



**TEAMSTAR BERHAD**

REGISTRATION NO.: 202501005743 (1607157-X)

## **EXTERNAL AUDITOR POLICY**

## **1. INTRODUCTION**

- 1.1 In accordance with the Terms of Reference of the Audit and Risk Management Committee (“**ARMC**”) of Teamstar Berhad (“**Company**”), the ARMC is responsible for the assessment of the suitability, objectivity, independence and overall performance of the External Auditor of the Company (“**External Auditor**”) to safeguard the quality and reliability of its audited financial statements.
- 1.2 The purpose of this External Auditor Policy (“**Policy**”) is to detail the responsibilities and procedures of the ARMC regarding the appointment, re-appointment and removal of the External Auditor, as laid down in the Terms of Reference of the ARMC, being:-
  - (a) the establishment of policies and procedures for the selection, nomination, appointment and re-appointment of the External Auditor;
  - (b) the assessment of the suitability, objectivity, independence and overall performance of the External Auditor; and
  - (c) the establishment of policies and procedures for the provision of non-audit services by the External Auditor.
- 1.3 This Policy shall be read in conjunction with the Terms of Reference of the ARMC.

## **2. SELECTION AND APPOINTMENT OF EXTERNAL AUDITOR**

- 2.1 The appointment, resignation and removal of the External Auditor are subject to the provisions of the Companies Act 2016 (“**Act**”) and the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).
- 2.2 Pursuant to Section 271 of the Act, the Company shall at each annual general meeting (“**AGM**”), appoint or re-appoint the External Auditor of the Company, and the External Auditor so appointed shall hold office until the conclusion of the next AGM of the Company.
- 2.3 Should there be a need to fill a casual vacancy or change of External Auditor, the ARMC shall follow the following procedures for the selection and appointment of new External Auditor:-
  - (a) identify the audit firms that meet the criteria for appointment and request for their proposals of engagement for consideration;
  - (b) assess the proposals received and shortlist the suitable audit firms;
  - (c) meet and/or interview the shortlisted audit firms; and
  - (d) recommend the suitable audit firm to the Board of Directors of the Company (“**Board**”) for appointment as External Auditor.

If need be, the ARMC may request the Chief Financial Officer (“**CFO**”) to facilitate steps (a) to (c) above.

- 2.4 Once the assessment process is completed, the ARMC shall report to the Board on the process adopted in undertaking the review, the audit firm recommended by the ARMC and the basis for the recommendation.

- 2.5 In assessing the audit firms, the following criteria shall be taken into consideration:-
- (a) the audit firm's reputation (including the outcome of any recent inspections on the firm by the Audit Oversight Board of Securities Commission Malaysia or other regulatory bodies);
  - (b) the adequacy of the experience and resources of the audit firm;
  - (c) the number of audit staff who will be assigned to the audit engagement and their qualifications and experience;
  - (d) the profile of the audit firm's major clients, including those in the same or similar industry as the Company and its subsidiaries ("**Group**");
  - (e) networking ability and competency to address overseas subsidiaries not audited by the audit firm;
  - (f) audit approach and methodology of the audit firm;
  - (g) independence of the audit firm;
  - (h) internal governance processes of the audit firm;
  - (i) reasonableness of audit fees; and
  - (j) any other criteria deemed fit by the ARMC.

### **3. REVIEW OF EXTERNAL AUDITOR FOR RE-APPOINTMENT**

- 3.1 The ARMC shall carry out an annual assessment on the suitability, objectivity, independence and performance of the External Auditor as well as the effectiveness of the audit process, to facilitate its recommendation to the Board for tabling of the re-appointment of the External Auditor to the shareholders at the AGM.
- 3.2 In evaluating the External Auditor, the ARMC shall consider the following:-
- (a) calibre of the audit firm;
  - (b) quality of audit services;
  - (c) adequacy of audit scope;
  - (d) internal quality control procedures of the audit firm;
  - (e) relationship with the Group;
  - (f) independence and objectivity;
  - (g) ability to meet deadlines and respond to issues in a timely manner;
  - (h) effectiveness of recommendations in addressing weaknesses observed during audit;
  - (i) timeliness in escalating audit issues to the ARMC and/or the Board;
  - (j) level of understanding of the Group's business;
  - (k) competency and adequacy of resources;
  - (l) appropriateness of the proposed audit fees to support a quality audit;
  - (m) the audit quality and candour of the audit firm's communications and interactions with the ARMC, management and the Internal Auditor;
  - (n) the professional scepticism; and
  - (o) Annual Transparency Report or if the audit firm is not required to issue such report, then the ARMC shall engage with the audit firm on matters typically covered under such report, including the audit firm's governance and leadership structure as well as measures undertaken by the firm to uphold audit quality and manage risks.
- 3.3 The ARMC may, at its discretion, obtain feedback from management during the evaluation exercise. The ARMC may also delegate the responsibility of performing the annual assessment of the External Auditor to the CFO, where appropriate.

- 3.4 In the event the performance of the External Auditor is assessed to be unsatisfactory, the ARMC shall deliberate and recommend to the Board the appropriate course of action, which may include, but is not limited to:
- (a) engaging in discussions with the External Auditor to address and resolve performance concerns; or
  - (b) requesting a change in the audit engagement team.

#### **4. INDEPENDENCE OF EXTERNAL AUDITOR**

- 4.1 The External Auditor of the Company shall be independent in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) ("**By-Laws**") of the Malaysian Institute of Accountants ("**MIA**").
- 4.2 The External Auditor shall be precluded from providing services that might impair its independence or be in conflict with its assurance and compliance role. The independence of the External Auditor may be impaired where the External Auditor provide services which:-
- (a) create conflict of interests between the External Auditor and the Group;
  - (b) result in the External Auditor functioning in the role of management;
  - (c) place the External Auditor in the position of auditing its own work; or
  - (d) place the External Auditor in the position of being an advocate for the Group.
- 4.3 The External Auditor shall be required to furnish their written assurance to the ARMC annually, 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.

#### **5. NON-AUDIT SERVICES**

- 5.1 The External Auditor shall observe and comply with the By-Laws of the MIA in relation to the provision of non-audit services.
- 5.2 Before appointing the External Auditor and/or its affiliates to undertake any non-audit services, the ARMC shall take the following into consideration in determining whether the non-audit services may impair the External Auditor's independence and/or objectivity or give rise to a conflict of interest:-
- (a) whether the skills and experience of the External Auditor make them a suitable service provider of the non-audit services;
  - (b) whether adequate safeguards have been deployed to eliminate or reduce to an acceptable level any threat to objectivity and independence in the conduct of the audit resulting from the non-audit services provided by the External Auditor; and
  - (c) the nature and extent of the non-audit services, the actual fee level to be incurred by the Company and on a group basis, relative to the audit fee.
- 5.3 The following non-audit services shall not be provided by the External Auditor pursuant to the By-Laws of the MIA:-

- (a) accounting and bookkeeping services, including payroll services and the preparation of the financial statements or financial information of the Group;
- (b) valuation services if the valuations would have a material effect on the financial statements;
- (c) preparation of taxation calculations of current and deferred tax liabilities (or assets) for the purpose of preparing accounting entries that are material to the financial statements;
- (d) internal audit services that relate to a significant part of the internal controls over financial reporting, financial accounting systems or amount or disclosures that are material to the financial statements;
- (e) design or implementation of financial information systems that form a significant part of the internal control or information on financial reporting, accounting records or financial statements;
- (f) acting in an advocacy role on behalf of the Company to resolve a dispute or litigation support when the amounts involved are material to the financial statements;
- (g) recruitment services with respect to a director, officer or a member in a senior management position who would be in a position to exert significant influence over the preparation of accounting records or the financial statements; and
- (h) corporate finance services which involve promoting, dealing in, or underwriting the Group's shares.

5.4 The non-audit fees paid or payable to the External Auditor in a financial year shall be not more than 50% of the total amount of audit fees paid or payable to the External Auditor.

5.5 All engagements of the External Auditor or a firm or corporation affiliated to the External Auditor to provide non-audit services are subject to the approval/endorsement of the ARMC prior to the engagement (with the exception of the External Auditor's annual review of the Statement on Risk Management and Internal Control for inclusion in the Annual Report, for which the CFO shall be authorised to engage the External Auditor).

5.6 Prior to its engagement, management shall obtain confirmation from the External Auditor that its independence will not be impaired by the provision of the non-audit services.

## **6. ROTATION OF AUDIT ENGAGEMENT PARTNER**

The audit engagement partner responsible for the external audit of the Group shall be subject to rotation and shall observe the cooling-off period in accordance with the By-Laws of the MIA.

## **7. APPOINTMENT OF A FORMER PARTNER AS A MEMBER OF THE ARMC**

In the event a former partner of the external audit firm and/or the affiliate firm (including those providing advisory services, tax consulting, etc.) is to be appointed as a member of the ARMC, he/she shall observe a cooling-off period of at least three (3) years before such appointment.

**8. REVIEW OF POLICY**

- 8.1 This Policy was reviewed and approved by the Board on 20 February 2026 and is made available on the Company's website at <https://teamstarberhad.com/>.
- 8.2 The ARMC shall review this Policy from time to time and make the necessary amendments taking into consideration the needs of the Group as well as any changes to the Malaysian Code on Corporate Governance, Listing Requirements of Bursa Securities or any other regulatory requirements to ensure that it continues to remain relevant and appropriate.
- 8.3 Any amendments to this Policy shall be tabled to the Board for approval and made available on the Company's website.

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