

ZHULIAN®

ZHULIAN CORPORATION BERHAD

Company No. 199701000031 (415527-P)

(Incorporated in Malaysia)

**NON-ASSURANCE SERVICES
PRE-APPROVAL POLICY**

INTRODUCTION

The Board and Audit Committee (“AC”) of Zhulian Corporation Berhad (“ZCB”) are committed to ensuring the independence of the external auditors both in substance as well as in form. Accordingly, the Board and AC have adopted the following pre-approval policy which sets forth procedures and conditions whereby permissible non-assurance services provided by the independent auditor will be pre-approved for the entities within the corporate structure of ZCB (see **Appendix A**).

1. PRE-APPROVAL POLICY**(a) Pre-approval policy of non-assurance services**

The Board through the AC has adopted the following procedure to pre-approve non-assurance services to be provided by the independent auditor.

Under this procedure, the AC pre-approves the list of non-assurance services in **Appendix B List of Pre-approved Services** that may be provided by the independent auditor without the need for the auditor to seek specific pre-approval from the AC. This **Appendix B List of Pre-approved Services** remains in effect until amended by the AC.

Unless a non-assurance service receives such general pre-approval, it will require specific pre-approval by the AC and the concurrence must be provided to the auditor before an engagement letter contracting the non-assurance service is signed.

(b) Delegation of Authority

The AC hereby delegates to the Chief Executive Officer (“CEO”) of the Board authority to grant approval of services that are not on the pre-approved list and need individual approval. The CEO shall report any pre-approval decisions to the AC at or prior to its next scheduled meeting.

(c) Validity of Pre-Approval

The term of any specific pre-approval is 12 months from the date of pre-approval, unless the AC approves a different period.

2. RESTRICTIONS ON DISCLOSURE OF INFORMATION REGARDING NON-ASSURANCE SERVICES**(a) Restrictions due to professional standards, laws or regulations**

The AC has not identified any professional standards, laws or regulations that would restrict the communication of information regarding non-assurance services to the AC by the independent auditor.

(b) Restrictions due to sensitive or confidential information

In some circumstance, the provision of information necessary for the AC to evaluate the impact on the auditor's independence from providing a proposed service may result in the disclosure of sensitive or confidential information. The AC can provide concurrence for providing the non-assurance service when:

- The auditor agrees with the AC on what information can be provided to the AC for making concurrence for such service.
- The auditor provides such information as it is able without breaching its legal or professional obligations.
- The auditor informs that the provision of the service will not create a threat to its independence, or that any identified threat is at an acceptable level or, if not, will be eliminated or reduced to an acceptable level; and
- The AC does not disagree with the auditor's conclusion above.

3. CONCURRENCE

Under this pre-approval policy, the AC understands that the provision of the non-assurance services listed in **Appendix B List of Pre-approved Services** by the auditor will not create a threat to the auditor's independence (or any such threat will be reduced to an acceptable level or the circumstance creating the threat will be eliminated by the auditor). Therefore, the independent auditor will not be required to obtain specific pre-approval for these services.

All other non-assurance services not covered by this general pre-approval policy will require communication from the independent auditor and individual concurrence from the AC regarding:

- the provision of the non-assurance service and
- the conclusion that the provision of the non-assurance service will not create a threat to the auditor's independence, or that any identified threat is at an acceptable level or, if not, will be eliminated, or reduced to an acceptable level.

The communication from the independent auditor should take place prior to the non-assurance services being provided.

All requests or applications for services to be provided by the independent auditor shall be communicated to Senior Finance Managers, ie Phuah Lay Theng or Loh Yee Sing in email and must include a detailed description of the services proposed to be rendered.

The abovementioned Senior Finance Managers will determine whether such services:

- (1) are included within **Appendix B List of Pre-approved Services** that have received the general pre-approval of the AC, or
- (2) require specific pre-approval by the CEO

The abovementioned Senior Finance Managers will determine whether such services can be approved and communicate the assessment and conclusion to CEO for pre-approval.

4. POLICY REVIEW

The AC will review this policy annually, or when a change occurs, for Board approval.

In addition, as the need arises, the independent auditor may submit to the AC a request to amend or add to the terms of this pre-approval policy or to update **Appendix B List of Pre-approved Services**.

Appendix A**Corporate structure**

Entities within the corporate structure that are covered by this Pre-approval Policy:

1. Public Interest Entity
 - Zhulian Corporation Berhad

2. Direct and Indirect Controlled Entities (Subsidiaries)
 - Zhulian Industries Sdn. Bhd.
 - Zhulian Jewellery Manufacturing Sdn. Bhd.
 - Beyond Products Technology Sdn. Bhd.
 - Zhulian Manufacturing Sdn. Bhd.
 - Amazing Vestrax Sdn. Bhd.
 - Zhulian Nutraceutical Sdn. Bhd.
 - Zhulian Management Sdn. Bhd.
 - Zhulian Azana Networks Sdn. Bhd.
 - Zhulian Printing Industries Sdn. Bhd.
 - Master Square Sdn. Bhd.
 - Coffee Mark Products Sdn. Bhd.
 - Diamond Inspiration Sdn. Bhd.
 - Dexassets Sdn. Bhd.
 - Zhulian Development Sdn. Bhd.
 - Beyond Natural Care Sdn. Bhd.
 - Zhulian Labuan Limited
 - Zhulian (Singapore) Pte. Ltd.
 - Zhulian International (Philippines) Inc.

3. Entities Having Significant Influence in Zhulian Corporation Berhad
 - Zhulian Holdings Sdn. Bhd.

Appendix B**List of Pre-Approved Non-Assurance Services**

The AC believes the independent auditor can provide the following list of services without impairing its independence and has pre-approved these services. All other services not listed in Appendix B must be specifically pre-approved by the AC.

Audit and assurance services are not subject to pre-approval requirement under the independence regulations of MIA By-Law & IESBA Code of Ethics. Accordingly, no separate pre-approval will be obtained.

Tax services

- Tax compliance including preparation of corporate tax returns and capital gains tax return for submission to the tax authorities.

- Dealing with the Tax Authority
 - Assisting with tax authority requests for additional information, analysis and/or Explanations in relation to a tax return.
 - Assisting with a tax examination by the tax authority.
 - Review of tax assessment notices / audit findings letters/ bill of demand issued by the tax authority.
 - Filing of administrative remedies against tax assessment notices/ audit findings letters/ bill of demand issued by the tax authority.

- Transfer pricing
 - Assisting to assess the impact of transfer pricing policies on overall tax position.
 - Analysing and document transactions between related parties.
 - Preparing global and local documentation (without using KPMG web-based transfer pricing platform).
 - Translating transfer pricing policies into transaction level prices, reconcile transfer pricing and customs requirements and automate transfer pricing calculations.

- Tax due diligence (buy-side and vendor initiated)
 - Typically covering group structure and tax history, compliance/tax audit status, tax risks identified, effective tax rate analysis, review of tax accruals, tax implications of the proposed transaction, etc.

- Prepare indirect tax returns for submission to the tax authorities.

- International Executive Services
 - Assist on development of tax efficient compensation and reward packages for international assignees.
 - Assist on employment compensation and benefit programs for international assignees.
 - Assist on the tax implications of global employment companies.
 - Preparing and filing of international assignee tax returns.
 - Immigration services including:
 - 1) Preparing and making visa and work permit applications.
 - 2) Advising on related immigration requirements.
 - 3) Serving as a liaison between the applicant and immigration departments.
- Conduct general educational training on tax related matters, rulings and guidelines.

All other services

- Agreed-upon procedures to comply with regulatory reporting matters.
- Agreed-upon procedures engagement to comply with regulatory reporting matters in accordance with International Standard on Related Services 4410 (Revised) Compilation Engagements
- Compilation engagement to compile financial statements in accordance with International Standard on Related Services 4400 (Revised) Agreed-Upon Procedures Engagements.
- Reporting accountant engagements in relation to corporate exercises.
- Provision of accounting advice and assistance:
 - Review and provide comments on technical accounting and reporting memos.
 - Conduct general educational training on new accounting standards or existing accounting standards.
 - Perform gap analysis of existing accounting policies and disclosures against leading practices or other resources.
 - Read and comment on existing documentation of accounting policies and accounting manuals.
 - Participate in discussions with client personnel on application of accounting standards to actual or proposed transactions and provide observations and recommendations.
 - Advise on industry and corporate governance requirements.
- Assessment – Gap analysis for internal use
 - Perform gap analysis or maturity assessment of the current state of a process, system, organizational structure, policy, controls over financial reporting etc. against leading practices or other resources (such as accounting or regulatory standard). Provide advice, observations and recommendations.
- Document current state
 - Assist in documenting the current state and/or changes made to processes, systems, organizational structure, policies, or internal control over financial reporting, after they have been implemented, on non-recurring basis.

- Transaction services – Buy side
 - Pre close due diligence.
 - Post close due diligence.
- Commercial due diligence (buy side)
 - Analysis of target’s projections/business plan by reference to historical evidence.
 - Report market and commercial issues which may affect the target and transaction.
- Market research and benchmarking
- Operational due diligence
- Sell side assist, including:
 - Pre-sale due diligence.
 - Establish and coordinate data room activities (limited to administrative tasks, does not include data room set up).
- Separation services including separation advice, separation program planning and execution.
- Integration due diligence, in connection with:
 - Pre-acquisition synergy and integration planning, post-acquisition integration planning, and operations advice, provided such work is unrelated to ZCB’s financial statements, accounting records and risk management controls.
- Word processing of financial statements:
 - Rolling forward prior year financial statements by removing the comparatives and moving the previous year’s current figures over to comparatives column and leaving blanks for the current year column.
 - Creating XBRL tagging to facilitate the filing of the local statutory financial statements after its issuance.
 - Taking client-prepared statutory financial statements, format and type them using a standard template.
- Translation of client’s financial statements from one language to another.