



MILUX CORPORATION BERHAD
[Registration No. 199401027937 (313619-W)]

**POLICIES AND PROCEDURES TO ASSESS THE SUITABILITY, OBJECTIVITY
AND INDEPENDENCE OF EXTERNAL AUDITORS**

INTRODUCTION

Practice 9.3 of the Malaysian Code on Corporate Governance ("MCCG") stipulates that the Audit Committee ("AC") should have policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements. In addition, Guidance 9.3 of the MCCG amongst others, stipulates that the AC should consider the following in assessing the suitability, objectivity and independence of the external auditors: -

- The criteria to guide decisions on the appointment and re-appointment of the external auditor. The criteria should include an assessment of the competence, audit quality and resource capacity of the external auditor in relation to the audit;
- The appropriateness of audit fees to support a quality audit;;
- Requirement for non-audit services to be approved by the Audit Committee before they are rendered by the external auditor and its affiliates while taking into account the nature and extent of the non-audit services and the appropriateness of the level of fees.

The ARC should conduct the assessment of the suitability, objectivity and independence of the external audit firm annually.

This Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors ("**Policy**") sets out the criteria which the Audit and Risk Committee ("**ARC**") should consider in assessing the suitability, objectivity and independence of the external auditors to Milux Corporation Berhad ("**Milux**" or "**the Company**").

Assessment Criteria

Some of the matters for the ARC's consideration regarding the appointment, re-appointment and removal of Milux's external auditors include:-

(i) Fees

The external auditors must provide a fee quotation for its audit services. However, price will not be the sole determining factor of suitability.

(ii) Competent, audit quality and resource capacity

The ARC shall consider the audit firm's reputation and the qualifications of its professionals, including the breadth and depth of resources, expertise and experience of the team members and the audit firm accreditation with the Audit Oversight Board of the Securities Commission Malaysia ("AOB"). Their networking ability and competency to address any complex issues, are equally important to assess its suitability.

(iii) Non-audit services

All engagements of the external auditors to provide non-audit services are subject to the necessary approvals outlined in the Policy on the Provision of Non-Audit Services by External Auditors adopted by Milux.

(iv) Independence

The audit firm must satisfy the ARC that it is independent and outline the procedures it has in place to maintain its independence.

The independence of the external auditors is integral to the role of auditors and the ARC shall give due consideration to this requirement when putting forward a recommendation to the Board of Directors of Milux.

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 is to be given to the Company.

A former partner of the Company's external auditors [applies to all former partners of the audit firm and/or the affiliate firm (including those providing advisory services, tax consulting etc.)] has to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARC to safeguard the independence of the audit by avoiding the potential threats which may arise when a partner is in a position to exert significant influence over the audit and preparation of the Company's financial statements.

Former partner includes the engagement partner, the individual responsible for the engagement of quality control review, and other audit partners, if any, on the engagement team who make key decisions or judgement on significant matters with respect to the audit of the financial statements on which the auditor will express an opinion.

(v) Material matters

A candidate must outline its proposed procedures to address the issue of material significance or matter of disagreement with the Management. The external auditors are required to disclose to the ARC all issues of material significance and all matters of disagreement with the Management, whether resolved or unresolved, and to assist the ARC to review such matters.

Approval of non-audit services

All engagements of the external auditors to provide non-audit services with value in aggregate exceeding 50% of the latest Group's audit fees are subject to the approval /endorsement of the ARC. Prior approval of the ARC must be obtained before commencement of these non-audit services.

Monitoring and Reporting

The Chief Financial Officer of Milux shall report to the ARC on an annual basis on any significant non-audit services and its related fees on non-audit rendered to the Company by the external auditors.

Rotation of External Audit Engagement Partner

The external auditors rotate their engagement partners, engagement quality control reviewer and other key audit partners assigned to the Company in accordance with the By-Laws of Malaysian Institute of Accountants ("MIA") governing long associate of audit or assurance client.

Review of the Policy

The ARC will review regularly and assess the effectiveness of the Policy. Any requirement for amendment shall be deliberated by the ARC and any recommendation for revisions shall be highlighted to the Board for approval.

Revision of the Policy

This Policy shall be reviewed by the ARC from time to time as necessary to ensure the Policy remains relevant and viable to meet the needs of the Company. Any revision to the Policy shall be recommended to the Board for consideration and approval.

This Policy was reviewed and approved by the Board of Directors on 28 November 2023.