MKH BERHAD

Registration No: 197901006663 (50948-T)

EXTERNAL AUDITORS ASSESSMENT POLICY

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INTRODUCTION

The Board of Directors (the **"Board"**) has assigned the Audit Committee (the **"AC"**) of MKH Berhad (the **"Company"** or the **"Group"**) to assess, monitor, review and supervise the performance, suitability and independence of external auditors. The objective of this External Auditors Assessment Policy (the **"Policy"**) is to outline the guidelines and procedures to be undertaken by the AC for the selection and appointment of an external auditors.

The independence of the external auditors is the key element of the Company's policy, the selection criteria will ensure that the external auditors is independent and has the relevant expertise and skill for such an appointment.

SECTIONS 271 AND 273 OF THE COMPANIES ACT, 2016

Pursuant to Section 271 of the Companies Act, 2016, the Company shall appoint an external auditor for each financial year of the Company. The external auditors so appointed shall hold office in accordance with the terms of its appointment and ceased to hold office at conclusion of the next annual general meeting of the Company, unless re-appointed pursuant to Section 273 of the Companies Act, 2016.

SELECTION AND APPOINTMENT OF EXTERNAL AUDITORS

The AC will observe the following procedures for selection and appointment of new external auditors, when they determine a need to change the external auditors:

(a) to identify the audit firms which meet the following criteria for appointment:

- provide a fee quotation which is cost effective for its audit services (fee quotation will not be the main determining factor in the selection of preferred external auditors)
- must satisfy the AC and the Board that it is independent from the Company and its ability to maintain independence throughout the engagement
- there being no conflict of interest situations that could affect the independence of the external auditors
- professional competency and industry experience i.e. the breadth and depth of resources, expertise and experience of the engagement team members.

(b) to assess the proposals received and shortlist the suitable audit firms

(c) to meet and/or interview the shortlisted audit firms

(d) to recommend the suitable audit firm to the Board for appointment as external auditors

(e) upon the Board endorse the recommendation, to seek shareholders' approval for the appointment of the new external auditors and/or resignation/removal of the existing external auditors at the general meeting.

INDEPENDENCE ASSESSMENT

The external auditors are precluded from providing any services that may impair their independence or conflict with their role as external auditors. A written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements to be given to the Company.

NON-AUDIT SERVICE

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

The external auditors shall not be considered for non-audit services specifically prohibited by the By-Laws of the Malaysian Institute of Accountants (**"By-Laws of the MIA"**) or promulgations of the International Federation of Accountants for which no safeguard can eliminate or reduce the threat on the external auditors' independence.

The following non-audit services may be provided by the Group's external auditors pursuant to the By-Laws of the MIA:

- advice and assurance on the interpretation and implementation of accounting standards, financial reporting matters, tax and governance regulations
- advice and assurance in respect of direct and indirect tax related matters
- due diligence investigations related to potential acquisitions, disposals or joint ventures and fund raising exercises
- statement on risk management and internal control reviews
- attestation reports as required by third parties.

The following non-audit services shall not be provided by the Group's external auditors pursuant to the By-Laws of the MIA:

- book-keeping and other services relating to accounting records and corporate financial statements
- the design, implementation and operation of financial information systems
- internal control functions
- litigation support services
- recruitment services
- valuation of financial instruments

All engagements of the external auditors to provide non-audit services are subject to the approval/endorsement by the AC. The Management is obliged to obtain confirmation from the external auditors on their independence which shall not be impaired by the provision of non-audit engagement.

MONITORING AND REPORTING

The Chief Financial Officer (**"CFO"**) shall report to the AC on an annual basis on any significant non-audit services and its related fees on non-audit rendered to the Group or its subsidiaries by the external auditors.

ROTATION OF EXTERNAL AUDIT ENGAGEMENT PARTNER

The audit partner responsible for the external audit of the Group is subject to rotation at least every five (5) financial years in accordance with Bye-Laws of the MIA.

ANNUAL AUDIT PLAN

The external auditors will issue an annual audit planning memorandum for review and discussion with the AC. The external auditors shall also provide a management letter to the AC upon completion of the annual audit.

ANNUAL ASSESSMENT

The AC together with the CFO will review the external auditors' performance annually on the suitability and independence of the external auditors on the following areas:

- communication with the management
- independence, objectivity and professionalism
- sufficiency of resources
- service quality.

REVIEW

The AC has reviewed the Policy on 27 February 2025 and will continue to review the Policy periodically to ensure that it continues to remain relevant and appropriate.