



MEDIA CHINESE INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Malaysia Company No. 200702000044)

(Hong Kong Stock Code: 685)

(Malaysia Stock Code: 5090)

**POLICY FOR THE ASSESSMENT OF THE SUITABILITY AND
INDEPENDENCE OF EXTERNAL AUDITORS**

(Approved and adopted by the Board on 26 May 2022)

1. Overview

The Board of Directors (the “Board”) and the Audit Committee of Media Chinese International Limited (the “Company”, together with its subsidiaries, the “Group”) are committed to ensuring the suitability and independence of external auditors in substance as well as in form.

The independence of the external auditors is a key governance issue for the Group. On an annual basis, the AC should ensure the independence and impartiality of the external auditors, taking into consideration relevant regulatory requirements.

Management should obtain 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.

2. Selection Criteria

The following criteria shall be considered by the Audit Committee when assessing and evaluating the appointment, reappointment and removal of the external auditors of the Group:-

a) **Audit Fees**

The candidate/candidates must provide a fee quotation for its audit services. The level of proposed fee for the audit services shall not be the sole determining factor in the selection process.

b) **Independence**

The candidate/candidates must satisfy the Audit Committee 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. The Audit Committee will give due consideration to the requirements when selecting preferred auditors for recommendation to the Board.

c) **Material Matters**

The candidate/candidates must outline its proposed procedures to address the issue of material

significance or matter of disagreement with the management of the Company.

The external auditors shall be required to disclose to the Audit Committee all issues of material significance and all matters of disagreement with the management of the Company, whether they are resolved or unresolved, and to assist the Audit Committee to review such matters.

d) Non-audit Services

The candidate/candidates must state its/their approach to the provision of non-audit services to the Group.

e) Competency and Resources

The Audit Committee shall consider, including but not limit to the reputation of the candidate/candidates and qualifications of its/their professionals, together with the breadth and depth of resources, expertise and experience of the team members, the networking ability and competency to address the issue of the overseas subsidiaries not audited by the candidate/candidates, i.e. its liaison capability with the component auditors, are equally important assessing their suitability.

f) Industry Specialty

Industry specialty should provide higher quality audits for the reasons of the better audit technologies, lower costs due to economies of scale and superior knowledge due to knowledge economy. In addition, industry experience can improve the detection of fraudulent reporting and task-level performance.

3. Approval of Non-audit Services

The policy on audit and non-audit services is guided by the following principles: -

- (a) The auditors may provide audit and non-audit related services that, while outside the scope of the statutory audit, are consistent with the role of auditors;
- (b) The external auditor shall not provide services that are perceived to be materially in conflict with the role of auditors;
- (c) The external auditor may be permitted to provide non-audit services that are not perceived to be materially in conflict with the role of auditors; and
- (d) Any exceptions that can be made to the Policy where the variation is in the interest of the Group and arrangements are put in place to preserve the integrity of the external audit process. The Board must specifically approve any such exception.

Before appointing the external auditor to undertake a non-audit service, considerations should be given to whether this would create a threat to the external auditors' independence or objectivity. The external auditors should not be appointed unless appropriate safeguards are present to eliminate or reduce the threat to an acceptable level. External auditor shall not be considered for non-audit services specifically prohibited by the by-laws of the Malaysian Institute of Accountants or promulgations of the International Federation of Accountants for which no safeguard can eliminate or reduce the threat on the external auditors' independence.

The subsidiary or entity must inform the Group CEO [and/or the Group Financial Controller] of the non-audit services and the estimated fees to be incurred.

The subsidiary or entity can only proceed with the non-audit service work when authorised by the Group CEO.

Engagements of external auditor to render non-recurring and/or unplanned non-audit services must be approved by the Audit Committee.

Management shall obtain confirmation from the external auditor that the independence of the external auditors will not be impaired by the provision of non-audit services.

4. Monitoring and Reporting

The Group CEO shall report to Audit Committee on an annual basis on any significant non-audit services and its related fees on non-audit rendered to the Group by the engaged external auditors.

5. Disclosure to the Audit Committee

The engaged external audit firm partner shall, without the presence of executive directors and management of the Company, meet with Audit Committee at least twice (2) a year to discuss any issues needed to be deliberated.

6. Annual Assessment

The Audit Committee is responsible for assessing the performance, suitability and independence of the engaged external auditor in accordance with the following criteria: -

- a) Quality of service;
- b) Sufficiency of the resources; and
- c) Independence, objectivity and professional skepticism,

The Audit Committee shall obtain feedback concerning the quality of the audit services from the management of the Company. Audit Committee shall review and evaluate the appropriateness of the audit fees to support the quality of the audit.

The Annual Transparency Report presented by the engaged external audit firm shall also be taken into account in the event of annual assessment. If the engaged external audit firm is not required to issue the Annual Transparency Report, the Audit Committee shall arrange to investigate and to conclude the matters which typically to be covered in the Annual Transparency Report, including the governance and leadership structure of the engaged external audit as well as measures undertaken by the firm to uphold audit quality and manage risk.

Upon the satisfaction in the competence, independence and other necessary criteria of the external auditor, the Audit Committee shall consider to recommend the re-appointment of the engaged external auditor to the Board for due consideration and approval. The Board shall seek the shareholders' approval for the re-appointment of the external auditor at the forthcoming annual general meeting.

7. Review of the Policy

This Policy shall be reviewed and updated by the Board periodically to ensure its relevance and appropriation.

Any revision or amendment to this Policy, as proposed by the Audit Committee, shall be first presented to the Board for approval.