

KERJAYA PROSPEK PROPERTY BERHAD

Registration No. 199401001358 (287036-X)

POLICY AND PROCEDURES ON EVALUATION OF EXTERNAL AUDITORS

A. APPOINTMENT FOR AUDIT WORKS

This policy and procedure on evaluation of external auditors is to:

- ensure that qualified external auditors are engaged to audit the financial statements of the Company and ensuring that the financial statements of the Company is prepared in accordance with the applicable accounting standards of Malaysia as well as the other relevant rules and regulations governing the preparation of financial statements;
- enable external auditors to perform professional work of high quality at a competitive price;
- evaluate the external auditors' work, their suitability and independence; and
- permit the opportunity for recognised, accredited regional audit firms to offer their services to the Company.

Criteria for Selecting the External Auditors

The Audit and Risk Management Committee ("**Committee**") shall select the external auditors based on the following criteria:

- the audit firm and individual auditors must be registered with the Audit Oversight Board;
- qualification of the audit partners including the breadth and depth of resources and experience of the team members
- knowledge of the statutes and regulations and relevant accounting standards;
- quality and allocation of the individuals to be assigned to perform the audit;
- experience in auditing financial statements of public listed companies and similar industry; and
- completion of the Fit & Proper Declaration Form relating to their fit and properness.

The Committee is not obligated to select the lowest price/cost submitted.

Criteria for Evaluating the External Auditors

The Committee shall evaluate the external auditors' work and recommend to the Board of Directors ("**Board**") for re-appointment annually.

The external auditors shall be evaluated based on the following criteria:

- knowledge of the statutes and regulations and relevant accounting standards;
- ability to meet deadlines in performing the audit;
- quality and quantity of human resource used to perform the assigned audit;
- work methods and value of samplings used;
- flexibility and availability;
- competence, discretion and communication skills of personnel assigned to the audit;
- clarity of presentations and quality of the audit and reports produced; and
- appropriateness of audit fees to perform the audit.

The assessment may include consideration of information presented in the Annual Transparency Report issued by the external auditors, if any, as requested by the Audit Oversight Board.

Tenure of Service of the External Auditors

The external auditors would be reappointed annually subject to annual evaluation by the Committee. As part of the evaluation process, the Committee will obtain feedback from the management team on the quality of the audit service of the external auditors.

Audit partner in-charge of a public listed company should be rotated (within the audit firm based on the firm's policy) to ensure independence of audit.

B. APPOINTMENT FOR PROVISION OF NON-AUDIT SERVICES

To ensure objective auditing of the Company's financial statements, the Committee has in place a policy that sets out the circumstances in which the Company may use the external auditor for other services.

The policy will be based on the following principles:

- The external auditors may provide audit and non-audit related services that, while outside the scope of the statutory audit, are consistent with the role of the auditor;
- The external auditors should not provide services that are perceived to be materially in conflict with the role of the auditor;
- The external auditor may be permitted to provide non-audit services that are not perceived to be materially in conflict with the role of the auditor, subject to the approval of the Committee; and
- Exceptions may be made to the policy where the variation is in the interest of the Company and arrangements are put in place to preserve the integrity of the external audit process. The Board must specifically approve any such exception.

Prior to the provision of any non-audit services by the external auditors, the Committee should review and approve the acceptance of such engagements. If the non-audit service results in concerns on independence to an extent that they cannot be reduced to an acceptable level by the applications of safeguards, the non-audit service shall not be accepted. The following are the services that shall not be provided by the external auditors:-

- accounting and bookkeeping services;
- valuation services;
- preparation of tax computation for accounting purposes;
- internal audit services;
- design or implementation of information systems;
- recruiting services; and
- corporate finance services

C. REVIEW OF POLICY

This Policy shall be reviewed periodically (subject to at least once in every 3 years) in accordance with the needs of the Company and the Board's approval shall be obtained for any amendment or changes made from time to time.

Approved on 26 May 2023.