

EXTERNAL AUDITORS EVALUATION POLICY

1. Introduction

For the purposes of this document, “Company” refers to Farlim Group (Malaysia) Bhd. and “Group” refers to Farlim Group (Malaysia) Bhd. and its subsidiaries.

2. Objective

This policy defines the considerations and procedures to evaluate the suitability, objectivity and independence of the external auditor in order to safeguard the quality and reliability of audited financial statements.

3. Assessment Criteria of External Auditors

Before selecting an external audit firm for the Company and the Group, or recommending the appointment of the external auditor to the Board of Directors ("Board") for shareholders' approval, the Audit Committee ("AC") shall evaluate the external audit firm and the audit team by considering the following criteria:

- i. The registration with the Audit Oversight Board;
- ii. The experience in auditing the financial statements of public listed companies in similar industries;
- iii. The network firms in supporting audits in overseas entities;
- iv. The past or ongoing legal cases against the firms including reprimand records, if any by authorities and their findings on the firms;
- v. The independence and confidentiality philosophy, policies and procedures of the firms;
- vi. The present engagement with the Group for non-audit services, if any;
- vii. The quality, resource capacity and competency of the audit team assigned to perform the audit;
- viii. The reputation and integrity of the audit partner-in-charge or the new partner-in-charge under the regulatory requirement on audit partner rotation;
- ix. The performance of the current audit team in meeting deadlines, their communication skills, the clarity of presentations and the quality of the reports; and
- x. The appropriateness of the audit fee charged and its impact on their audit work quality and independence.

As part of the assessment, the AC shall also consider the information presented in the *Annual Transparency Report* about the firm's governance and leadership structure and the measures undertaken by the firm to uphold audit quality and manage risks.

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In addition, the AC shall obtain a written assurance from the external auditor and the audit team members confirming that they are and have been, independent throughout the conduct of the audit engagement, including any non-audit services provided to the Company and the Group and that they have maintained their independence under the relevant legislation and professional standards.

4. Appointment of External Auditor for Non-Audit Work

External auditors' independence can be impaired by providing non-audit services (i.e., services not related to the statutory audit) to the Group.

Therefore, before recommending any non-audit service engagements to the Board for approval, the AC shall evaluate potential circumstances that may erode the auditor's objectivity and independence due to the provision of non-audit services and their fee. The AC shall also obtain confirmation from the external auditor that the provision of non-audit services will not impair their independence.

When the non-audit fees constitute 50% or more of the total audit fees paid to the external auditors, such non-audit fees shall be disclosed in the Annual Report, stating the nature of services and the amount incurred on a Group.

5. Review of Policy

The AC shall review this Policy annually to ensure that it is in accordance with the corporate governance principles and best practices.

This Policy was reviewed and approved by the Board on 25 February 2026.