2022 TRANSPARENCY REPORT

For the year ended 31 December 2022

UHY

Passion Beyond Numbers

www.uhy.com.my

WHAT'S INSIDE? PAGES

"Passion Beyond Numbers :
As one of the leading firms in Malaysia, we believe that our passion for excellence in the work we do goes beyond numbers."

WHAT'S INSIDE? PAGES

FOREWORD FROM UHY Malaysia's Group Managing Partner

Thank you for your time and interest in joining us for this sequel to our inaugural transparency report published last year. 2022 was certainly an eventful year for UHY professionals as we sharpened our focus and commitment to audit quality. The year also saw the much-anticipated implementation of the International Standard(s) on Quality Management (ISQM) in December.

As a firm, we faced various challenges in 2022 even as we made progress in working with more sophisticated mid-cap Public Interest Entity (PIE) clients. The Firm successfully navigated through a year that saw us hit by the cumulative effects of a prolonged pandemic, unprecedented quandary of recruiting and retaining talents, rising expectations around transparency, accountability and stakeholders' engagement, while ensuring the delivery of high-quality audits.

While markets continue to recover from the pummelling of the pandemic, our assurance partners have been working hard to adapt their risk management assessments and audit strategies to the transitioning landscape, and optimistically, towards full market recovery. A sound and comprehensive audit strategy, developed at the audit planning stage, is ever more crucial in ensuring the audit of a PIE is executed with sufficient appropriate audit procedures and documentation. The involvement of Engagement Quality Reviewers, who are additional partners brought into engagements to independently provide objective evaluation of the significant judgments and conclusions the audit team makes, commence as early as the audit planning stage. They are also promptly consulted for concurrence prior to the conclusion of an engagement.

A core enabler of the Firm's quality management revolves around the upskilling and continuing professional development (CPD) regime to ensure our personnel are well informed and equipped with enhanced audit methodologies, latest updates of professional standards, regulatory and legal requirements. As technology continues to spur exciting innovation in the market, we remain steadfast as relevant professionals who persist in refining our methodologies in support of the technological ecosystem that our clients operate in.

With regard to Information Systems (IS) audit for instance, we have developed a strategic partnership with an accomplished IS audit and advisory firm to help enhance our IS audit methodology further, with an aim to groom our internal IS audit specialist by the end of 2024.

UHY Malaysia continues to play a leadership role in UHY International network activities at the regional level. With the support of UHY International and the UHY Membership Quality Working Group (MQWG), the Firm participated in spearheading the UHY ASEAN ISQM (UAI) Task Force. It comprised representatives from regional member firms with a mandate to develop common understanding of the new ISQM standards, share best practices, and identify potential challenges and responses towards its implementation.

Throughout the initiative, the Firm leveraged on my positions as the Regional Chair of UHY Asia Pacific and Board Member of UHY International, and coupled with the cohesiveness of member firms, we saw regional methodologies and best practices developed and shared across the ASEAN region.

Riding on the regional success around the ISQM initiative, we immediately embarked on championing a peer review grouping at the Asia Pacific level, geared towards the establishment of a quality management support mechanism for UHY member firms in the region. While UHY International has an extensive and well-established regime around monitoring quality, we believe the regional initiative would be a relevant and targeted complement to the network's mainstream quality management policies. Official activities of the UHY Asia Pacific Peer Review Working Group are expected to commence in the second quarter of 2023.

We are also pleased to include with this report our Audit Quality Indicators (AQI) for the year in review. Our team effort towards improving competence and capacity exhibit improvements in the areas of partners portfolio and human resources in the quality management function. However, we are mindful of the array of performance measures brought about by the AQIs as we seek to advance towards industry benchmarks by championing initiatives such as our enhanced talent management strategies, designed to drive a strong culture of quality and audit excellence.

> *"I would be much obliged if you were to join me on a brief appreciation of this Chinese proverb that reads:"*

「天道酬勤，厚德载物」

tiān dào chóu qín hòu dé zài wù

In brief, it translates to: "Heaven rewards those with virtues of diligence and ethics".

At UHY Malaysia, we are exceptionally blessed to be continually supported by our highly dedicated and diligent professionals at various levels of seniority as well as our growing base of alumni who venture to different parts of the world and sectors after their professional stint with UHY. To our Superstars who choose to stay put in the profession with UHY while rising to the occasion, your dedication shall certainly be rewarded all in good time.

Datuk Tee Guan Pian PJN
Group Managing Partner, UHY Malaysia

WHAT'S INSIDE?

UHY INTERNATIONAL

Established in 1986, UHY International is a network of legally independent accounting and consulting firms. UHY is the brand name for the UHY International network.

Internationally, UHY is represented at 343 major business centres in 99 countries around the world. With a team of over 9,411 people globally, we are ranked (by revenue) as the top 20 international accounting and consultancy network (data reported as of March 2022). UHY Malaysia's Group Managing Partner, Datuk Tee Guan Pian is an elected Board Member of UHY International.

> *"UHY is a member of the IFAC Forum of Firms, a prestigious initiative amongst the world's top accounting firms to promote consistent and high-quality standards of cross-border financial reporting and auditing practices worldwide, and the adoption of international auditing standards."*

99
COUNTRIES

343
BUSINESS CENTRES

9,411
PROFESSIONALS WITHIN OUR NETWORK

INTERNATIONAL NETWORK COLLABORATIONS

As part of the UHY International network, UHY Malaysia has been actively involved in various network activities in 2022. This included exchanging views with leaders of member firms from around the world and playing a leadership role in developing policies and materials for standards compliance in the ASEAN region. These endeavours reflect the value of working together within the UHY International network.

The Firm participated in the UHY Forum 2022 in Spain, gaining valuable insights and developing leadership and negotiation skills as a basis for achieving objectives through good team management. The Firm's leadership also joined the UHY Managing Partners Forum 2022 in Portugal and the UHY Annual Meeting 2022 in Netherlands, where they exchanged knowledge and expertise with other global leaders within the network.

The Managing Partners Forum focused on critical topics including firmwide strategic planning and developing sustainable competitive advantage, while the Annual Meeting centred around the theme of building success through innovation in a changing world.

The Firm has also been engaged in UHY network activities within our region. In June 2022, we participated in the UHY Asia Pacific Regional Meeting 2022, an annual gathering of regional counterparts to engage in discussions around the industry's emerging challenges and opportunities in the Asia Pacific region. The Firm played a pivotal role in establishing the UHY ASEAN ISQM (International Standard on Quality Management) Task Force, which led the development of guidance policy, implementation materials of ISQM, and ISQM-related training in the ASEAN region.

Our personnel also attended various UHY International-led technical training sessions throughout the year. Such training covered areas such as audit, tax and technology, that enable our talents to stay ahead of the curve in terms of industry knowledge and expertise. Senior team members of UHY Malaysia are also members of core quality management initiatives at the UHY International level, such as the UHY Membership Quality Working Group and the Audit Special Interest Group.

> *"Our active participation in various network initiatives reflects the Firm's commitment to promote high-quality standards of cross-border financial reporting and thus maintain the highest standards of audit quality for our clients."*

UHY IN MALAYSIA

UHY in Malaysia is a member of Urbach Hacker Young International Limited, and forms part of the international UHY network of legally independent accounting and consulting firms. The UHY Audit and Assurance practice has 4 offices in Malaysia and over 200 audit and advisory personnel.

Since its establishment in 2008 with a twenty-member team based out of Mid Valley City, the Kuala Lumpur (KL) office has expanded rapidly under the dynamic leadership of Datuk Tee Guan Pian and the founding members. UHY in Malaysia is scaling new heights as it widens its service capabilities and elevates the UHY brand as a preferred mid-tier professional practice serving participants of the Malaysian capital market and multinational corporations.

Audit and assurance remains a core service of the Firm, with the assurance practice currently serving more than 60 public-listed companies in statutory audit work. Its growing reputation has seen UHY acting as the Reporting Accountant for more than 10 successful Initial Public Offerings (IPOs). As the Firm fulfils its mandate in promoting the public interest and contributing to a healthy capital market, it has assisted clients and regulators in various high-profile and complicated assurance assignments in Malaysia.

UHY has gained much recognition through numerous awards over the years. These include the SME Best Employer Award by the Malaysian Institute of Human Resource Management (MIHRM), Best Companies to Work For Award by HR Asia, and the Star Outstanding Business Awards (SOBA) by Star Media Group.

4 OFFICES

25 PARTNERS & DIRECTORS

>200 PERSONNEL

NATIONAL NETWORK INITIATIVE

As we seek to transform and move to the next level, we are embarking on a journey to develop the UHY Malaysia national network. This initiative seeks to drive further capacity building, through increasing the number of partners and branches in Malaysia. Building on the Firm's quality management initiatives, our national network strategy seeks to deliver a consistent and best practice-driven level of service across the national network.

ESTABLISHED **15** YEARS AGO

SERVING **>60** PUBLIC-LISTED COMPANIES

REPORTING ACCOUNTANT TO **>10** IPOS INITIAL PUBLIC OFFERINGS

GAINED RECOGNITION THROUGH NUMEROUS AWARDS OVER THE YEARS

HR Asia BEST COMPANIES TO WORK FOR IN ASIA 2016

Malaysia HR AWARDS 2016 SILVER AWARD MIHRM GLOBALLY RECOGNISED SME BEST EMPLOYER

HR Asia BEST COMPANIES TO WORK FOR IN ASIA 2017

Malaysia HR AWARDS GOLD AWARD SME BEST EMPLOYER GLOBALLY RECOGNISED

Star SOBA STAR OUTSTANDING BUSINESS AWARDS 2017

LEGAL STRUCTURE, OWNERSHIP AND GOVERNANCE

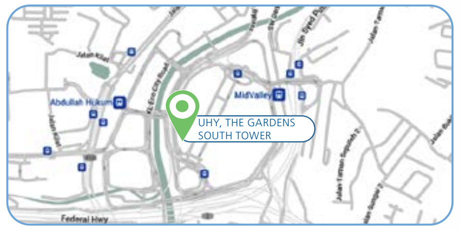
LEGAL STRUCTURE AND OWNERSHIP

Information about UHY Malaysia and our relevant affiliation and relationship disclosures are disclosed in ***Appendix A, page 33.***

UHY is a partnership registered in Malaysia (AF 1411) and a member firm of the UHY International network of legally independent accounting and consulting firms. The Firm operates from its offices in Kuala Lumpur, Johor and Penang.

Our principal business address is :

Suite 11.05, Level 11,
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.



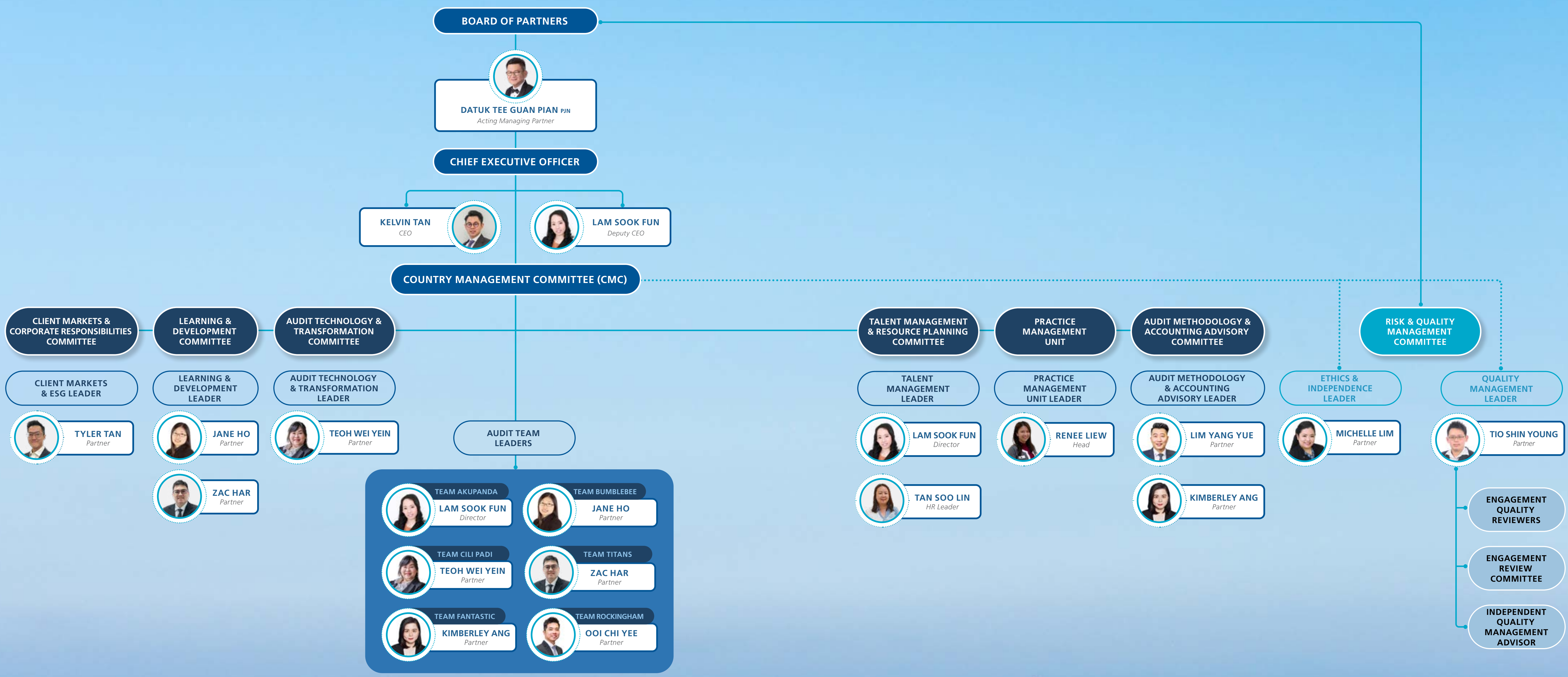
During the year, the Partners have approved the commencement of operational steps toward conversion of the Firm into a Limited Liability Partnership (LLP). To this end, the Firm intends to incorporate use of the word 'Malaysia' into the name of the proposed LLP Firm. Pursuant to the policies of the UHY network, this requires approval from the Board of UHY International. The Firm is currently progressing through the application and approval process.

GOVERNANCE AND LEADERSHIP STRUCTURE

The Board of Partners represents the highest governing authority of the Firm. The Board's mandate centres around internal partnership matters such as the admission and withdrawal of Partners, and the rights, responsibilities, benefits and obligations of Partners. It plays the roles of both advisory and a 'check and balance' in relation to the Country Management Committee (CMC) that takes on day-to-day executive and management responsibilities in operating the Firm.

The CMC is chaired by the Acting Managing Partner, and it comprises senior audit management personnel from the assurance teams' various operational groups and functional areas that include the Chief Executive Officers, Committee Leaders, Engagement Partners and Audit Principals / Directors. The daily operations of audit groups are led by Audit Partners, Principals and Directors. Complementary support in areas such as talent management, technical, training, audit transformation, practice management and administrative shared services are provided through coordination and supervision by leaders of the respective committees.

ORGANISATIONAL STRUCTURE OF UHY MALAYSIA



The governance of UHY is reinforced by the Risk and Quality Management Committee (RQMC), an independent committee tasked with overseeing ethical and risk management matters of the Firm. As an oversight committee, its terms of reference centre around the monitoring of ethical and independence matters, audit quality, and the development of effective systems of risk management in the Firm's assurance practice.

As at 31 December 2022, the leadership and organisational structure of UHY in Malaysia is as follows:

UHY Malaysia Board of Partners

DATUK TEE GUAN PIAN PJN
ACA, BFP (ICAEW, UK), FCPA (Aust.), C.A.(M), CPA(M), ATII

TEOH BEE SIN
C.A.(M), FCPA (Aust.), ATII

YEOH AIK CHUAN
C.A.(M), CPA(M)

MICHELLE LIM
C.A.(M), FCCA

TIO SHIN YOUNG
C.A.(M), FCCA

JANE HO
C.A.(M), FCCA

LIM YANG YUE
C.A.(M), FCCA

KIMBERLEY ANG
C.A.(M), FCCA

TEOH WEI YEIN
C.A.(M), ACCA

ZAC HAR
C.A.(M), CAANZ, CPA(M)

TYLER TAN
C.A.(M), ACCA

OOI CHI YEE
C.A.(M), CPA(M)

BASIS OF PARTNER REMUNERATION

The remuneration of Partners is determined on the basis of the specific candidate's professional and academic credentials, the width and depth of professional assurance work that they have been exposed to in terms of experience, and the level of audit quality and professional deliverables that he / she would be able to contribute to the Firm. Partners' performance is evaluated on an annual basis with a high level of focus on audit quality, competency and quality of deliverables. At UHY, Partners are not remunerated on the basis of selling non-audit services to audit clients, as a safeguard to our professional obligation in maintaining independence and objectivity. Contributions to improving Audit Quality, on the other hand, are specifically included in the criteria for assessing and remunerating the Partners.

OUR COMMITMENT TO AUDIT QUALITY

Audit quality is an essential component of UHY's core values and ingrained in the culture of the Firm. It is foundational to the services that we deliver to our clients, and it is something we continuously strive to improve on year after year.

This is reflected in our unwavering commitment to audit quality, and professional integrity instilled in our members that enable them to deliver superior professional work to our clients. In 2022, the Firm's leadership continued to spearhead progress and enhancements in our audit quality through transformational initiatives via the implementation of ISQM standards.

AUDIT EXCELLENCE PROGRAMME (AE PROGRAMME)

The AE Programme establishes a strategic approach to Firm-wide policies that contribute towards audit quality. Under the leadership of the Risk and Quality Management Committee (RQMC), the programme was developed and implemented in three phases:

1. PLAN
2. PERFORM
3. CONCLUDE

The AE Programme is reinforced by seven key enhancements to the Firm's audit process:

7 KEY ENHANCEMENTS

- DEMONSTRATE PROFESSIONAL SCEPTICISM
- UNDERSTAND BUSINESS PROCESS FLOWS
- ENHANCE AUDIT PROCESSES AND DOCUMENTATION
- STRENGTHEN COLLABORATION WITH INTERNAL AND EXTERNAL SPECIALISTS
- SUPERVISE AND REVIEW COMPONENT AUDITOR WORKFLOW
- ENHANCE EXPERTISE ON AUDIT TOOLS
- UNDERSTAND CLIENT ENTITY AND BUSINESS ENVIRONMENT

The AE Programme has delivered positive enhancements to our audit approach and quality. This is observed from internal reviews that highlight improvements such as enhancements on audit planning (incorporating Partner-led methodology) and risk management strategies.

ENHANCED LEADERSHIP RESPONSIBILITIES FOR QUALITY WITHIN THE FIRM

At UHY, the Board of Partners is ultimately responsible for audit quality and the effective operation of the Firm's system of quality management. Day-to-day implementation of these responsibilities is delegated to the Country Management Committee (CMC) and is supported by the respective functional committees, while independent oversight resides with the Risk and Quality Management Committee (RQMC).

The CMC is a key component of the Firm's audit excellence framework, and comprises audit leaders who possess significant, diverse, and highly relevant expertise in assurance work. The CMC supports the UHY leadership on a wide range of core areas affecting audit quality, which include business, operations, culture, talent management, governance, and risk management.

The CMC is responsible for spear-heading innovation and practice development. It is also a platform for audit engagement leaders to participate in the Firm's management and governance. 'Ownership' of core quality management aspects such as audit quality indicators (AQIs) and other relevant quality monitoring mechanisms that feed into the cycle of continuous improvement reside with this committee.

In support of the international audit community's initiative towards a new quality management standard, the Firm has recently implemented the International Standard on Quality Management (ISQM). This has led to significant improvements to our organisational structure, while introducing quality management specialist roles and responsibilities for our leaders.

The new structure places a greater emphasis on quality management with the establishment of specialist audit quality committees to ensure robust coordination in operating the Firm's System of Quality Management (SoQM). Overall, the leadership opines that the implementation of ISQM is a major positive step forward in strengthening the Firm's commitment towards quality management with the goal of further enhancing audit quality.

In line with ISQM implementation, the following committees were either newly established, or reorganised during the year, to drive the enhanced system of quality management at the Firm:

- RISK AND QUALITY MANAGEMENT COMMITTEE (FORMERLY RISK MANAGEMENT COMMITTEE)
- AUDIT METHODOLOGY AND ACCOUNTING ADVISORY COMMITTEE (FORMERLY TECHNICAL AND TRAINING DEPARTMENT)
- LEARNING AND DEVELOPMENT COMMITTEE (FORMERLY TECHNICAL AND TRAINING DEPARTMENT)
- TALENT MANAGEMENT AND RESOURCE PLANNING COMMITTEE (FORMERLY HR DEPARTMENT)
- AUDIT TECHNOLOGY AND TRANSFORMATION COMMITTEE

Moving forward, we reaffirm UHY Malaysia's overriding commitment to quality, and our ability to thrive and further develop the assurance service into a sizable and respected professional practice in the region.

RISK AND QUALITY MANAGEMENT COMMITTEE (RQMC)

The Risk and Quality Management Committee (RQMC) is an independent committee consisting primarily of members from the Board of Partners, delegated with the mandate to independently steer the Firm's direction on service quality and risk management, ethical and independence matters, regulatory compliance, business resilience and contentious matters of assurance engagements.

In relation to the Firm's assurance work, the RQMC serves as the core structure for designing the framework, policies and overall process for identifying, assessing and monitoring engagement risks and managing the impact of such risks on the Firm.

AUDIT METHODOLOGY AND ACCOUNTING ADVISORY (AMAA) COMMITTEE

In line with ISQM implementation, the Technical and Training Department was reorganised into two committees, with the Audit Methodology and Accounting Advisory (AMAA) Committee focused on providing technical quality and guidance to the Firm, while the Learning and Development Committee is dedicated to designing and implementing effective training programmes to enhance the skills and professional development of our personnel.

The AMAA Committee consists of specialists in assurance and financial reporting. Members of this committee possess a wide range of professional experience and specialisations, reflecting the diverse range of clients we serve. The AMAA leaders are responsible for ensuring the Firm's technical quality and provide guidance, support, and consultation to engagement teams.

The audit engagement teams, under the direction of their respective Engagement Partners, are encouraged to seek guidance from the AMAA department or internal industry specialists. Members of the AMAA Committee also provide support and advice on regulatory matters, offer technical consultation and provide technical opinion (upon request of engagement teams) on specific areas of a complex engagement that may be the subject of differing professional opinions.

LEARNING AND DEVELOPMENT (L&D) COMMITTEE

The Firm recognises the importance of continuous learning and development in the professional growth of its employees. To facilitate this, we have established the Learning and Development (L&D) Committee, which is dedicated to identifying and providing opportunities for our personnel to enhance their skills and knowledge.

The Learning and Development leaders head the Committee, and are responsible for designing and implementing effective training programmes to enhance the technical knowledge and professional development of our personnel. The Committee works closely with Partners and managers to develop a comprehensive training plan tailored to the specific needs and requirements of the targeted audience, and aims to provide them with the necessary tools and resources to excel in their roles.

TALENT MANAGEMENT AND RESOURCE PLANNING COMMITTEE

The enhanced Talent Management and Resource Planning Committee focuses on ensuring the appropriate resources are allocated for the performance of engagement and operation of internal control and processes. Talent Management leaders are responsible for overseeing the recruitment, retention, and resource allocation of the Firm. With a strong commitment to talent management and resource planning, the Firm is well-positioned to foster the development of outstanding talents who deliver exceptional service to our clients.

AUDIT TECHNOLOGY AND TRANSFORMATION (ATT) COMMITTEE

The Audit Technology and Transformation (ATT) Committee was established to ensure the Firm has the necessary technological resources to support its operations and performance of engagements. The ATT Leader is responsible for overseeing the assurance practice's information technology (IT) systems and ensure its operating effectiveness, which includes a timely review of the Firm's technological resources to identify areas for improvement.

The committee is responsible for ensuring that IT applications operate as designed, and that its output achieve their intended purpose. The committee also monitors the Firm's general IT controls, confidentiality, completeness of data, specialised skills, and procedures necessary to ensure the Firm's technological resources are appropriate and well-maintained.

ENGAGEMENT PERFORMANCE

The UHY Malaysia audit methodology, tools and guidance provide our engagement teams with a consistent approach to plan, perform, supervise, review, document, conclude, and communicate the results of each audit engagement. Our approach is also dynamic as higher engagement risk classifications are supplemented with a higher level of monitoring and reviews. Enhancements to the audit methodology and guidelines are updated on a regular basis to ensure compliance in all respects with applicable professional standards, regulations and legal requirements.

The Audit Methodology and Accounting Advisory (AMAA) Committee is tasked with ensuring the Firm's audit methodology is based on the International Standards on Auditing (ISA) while providing appropriate procedures and guidance to audit engagement teams. Guidance explaining key aspects of our methodology is available to all audit members and partners via the Firm's audit manual. In 2022, the audit manual was updated to include the latest revisions to ISA 315 and ISA 220, which establishes the standards around identification and assessment for risks of material misstatement, and the quality management of audit work, respectively.

By incorporating these revisions into our audit methodology, we are now better equipped to provide our clients with quality audit services. Our AMAA team has worked diligently to ensure that our audit procedures are in line with relevant international standards.

OUR COMMITMENT TO OUR PEOPLE

TALENT MANAGEMENT

At UHY, we recognise that our talents are fundamental to the Firm's success and its commitment to quality deliverables. The leadership is fully committed to nurturing and growing our talent, ensuring they fully harness their potential and succeed together with the Firm.

The talent management process is structured such that all leaders are responsible for supervising overall competencies to ensure that audit personnel are appropriately trained and developed. The Firm implements a rigorous recruitment and selection regime to ensure all audit personnel recruited to assurance teams are appropriately trained and equipped with relevant technical experience and skill sets. In addition, the Firm diligently enhances their expertise and skill sets through training plans via structured and unstructured training.

The Firm has made significant investments in the recruitment programme that enables it to connect with the brightest and most highly-skilled individuals. Our recruitment strategy is multi-faceted, allowing us to identify and engage with talented individuals at universities, colleges, and schools. In 2022, we participated in various career development and employer engagement events as part of our efforts to attract and retain top talents. We strive to attract individuals with diverse experience, background, and skill sets to our Firm.

At UHY, we are committed to building a diverse and inclusive workforce embodying our values that results in delivery of exceptional service to our clients. We believe in the importance of enhancing our audit team's capacity as our various audit groups are clustered into their respective team structures and portfolios, where each team is led by their respective Principal(s) / Partner(s).

> *All our Engagement Partners have substantial years of related diverse working experience and are responsible for keeping up to date with technical knowledge pertaining to the standards, procedures and regulations related to their service area.*

Engagement team members are evaluated on their performance on audit engagements at the individual and engagement team level, which are reviewed by the Engagement Managers and Engagement Partners. The evaluation is done with an emphasis on performance around audit quality, in response to the Firm's overriding commitment to quality.

PARTNERS PIPELINE PROGRAMME

At UHY Malaysia, we recognise that attaining the position of a partner is a noble aspiration that some accountants strive for. To help our talents' progression towards the coveted admission to Partnership, the Firm has a well-established Partners Pipeline Development Programme that facilitates a well-paced preparation and transition for Partnership aspirants. Based upon performance reviews and recommendations from the leadership, potential senior audit personnel who show a keen drive towards partnership are earmarked for entry into the programme. Participants are progressively provided relevant training, resources and grooming towards the skill sets required of a Partner.

- PERFORMANCE REVIEWS
- RECOMMENDATIONS FROM THE LEADERSHIP
- KEEN DRIVE TOWARDS PARTNERSHIP
- RELEVANT SKILL SETS TRAINING

4 NEW AUDIT PARTNERS ADDED IN 2022

During the year, four new Audit Partners were admitted to the Firm. As the audit licensing regime in Malaysia is an extremely strict and arduous process, the Firm is proud to report that three of such four admissions (to Partnership) were the direct results of the Partners Pipeline Programme. We are committed to continually provide the necessary and appropriate support to the Programme.

RETENTION AND RECOGNITION

We recognise our talents' vital role in the Firm's success and, as such, we place great emphasis on the retention, progress and growth of our personnel. As part of the Firm's culture, our talent management team has gone the extra mile to recognise staff members who deliver exemplary performance and consistency. However, the audit industry faced immense staffing pressure in 2022, arising from the reopening of regional economies and the relaxing of movement restrictions. As an industry driven by highly skilled knowledge workers in high demand globally, the year saw an extremely high rate of movement in terms of assurance professionals who were offered overseas positions at much higher remuneration. This was compounded by the 'great resignation' phenomenon (a recalibration of career priorities of many professionals throughout the world) that saw a sizeable number who opted to change their pace and nature of work by entering different sectors of the accounting profession.

The Firm, given its size and stature, was not spared the 'talents mega trend' of 2022, resulting in a 12% year-on-year increase in its attrition rate. This was also a contributing factor to the slight decrease in the Firm's metrics relating to audit personnel pursuing professional qualifications.

In response, the Firm has taken a proactive approach to overcome this challenge. Amongst others, a guidance and coaching programme that identifies and develops potential managerial talents for development and (eventually) promotion was introduced. The initiative has enabled vacancies to be filled by talents committed to quality and growth with the Firm.

Stepping into 2023, the Firm has targeted to increase the number of managerial staff by 10 members through internal coaching, guidance and promotion. The leadership is confident that as we progress through 2023, the manager-to-staff ratio will see further improvement closer towards the industry average.

The implementation of ISQM 1 has also brought further positive improvement to the Firm's talent management regime. Now with a dedicated Talent Management and Resource Planning Committee that focuses on increasing integration between quality, progression, recognition, and rewards across all stages of an employee's career progression at UHY, the importance of quality is further accentuated and enshrined in the appraisal process.

As part of our determination to continuously to improve audit quality, the appraisal framework is subject to constant improvements. The committee is committed to identifying new means to ensure that our talents are recognised and rewarded for their contribution to quality throughout their career with us.

Ultimately, UHY strives to be one of the best firms to work for, as we continue to attract and retain the best talents in the industry.

GUIDANCE & COACHING PROGRAMME

+10 MEMBERS TARGETED TO INCREASE FOR MANAGERIAL STAFF

ISQM 1 IMPLEMENTATION TO TALENT MANAGEMENT REGIME

POINT FACTOR SYSTEM (PFS)

At UHY, we are constantly enhancing our succession planning initiatives and one such effort is the development of the UHY Point Factor System (PFS). The PFS operates on a point accumulation basis where a team member is evaluated annually on five criteria: knowledge, skills, responsibilities, interpersonal skills, and networking competency.

It allows the Firm to conduct a comprehensive evaluation and provide our talents with incentives beyond the standard pay package including benefits for equity, continuous promotion and career development for senior audit personnel.

EVALUATION BASED ON POINT ACCUMULATION

QUALITY EXCELLENCE AWARDS

The Firm has a culture of recognising the good work and performance of its team members. All job promotions are recognised and celebrated at UHY. Long service awards have been in place for years, recognising the pillars of talent who contribute to the Firm's achievements over the years. One of the most anticipated events is none other than the Quality Excellence Awards, that recognises exceptional talents who went the extra mile in the pursuit of quality. Award nominations are put through a vetting process before the shortlisted candidates for each award category is tabled for further assessment and approval by the awards committee.

TEAM RETREATS

At UHY, it is not only about standards, regulations, technical interpretation and the like. We recognise it is equally important to balance professional commitments with comradeship and a sense of adventure, while understanding the importance of taking a pause from daily work to reflect and appreciate the progress that the team has achieved.

In 2022, we embraced the reopening of the economy and removal of movement restrictions by restarting Firm retreats, to Pulau Perhentian, Malaysia, and Hanoi, Vietnam. Rewards and celebrations aside, such retreats are crucial in strengthening the bonds and team work amongst members, and that has a direct bearing towards the quality of their professional work.

LEARNING AND DEVELOPMENT

Learning and development is a core activity at UHY. In our line of work, continuous learning is crucial to professional development and success. The Firm is thus committed to providing talents with good access to the following:

- That all team members are aware of the accessible learning and development resources
- Maintain constant communication to ensure that members know how to access relevant resources for their learning needs
- Provide a consistent approach towards learning across the Firm
- Provide guidance on how to seek further professional development and training based on their current level of skill sets and experience

The Firm consistently invests significant time and resources to provide appropriate training and development for all professional personnel in its endeavour to ensure a current and practical grasp of the latest technical standards, regulations and commercial developments. This includes the annual training programme, that has been a long running affair that combines compulsory and optional training sessions catering to the prevailing training needs of professional team members. During the year, the Firm conducted a total of 88 hours of training sessions as part of its annual training programme.

With the lifting of movement restrictions during the year, the Firm commenced its transition to physical face-to-face training sessions for the annual training programme (as opposed to fully virtual sessions during the pandemic period). With in-person training sessions now available to our training design team at the Learning and Development Committee, the Firm has been able to execute various training methodologies that would only be feasible via physical sessions. The year-on-year reduction in training hours (when comparing 2022 total training hours versus 2021) is a direct result of more effective and efficient physical training sessions that the committee was able to design during the year.

The Firm also embarked on a collaborative effort with the Malaysian Institute of Accountants (MIA) to organise a custom-designed in-house training (by MIA) on the newly implemented International Standard on Quality Management (ISQM), as a firm-wide awareness drive to onboard personnel on to the new quality management standard. Building on the know-how on virtual training developed during the pandemic, the Firm also embarked on further enhancement to its internal e-learning infrastructure to further capitalise on the scalability, relevance, and tailoring of training programmes for our professionals.

Training sessions during the year consisted of topics ranging from technical skills to professional development that were tailored to meet the needs of our various audit groups.

DEVELOPMENT OF UHY SPECIALISTS

The UHY Specialists programme is a Learning and Development Committee-led initiative to specifically develop talents from the audit team who have industry-focused technical knowledge and application (training) experience. UHY Specialists are equipped with industry-specific knowledge and amongst others, are tasked to assist in conducting training and coaching sessions throughout the year, in addition to their engagement duties. One such example of specialisation that the Firm develops are the specialists for the Property Development and Construction (PDC) industry.

In 2022, the Firm organised refresher training sessions for personnel involved in PDC engagements. The sessions were designed to ensure team members stay up-to-date with the latest developments and best practices for the PDC industry. The training covered topics related to regulatory changes, risk assessment, financial reporting standards specific to property development and construction.

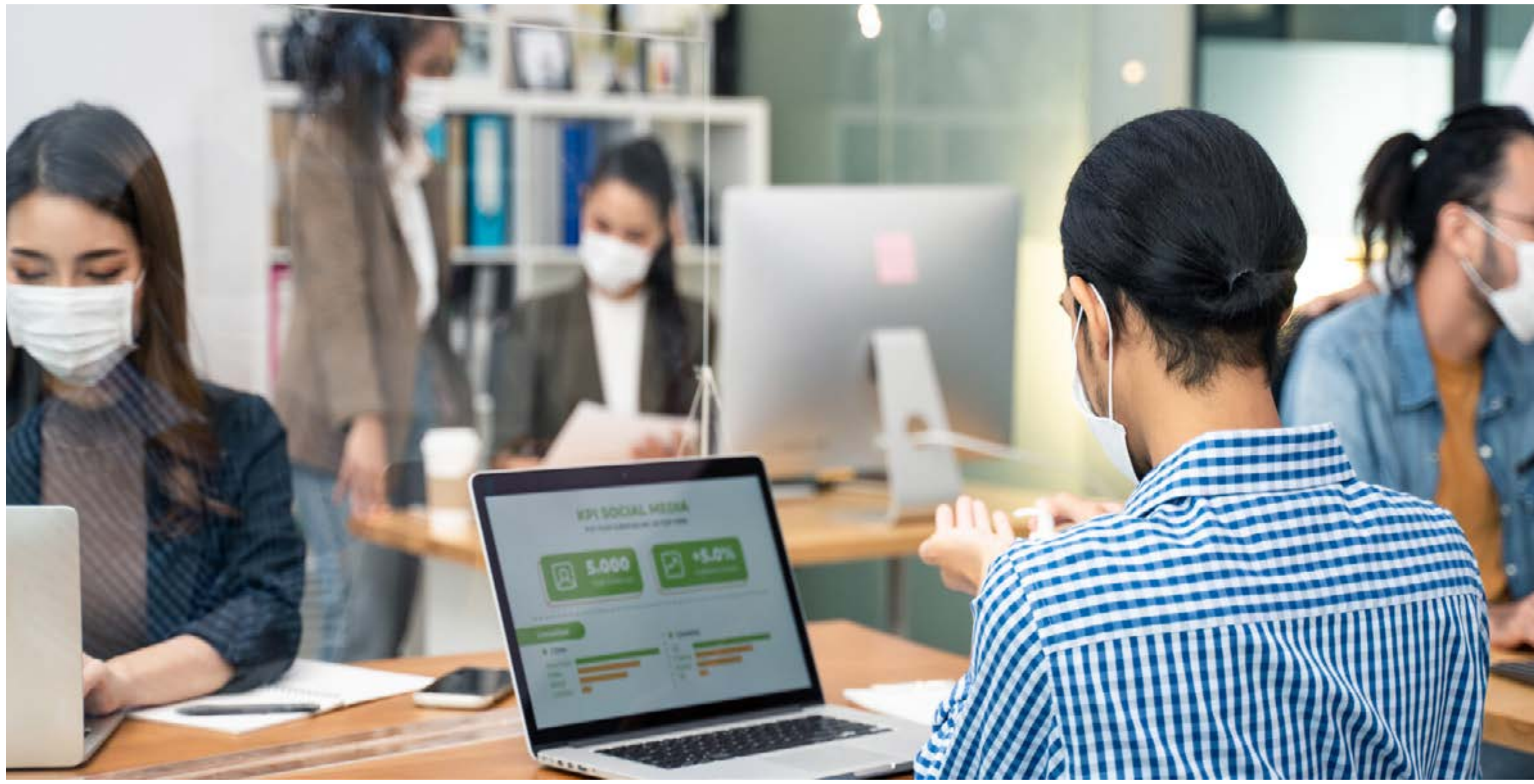
> "The UHY specialist programme aims to develop industry-focused skill sets and expertise amongst such specialist team members that the Firm believes will provide significant value-add to clients of such specialist industries."

PROFESSIONAL DEVELOPMENT OF AUDIT PERSONNEL

Our focus on continuous learning encompasses our Engagement Partners and qualified professional personnel who are required to undertake Continuing Professional Development (CPD), whereby their specific training needs and personal training plans are assessed on an annual basis.

Our audit personnel are required to participate in a minimum of 48 hours per year or 144 hours over a triennium of structured learning, in addition to unstructured learning. All personnel are responsible to complete and submit an annual confirmation on their compliance with the Firm's annual training hours requirement.

Audit related training needs are identified via the collective effort of the Learning and Development Committee, the Engagement Partners, and senior audit personnel, with due consideration given to relevant developments in regulations, standards and findings from our internal practice reviews. Structured technical training is provided at all levels within the Firm on a timely basis while attendance is monitored.



HEALTH AND WELLBEING AT UHY

As the Firm and its members navigate the transition into normalisation and recovery from the pandemic, our primary focus revolves around ensuring the health and safety of our personnel while upholding the quality of our professional work and service delivery.

Through agile use of robust job management, innovation, and technology, we are committed to delivering exceptional service and professional deliverables to our clients. Without being exhaustive, the Firm has implemented the following in safeguarding the health and well-being of our team members:

- Conduct COVID-19 testing for our audit personnel before and after fieldwork to ensure the safety of both our team members and client personnel
- Support remote work arrangements for team members through the use of technology
- Gradual transition in returning to the office while maintaining a focus on office sanitisation
- Implement appropriate quarantine and work-from-home arrangements to prevent further spread of the virus

By prioritising the health and safety of our personnel, we aim to maintain a healthy workplace environment while continuing to deliver high-quality deliverables to our clients. We remain committed to monitoring the situation while adapting our approach in an agile manner.

INDEPENDENCE AND ETHICS

RELEVANT ETHICAL REQUIREMENTS

As a professional practice, all professional personnel carry with their designations a responsibility to maintain adherence to the ethical requirements of our profession. Such requirements revolve around core professional ethics components such as integrity, objectivity and independence. At UHY, we embrace such an ethos as we recognise being regarded as ethical accountants is essential to building the public's trust and confidence in the Firm and the work we do.

To reinforce this trust, the UHY leadership team oversees the monitoring and compliance of our team members to ethical policies and procedures. All personnel are expected to act with integrity and adhere to standards as per the UHY Code of Business Conduct which outlines the policies, obligations and standards of integrity that all personnel must adhere to.

The rotation regime that applies to Engagement Partners, Engagement Quality Reviewers, and other key audit personnel is a good example of how we put the profession's ethical requirements into practice. With a view to introducing fresh perspectives and value to audit engagements, encourage professional scepticism, and minimise familiarity threat to independence, the Firm's rotation policy for the statutory audit of Public Interest Entities (PIEs) is set out in our Quality Management Manual.

The policy mandates Engagement Partner rotation to take place within seven years (of audit), with a cooling off period of three years (as per MIA transitional provision for audits of financial statements for periods beginning prior to December 15, 2023).

The UHY Quality Management Manual came into effect in conjunction with the ISQM standard that came into operation in December 2022. Ethical requirements mandated in the manual and MIA By-Laws are communicated to personnel at the point of joining the Firm and refreshed annually via the annual training programme. The following components of ethical requirements were enhanced pursuant to the ISQM standard and operationalisation of the Firm's Quality Management Manual:

1. AUDITOR INDEPENDENCE
2. INDEPENDENCE THREAT
3. NON-AUDIT SERVICES
4. LONG ASSOCIATION THREAT
5. ECONOMIC DEPENDENCE THREAT
6. FEES AND OTHER TYPES OF REMUNERATION
7. SELF-REVIEW THREAT
8. CONFLICT OF INTEREST
9. GIFTS AND HOSPITALITY
10. COMPLAINTS AND ALLEGATIONS OF A FAILURE TO MEET PROFESSIONAL STANDARDS
11. WHISTLE-BLOWING
12. BREACHES OF THE RELEVANT ETHICAL REQUIREMENTS
13. ACTUAL OR THREATHENED LITIGATION
14. CUSTODY OF CLIENT ASSETS
15. LOANS AND GUARANTEE
16. ANTI-MONEY LAUNDERING

INDEPENDENCE PROCEDURES

Our professional standards compel our adherence to the independence requirements of the MIA By-Laws. Our partners and professional staff at the engagement level are required to declare at the beginning of each assignment their continuing independence from the Firm's clients, while a separate declaration is made at the Firm level on an annual basis. Our independence practices are reviewed annually as part of the Firm's quality management process.

The Firm has in place systems and procedures that aid in maintaining the impartiality of its employees, preventing conflicts of interest, and ensuring adherence to ethical and other relevant guidelines. These policies and procedures include guidelines for relationships with audited entities, rotation of audit partners and senior staff, fees and provision of non-audit services, and declaration of financial interests by Firm's personnel to avoid any potential self-interest threats and maintain objectivity with our clients.

ACCEPTANCE AND CONTINUANCE OF CLIENT RELATIONSHIPS

The acceptance of new engagements and continuance of existing client relationships is supported by a comprehensive set of processes and procedures. The acceptance of new PIE engagements, for instance, goes through a process that is approved by an Engagement Partner, with a further approval by the Managing Partner.

ANTI-MONEY LAUNDERING (AML)

The Firm is committed to conduct its business in a way that prevents money laundering, as well as to avoid any behaviour that might support money laundering. This is consistent with our beliefs and dedication to the public interest. Our policies are in line with good business practices and the expectations of Bank Negara Malaysia (BNM), the designated competent authority and regulator for the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001. The policies are reviewed on a regular basis to ensure they meet BNM's requirements.

AUDIT QUALITY AND MONITORING

QUALITY MANAGEMENT

As a progressive and responsible professional practice, UHY has put in place comprehensive quality management systems and policies that govern the delivery of consistent, high-quality audit engagements.

> We continue to invest heavily in people, processes, and technology that enhance the quality of our professional deliverables.

QUALITY MANAGEMENT CONFERENCE
3 DECEMBER 2022 | SCAPES HOTEL, GENTING

For most part of the year, the Firm's quality control framework was based upon the International Standard on Quality Control 1 (ISQC 1), that sets out the parameters for system of quality control for audits and reviews of financial statements, and other assurance and related services engagements. In their annual review of the Firm's internal quality control, the Partners of UHY concluded that its internal quality control system for audit engagements is effective in all material respects and confirms the necessary improvements identified via the review have been acted upon.

During the year, we made comprehensive preparations to implement a new set of international quality management standards that was formally introduced by the International Auditing and Assurance Standards Board (IAASB) in December 2020. The three new and revised Quality Management Standards are designed to strengthen and modernise the audit firm's approach to quality management. Known as the International Standard on Quality Management (ISQM) which include ISQM 1, ISQM 2, and the International Standards on Auditing 220 (Revised) Quality Management for an Audit of Financial Statements, these new pronouncements came into effect from 15 December 2022 onwards.

Being a quality management standard slated for international adoption by auditors globally, the Firm is extremely supportive of this development. In fact, our members have gone beyond the call of duty to advocate and support the local and regional adoption of this standard, amongst UHY member firms.

At the Malaysian Firm, an ISQM working group was initiated during the year. Tasked with the responsibility to establish its System of Quality Management (SoQM) pursuant to ISQM requirements and the implementation of relevant policies and procedures, the working group led the Firm's various ISQM related initiatives, which include:

- Organising brainstorming and conceptual discussions pertaining to ISQM standards and interpretations;
- Developing the Firm's risk register which defines the quality objectives, quality risks, and responses of its quality management framework;
- Developing relevant quality management policies and procedures that would later be incorporated into the Firm's Quality Management Manual; and
- Facilitating the implementation and monitoring of new quality management processes and controls.

As a part of the Firm's internal communications strategy on quality management, we engaged the Malaysian Institute of Accountants (MIA) to design a customised introductory ISQM training, that was delivered months ahead of implementation, as a conscious effort to disseminate information to personnel about the changes that were to come. Towards the implementation date, we organised a Quality Management Conference in December 2022 to provide a comprehensive brief around the mechanisms of the new and enhanced quality management policies and procedures.

At the regional level, members of the Firm led the formation of the UHY ASEAN ISQM (UAI) Task Force. The Task Force worked collaboratively with regional UHY member firms to develop best practice guides on ISQM implementation that would eventually form regional guidance documents that member firms localise and customise for adoption in their respective jurisdictions. While ISQM implementation requirements have not been uniform across the ASEAN region, we are pleased to observe that regional members of the Task Force have went on to implement the new quality management standard in December.

At the international level, the Firm is a member of UHY International's Membership Quality Working Group (MQWG). The working group is the highest authority internationally within the UHY community in terms of audit quality matters, reporting directly to the UHY International Board. As a member of the working group, the Firm participates in deliberation around the network's strategic and operational matters relating to quality. UHY's representative to the Forum of Firms is a member of this working group.

ENGAGEMENT REVIEW COMMITTEE (ERC)

The Engagement Review Committee (ERC) is a unique feature of the Firm's audit excellence programme, designed as a coaching framework to support the technical capabilities development of personnel via practical and immersive methodology coaching. One of the innovative coaching methods adopted by the ERC include the use of 'hot reviews' on selected engagements, where findings and remedial points are discussed with the engagement team in a consultative manner.

Members of the ERC consist of Partners and Principals. Initiatives include establishment of the Audit Quality Coaching Programme, contributing to the continuous improvement of our audit methodology, and enhancing monitoring and remediation through timely reviews.

MONITORING

In furtherance of our commitment to audit quality, the Firm maintains a diverse set of mechanisms to monitor key processes, respond to feedback, while exploring possibilities for enhancements via internal and external monitoring.

The Internal Practice Review programme, for instance, is part of the Firm's ongoing evaluation of its audit quality controls that involves periodic inspections of assurance engagements. Compliance monitoring on quality control policies and procedures provides the Firm with an evaluation of:

- Our adherence to professional standards, regulatory and legal requirements;
- Whether the Firm's quality control system has been appropriately designed and effectively implemented; and
- Whether our quality control policies and procedures have been appropriately applied, so that reports issued by the Firm or Engagement Partners are appropriate in the circumstances.

> The quality monitoring and compliance systems implemented enables the Firm to identify new areas of improvement based on weaknesses identified, conduct root cause analysis and develop remedial action plans, both in respect of the audit engagements and the overall system of quality management.

INTERNAL PRACTICE REVIEW

Monitoring of audit work processes and documentation in compliance with ISQC1 and relevant regulations are conducted annually. The results of the annual practice review are summarised and reported to the Firm's leadership, Engagement Partners and other appropriate individuals within the Firm so that the appropriate recommendations and improvements can be acted upon effectively. A typical evaluation of the Firm's system of quality control would include:

- ANALYSIS OF THE FIRM'S POLICIES AND PROCEDURES IN ACCORDANCE WITH PROFESSIONAL STANDARDS, REGULATORY AND LEGAL REQUIREMENTS
- WRITTEN CONFIRMATIONS OF COMPLIANCE WITH POLICIES AND PROCEDURES ON INDEPENDENCE
- CONTINUING PROFESSIONAL DEVELOPMENT (CPD) INCLUDING TRAINING
- DECISIONS RELATED TO ACCEPTANCE AND CONTINUANCE OF CLIENT RELATIONSHIPS AND ENGAGEMENTS
- DETERMINATION OF CORRECTIVE ACTIONS TO BE TAKEN AND IMPROVEMENTS TO BE MADE IN THE SYSTEM
- COMMUNICATION TO APPROPRIATE PERSONNEL OF THE REQUIRED ENHANCEMENTS ON AUDIT QUALITY
- FOLLOW-UP BY APPROPRIATE PERSONNEL SO THAT NECESSARY MODIFICATIONS ARE PROMPTLY MADE TO THE QUALITY CONTROL POLICIES AND PROCEDURES

Our firm-level review includes an assessment of quality control processes pertaining to governance and leadership, ethical requirements, client acceptance and continuance, engagement performance, human resources, and monitoring. The firm-level review conducted during the year concluded the Firm's system of quality control as compliant, with findings that are of recommendation for improvement in nature. The area of focus for this year's review revolved around the Firm's relevant ethical requirements and human resources.

In addition to our internal practice review process, the Firm frequently initiates engagement reviews to monitor compliance of our audit engagements with the Firm's policies and procedures. On a sampling basis, high-risk engagements led by each Engagement Partner are reviewed at least once every three years. The reviews of audit engagements are also used as a reference for the performance measurement of our Partners.

Ratings of internal engagement reviews are classified as either Compliant (A), Improvements Required (B) or Non-Compliant (C). Reviews rated Grade A depict compliant reviews with findings that are of recommendation in nature, while Grade B depicts deficiencies noted from the review with improvements required, and Grade C depicts reviews with findings of major deficiencies noted. No engagements reviewed in 2022 were classified as Non-Compliant (C).

RATINGS	2022	2021	2020
(A) Compliant	3	2	5
(B) Improvements Required	-	-	1
(C) Non-Compliant	-	-	-
Total engagements selected	3	2	6

To further improve our internal practices, the Firm has been enhancing the practice review framework to incorporate elements of the International Standard on Quality Management 1 (ISQM 1) into its review structure. This enhancement will ensure that our internal processes align with industry best practices and uphold the ISQM standards. The enhanced practice review framework would be adopted by the Firm to perform comprehensive monitoring and remediation process, and conduct the relevant evaluation on its System of Quality Management (SoQM) pursuant to the requirements of the ISQM standards. We are confident that the progress made via the new ISQM framework shall further strengthen the quality of our deliverables to clients, while upholding our commitment to quality.

ROOT CAUSE ANALYSIS (RCA)

Root Cause Analysis (RCA) is a mainstream quality management methodology adopted by professional firms across the world in their identification of key factors that impact audit quality while establishing insights into the key areas of improvements that a system of quality management addresses. Along with the implementation of ISQM, the Firm has further enhanced its monitoring and remediation process by implementing a structured RCA for findings identified from the internal practice review exercise.

This includes designing and enhancing the analysis to identify the root cause of the deficiency and reinforce a remediation action plan to address it. The RCA methodology brings about the following enhancements to the Firm:

- IMPROVE AUDIT QUALITY IN A STRATEGIC MANNER
- IDENTIFY POSITIVE OUTCOMES WHICH CAN LEAD TO BEST PRACTICES
- DIRECT REMEDIAL ACTIONS TO TACKLE UNDERLYING CAUSES OF DEFICIENCIES MORE EFFECTIVELY
- CREATE A CULTURE OF CONTINUOUS IMPROVEMENT AND DEVELOPMENT
- PROVIDE INSIGHTS AND DIRECTION TO MANAGEMENT ON THE FIRM'S STRATEGY AND RESOURCES

UHY INTERNATIONAL MONITORING REVIEW

As an independent member of the UHY International network, the Firm is subject to members' quality annual reviews through the UHY Audit Member Quality Expectations (AMQE) Programme. We are subject to periodic reporting to UHY International, answering key questions relating to our annual firm-level quality review, confirm our continuing compliance with ISQC1 and international auditing standards.

Assessments and monitoring by UHY International ensure that our audit practices comply with internationally-recognised quality standards that the network commits to upholding. The completed UHY International firm-level review during the year concluded that the Firm was compliant with ISQC1 requirements. In terms of engagement-level review, the Firm was not selected for review by the network during the reporting period.

REGULATORY MONITORING

UHY Chartered Accountants is an audit firm registered with the Malaysian Institute of Accountants (MIA). The Securities Commission Malaysia Act 1993 (SCMA) establishes a framework to enable the Audit Oversight Board (AOB) to govern the registration of statutory auditors of public interest entities (PIEs). As an auditor of public interest entities, we are also registered with the AOB.

The most recent external inspection conducted on the Firm was by the AOB in February 2020. This was a regular inspection conducted on a periodic basis by the AOB that involved a sample selection of two PIE audit engagements that the Firm performed in the past, of which the engagements reviewed had at least one finding.

As part of various quality reviews that the Firm is involved in on a consistent basis, the AOB's inspection reviews form an integral part of the ecosystem of audit quality monitoring initiatives that ultimately ensure high-quality information for users of financial statements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

As stakeholders and institutional investors increasingly pay attention to environmental, social and governance (ESG) matters while prioritising on responsible investing, the capital market's attention to a PIE's ESG commitment and compliance has become ubiquitous.

At UHY, we have been taking initiatives to develop ESG reporting (or sustainability reporting) capabilities in support of our clients' ESG commitments. We believe that reliable ESG reporting can help our clients strengthen trust with stakeholders and investors, as well as their reputation.

ESG-RELATED INITIATIVES

In line with the ESG reporting journey of our various clients, we are working towards initiatives that provide PIEs with a platform to understand their climate strategies, including commitments to science-based targets and net-zero strategies. We believe that such initiatives shall lead to the discovery of various collaborative solutions that help reduce an organisation's carbon intensity.

During the year, we formalised the establishment of an ESG team of professionals knowledgeable with the evolving landscape. The Firm also partakes in the UHY International ESG Special Interest Group.

WORKING WITH STAKEHOLDERS

We are committed to working with the various stakeholders to develop relevant perspectives toward the impact of ESG on business. Without any doubt, ESG has developed into a critical success factor for the long-term success of our clients. We look forward to working hand-in-hand with our stakeholders in contributing to a sustainable future for our planet's generations to come.

APPENDIX A : AFFILIATED ENTITIES

UHY Chartered Accountants (AF1411) is affiliated with several incorporated entities in Malaysia that form part of UHY in Malaysia. These affiliates provide synergistic services that include tax compliance and advisory, risk advisory, financial advisory and internal shared services as separate legal entities:

- **UHY ADVISORY (KL) SDN. BHD.**
- **UHY TAX ADVISORY SDN. BHD.**
- **UHY GOVERNANCE SDN. BHD.**
- **UHY TRUST INT'L LIMITED**
- **UHY CONSULTING SERVICES SDN. BHD.**
- **UHY FLVS SDN. BHD.**
- **UHY ERM DEBT RECOVERIES SDN. BHD.**
- **UHY MALAYSIA CHINA BUSINESS ADVISORY SDN. BHD.**

DISCLOSURE OF OTHER OWNERSHIP INFORMATION

The ownership structure of partners with equity share in the partnership consists of:

RANGE OF EQUITY SHARE HELD (%)	NUMBER OF PARTNERS
10% and below	1
11% to 20%	1
71% to 80%	1

The equity partners would like to take the opportunity to report that the Board is proactive in its effort to manage succession and sustainability of the partnership. This initiative is further enhanced via the Point Factor System (PFS) that provides a systematic mechanism for the admission and promotion of new equity and non-equity partners to the Firm, whilst incentivising current partners to groom their next-in-line and develop tacit skills.

As discussed in the preceding main sections of this report, the governance structure of the Firm has been appropriately designed and implemented to ensure that the ownership and financial interest structure does not conflict with the professional ethical requirements that UHY professionals are subject to.

DISCLOSURE OF FAMILY RELATIONSHIPS

There are no family relationships between Partners undertaking leadership roles or holding substantial equity in UHY with other Partners of UHY.

APPENDIX B : AUDIT QUALITY INDICATORS (AQI)

The UHY leadership uses a mix of indicators or AQIs to track how well the Firm's leadership strategies and enhancements are being implemented, in support of the overall performance of its system of quality management.

AQI	INDICATOR	FY 2022	FY 2021	FY 2020
Workload of PIE audit partners	Average number of PIEs per partner	6	7	6
	Average number of entities related to PIEs per partner	79	90	83
	Average number of non-PIEs per partner	40	42	31
Auditor independence	Proportion of fee income derived from audit clients segregated into:			
	Statutory audit services	85%	87%	83%
	Other assurance services	5%	3%	6%
	Non-audit practice	10%	10%	11%
	Proportion of fee income between:			
	Audit practice	62%	51%	48%
	Non-audit practice	38%	49%	52%
Capacity and competence of the audit practice	Headcount of the audit personnel:			
	Partners	11	8	8
	Managerial staff	18	31	32
	Non-managerial staff	107	85	96
	Total	136	124	136
	Percentage of audit personnel with professional qualifications:			
	With professional qualifications and/or MIA membership	19%	19%	14%
	Pursuing professional qualifications and/or MIA membership	60%	69%	65%
	Without professional qualifications and/or MIA membership	21%	12%	21%
	Turnover rate for audit personnel	34%	22%	26%
	Average years of experience of audit personnel:			
	Partners	15.5	17.0	16.8
	Managerial staff	10.4	8.8	7.7
	Non-managerial staff	1.6	1.8	1.3

Audit Staff Role	Percentage of audit staff with years of experience in the assigned role as at 31 December 2022			
	< 1 year	1 – 3 years	3 – 5 years	> 5 years
Partner	36%	27%	9%	28%
Managerial staff	11%	17%	44%	28%
Non-managerial staff	64%	25%	9%	2%
Average	54%	24%	14%	8%

AQI	INDICATOR	FY 2022	FY 2021	FY 2020
Audit engagement supervision	Staff to partner ratio	11.4	14.5	16.0
	Staff to manager ratio	5.9	2.7	3.0
Audit firm's investment to uphold audit quality	Average hours of training provided by the audit firm to audit personnel: *			
	Partners	82	124	74
	Managerial staff	62	113	70
	Non-managerial staff	67	87	56
	Headcount of quality control functions (training, risk management, technical functions)**	16	8	6
	Ratio of quality control staff to audit staff	9	16	23
Internal and external monitoring reviews***	Number of engagements subjected to internal review by the local firm****	3	2	6

* Training information is provided based on calendar year.

** Includes 12 (FY21: 3, FY20: 3) personnel who have other roles within the Firm, such as being involved in audit engagements and other firm-wide risk responsibilities that complement their position in the Firm's quality management function.

*** Results of external monitoring reviews are discussed in the Audit Quality and Monitoring section.

**** The grading system is categorised into 3 grades, namely Grade A, B and C. Grade A rating depicts reviews with minor findings (findings that are of recommendation for improvements in nature), whilst grade B is for reviews with normal findings (findings of deficiencies noted), and grade C for reviews with major findings (findings of major deficiencies noted).

APPENDIX C :
LIST OF PUBLIC INTEREST ENTITIES PIE(s)

The following are a list of public interest entities in Malaysia (as defined by Schedule 1, Securities Commission Malaysia Act 1993) audited by UHY as at 31 December 2022:

1	ADVANCE INFORMATION MARKETING BERHAD	33	MTOUCHE TECHNOLOGY BERHAD
2	AHB HOLDINGS BERHAD	34	MUAR BAN LEE GROUP BERHAD
3	ARK RESOURCES HOLDINGS BERHAD	35	MULTI-USAGE HOLDINGS BHD
4	BINA PURI HOLDINGS BHD	36	NEXTGREEN GLOBAL BERHAD
5	CHIN HIN GROUP BERHAD	37	PARLO BERHAD
6	CHIN HIN GROUP PROPERTY BERHAD	38	PESONA METRO HOLDINGS BERHAD
7	COUNTRY HEIGHTS HOLDINGS BERHAD	39	PROLEXUS BERHAD
8	DESTINI BERHAD	40	PUC BERHAD
9	DIGISTAR CORPORATION BERHAD	41	REKATECH CAPITAL BERHAD
10	DPS RESOURCES BERHAD	42	REVENUE GROUP BERHAD
11	EDEN INC. BERHAD	43	SAND NISKO CAPITAL BERHAD
12	EDUSPEC HOLDINGS BERHAD	44	SCC HOLDINGS BERHAD
13	EG INDUSTRIES BERHAD	45	SCOMI GROUP BERHAD
14	EXCEL FORCE MSC BERHAD	46	SECUREMETRIC BERHAD
15	FORTRESS CAPITAL ASSET MANAGEMENT (M) SDN BHD	47	SEE HUP CONSOLIDATED BERHAD
16	G CAPITAL BERHAD	48	SERSOL BERHAD
17	HO HUP CONSTRUCTION COMPANY BERHAD	49	SIGNATURE INTERNATIONAL BERHAD
18	IDEAL CAPITAL BERHAD	50	SOUTH MALAYSIA INDUSTRIES BERHAD
19	IFCA MSC BERHAD	51	SWS CAPITAL BERHAD
20	JAKS RESOURCES BERHAD	52	SYCAL VENTURES BERHAD
21	JIANKUN INTERNATIONAL BERHAD	53	SYF RESOURCES BERHAD
22	JOE HOLDING BERHAD	54	TRI-MODE SYSTEM (M) BERHAD
23	KEN HOLDINGS BERHAD	55	TWL HOLDINGS BERHAD
24	KEY ASIC BERHAD	56	UCREST BERHAD
25	KSL HOLDINGS BERHAD	57	UNI WALL APS HOLDINGS BERHAD
26	LBI CAPITAL BERHAD	58	UNIMECH GROUP BERHAD
27	LBS BINA GROUP BERHAD	59	VIZIONE HOLDINGS BERHAD
28	LIEN HOE CORPORATION BERHAD	60	WATTA HOLDING BERHAD
29	LKL INTERNATIONAL BERHAD	61	XOX NETWORKS BERHAD
30	MCOM HOLDINGS BERHAD	62	XOX TECHNOLOGY BERHAD
31	MGB BERHAD	63	YB VENTURES BERHAD
32	MIECO CHIPBOARD BERHAD		

GLOSSARY
OF KEY TERMS, ACRONYMS AND ABBREVIATIONS

A

AOB	Audit Oversight Board, Malaysia
AE Programme	Audit Excellence Programme
AMAA Committee	Audit Methodology and Accounting Advisory Committee
AML	Anti-Money Laundering
AMQE Programme	Audit Member Quality Expectations Programme
AQI(s)	Audit Quality Indicator(s)
ASEAN	Association of Southeast Asian Nations
ATT Committee	Audit Technology and Transformation Committee

B

BNM	Bank Negara Malaysia

C

CMC	Country Management Committee
CPD	Continuing Professional Development

E

ERC	Engagement Review Committee
ESG	Environmental, Social and Governance

I

IAASB	International Auditing and Assurance Standards Board
IFAC	International Federation of Accountants
IPO(s)	Initial Public Offering(s)
IS	Information System
ISA	International Standards on Auditing
ISQC 1	International Standard on Quality Control 1
ISQM 1	International Standard on Quality Management 1
ISQM 2	International Standard on Quality Management 2
IT	Information Technology

K

KL	Kuala Lumpur

L

L&D Committee	Learning and Development Committee
LLP	Limited Liability Partnership

M

MIA	Malaysian Institute of Accountants
MIHRM	Malaysian Institute of Human Resource Management
MQWG	Membership Quality Working Group

P

PDC	Property Development and Construction
PFS	Point Factor System
PIE(s)	Public Interest Entity/Entities

R

RCA	Root Cause Analysis
RQMC	Risk and Quality Management Committee

S

SCMA	Securities Commission Malaysia Act (1993)
SOBA	Star Outstanding Business Awards
SoQM	System of Quality Management

U

UAI Task Force	UHY ASEAN ISQM Task Force

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AN HONOURABLE MAN

AT UHY WE CELEBRATE EVERY INDIVIDUAL WHOSE SENSE OF PURPOSE, AMBITION AND ENERGY REINFORCES OUR NETWORK'S FIRM COMMITMENT TO ACHIEVING QUALITY IN EVERYTHING WE DO. FEW EMBODY THESE VALUES MORE THAN GROUP MANAGING DIRECTOR, UHY IN MALAYSIA, AND UHY BOARD MEMBER, DATUK ALVIN TEE.

Not only is the member firm he leads one of the country's most successful accountancy businesses, but in 2015 his remarkable record of service earned him the title of Datuk, equivalent to a knighthood in the UK and Commonwealth honours system, in honour of his contribution to his nation and its accounting fraternity.

"I am immensely proud of this accolade," says Datuk Alvin. "I set myself very high standards and remain passionate about what I can achieve, but to have my work recognised by an award by the King of Malaysia is truly humbling." Born in a small fishing village just 30 miles from Malaysia's capital, Kuala Lumpur, Datuk Alvin earned a scholarship to study at a city secondary school before going on to graduate with a BA Hons degree in accountancy from the University of Malaya in 1989. After a spell with a Big Four network, he trained as a bank examiner and worked at Central Bank. "Overseeing many banking challenges gave me the experience I needed to support businesses who were struggling during the Asian financial crisis between 1997 and 2000," says Datuk Alvin. "By then I had returned to accountancy as an external auditor and was able to draw on my expertise in corporate advisory and recovery, as well as distressed asset management, to help companies of all sizes in those times of terrible stress."

LEARNING AND GROWING

In 2008 Datuk Alvin joined UHY as principal partner, UHY in Malaysia, and 12 years later he was voted on to the network's Board.

"Becoming a Board director gave me an invaluable overview of audit practice across UHY. I learned from what I absorbed and today I still encourage my own team and the whole UHY family to build on what I can share from my privileged bird's eye view of how we are working and where I think we can make changes, not just in audit but across other services."

A great advocate of sharing best practice and working together whenever possible, Datuk Alvin believes that the future enduring success of UHY lies in strong international relationships. "When we have ambitious clients looking to do business in other countries it makes sense that we refer them to other UHY member firms. If a client already respects the work we do as one firm they can confidently expect the same standards from our colleagues in other countries," says Datuk Alvin.

"Our reputation as a major mid-tier player is very positive and our early origins, growing out of the major economies of US, UK and Australia, only enhance our credibility. We remain a network with our sights firmly set on continued growth and under the visionary leadership of our chairman, Subarna Banerjee, we can link arms and look forward to an exciting future.

Datuk Alvin on the golf course

"As a Board member I continue to support initiatives that increase our opportunities to expand and prosper," he says. "I encourage everyone I work with to get involved in work-related debates and negotiations and I engage with external industry leaders, associations and decision-makers to keep my input fresh and meaningful.

"On a country level, my firm has a respected reputation across Malaysia, especially in addressing financial reporting challenges. Being active in our regional business community enhances this reputation. I am proud to be the organising chairman of the Federation of Hokkien Associations of Malaysia Outstanding Leadership Award. In this role I was honoured to meet the King of Malaysia, as well as leaders of prominent listed companies. Interviewing nominees and presenting awards to reputable guests of honour for their outstanding contributions to their industries was a proud achievement for me."

Datuk Alvin also serves many listed companies and experiences the leadership styles of both corporate and political captains – insights that have helped UHY in Malaysia consolidate its place as one of the best accounting firms to work for. "As I move through my career, I focus increasingly on succession planning and I am proud that our UHY partners pipeline programme is so successful that we now have 14 partners here in our firm."

Datuk Alvin practising Taiji with Mr Foo Wei Hoong, friend and former CEO of MIDF Banking Group

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Datuk Alvin's motto has always been, God rewards the diligent and good morals 天道酬勤, 厚德载物 – tiān dào chóu qín, hòu dé zài wù. "As our profession continues to be impacted by challenging new regulations we need these beliefs to encourage our team and partners forward," he says.

WELLBEING AND BALANCE

Away from his desk Datuk Alvin is committed to a healthy lifestyle. Conscious of not prioritising his fitness earlier in life, a routine medical reminded him of its importance and now Datuk Alvin is a keen convert to wellbeing.

"I have a gym at home and I am a passionate golfer. I am also devoted to Taiji which, in Chinese philosophy is a term for the 'supreme ultimate' state of the world and affairs. Seven years after starting it I am healthier and apply the same spiritual principles to my business and relationships. I have rebranded our annual UHY manager retreat as UHY Taiji retreat to reinforce our unique work hard, play hard culture and this seems to be very popular.

"We are all happier and generally more fulfilled when we get this balance right," says Alvin. "My wife, Datin Janet Lee, keeps me grounded and we are both immensely proud of our daughters, Elizabeth and Angeline." Elizabeth is a medical doctor in Sydney, completing her specialist training in paediatrics while Angeline is an accountant in Sydney with a Big Four firm. The family love exploring different parts

Datuk Alvin with his younger daughter Ms Angeline Lee (left) and his wife Datin Janet Lee

of the world and Europe is a favourite destination. "Our first European trip was to London and Paris in 2001, when our daughters were nine and six. In recent years we had memorable trips to various European cities, including a wondrous time experiencing diverse cultures in Azerbaijan, Georgia, and Croatia."

Datuk Alvin considers himself a lucky man, but he has worked hard for his success and is a constant, dedicated supporter of initiatives that work closely with communities and organisations needing significant help. "Becoming a Datuk was such a proud achievement – the recognition was mainly based on my community involvement with accountancy schools, sponsoring programmes for small and medium-sized enterprises and donating English language resources for schools. It gives me enormous pleasure, with the support of others, to be able to help less fortunate people enjoy better lives and I am always looking for new and original ways to do this."

At work and within his community Datuk Alvin is an inspiration, but his principles remain very simple. "I will make a difference wherever and whenever I can. Being diligent, sharing knowledge and remaining open to new ideas are all very important but keeping a strong moral focus matters more to me than anything else."

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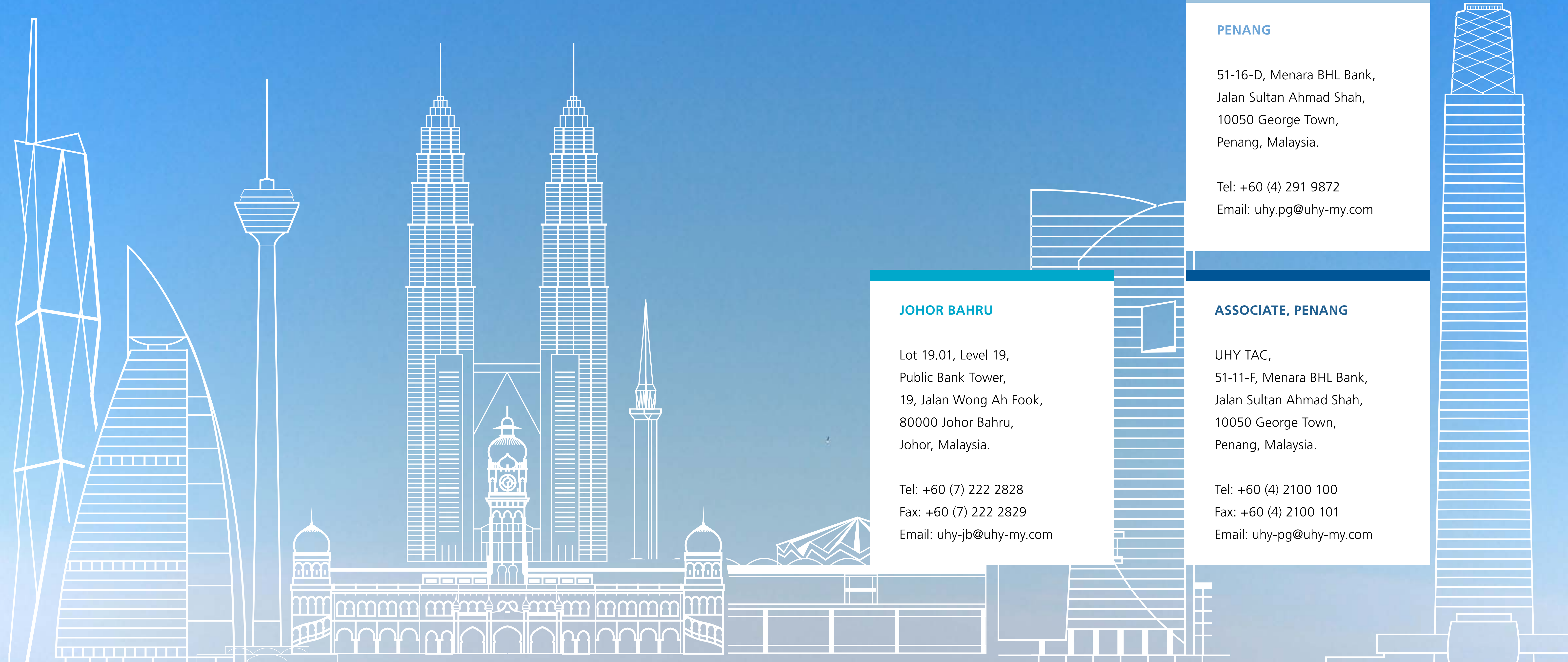

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