

EXTERNAL AUDITORS' ASSESSMENT POLICY

1. PURPOSE

- 1.1 Section 248(2) of the Companies Act 2016 requires the financial statements of a company to be audited before they are circulated to shareholders. The purpose of the statutory audit is to give shareholders an independent opinion on whether the financial statements of Ancom Nylex Berhad ("ANB" or "Company") and its subsidiaries ("Group") give a true and fair view of the financial position and performance of the Group, and whether they have been prepared in accordance with the Companies Act 2016, the Malaysian Financial Reporting Standards, the International Financial Reporting Standards and other applicable regulatory requirements.
- 1.2 That opinion is only as valuable as the independence and competence of the auditor who gives it. The Board therefore treats the annual assessment of the External Auditors ("Auditors") as a substantive exercise of judgement, not a procedural formality.
- 1.3 In accordance with its Terms of Reference, the Audit Committee ("Committee") is delegated by the Board to assess the suitability, objectivity and independence of the Auditors and the effectiveness of the external audit process. On the basis of that assessment, the Committee reports and makes recommendations to the Board on the appointment, re-appointment or removal of the Auditors and on their fees.

2. ASSESSMENT CRITERIA

A. Competence

- 2.1 The Committee shall consider only an audit firm that has not been the subject of disciplinary action for non-compliance with accounting, auditing or reporting standards during the preceding five years, and shall take into account the findings of any inspection of the firm published by the Audit Oversight Board.
- 2.2 The Committee shall consider the qualifications, technical capabilities and relevant experience of the engagement partner and of the audit team assigned to the Group, including their familiarity with the industries and jurisdictions in which the Group operates.
- 2.3 The Committee shall consider the adequacy of the resources committed to the audit, including the firm's audit methodology, tools and access to technical expertise.

B. Audit quality

- 2.4 The Committee shall obtain feedback from Management on the Auditors' professional working relationship, responsiveness, delivery quality and overall level of service.
- 2.5 The Committee shall consider the Auditors' adherence to the agreed audit plan, their timeliness, the thoroughness of their audit approach within a reasonable scope, and the effectiveness and efficiency of the engagement team.
- 2.6 The Committee shall consider the insight the Auditors provide on internal controls, accounting policies and emerging financial reporting risks, as evidence of professional scepticism and of the value the audit adds beyond the opinion itself.

C. Independence and objectivity

- 2.7 The Committee shall assess whether any relationship or circumstance exists between the Auditors and the Directors, Key Senior Management or major shareholders of the Group that may impair, or appear to impair, the Auditors' independence.

- 2.8 The Committee shall review the level of fees payable to satisfy itself that they are fair and not excessive relative to the scope of the audit, recognising that a fee which is unreasonable in either direction may give rise to a perception of compromised objectivity or of inadequate audit effort.
- 2.9 The Committee shall obtain written assurance from the Auditors that they have complied with the independence and ethical requirements prescribed by the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA By-Laws"), and shall consider the information in the Auditors' Annual Transparency Report where one is published.

D. Provision of non-audit services

- 2.10 The Committee may approve the engagement of the Auditors for non-audit services provided that the services do not create a self-review, self-interest, advocacy, familiarity or intimidation threat to independence that cannot be reduced to an acceptable level by safeguards, and are clearly separated from the audit process.
- 2.11 Three principles govern the appointment of the Auditors for non-audit services:
- (a) the Auditors must not function in the role of management;
 - (b) the Auditors must not audit their own work; and
 - (c) the Auditors must observe and comply with the MIA By-Laws in relation to the provision of non-audit services.
- 2.12 The Committee shall monitor the ratio of non-audit fees to audit fees for the Group on a cumulative basis for each financial year. Where that ratio exceeds 30% the engagement shall require the prior approval of the Committee itself, irrespective of the amount involved.
- 2.13 The Committee shall approve a framework identifying the categories of non-audit service that are prohibited, those that require prior Committee approval, and those that may be approved by Management within delegated limits and reported to the Committee.

3. Rotation of Key Audit Partners

- 3.1 The key audit partner responsible for the Group's audit shall not serve in that role for more than seven consecutive years. Upon rotation, the partner shall observe a cooling-off period before being eligible to resume any key audit partner role for the Group.
- 3.2 The time-on and cooling-off periods applied shall in every case be the more stringent of those set out in this Policy and those required by Section 540 of the MIA By-Laws (Long Association of Personnel, including Partner Rotation, with an Audit Client), as amended from time to time, for the audit of a public interest entity.
- 3.3 The Committee shall satisfy itself annually that the applicable rotation and cooling-off requirements have been observed, and shall obtain confirmation from the Auditors to that effect.

4. CONDUCT AND OUTCOME OF THE ASSESSMENT

- 4.1 The Committee shall conduct the assessment annually, applying the criteria in this Policy. The same criteria shall be applied in assessing any candidate firm where the Committee is considering recommending a replacement of the Auditors.
- 4.2 Where the assessment identifies a material concern, the Committee shall raise it with the Auditors and with Management, agree remedial action, and monitor that action to completion.
- 4.3 Where the Committee concludes that the Auditors are not suitable for re-appointment, it shall report its reasons to the Board and recommend the appropriate course of action, which may include a competitive tender.

- 4.4 The Committee shall report the findings and observations of each annual assessment to the Board, and shall include an account of the assessment in the Audit Committee Report in the Company's annual report.

5. REVIEW AND PUBLICATION

- 5.1 This Policy shall be reviewed at least once every three years, and whenever there is a material change in the applicable law, regulation, auditing or ethical standards, or in the circumstances of the Group. Any amendment is subject to the approval of the Board.
- 5.2 This Policy shall be made available on the Company's website at www.ancomnylex.com.

DOCUMENT CONTROL

Document	External Auditors Assessment Policy
Owner	Audit Committee
Approved by	Board of Directors
Date of approval	29 September 2026
Supersedes	External Auditors Assessment Policy dated 10 August 2023