

1.0 Introduction

External Auditors play a vital role in the process of accountability for shareholders and the effective functioning of the capital market by the provision of consistent and reliable financial reporting.

Both the Internal and External Auditors of the Company provide integral support for the Audit Committee which was established by the Board, among others, to assist in its oversight function of the Company's financial reporting. As such, in relation to the External Auditors, the Audit Committee, as a measure for ensuring financial statements are a reliable source of information, has to ensure the suitability and independence of its External Auditors.

2.0 Objective

The objective of this External Auditors Policy is to outline the guidelines and procedures for the Audit Committee to review, assess and monitor the performance, suitability and independence of the Company's External Auditors.

3.0 Selection and Appointment

In discharging of the Audit Committee responsibility above, the Audit Committee is entrusted the duty to oversee the appointment, remuneration and removal of External Auditors.

3.1 Procedures

Should the Audit Committee determine a need for a change in External Auditors, the Audit Committee will follow the following procedures for selection and appointment of new External Auditors:

- (a) the Audit Committee to identify the audit firms who meet the criteria for appointment and to request for their proposals of engagement for considerations;
- (b) the Audit Committee will assess the proposals received and shortlist the suitable audit firms;
- (c) the Audit Committee will meet and/or interview the shortlisted candidates;
- (d) the Audit Committee may delegate or seek the assistance of the Chief Financial Officer to perform items (a) to (c) above;
- (e) the Audit Committee will recommend the appropriate audit firm to the Board for appointment as External Auditors; and
- (f) the Board will endorse the 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.

3.2 Selection Criteria

When assessing the suitability of a potential firm of External Auditors for recommendation to the Board, the Audit Committee shall consider, inter-alia:

- (a) the adequacy of the experience and resources of the external audit firm;
- (b) the persons assigned to the external audit engagement;
- (c) the external audit firm's audit engagements;
- (d) the size and complexity of the subject matter being audited; and
- (e) the number and experience of supervisory and professional staff assigned to the particular external audit engagement.

4.0 Annual Assessment

Pursuant to Section 271 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.

In discharging this duty, the Audit Committee shall carry out annual assessment on the performance, suitability and independence of the External Auditors based on the following four (4) key areas:

- (a) quality of services;
- (b) sufficiency of audit firm resources;
- (c) communication and interaction; and
- (d) independence, objectivity and professional skepticism.

The Audit Committee may also request the Chief Financial Officer and the senior Finance personnel to perform the annual assessment of the External Auditors.

5.0 Independence

To ensure independence:

- (a) the External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditor. The Audit Committee shall obtain 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.
- (b) the External Auditors can be engaged to perform non-audit services provided such services provided do not impair, or appear to impair the auditor's independence or objectivity.

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

- (i) External Auditors cannot function 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 Group").

The External Auditors shall also observe and comply with the By-Laws of the Malaysian Institute of Accountants in connection with the provision of non-audit services, which also prohibits the provision of certain services including the following:

- (i) accounting and book keeping services;
- (ii) valuations services;
- (iii) internal audit services;
- (v) IT systems services;
- (vi) litigation support services;
- (vii) recruitment services; and
- (viii) corporate finance services.

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

- (c) the external audit firm shall be required to rotate the Audit Partner on engagement at least every seven (7) financial years.

6.0 Appointment of Former Key Audit Partners as Member of the Audit Committee

No former key audit partner shall be appointed as a member of the Audit Committee before first observing a cooling-off period of at least 3 years.

7.0 Annual Reporting

The External Auditors shall:

- (a) issue an annual audit plan for review and discussion with the Audit Committee;
- (b) at the conclusion of the audit review, shall discuss findings, significant audit weakness and audit related recommendations with the Audit Committee and Senior Management; and
- (c) provide a management letter to the Audit Committee upon completion of the annual audit.

8.0 Private sessions for the External Auditors and Audit Committee

The external audit firm partner shall be required to meet privately with the Audit Committee at least twice every financial year to discuss on key audit challenges.

9.0 Review of the External Auditors Policy

The Board and the Audit Committee will review the External Auditors Policy periodically to ensure that it continues to remain relevant and appropriate.

Revised and approved by the Board on 27 July 2022.