

EXTERNAL AUDITORS ASSESSMENT POLICY

1. Introduction

The Board of Directors (“**Board**”) and the Audit and Risk Management Committee (“**ARMC**”) are committed to ensuring the suitability and independence of External Auditors in substance as well as in form. The ARMC is responsible for making recommendations to the Board regarding the appointment, re-appointment and removal as well as remuneration of External Auditors.

2. Objective

This External Auditors Assessment Policy (“**Policy**”) outlines the responsibilities of the ARMC to assess on an annual basis the performance, suitability, objectivity and independence of External Auditors.

3. Selection and Appointment

Pursuant to Section 271 (1) of the Companies Act 2016, the Company shall at each annual general meeting appoint or re-appoint the External Auditors of the Company, and External Auditors so appointed shall, hold office until the conclusion of the next annual general meeting of the Company.

Should the ARMC determines a need for a change of External Auditors, the ARMC will follow the following procedures for selection and appointment of new External Auditors:

- a) the ARMC to identify the audit firms who meet the criteria for appointment and to request for their proposals of engagement (including its latest Annual Transparency Report, if prepared by the audit firm) for consideration;
- b) the ARMC to confirm whether the audit firm and engagement partner are registered with Audit Oversight Board Malaysia (“**AOB**”) and to check whether there are any reprimand or sanction imposed by AOB;
- c) the ARMC will assess the proposals received and shortlist the suitable audit firms;
- d) the ARMC will meet and/or interview the shortlisted candidates;
- e) the ARMC may seek the assistance of the chief financial officer to perform steps (a) to (d) above;
- f) the ARMC will recommend the appropriate audit firm to the Board for appointment as External Auditors; and
- g) the Board if deemed appropriate, endorse the ARMC’s recommendation and seek shareholders’ approval for the appointment of the new External Auditors and/or resignation/removal of the existing External Auditors at the general meeting.

4. Annual Assessment

In carrying out the assessment of the External Auditors, the ARMC considers the following factors:

a) Competence

The ARMC shall only consider External Auditors who have not had disciplinary actions taken against them for failure to comply with relevant accounting and reporting standards in the past three (3) years.

The ARMC shall also consider the amount of resources that shall be allocated by the External Auditors to the Group, and the qualifications and/or experience of the audit partner and team leader.

b) Audit Quality

For reappointment of External Auditors, the ARMC shall, in addition to its own assessment, seek feedback from the Management and chief financial officer on the professional working relationship with the External Auditors, the quality of audit delivery and the quality of people and service.

Due consideration shall be given to the ability of the External Auditors to adhere to the external audit plan which was agreed at the beginning of the audit period, thoroughness of the audit (within reasonable limits) and effectiveness and efficiency of the engagement team, timeliness of reporting, completion of audit plan amongst others.

c) Independence, Objectivity and Professional Scepticism

The assessment would focus on whether there exists any relationship between the External Auditors and the Directors or senior management and major shareholders of the Group as well as conflict of interest arising therefrom.

The ARMC shall also give due consideration to the fees to be paid to the External Auditors for any unreasonable excess above market rate, which may be perceived to affect the objectivity of the External Auditors.

The ARMC shall obtain written assurance from the External Auditors that they have complied with the relevant ethical and regulatory requirements regarding professional independence.

5. Non-Audit Services

The External Auditors can be engaged to perform non-audit services provided such services do not impair, or appear to impair their independence or objectivity or in conflict with their role of the External Auditors.

The prohibition of non-audit services is based on the following three (3) basic principles:

- (i) External Auditors cannot functions in the role of Management;
- (ii) External Auditors cannot audit their own work; and
- (iii) External Auditors cannot serve in an advocacy role of the Company and its subsidiaries.

The External Auditors shall observe and comply with the By-Laws of the Malaysian Institute of Accountants in relation to the provision of non-audit services, which include, amongst others, the following services:

- (i) Accounting and book keeping;
- (ii) Business valuation and purchase price allocation;
- (iii) Taxation;
- (iv) Internal audit;
- (v) IT systems and cyber security;
- (vi) Litigation support;
- (vii) Recruitment and payroll; and
- (viii) Corporate finance.

All engagements of the External Auditors to provide non-audit services are subject to approval/endorsement of the ARMC. Management shall also obtain written assurance from the External Auditors will not be impaired by the provision of non-audit services.

6. Term of Audit Partner

The Company recognizes that there exists a threat to the External Auditors' independence where the same audit partner conducts consecutive audits of the Company.

The By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("**MIA By-Laws**") set out the maximum number of years key audit partners can serve in the same role as well as the number of "cooling-off" years.

The ARMC shall ensure that the firm of External Auditors meets or exceeds the requirements of the MIA By-Laws relating to rotation of key audit partners.

7. Disclosure to the ARMC

The External Auditors must provide an annual declaration addressed to the ARMC confirming:

- a) the nature of any non-audit services provided to the Company; and
- b) that the External Auditors has maintained its independence in accordance with relevant legislation and professional accounting standards.

8. Appointment of Former Key Audit Partner as member of the ARMC

It is the Company's policy that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.

9. Review of this Policy

The ARMC will review this Policy periodically to ensure that it continues to remain relevant and appropriate.

The ARMC shall table any amendments or changes to this Policy to the Board for approval.

This External Auditors Assessment Policy was approved and adopted by the Board in 2022.