhd	Johor Bahru, Malaysia	Taxation
Grant Thornton Consulting Sdn Bhd	Kuala Lumpur, Malaysia	Advisory
Grant Thornton Cambodia	Phnom Penh, Cambodia	Audit, Taxation and Advisory

Governance and Management

The Executive Committee (ExCo)

GTM is governed by the Executive Committee, comprising of the Country Managing Partner (Chair), two Audit Senior Partners and one Tax Senior Executive Director. The ExCo drives the policy and strategy to protect the Firm's values at the top level. The principal responsibilities of the ExCo are:

- Ensuring Grant Thornton's CLEARR values are inculcated in the Firm's operations,
- Developing and implementing business plans,
- Monitoring operation and financial performance,
- Prioritising and allocating of resources,
- Managing the risk profile of the Firm,
- Driving a profitable and sustainable firm,
- Protecting the goodwill and reputation of the Firm,
- Establishing and determining remuneration framework,
- Ensuring quality is maintained in everything that we do.

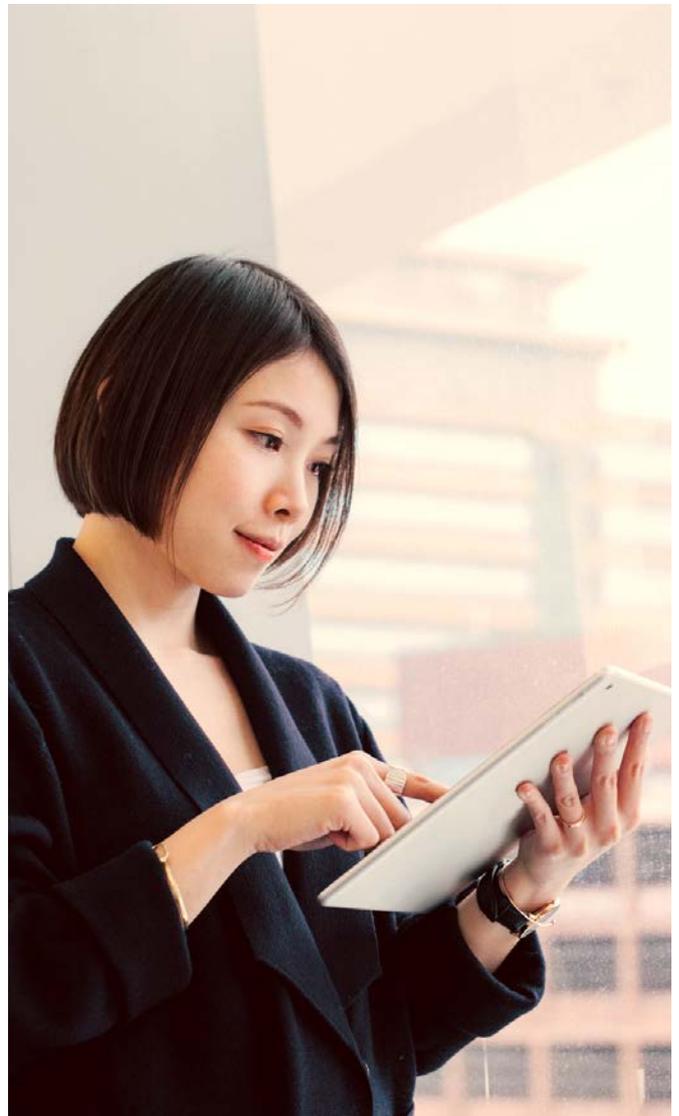
In the Audit Service practice, the Head of Assurance and Head of Technical and Training are responsible locally for setting the proper tone of professional excellence, including:

- Establishing policies related to accounting and assurance services,
- Maintaining, providing timely information, updates and training, reviewing the areas of accounting, auditing, ethics and independence, and regulatory actions and specialised industries,
- Administering various professional and firm quality control functions and consulting on technical matters.

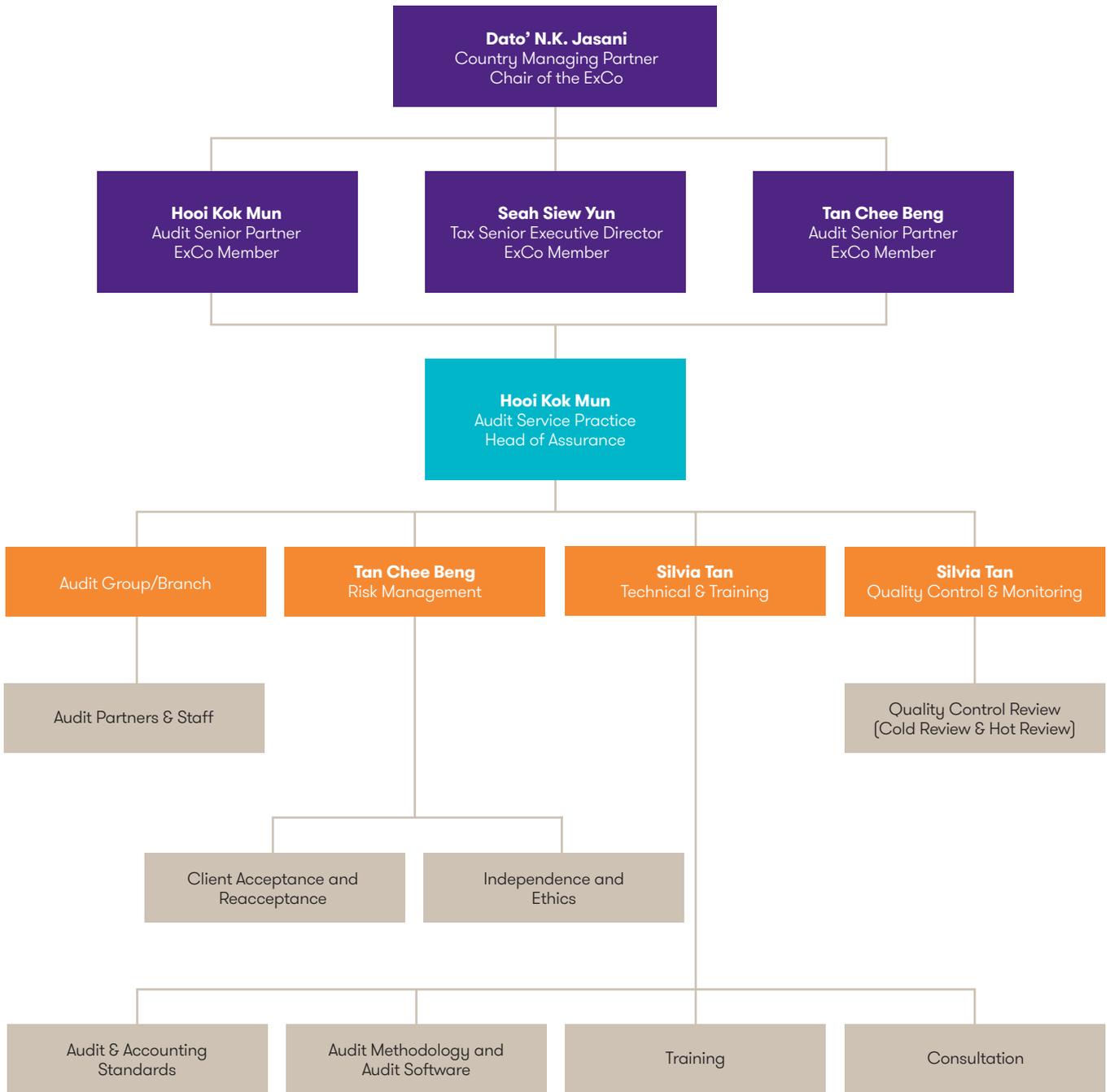
The Head of Assurance is also responsible for overseeing the timeliness of our audit services and day-to-day operations.

The Head of Quality Control and Monitoring has the overall responsibility for designing and implementing a monitoring process designed to provide the Firm with reasonable assurance that the policies and procedures relating to the system of quality control in the assurance practice are relevant, adequate, and operating effectively.

The Head of Quality Control and Monitoring works closely with the Head of Assurance to conduct local risk assessments, quality control reviews, root cause analysis, monitor the status of the remediation measures and many more.



Leadership responsible for Audit Quality



Quality Control System

For the past 48 years, GTM has been focusing on delivering high-quality audit with exceptional client service in a rapid changing environment. This is supported by our unwavering commitment to quality and service to the public users of the financial statement by delivering assurance work that complies with professional standards, regulatory and legal requirements, objectivity and professional scepticism.

We recognise the needs for public confidence in the reliability of financial information in our capital market. We also take note that market users need transparent information about the quality control systems of audit firms in order to gain that confidence.

Our aim is to develop and maintain the Firm's professional standards, quality control systems, and risk management systems to provide the framework for achieving continuous improvements.

In this section, we will share how quality of the Firm is maintained through the structure of our quality control system.

Tone at the top

At GTM, we strongly believe that clear leadership drives the quality of the Firm. Setting a clear tone at the top is ultimately important and our Firm cascades consistent and regular message on the importance of audit quality to all of our people. We expect our partners and staff exhibit proper behaviour-acting with integrity and commit to consistency throughout the audit in order for us to strike for even better-quality service.

Auditors are often involved in complicated situations where professional skepticism and professional judgement shall be demonstrated. Therefore, our Firm strikes to provide a culture based on quality, ethics, openness, integrity and honesty because with the right culture, staff are more open to share and challenge issues without constraint. We also believe in conducting business and serving our clients with the highest ethical standards of conduct and behaviour. We strongly encourage our people to ask questions as they arise on ethical standards and to consult with the Technical and Training team on particular issues.

Code of Conduct

Our Code of Conduct is an extension of Grant Thornton's global values, which provides the framework for the way in which we conduct business, serve our clients, and behave both within the Firm and externally. A dedication to our global values of Collaboration, Leadership, Excellence, Agility, Respect and Responsibility (CLEARR) is the personal responsibility of every employee of Grant Thornton. The Code of Conduct also includes policies that cover dealing with independence, conflicts, protecting confidential and proprietary information, records management, equal opportunity employment and diversity issues, complying with laws and regulations and many more.

GTM adheres to the policies of quality control set by GTIL. Our Assurance Quality Control Manual is based on the requirements set out in the International Standard on Quality Control 1 (ISQC 1) for firms and the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA). GTM also makes every effort to foster an environment in which people feel safe to report perceived unethical behaviour without the fear of retaliation or retribution. There are multiple channels available within the Firm to report violations, and people are encouraged to use them.

Audit Methodology and Technology

The Grant Thornton Audit Methodology is clearly linked with the International Standards on Auditing Standards (ISA). It starts with a top-down risk assessment to enable a well-focused and effective audit. The risk assessment starts with obtaining an understanding of the entity and its environment, including internal control, discussion with the management and those charged with governance, discussion among the audit team and many more.

This understanding enables the auditor to undertake an appropriate top-down risk assessment focused at the account level and design a relevant response to the identified risk. Each response is tailored for the specific risks of each client. Furthermore, a series of trainings are provided to support the methodology for instance, the ISA proficiency series and methodology support series.

Engagement teams use a variety of automated and analytical capabilities tools in the audit execution. Audit evidences are documented within our audit software Voyager, while disclosure checklist tool is utilised to review the completeness of the disclosures in the client's financial statements. All audit documentation are accumulated and archived within 60 days following completion of the audit. Audit files are retained for seven years following the completion of the audit in order to support our opinion and facilitate internal and external inspections.

Moving forward, our Firm will be adopting a new Methodology named LEAP (Leading and Effective Audit Practice). It is an ongoing, collaborative effort led by GTIL to re-energise our audit practice and prepare our global organisation and people for the future of audit. The LEAP project has two core streams, a new global audit methodology referred to as "LEAP" and a suite of centrally developed, globally consistent learning.

In 2017, GTIL released this series of global learning programmes to be delivered by member firms locally. GTIL mandated delivery of these programmes, a mix of classroom-based training and e-learning, ahead of the roll out of the LEAP methodology. Since then, our Firm has been rolling out the global LEAP programmes, and found them instrumental in helping drive early engagement and a readiness for the adoption of the LEAP methodology.

Although the pandemic presented new challenges, our Firm remained committed to the roll out of the new LEAP Methodology in 2021 as planned. In order to achieve smooth transition from our current Voyager methodology to LEAP methodology, we have conducted LEAP methodology training "Audit 360" to our people virtually in year 2021.

The new LEAP methodology provides a clear linkage to auditing standards using International Standards on Auditing (ISA) based terms; it also applies an account-based approach to address the risk of material misstatement and allows each audit team greater flexibility in designing their response to the risks of material misstatement within entities they audit.



Client Acceptance, Reacceptance and Withdrawal

Client Acceptance

Since 2017, our Firm relies on Voyager Information System (VIS) Client Acceptance System, an electronic platform that captures all of our clients' acceptance and reacceptance. Based on relevant criteria, the potential engagement is automatically assigned to a risk category and subject to electronic approvals, accordingly. At a minimum, new audit engagements require approval by the engagement partner and the Head of Assurance. Elevated risk categories require tiered authorisation, which are electronically routed within the program.

We apply a rigorous client engagement acceptance and reacceptance policy, taking into account risk, complexity and specialised experience requirements.

In the case of new potential clients which GTM does not have any history in dealing with, approval of the Risk Management Committee is required before the audit proposal is sent to the potential client. As part of our risk assessment, a series of questions are required to be answered in aiding the decision of accepting a new client. Any concerns identified such as the client's corporate governance and financial reporting systems through our assessment procedures enhances our careful consideration in determining our engagement with the client. Additionally, we consider the availability of resources with the right skills, knowledge and experience as well as whether the audit fee commensurate the risk that the audit client is having and our expected level of effort.

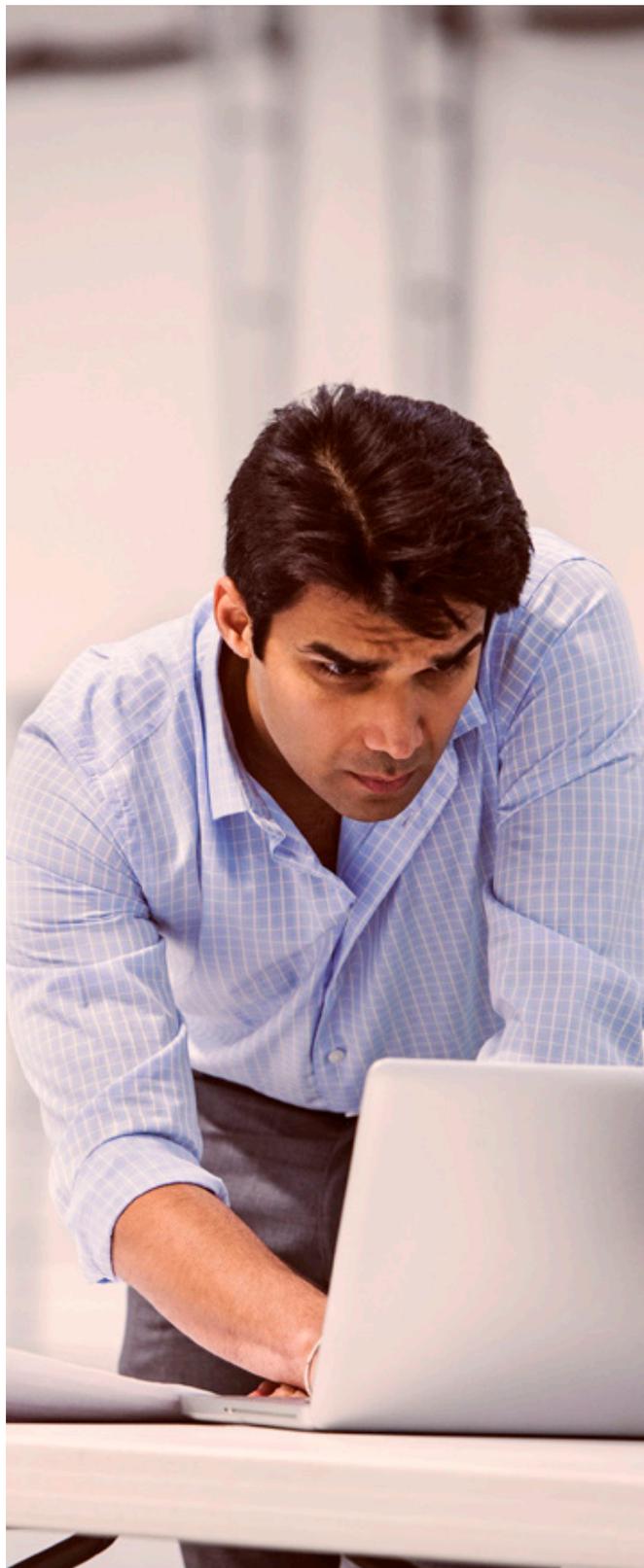
All of GTM's statutory audit clients are to comply with the Key Assurance Assignment Global Policy issued by GTIL. Approval is required from GTIL should the audit meets certain criteria set in the Key Assurance Assignment Global Policy.

Client Reacceptance

An annual re-evaluation of all audit clients are required to be undertaken to evaluate if there is any indication in the change in their risk profile. The engagement partner and the Head of Audit Group, after proper consideration on the information available, will approve or reject the client reacceptance.

Client Withdrawal

The Country Managing Partner shall be notified upon the withdrawal of an engagement to identify if there are any legal or regulatory responsibilities.



Supervision and Review

Our audit partners and managers are equipped with proper knowledge and experiences to coach the junior auditors in the process of audit execution. We make use of our extensive resources including:

- Engagement Quality Control Reviewer on the audit of public interest entities and other high risk engagements,
- Technical Specialists including taxation, valuation and IT audit,
- Industry specialist and many more.

This synergy of experience and technical ability, coupled with our culture of constructively challenging one another, ensure quality and rigour in all stages of the audit.

Technical excellence, audit quality and ethical behaviors are reinforced to all audit professionals during their induction and throughout subsequent learning programs. Included within these programs is a continual reminder that a foundational expectation on all audit engagements is to maintain an objective and sceptical mindset when conducting the audit. The application of technical expertise is a key competency assessed within the mandatory annual performance appraisal process. In addition, partners and staff involved in the audit of certain clients, such as listed companies, must first be suitably accredited (for example, completion of mandatory training programs, sufficient public company audit experience, industry experience and other criteria).

Technical consultation and global resources

We believe consultation helps to promote quality and improves the application of professional judgment. At GTM, we promote a culture in which consultation is recognised as positive, and personnel are encouraged to consult on difficult or contentious matters. All our audit staff are welcome to consult on complex accounting issues, ethical issues, complaints and allegations, and also if required, consultation outside the Firm, in particular, the respective teams at GTIL level is also available.

Besides that, GTIL offers a range of publications on accounting related issues to keep us updated. For instance, global assurance issued alerts, IFRS equivalent to MFRS updates, and the recently added COVID-19 Hub that supports auditors in navigating the impact of COVID-19.

Learn Connect and Internal Training

The audit practice established robust policies and processes around learning development and delivery in the following areas to ensure learning programs are relevant and effective:

- The number of hours and type of training needed by professional level,
- Identifying and prioritising learning topics, by level,
- Content development, technical reviews, and delivery,
- Monitoring enrollment and course completions, and
- Continuing Professional Education compliance.

All partners and staff are required to keep up to date with the latest professional standards, including our internal risk management, ethical and independence requirements. Our people are required to attend a minimum 120 hours of training and development programme over a three-year period, which at least 40 hours must be completed annually.

Internal training is provided by our Technical and Training team including new joiner induction program, latest updates on ISAs and MFRSs, communication on internal and external inspection findings and also ethic and independence requirement in accordance with ISQC 1 and IESBA. In response to COVID-19, all face-to-face learning programs were redesigned for virtual, webcast and on-demand learning deliveries. No face-to-face learning programs are planned until the situation is manageable.

In addition, GTIL offers a web learning management system, Learn Connect to its member firms. Included in Learn Connect are ISA training series, GT methodology series, International Financial Reporting Standards (IFRS) series and also professional development series for new joiners. All the training ensure that auditors obtain sufficient knowledge to carry out their audit work.

Composition of Engagement Team

The mix of engagement personnel based on experience level is also a significant driver of audit quality. Having an appropriate level of partner/director time in relation to total engagement hours helps ensure proper oversight and provides our clients with the best level of service and advice. At the same time, leveraging the right work effectively to younger staff helps them develop and become bright leaders of the future. At GTM we strive to reach an optimal staffing model that provides more partner/director/manager time than our global competitors, yet still provides great learning opportunities for our professionals.

Partner's Audit Quality Reward and Recognition

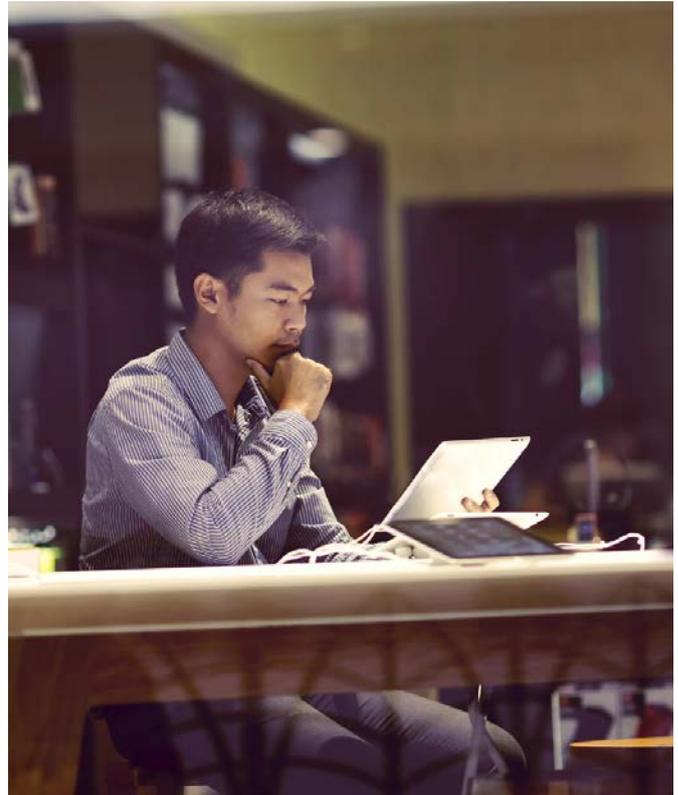
Responsibility for audit quality rests with every professional involved in audits. The ability and the commitment to get the job done right is a determining factor in our promotion and compensation systems at every level, including the partners.

As with most large accounting firms, the majority of our partners are owners of the business and share the Firm's annual profit at a level equivalent to their percentage of ownership. All partners are paid based on the earnings of the entire firm except for some newly promoted partners.

Partner's audit quality is included as one of the criteria in our Partner Appraisal Program. Their quality performance appraisal includes internal and external inspection results, effectiveness in handling clients' situations, compliance with risk management policies, compliance on the requirements of minimum training hours and many more. Ratings from 1-5 will be given to each criterion and remuneration will be affected should the ratings are low. Further consultation will be given by the Country Managing Partner should there be independence, ethics or audit quality issues.

Near the end of fiscal 2020, we started a comprehensive review of the Partner Appraisal Program and this has resulted in a revamp on the Partner Appraisal Program to make sure that our partner compensation process is fair and drives behaviour consistent with our value.

Moving forward, we track positive and negative audit quality indicators and assign a range of points to those indicators. Some of the most significant points we will be tracking are as follows:



The points are tracked separately and refreshed annually. Positive points and negative points will be monitored over time and will be reflected in the partner's remunerations package and/or additional training and development plan. Our goal is to reward long-term demonstrations of quality and to encourage and direct potential improvements to quality where appropriate.

 Positive (Scale from 1-5)	 Negative (Scale from 1-5)
<ul style="list-style-type: none">  Positive results from internal and external reviews  Demonstrated effectiveness of handling difficult client situations  Demonstrated strong consultative approach, knowledgeable and timely involvement of appropriate specialists  Identification of a restatement in financial statements previously audited by another partner  Appropriately considering client going concern issue  Keen eye on quality in both client acceptance and reacceptance 	<ul style="list-style-type: none">  Negative results from internal or external inspections  Restatements of accounts due to error  Inadequate consultation  Non-compliance with client acceptance/reacceptance process  Repeat findings or other pervasive issues  Failure to archive one or more engagements within the time prescribed by the Firm's policy

GTIL Global Quality Framework

GTIL has established the Global Quality Framework, which is an overarching standard that applies to all the GTIL member firms. It sets common quality standards and is a permanent reference point setting the expectations of member firms to deliver services to agreed quality standards.

GTIL provides support and resources to help maintain quality, including:

- An audit methodology, with supporting software, that is used globally,
- Policies and procedures contained in audit manuals that are benchmarked against international auditing, quality control, independence and ethics standards,
- Protocols that enable member firms to consult with the global auditing standards team and, if necessary, with audit specialists in other member firms,
- Protocols that enable member firms to consult with an International Financial Reporting Standards help desk, and
- A comprehensive intranet service that includes up-to-date information for member firms on auditing, financial reporting, ethics and independence standards, and guidance on applying them effectively.

Every year, GTIL makes significant investments in education and training, covering items such as:

- Quality monitoring,
- Group audits,
- Auditing revenue,
- Auditing estimates,
- Analytical procedures and internal control over financial reporting,
- Audit innovation,
- Enhancing supporting audit tools,
- Informing on current audit and accounting issues.

In line with Grant Thornton’s global strategy - Go Beyond, that envisions to be “the most valued network in the profession” by 2025, GTIL has been delivering on several quality related initiatives. Some of these initiatives include:

- **Network quality monitoring:** The Grant Thornton Assessment and Review (GTAR) is a network quality monitoring programme designed to assess the system of quality control in member firms, by conducting a review of engagements and firm-wide procedures across audit, tax and advisory.
- **Client acceptance controls:** A network committee evaluates high-risk engagements to help safeguard the brand and reputation.
- **Regulatory liaison:** Leading engagement with global regulatory bodies, including the International Forum of Independent Audit Regulators (IFIAR) and the Committee of European Auditing Oversight Bodies (CEAOB).
- **International Standard on Quality Management (ISQM) 1:** GTIL has appointed a global project leader to support ISQM 1 implementation across the network and track progress.

GTIL Global Assurance Quality Steering Committee

GTIL has a Global Assurance Quality Steering Committee comprise of representatives from member firms, including the U.S., that drives quality initiatives throughout the network. Examples of projects include:

- Preparing the network for implementation of ISQM 1,
- Policy, guidance and tools for each member firm to perform root-cause analysis,
- International accreditation policy,
- Audit Quality Recognition framework, and
- Whistleblowing policy.



Quality Monitoring

At GTM, audit quality means being consistent in the execution of requirements and professional standards. Our employees are required to deliver professional services that complies with the fundamental principles of professional ethics.

Our quality and standards are upheld by various monitoring methods such as internal inspections of assurance engagements and inspections of our system of quality control by various regulators.

Internal Quality Control Review (Cold Review)

The Internal Quality Control Reviews (IQCR) is an annual process to assess the quality of completed audit works and its compliance with the Firm's quality and risk management framework. Audit engagement partners are generally selected for a review on a two-year rotation basis. The review teams comprise of experienced Partners, Principals and Managers from our Quality Control and Monitoring Team.

The Firm's IQCR program review individual engagements and assesses firm policies and procedures, whether professional standard and regulatory and legal requirements are adhered to and quality control system has been appropriately designed and effectively implemented. All findings will be included in the Root Cause Analysis to form part of the audit quality action plan. The review of the findings together with improvement suggestions will be communicated to the Head of Assurance and Country Managing Partner. The Head of Quality Control and Monitoring communicates the findings to the entire Audit team through our internal training.

Quality Control Review (Hot Review)

The Firm has initiated a Quality Control Review Framework in the beginning of year 2021 as part of our efforts to improve the audit quality. This is a risk-based approach framework, whereby the Quality Control and Monitoring Team will assess and evaluate the audit risks of each PIE audit and select the relevant audit documentations for review before the audit report is signed and issued. The review mainly involves evaluating the sufficiency and appropriateness of audit evidence obtained, judgements made in the audit procedures and conclusions given to reduce audit risk and to ensure that the auditor's opinion is appropriate.

The Quality Control and Monitoring Team is overseen by the Head of Quality Control and Monitoring.

External Inspections



We maintain an open and constructive relationship with our reviewers and regulators. We believe the in-depth assessment on our Firm's quality control system and individual engagements gives us opportunities to continue to improve our quality.

Grant Thornton Assessment and Review (GTAR)

The GTAR inspection is part of GTIL's overall quality assurance monitoring procedures, and under this programme our Firm will be reviewed once in every three years. GTARs are conducted in accordance with the procedures developed by GTIL and covers audit, tax, and advisory services.

The GTAR inspection ensures that our Firm is meeting the profession's evolving standards with the quality and ethical values that stakeholders expect from Grant Thornton. GTARs include a review of our policies and procedures applicable to our practice in effect as of the specified date; a review of selected engagements conducted during the specified period; and a series of interviews of partners and staff on various matters as of the date of their inspection.

The review performed is also to ensure that our Firm's system of quality control provides reasonable assurance of:

- (a) performing and reporting in conformity with applicable professional standards in all material respects and
- (b) complying with GTIL's policies and procedures in all material respects.

At the end of the review, GTIL expresses an opinion on the design of the system of quality control as well as the Firm's compliance with its system of quality control and GTIL's policies and procedures, along with a description of any systematic significant deficiencies or material weaknesses that have been identified. Timely remediation plan shall be submitted from our Firm to ensure that the items that were identified during the review is rectified immediately.

Our last inspection was done on audit services in 2020 virtually and is serving an on-going remediation action.

Malaysian Audit Oversight Board (AOB) Inspection

The Malaysian Audit Oversight Board (AOB) is established under Part IIIA of the Securities Commission Act Malaysia 1993 (SCMA) which came into force on 1 April 2010 to promote and develop an effective audit oversight framework and to promote confidence in the quality and reliability of audited financial statements in Malaysia.

The AOB inspection is carried out at the Firm and engagement review level. Firm review focuses on the review of our Firm's quality control systems and practices and the degree of compliance with the requirement of the ISQC 1 while an engagement review aims to assess the degree of compliance with auditing and ethical standards of our audit engagement.

The last inspection was done in 2021. Three engagement files were reviewed, one with no findings and the other two passes with improvement needed.

U.S. Public Company Accounting Oversight Board (PCAOB) Inspection

The PCAOB conducts periodic inspections of all registered public accounting firms, including GTM. The PCAOB's process focuses on our system of quality control and inspections of a sampling of the U.S. Securities and Exchange Commission issuer engagements. Inspection reports include two major parts. Part I is public and includes findings related to specific inspection engagements. Part II contains observations regarding a firm's overall quality control processes, including comments on thematic issues. Part II remains non-public unless the PCAOB deems the actions taken to address those observations were insufficient, in which case such aspects of Part II are made public.

Our first PCAOB public inspection was done in Year 2017 and we have completed the remediation action plan in Year 2019.

Root Cause Analysis (“RCA”) and Remediation Actions

RCA is a process for identifying the causes of problems or events to prevent them from recurring in future. It can be carried out when deficiencies have been identified to help direct remedial actions. It can also be carried out on positive events, such as a good quality file to determine what led to this event.

An integral part of the audit practice objective is to produce significant long term performance improvement through an effective RCA process. An RCA identifies the most probable causes of desired and undesired outcomes with the goal of formulating and implementing corrective actions to mitigate the undesired outcomes or promote the desired outcomes. This process must be performed on a continuous basis in order to maximise effectiveness.

An RCA should be carried out as soon as practically possible whenever a deficiency is identified in a completed assurance engagement or wider quality control system.

This should be applied during the following process:

- Internal Quality Control Review (IQCR) or equivalent
- Grant Thornton Assessment and Reviews (GTARs)
- External regulatory inspection of assurance engagements
- Restatements of client’s audited financial statements
- Any other situation the Firm deems necessary.

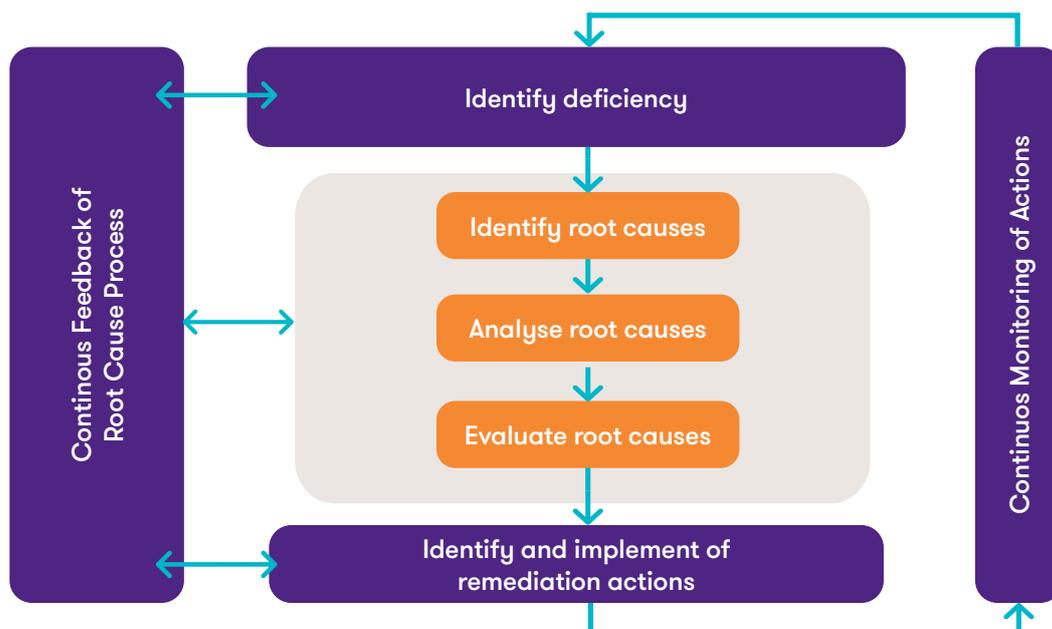
The RCA process should always be documented and this document should be retained in line with the Firm’s document retention policy.

Root causes should be identified by inspection teams or quality control personnel. They should be determined by someone independent of the engagement team to ensure the identification of root causes is objective and fair. The flowchart of the key steps in an RCA is as below.

Remediation Actions are designed based on the RCA, with the objectives to rectify the inspection findings and eliminate recurring findings. The Firm will communicate at least annually the results of the quality monitoring procedures to all levels of the auditors and during the audit management meeting. Information to be communicated include the following:

- A description of the inspections performed
- The conclusions drawn from the monitoring procedures
- Remedial Actions taken/to be taken to rectify the inspection findings

For IQCR performed, a copy of the completed IQCR report and remediation action plan will be uploaded to the GTIL IQCR SharePoint site.



Our Response to the COVID-19 pandemic **Our Team**

Audit quality remains as our top priority although the COVID-19 pandemic has brought new challenges and had forced us to rethink our approach to audit. During the reporting period, our offices across the country had been working remotely due to the lock down of the country. While we have responded quickly to ensure that we uphold our audit quality, we continue to safeguard the health and safety of our people.

Support from Grant Thornton International Ltd (GTIL)

The COVID-19 pandemic has changed the way we conduct our audit. From the early stages of the pandemic, the GTIL team had provided intensive support in the form of monthly calls to update member firms on the implications of COVID-19 pandemic and on the various technical and audit alerts with additional guidance on COVID related matters such as risk assessment and materiality, subsequent events, stock takes and many more to ensure a consistent approach to dealing with these challenges via the Grant Thornton Global COVID-19 Hub.

We have been leveraging on the cloud-based real-time data system to provide a seamless virtual working environment for our people. With the information technology collaboration tools such as MS Teams and Zoom, we were able to conduct regular web-based training sessions to our people to alert them on the potential areas affected by COVID-19 pandemic. In addition, recordings and other e-learning modules were utilised to supplement and enhance our training offerings. We also issued guidance on areas where we had to use new technologies to obtain audit evidence e.g. performing stock counts remotely, remote review of other auditors' working paper and communications with clients due to the restriction on travelling.

In addition, our people are also reminded to exercise professional scepticism and judgement in assessing the quality of the audit evidence obtained. Further, they are encouraged to seek consultation from our technical specialist within our Firm to discuss matters encountered during their audits.



Risk Management Practices

Independence

Our auditors are well aware that everyone has to be independent in mind and in appearance during their course of employment with GTM. In fact, independence sets the foundation for us to exercise professional scepticism and make objective conclusions without being affected by influences that could compromise our professional judgment. Our independence policy is in compliance with the Code of Ethics for Professional Accountants of the IESBA and ISQC 1. Our Firm monitors auditor's independence through the followings:

- New joiner confirmation
- Annual confirmation
- Global Independence System
- Global Restricted List and Global Conflict List
- Training
- Partner rotation
- Ethics hotline

New Joiner Confirmation

New joiners including partners are required to sign a new joiner confirmation upon joining the Firm to confirm that they understood and will comply with the Firm's policies and procedures. In addition, auditors are required to confirm that they do not hold any financial interest from our Global Restricted List.

For new partners and managers, they are required to report all of their investment portfolios in the Global Independence System managed by GTIL within 30 days upon joining the Firm.

Annual Confirmation

GTM's auditors and partners are required to sign an annual confirmation that declares that they are free from prohibited financial interest in, and financial relationship with GTM's audit and assurance clients. Should there be any potential independence issues identified, the Head of Assurance and Managing Partner will be notified and appropriate safeguards will be implemented by the Firm in accordance with the IESBA code.

Global Independence System (GIS)

Management personnel in GTM including their spouses, spousal equivalents and dependants are required to maintain records of their financial interest through Global Independence System (GIS), an automated tracking system that identifies restricted entities (issuers of publicly traded securities in which financial interests are prohibited or restricted). This information is made available to all personnel in all member firms.

The GIS monitors compliance with the financial interest policies by comparing financial interests recorded in the system with a regularly updated list of restricted entities. Individuals and those responsible for compliance monitoring are notified by the system in the event a recorded financial interest is in a restricted entity. Should a prohibited financial interest is recorded in GIS system, the respective personnel is required to dispose of the respective financial interest immediately. Annual GIS Audit will be performed by the GIS Compliance Officer on rotation basis for our management personnel. Non-compliance will be consulted by the GIS Compliance Officer and our Head of Assurance and actions will be taken immediately to discharge the risk of independence.

Global Restricted List (GRL) and Global Conflict List (GCL)

Global Restricted List contains the names of publicly traded audit or review clients of GTIL member firms and/or the publicly traded related entities of such clients where independence is required.

Global Conflict List identifies circumstances where it is not permitted, or advisable, to offer services to certain entities that are not eligible to be on the GRL, for example, a close business relationship with a vendor that is significant to the member firm and many more.

All member firms including GTM are required to update its GRL and GCL into a web system managed by GTIL monthly. GTIL personnel will then publish a consolidated GRL and GCL in an intranet called GT Connect web page. Additionally, a GIS compliance officer will send out an email with the latest GRL monthly as a reminder to all GTM staff on the prohibition of holding any financial interests in the companies that are included in the GRL.

Independence Training

Independence training is given to all the new joiners on the first day of joining the Firm and it will be deliberated annually during our annual internal training.

If in an unlikely event that any partners or employees are aware of any independence breach, they should report to the Risk Management Committee immediately.

Long Association of Personnel (including Partner Rotation) with an Audit Client

GTM adopts the transitional provision guidelines of the Malaysian Institute of Accountants (MIA) in adopting the provisions of the Long Association of Personnel (including Partner Rotation) with an Audit Client under section 540 of MIA By-Laws (on Professional Ethics, Conduct and Practice). The requirements generally place limit on the number of consecutive years that partners in certain roles may provide services to a client, followed by a 'cooling off' period to reduce familiarity threat.

We continually track and monitor movements in our rotation requirement on our public interest entities, initial public offering clients and other high risk engagements requiring rotation through maintaining a list of key audit personnel.

Ethics Hotline

At GTM, we are committed to deliver our services with high standards of ethics, integrity, objectivity, professional competence and due care, confidentiality and professional behavior. As part of our commitment to ethics and compliance, complaint on our intranet site via email or call on a confidential basis is available to ensure that both our Firm professionals and our clients can seek clarification and help or to report a potential ethics and compliance violation.

Communication with Those Charged with Governance

Another key element in our independence and ethical practices includes communications with audit committees and those charged with governance (collectively, TCWG). For each audit client, our engagement teams communicate with TCWG to discuss matters that may reasonably bear on the Firm's independence and the execution of the audit engagement. At the end of each audit, the engagement team reviews with TCWG the results of the audit. All non-audit services proposed to our audit clients are pre-approved by the respective audit partner to ensure the independence and the objectivity of the Firm, potential ethics and compliance violation.

Client Acceptance and Continuance Including Relationship Checking

As discussed in the Quality Control System, the Firm's client acceptance and reacceptance policies and procedures are foundational to our system of quality control and are designed to ensure acceptance and retention of clients that share Grant Thornton's values of quality and integrity. Audit Partners and Risk Management Committee actively participate in and approve the acceptance of every new client.

GTIL policy requires member firms and professional personnel from all service lines to maintain their objectivity when delivering services to clients. To avoid conflicts of interest and threats to independence arising from the provision of non-audit services to audit clients or their affiliates, the identification of any existing client relationships prior to accepting an assignment is essential.

Policies and procedures are implemented at the member firm and global levels include processes designed to identify existing relationships. These processes also include requirements for appropriate consultation when relationships are identified prior to accepting new assignments.



Compliance with Relevant Law and Regulations

GTM considers compliance with applicable laws, industry regulations and codes to be an integral part of doing business. Rigorous policy statements, procedures, controls and our Assurance Quality Control Manual foster compliance with all applicable regulatory requirements. Our partners and staff are dedicated to implementing, monitoring and maintaining an operationally effective control environment across all service lines.

Anti-bribery policy

GTM personnel are prohibited to receive any gifts or hospitality from the audit and assurance clients unless the value is immaterial (which is below RM 500) and is deemed not to improperly influence the decision or behaviour of the audit team member or the Firm.

The Firm prohibits partners and staff from giving or accepting a bribe, facilitation payment, kickback or other improper payment for any reason with clients and potential clients, consultants, contractors, suppliers, government officials and any other entity in which the partners and staff has dealings with. A facilitation payment is a payment demanded to secure or expedite routine action or delivery of services to which the individual or enterprise is entitled. A kickback is the giving or accepting of money, gifts, or anything of value that is provided in return for favorable treatment and includes improper political or charitable contributions and sponsorships that are made as a subterfuge for bribery.

Anti-money laundering

When indications of money laundering exist, the Firm will not enter into any business relationship with the client, its' principal owners, key decision makers, related parties and those charged with its governance.

The Firm requires audit partners and staff to immediately report transactions believed to be suspicious to the Risk Management Committee.

Recruitment and Retention of Talent

The people of Grant Thornton are essential to our Firm's ability to deliver best-in-class services. In addition to measuring and compensating for performance, our talent management program identifies our Firm's future leaders and helps our people achieve their highest career aspirations. We recruit new talent aggressively, provide continuous training and learning opportunities, and support our people with the experiences and environment to maximize the efficiency and reliability of our services. Role expectations and career opportunities are published for all levels to help employees and partners better understand the requirements of their positions.

Cybersecurity

One of the most significant risks facing the profession is the risk of a cybersecurity breach. GTIL has implemented an ongoing global cybersecurity programme to mitigate the network's exposure to cybersecurity threats through an integrated legal, risk, and technology approach. Minimum cybersecurity standards must be met by all member firms; annual compliance self-assessments are validated with periodic, risk-based third-party reviews.

The network's global monitoring programme also utilises a third-party security ratings service to identify real-time changes in public security vulnerabilities. Member firms are also required to share real-time information regarding cybersecurity incidents which affect more than one member firm, which helps to mitigate the risk of an attack on the wider network. Finally, incident response is key to preparedness and all firms are required to have incident response plans in place and test their plans regularly. GTM has secured cybersecurity insurance to obtain rapid support in the event of an incident which exceeds the capability of a firm's existing resources. Our first GTIL Cybersecurity Control Compliance Review was done by GTIL in 2020 virtually and we were awarded Grade A in accordance with the compliance review policies.

Crisis Management

Given today's age of connectivity and technology and the recent COVID-19 pandemic, situations can rapidly develop into 'crises', with cross-border implications. As such, GTM has adopted the Crisis Management Policy imposed by GTIL to have a common approach for identifying such situations and responding to them. The crisis management policy imposes certain obligations on our Firm to support the mitigation of risk associated with dealing with a crisis in our home country.

Our crisis management team are made up of the ExCo members with significant experience in handling emergency situations. Included in our policy are examples situation of crisis and the implications to the Firm. Should any of the situations occur, ExCo members will immediately convene to identify the action plans.



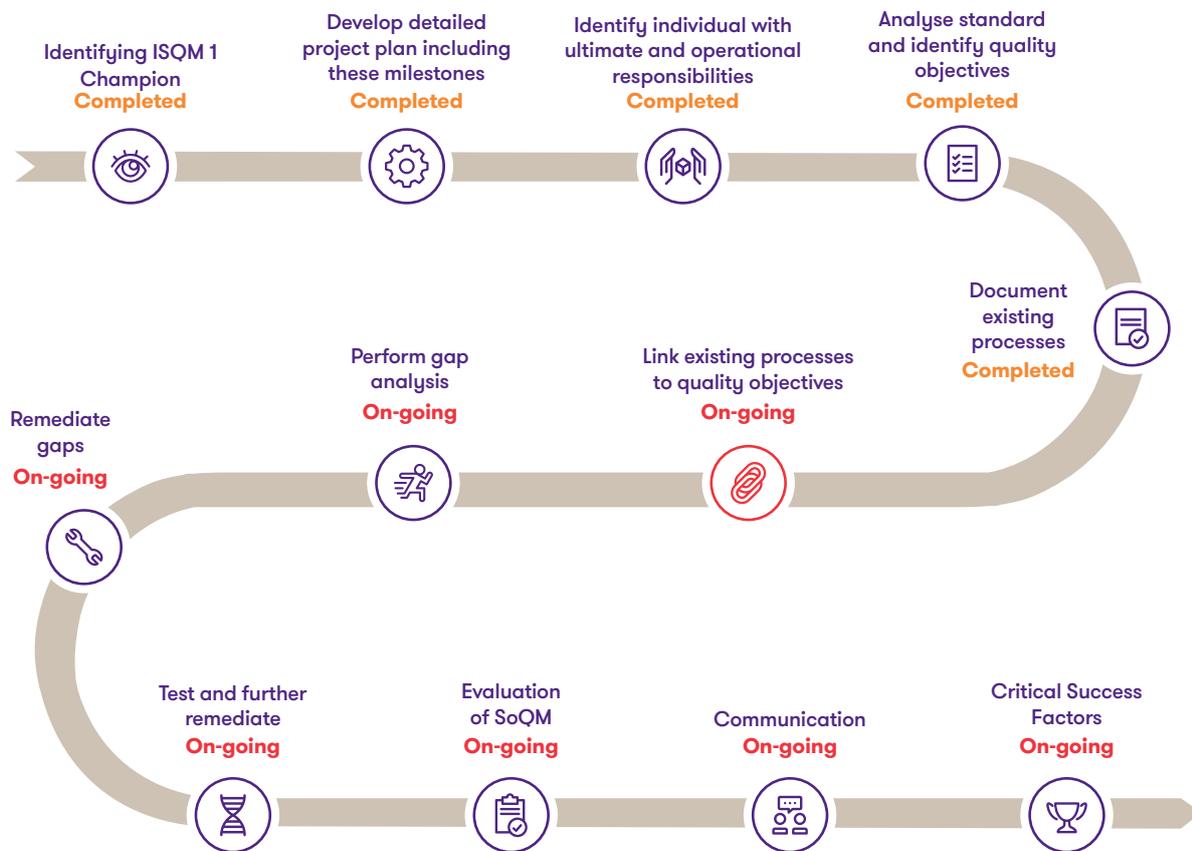
Top 4 Accounting & Professional Services of Most Attractive Graduate Employer to Work For In 2021

International Standard on Quality Management (ISQM) 1 Updates

Our Firm is currently strengthening our system of quality to be in compliance with the new quality management standard, ISQM 1 which was approved by the International Auditing and Assurance Standards Board (IAASB) in September 2020 and will be effective on 15 December 2022.

ISQM 1 requires our Firm to customise the design, implement and operate a system of quality management based on the nature and circumstances of our Firm and the engagement we perform to ensure we achieve consistent engagement quality.

GTIL has set up ISQM 1 readiness hub and regional working groups to support all the member firms across the globe. Detailed project plan with timelines were given to our Firm to ensure seamless adoption of the standard; this includes the following tasks and the progress as at 31 December 2021 is disclosed as below:



Link existing processes to quality objectives

- We identify firm risks based on the nature and circumstances of our Firm.
- These identified risks will be reviewed on an on-going basis in which, new risks are added from time to time, if needed.
- After identifying the quality risks, an assessment which involves a more detailed consideration of the degree to which a risk, individually, or in combination with other risks may adversely affect the achievement of the quality objective and the possibility of occurrence is performed.
- The risk level (based on a 3 by 3 risk matrix methodology) is determined based on the possibility of occurrence and the severity of the effect on the achievement of one or more quality objectives.
- After that, we design and implement responses to address the identified risks.
- We also evaluate whether the residual risk after the responses have been implemented is acceptable or not, if not, additional responses shall be identified to ensure the risk is reduced to an acceptable level.

Additional Information

Our Audit Partners as at 31 December 2021



Dato' NK Jasani
Country Managing Partner



Hooi Kok Mun
Senior Partner
National Audit Practice Leader
Kuala Lumpur



Desmond Tan
Senior Partner
Head of China Business Practice
Kuala Lumpur



John Lau
Managing Partner
Penang



Wong Wen Tak
Managing Partner
Johor Bahru



Kho Kim Eng
Partner
Kuala Lumpur



Lian Tian Kwee
Partner
Kuala Lumpur



Foo Lee Meng
Partner
Kuala Lumpur



Lui Lee Ping
Partner
Kuala Lumpur



Lim Soo Sim
Partner
Kuala Lumpur



Kishan Jasani
Partner
Kuala Lumpur



Antony Leong
Partner
Kuala Lumpur



Silvia Tan
Partner
Kuala Lumpur



Terence Lau
Partner
Penang



Mohd Heizrin Sukiman
Partner
Johor Bahru



Loo Wei Teng
Partner
Penang



Lim Chooi Ling
Partner
Kuala Lumpur



Lee Sheau Wei
Partner
Kuala Lumpur

Participation in Professional Organisations as at 31 December 2021

Dato' NK Jasani Country Managing Partner	<ul style="list-style-type: none"> Involved in a number of the key Committees Former Vice President of the Malaysian Institute of Accountants (MIA) from 2017-2018 Advisor and the Founder Chairman of the Institute of Chartered Accountants in England and Wales (ICAEW) Malaysia
Seah Siew Yun National Tax Practice Leader	<ul style="list-style-type: none"> Former President of the Chartered Tax Institute of Malaysia (CTIM) 2017-2019
Mr Hooi Kok Mun National Audit Practice Leader	<ul style="list-style-type: none"> Member of the Association of Chartered Certified Accountants (ACCA) Malaysia Advisory Committee Member of the Audit License Interview Panel representing the Malaysian Institute of Accountants (MIA) Former member of Audit and Assurance Standards Board and Issue Committee of the Malaysian Accounting Standards Board
Mr Desmond Tan Senior Partner	<ul style="list-style-type: none"> Deputy Chairman of the Malaysian Institute of Certified Public Accountants (MICPA)'s Membership Affairs Committee Council Member of the Malaysian Institute of Certified Public Accountants (MICPA) Member of the Malaysian Institute of Certified Public Accountants (MICPA)'s Public Practice Committee Member of the Malaysian Institute of Certified Public Accountants (MICPA)'s Financial Statement Review Committee
Mr Wong Wen Tak Managing Partner, Johor	<ul style="list-style-type: none"> Member of the Malaysian Institute of Accountants (MIA)'s Johor Regional Committee Member of the Malaysian Institute of Accountants (MIA)'s Young Professionals Working Group
Mr Alan Chung Senior Executive Director	<ul style="list-style-type: none"> Council Member of the Chartered Tax Institute of Malaysia (CTIM) Divisional Councillor for CPA Australia's Malaysian Divisional Council Chairperson of the Chartered Tax Institute of Malaysia (CTIM)'s Editorial Committee Member of the Chartered Tax Institute of Malaysia (CTIM)'s Technical Committee-Indirect Taxation Member of the Chartered Tax Institute of Malaysia (CTIM)'s Technical Committee Direct Taxation (II) Member of the Chartered Tax Institute of Malaysia (CTIM)'s Membership Committee Chairperson of CPA Australia's Malaysian Division Council's Tax Committee
Mr Daniel Woo Senior Executive Director	<ul style="list-style-type: none"> Member of the Examination & Education Committee of the Chartered Tax Institute of Malaysia (CTIM) Chief Examiner and Examiner for the Advanced Taxation Paper of the Chartered Tax Institute of Malaysia (CTIM) professional final-level examination Member of the Chartered Tax Institute of Malaysia (CTIM)'s Technical Committee-Direct Taxation
Mr Chow Chee Yen Senior Executive Director	<ul style="list-style-type: none"> Deputy President of the Chartered Tax Institute of Malaysia (CTIM) Chairman of the Continuing Professional Development Committee of the Chartered Tax Institute Malaysia (CTIM) Member of the Chartered Tax Institute of Malaysia (CTIM)'s Technical Committee-Direct Taxation
Dr. Jim Lai Senior Executive Director	<ul style="list-style-type: none"> Member of the Malaysian Institute of Accountants (MIA)'s Valuation Committee
Mr Kho Kim Eng Partner	<ul style="list-style-type: none"> Member of the Malaysian Institute of Accountants (MIA)'s Auditing and Assurance Standards Board Former member of the Malaysian Institute of Accountants (MIA)'s Financial Reporting Standards Implementation Committee (FRSIC)
Mr Kishan Jasani Partner	<ul style="list-style-type: none"> Vice Chairman of the Institute of Chartered Accountants in England and Wales (ICAEW) Members Society Malaysia Member of the Malaysian Institute of Accountants (MIA)'s Capital Markets Advisory Committee
Ms Silvia Tan Partner	<ul style="list-style-type: none"> Member of the Malaysian Institute of Accountants (MIA)'s Financial Statement Review Committee (FSRC) Member of the Malaysian Institute of Certified Public Accountants (MICPA)'s Sustainability and Integrated Reporting Task Force Member of the Malaysian Institute of Certified Public Accountants (MICPA)'s Audit Guide for Practitioners and Illustrative Audit Working Papers Task Force
Mr Alex Kingsley Chua Director	<ul style="list-style-type: none"> Certified Practising Accountants Australia (CPA) Young Professional Advisor Committee



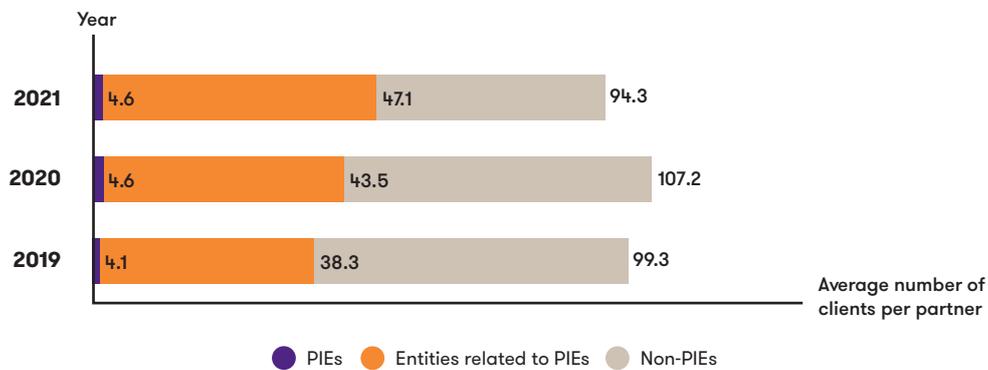
List of PIE Clients as at 31 December 2021

No.	Entity Name	No.	Entity Name
1.	ACME Holdings Berhad	42.	Mestron Holdings Berhad
2.	Aemulus Holdings Berhad	43.	MMAG Holdings Berhad
3.	Astral Asia Berhad	44.	MTAG Group Berhad
4.	ATTA Global Group Berhad	45.	Muda Holdings Berhad
5.	Aurelius Technologies Berhad	46.	myNEWS Holdings Berhad
6.	AYS Ventures Berhad	47.	OCB Berhad
7.	Baba Eco Group Berhad	48.	Pantech Group Holdings Berhad
8.	BV Land Holdings Berhad	49.	Parkson Holdings
9.	CAB Cakaran Corporation Berhad	50.	PBA Holdings Bhd
10.	Chin Well Holdings Berhad	51.	Pasdec Holdings Berhad
11.	Compugates Holdings Berhad	52.	Pekati Group Berhad
12.	Dancomech Holdings Berhad	53.	Pentamaster Corporation Berhad
13.	Diversified Gateway Solutions Berhad	54.	Pestech International Berhad
14.	D'nonce Technology Bhd	55.	Peterlabs Holdings Berhad
15.	Dynaciate Group Berhad	56.	Pinehill Pacific Berhad
16.	Enest Group Berhad	57.	PLB Engineering Berhad
17.	Eng Kah Corporation Berhad	58.	Prolexus Berhad
18.	Eurospan Holdings Berhad	59.	Public Packages Holdings Berhad
19.	Flexidynamic Holdings Berhad	60.	Puncak Niaga Holdings Berhad
20.	G3 Global Berhad	61.	PWF Corporation Berhad
21.	George Kent Malaysia Berhad	62.	Rohas Tecnic Berhad
22.	GIIB Holdings Berhad	63.	Saudee Group Berhad
23.	Grand Central Enterprises Bhd	64.	SCGM Bhd
24.	Greenyeld Berhad	65.	Scope Industries Berhad
25.	Harn Len Corporation Berhad	66.	Seal Incorporated Berhad
26.	Heng Huat Resources Group Berhad	67.	Sealink International Berhad
27.	Hong Seng Consolidated Berhad	68.	Sentoria Group Berhad
28.	Inari Amertron Berhad	69.	Sunzen Biotech Berhad
29.	Insas Berhad	70.	T7 Global Berhad
30.	Ipmuda Berhad	71.	TCS Group Holdings Berhad
31.	Jerasia Capital Berhad	72.	Techbond Group Berhad
32.	JHM Consolidation Berhad	73.	Tex Cycle Technology (M) Berhad
33.	KPS Consortium Berhad	74.	Topvision Eye Specialist Berhad
34.	Kumpulan H&L High-Tech Berhad	75.	Transocean Holdings Bhd
35.	Lotus KFM Berhad	76.	UOA Development Berhad
36.	Luster Industries Bhd	77.	UOA Real Estate Investment Trust
37.	Macpie Berhad	78.	Versatile Creative Berhad
38.	Magni-Tech Industries Berhad	79.	Widad Group Berhad
39.	Maxim Global Berhad	80.	Widotech (Malaysia) Berhad
40.	McClean Technologies Berhad	81.	YB Ventures Berhad
41.	Mercury Industries Berhad		

Statistics

Audit Partner Workload

Average number of clients per partner



All audit partners are well aware of their involvement to ensure audit quality of engagement is achieved. Significant decrease in average number of clients per partner for non-PIEs in 2021 is due to addition of one partner and lesser non-PIEs files. The Firm is monitoring the number of clients per partner to ensure that the workload of audit partners are within reasonable range.



Auditor Independence

Composition of fee income derived from audit clients



Other assurance services refer to work in relation to reverse take and Initial Public Offering and financial due diligence work and etc.

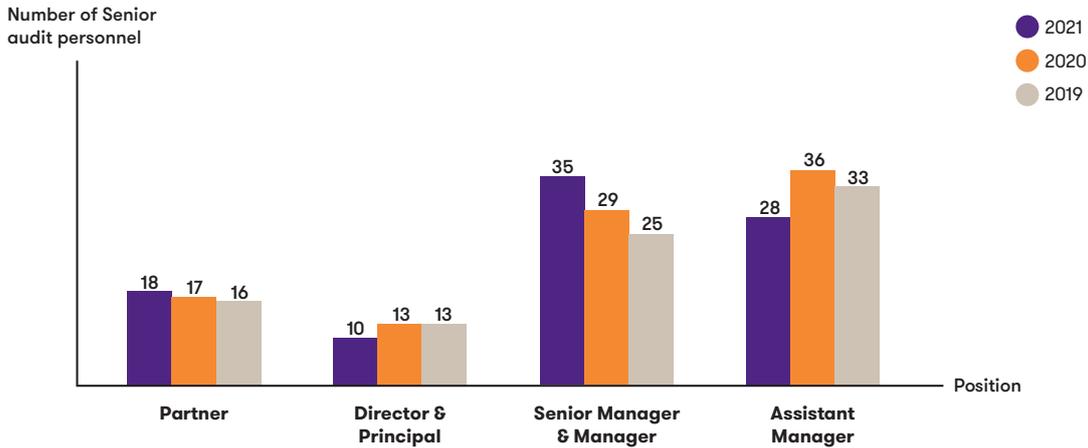
Composition of fee income between audit practice and non-audit practice



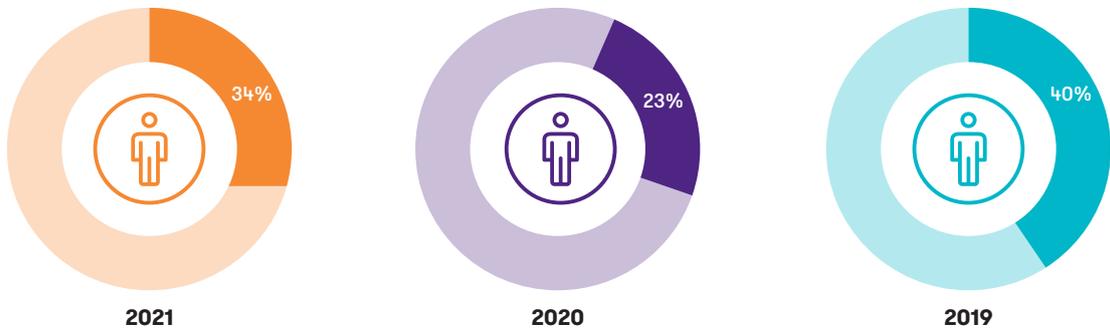
Fee income from statutory audit services continues to be the major contributor to the overall fee generated by the Firm for the past three years. The slight increase in non-audit services in year 2020 is mainly derived from advisory services. The Firm ensures that provision of such service does not impair our independence with adequate safeguards in place.

Capacity and Competence of the Audit Practice

Number of senior audit personnel



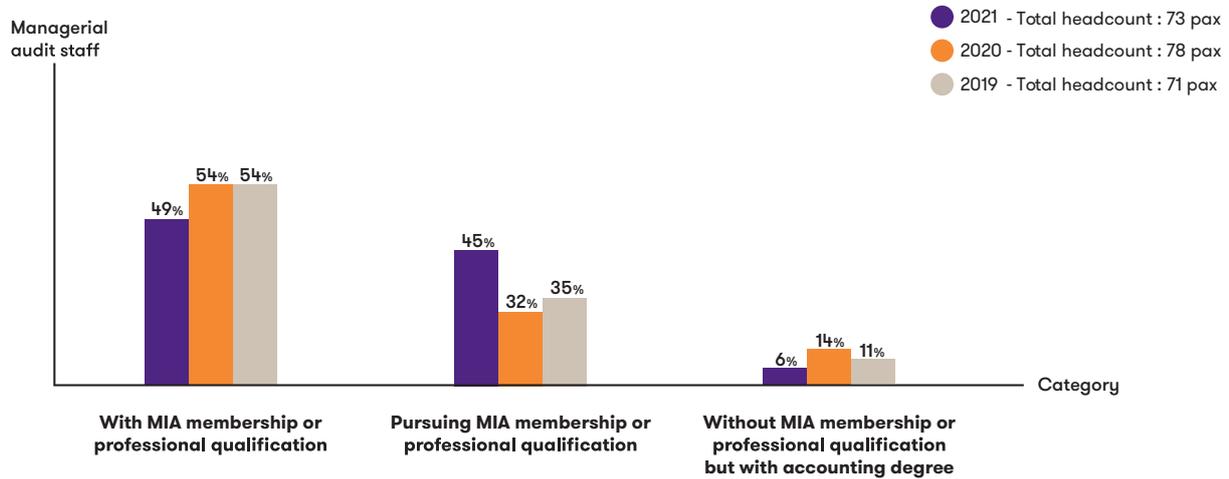
Turnover rate for audit personnel



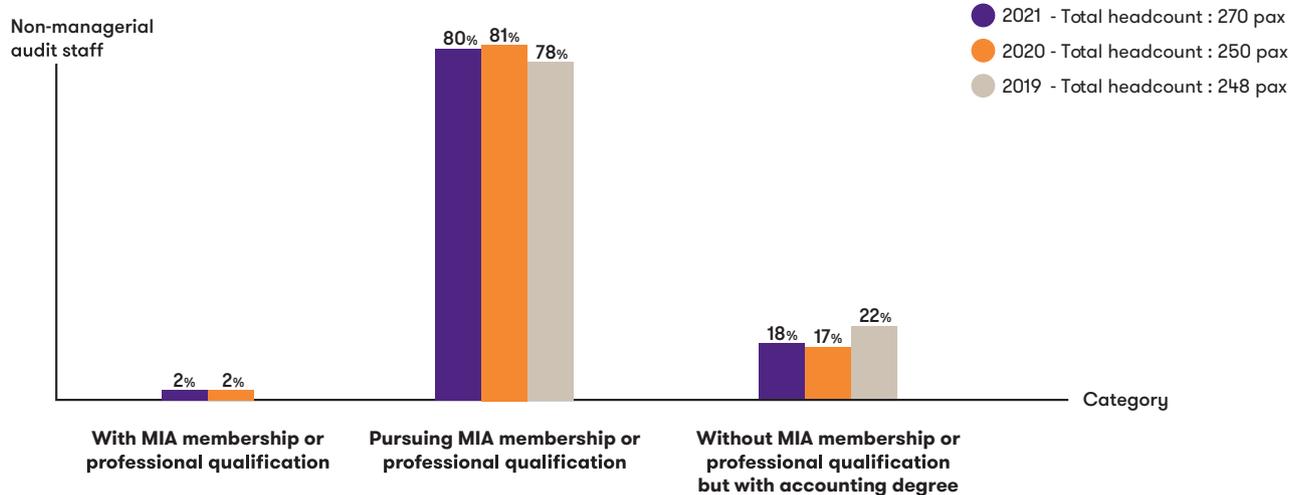
Turnover rate has decreased significantly in 2020 especially for Manager, Senior Associate and Associate levels through various efforts offered to retain our staff and also the impact of COVID-19. However, it has increased in 2021 due to recovery of economy and opening of borders. Nevertheless, the Firm has put in additional efforts to aid the staff retention, such as providing continuous training and learning opportunities, remuneration package, employee caring programme and etc.

Headcount and qualification of audit personnel

Managerial audit staff

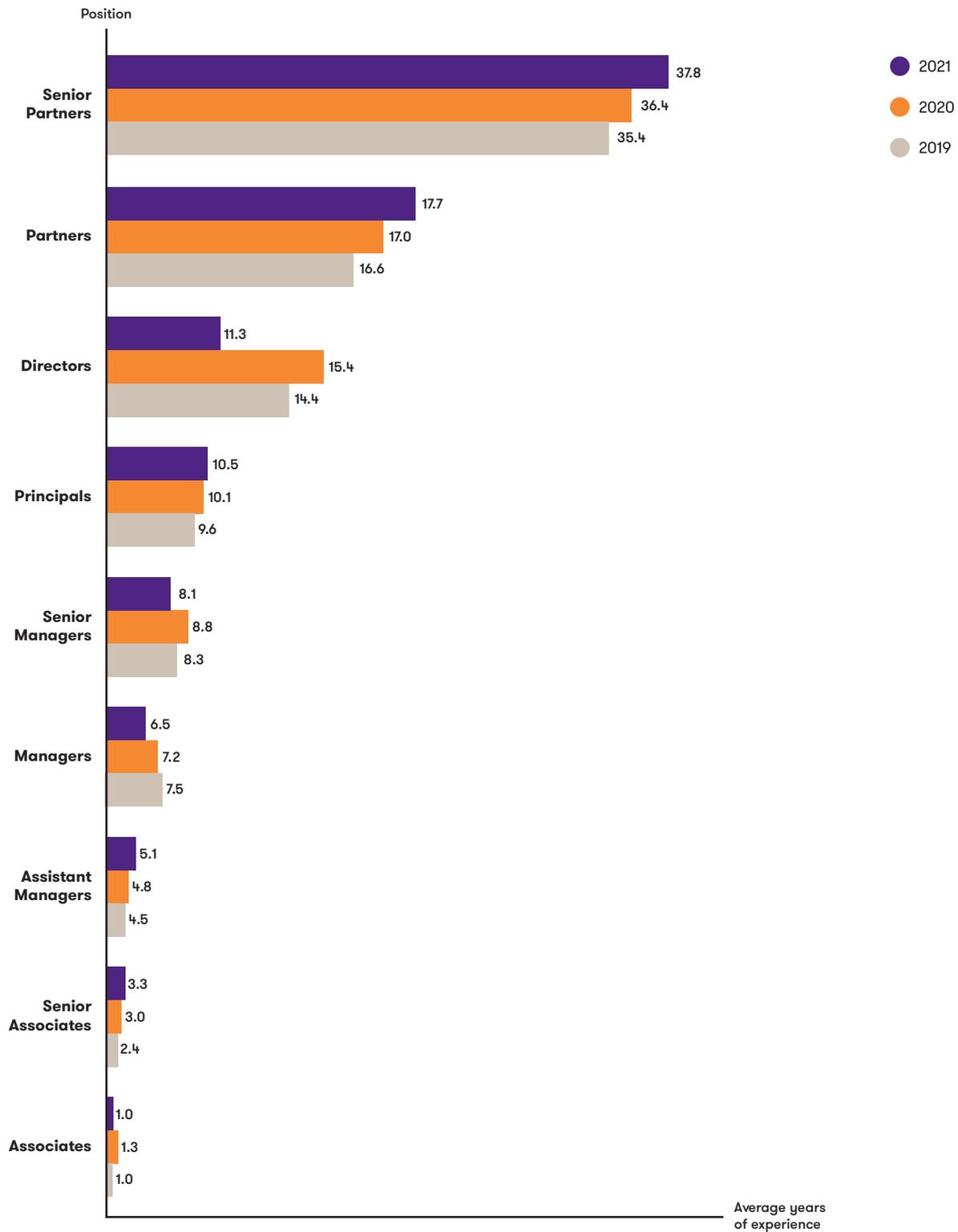


Non-managerial audit staff



Managerial staff includes all Assistant Managers, Managers, Senior Managers, Principals and Directors while non-managerial staff includes all Associates. The Firm encourages all our staff to pursue professional papers by offering training contracts, study and exam leave. Further to that, annual professional membership fee will be reimbursed to every qualified audit staff annually.

Average years of experience of audit partners and audit staff



Majority of the categories show an increase in average years of experience except for Directors, Senior Managers and Managers due to movement of staff.

Audit Engagement Supervision

Partner to staff ratio



Manager to staff ratio

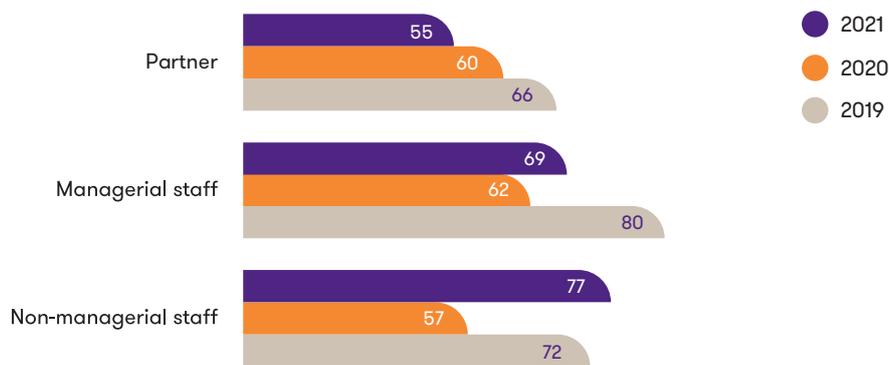


The slight decrease of the Partner to staff ratio is mainly due to the additional Partners for year 2020 and year 2021. Slight increase in Manager to Staff ratio in year 2021 is due to there is significant increase in the number of non-managerial staff. The Firm continues to maintain appropriate managerial supervision of our audit teams.



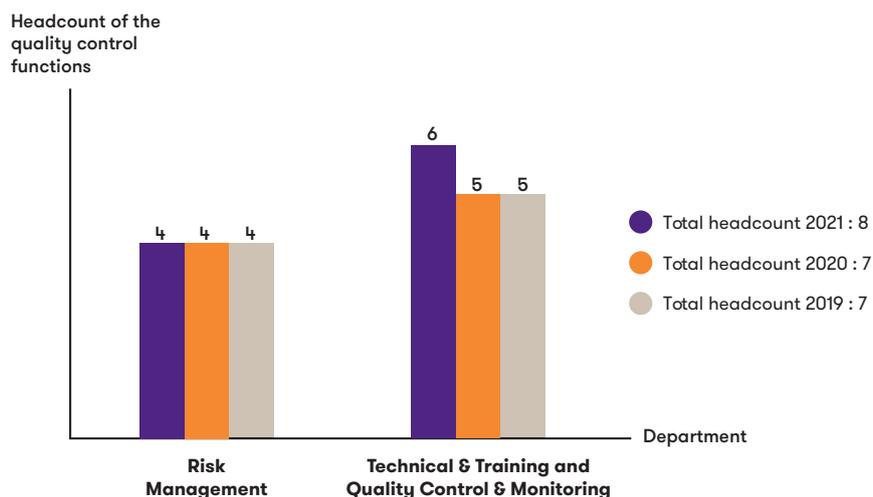
Audit Firm's Investment to Uphold Audit Quality

Average training hours attended by audit personnel



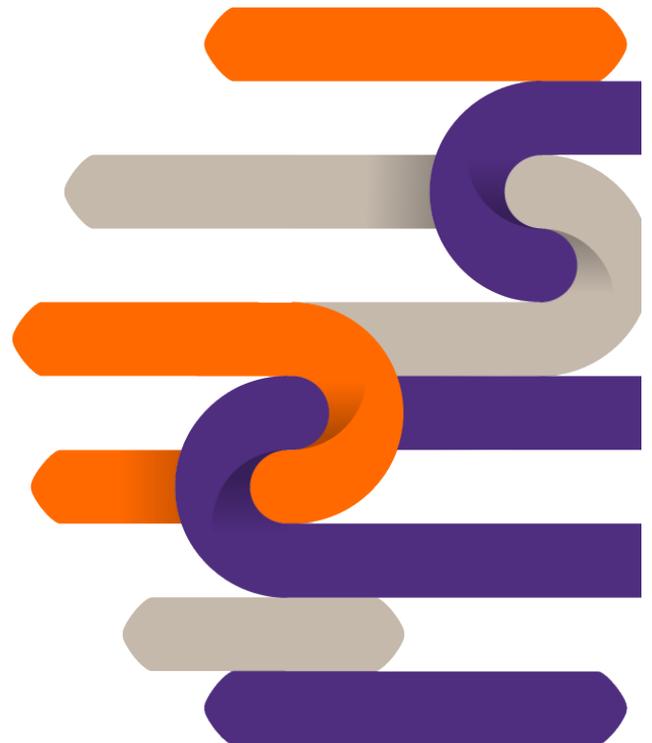
The Firm ensures that respective groups of staff receive sufficient training hours that fulfill the CPD requirements of a minimum of 40 hours per year, which includes important and relevant industry topics. The decreased in hours of structured training provided to each audit personnel is mainly due to the COVID-19 pandemic as all physical trainings are cancelled as a result of social distancing requirements and traveling restrictions, and we have worked to shorten the training hours of virtual trainings in order to ensure effectiveness of the virtual training. Significant increase in structured training for non-managerial staff in 2021 is consistent with the increased in number of new associates.

Headcount of Quality Control Functions



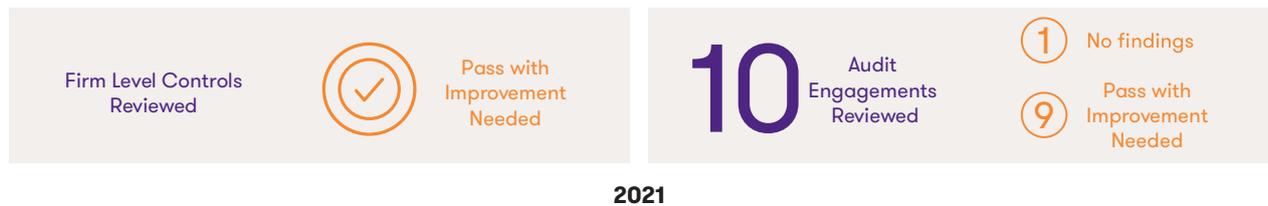
There are 8 (2020 and 2019 = 7) personnel who are involved in quality control functions of the Firm. The headcount is allocated to the various functions that comprises of risk management, technical and training (including quality assurance, technical consultation and etc) and quality control and monitoring and presented in the chart above based on the different level of involvements of the personnel. Two personnel were involved in both risk assessment and technical & training and quality control & monitoring functions while another two personnel have other roles outside their risk management role. The Firm continues to invest in our quality control functions to provide technical support to our audit engagement team.

Quality Control Staff to Audit Staff Ratio



Internal and External Monitoring Reviews

Results of monitoring reviews conducted by the Firm and external body



Results of monitoring reviews conducted by the Firm and under the GTAR



Results of monitoring review conducted by external body



It was concluded that the quality control system of Grant Thornton Malaysia has been suitably designed and implemented to provide reasonable assurance of conforming with applicable professional standards and GTIL's requirements in all material respects.

None of the findings of the internal and external monitoring reviews required any modifications to audit opinions or restatements of financial statements.

GTM's quality control and monitoring team have been analysing the root causes of inspection findings and these are the opportunities for greatest improvement:

- Increase focus on quality in the culture
- Better understanding of process for applying accounting and auditing standards
- Improved partner and manager oversight
- Investment in resources and/or improved allocation of resources
- Involve of auditor experts in the audit process
- Quality Control Review (Hot Review)

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