

EXTERNAL AUDITORS' POLICY

1. Introduction

The Audit and Risk Committee ("ARC") of Lagenda Properties Berhad ("Lagenda Properties" or "the Company") is responsible for reviewing, assessing and monitor the performance, suitability and independence of external auditors. The objective of this External Auditors Policy ("the Policy") is to outline the guidelines and procedures for the ARC to assess and monitor the external auditors' performance.

2. Selection and Appointment

The recommendation on the appointment of External Auditors should be based on an assessment of the independence and capabilities of the External Auditors as well as the effectiveness of the audit process. The ARC will follow the following procedures for selection and appointment of new External Auditors:-

- 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;
- f) the ARC will recommend the suitable audit firm to the Board for appointment as external auditors; and
- g) the Board will enclose the recommendation proposed by the ARC 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. Independence

The ARC shall review the independence of the external auditors annually and 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.

4. Non-audit service

The external auditors can be engaged to perform non-audit services that are not, and are not perceived to be, in conflict with the role of the external auditor. This excludes audit related work in compliance with statutory requirements.

The provision of non-audit services by the external auditors shall be based on the following three (3) basic principles:-

- (a) external auditors cannot function in the role of Management;
- (b) external auditors cannot audit their own work; and
- (c) external auditors cannot serve in an advocacy role of the Company and its subsidiaries ("the Group").

The external auditors shall observe and comply with the By-Laws of the Malaysian Institute of Accountants in relation to the provision of non-audit services,

All engagement of the external auditors to provide non-audit services are subject to the approval/endorsement of the ARC. Management shall obtain confirmation from the external auditors that the independence of the external auditors will not be impaired by the provision of non-audit services.

5. Rotation of Audit Partner

The audit partner responsible for the external audit of the Group is subject to rotation at least every five (5) financial years, or at any duration as prescribed by the relevant professional or regulatory body.

6. Annual Reporting

The External Auditors shall issue an annual audit plan for review and discussion with the ARC. The External Auditors shall also provide a management letter to the ARC upon completion of the annual audit.

7. Annual Assessment

The ARC shall carry out annual assessment on the performance, suitability and independence of the external auditors as well as the effectiveness of the audit process and may request the Chief Financial Officer to assist in the assessment, by taking into consideration the following:

- i) quality of service;
- ii) sufficiency of resources;
- iii) communication and interaction with Management and Internal Auditors; and
- iv) independence, objectivity and professional scepticism.

8. Review of the Policy

The ARC shall, periodically and at any time as it deems necessary, review this policy to ensure that it remains relevant and appropriate.

This Policy has been approved by the Board of Directors on 15 November 2021.