



**DATASONIC GROUP BERHAD**  
(Registration No. 200801008472 (809759-X))  
(Incorporated in Malaysia)

## **TERMS OF REFERENCE OF AUDIT COMMITTEE**

**As at 31 May 2022**



(Registration No. 200801008472 (809759-X))  
(Incorporated in Malaysia)

## **TERMS OF REFERENCE OF AUDIT COMMITTEE**

### **1. OBJECTIVE**

The Audit Committee serves to implement and support the oversight function of the Board. It provides a means for review of the Company's and Group's processes for producing financial data, its internal controls, corporate code of conduct, the independence of the Company's External Auditors, and maintain an open line of communication and consultation between the Board, the Internal Auditors, the External Auditors and the Management.

### **2. COMPOSITION**

- 2.1 The Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall consist of not less than three (3) members.
- 2.2 All the Committee members shall be non-executive directors with a majority of the members, including the Chairman of the Committee, being Independent Directors as defined in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- 2.3 To the extent practicable, the Committee should comprise solely of Independent Directors.
- 2.4 The Committee members shall elect a Chairman from among their number who shall be an Independent Non-Executive Director. The Chairman of the Committee should not be the Chairman of the Board.
- 2.5 No members of the Committee shall be employed in an executive position in the Company or its related corporations or otherwise have a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgement in carrying out the functions of the Committee. In addition, members of the committee shall not be directly responsible for, or part of any committee involved in, the management functions of the Company or its related corporations.
- 2.6 Members of the Committee shall possess sound judgement, objectivity, independent attitude, management experience and knowledge of the industry. They shall be committed to the task and demonstrate a keen perception of the internal control environment within the Company and the Group and an ability to make probing inquiries. All members of the Committee shall be financially literate. The Committee shall include at least one person:-

***Datasonic Group Berhad (Company No. 809759-X)***  
***Terms of Reference of Audit Committee***

- (a) who is a member of the Malaysian Institute of Accountants; or
  - (b) who must have at least three (3) years' working experience; and
    - (i) have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - (ii) is a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  - (c) who has either one of the following qualifications and at least 3 years' post-qualification experience in accounting or finance:
    - (i) a degree/masters/doctorate in accounting or finance; or
    - (ii) a member of any professional accountancy organization which has been admitted as a full member of the International Federation of Accountants; or
  - (d) who has at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
- 2.7 No Alternate Director shall be appointed as a member of the Committee.
- 2.8 If the Chairman or a member of the Committee resigns or for any reason ceases to be a member with the result that the number of members is reduced below three (3), the Board shall, within three (3) months, elect an independent Chairman of the Committee or appoint such number of new members as may be required to make up the minimum of three (3) members.
- 2.9 The term of office and performance of the Committee and each of its members shall be reviewed by the Nomination and Remuneration Committee annually to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference. However, the appointment terminates when a member ceases to be a Director.
- 2.10 Any appointment of a former key audit partner as a member of the Committee shall observe a cooling-off period of at least three (3) years before being appointed as a member of the Committee.

### **3. MEETINGS**

- 3.1 The quorum for a Committee meeting shall be at least two (2) members; the majority present must be Independent Directors.
- 3.2 The Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide. The Committee shall ensure that they meet exclusively when necessary.

***Datasonic Group Berhad (Company No. 809759-X)***  
***Terms of Reference of Audit Committee***

- 3.3 Notwithstanding paragraph 3.2 above, upon the request of any member of the Committee, non-member Directors, the Internal or External Auditors, the Chairman shall convene a meeting of the Committee to consider the matters brought to its attention.
- 3.4 The External Auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so. In order to allow the External Auditors to express concerns, problems and reservations arising from financial audits respectively, the Committee shall meet at least twice a year with the External Auditors without the presence of management and executive board members.
- 3.5 The Committee may invite any non-member Directors or employee of the Company and of the Group who the Committee thinks fit and proper to attend its meetings to assist in its deliberations and resolutions of matters raised.
- 3.6 The Internal Auditors shall be in attendance at all meetings to present and discuss the audit reports and other related matters and the recommendations relating thereto and to follow up on all relevant decisions made. However, the Committee should meet with the Internal Auditors without other directors and employees present, whenever deemed necessary.
- 3.7 The Company Secretary shall act as Secretary of the Committee and shall the requisition of the members of the Audit Committee summon a meeting of the Committee and, except in the case of an emergency, reasonable notice of every Committee meeting shall be given in writing.
- 3.8 The Secretary of the Committee shall be entrusted to record all proceedings and minutes of all meetings of the Committee.
- 3.9 A resolution in writing, signed by ALL the members of the Committee, shall be as effectual as if it has been passed at a meeting of the Committee duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Committee members. The expressions “in writing” or “signed” include approval by legible confirmed transmission by facsimile, telex, cable, telegram or other forms of electronic communications.
- 3.10 In addition to the availability of detailed minutes of the Committee’s meetings to all Board members, the Committee at each Board meeting will report a summary of significant matters and resolutions.

#### **4. RIGHTS AND AUTHORITY**

The Committee is authorised to:

- 4.1 Investigate any matter within its terms of reference.
- 4.2 Have adequate resources required to perform its duties.
- 4.3 Have full and unrestricted access to information, records and documents relevant to its activities.
- 4.4 Be kept regularly updated on audit matters and be notified immediately of any fraud and significant irregularities or internal control deficiencies discovered by management or the Internal Audit Department.
- 4.5 Have direct communication channels with the External and Internal Auditors, and employees of the Company and of the Group.

In this respect, the Chairman of the Audit Committee should engage on a continuous basis with senior management, the Managing Director, Deputy Managing Director, the Chief Financial Officer, the Chief Internal Auditor and the External Auditors in order to be kept informed of matters affecting the Company and the Group.

- 4.6 Engage, consult and obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise it considers necessary.

#### **5. FUNCTIONS AND DUTIES**

- 5.1 To review and recommend for the Board's approval, the Internal Audit Charter which defines the independence, purpose, authority, scope and responsibility of the internal audit function in the Company and the Group.
- 5.2 To review the following and report to the Board:
  - (a) With the External Auditors:
    - (i) The audit plan and the extent of assistance rendered by employees of the Auditee.
    - (ii) The audit report and the corrective actions arising from external audit findings.
    - (iii) Their evaluation of the system of internal controls.

***Datasonic Group Berhad (Company No. 809759-X)***  
***Terms of Reference of Audit Committee***

- (iv) The details on audit and non-audit fees (including the nature of services if the non-audit fees are significant) and on matter concerning their suitability for nomination, appointment and re-appointment, including reviewing and assessing the various relationships between the External Auditor's judgement or independence in respect of the Company.
  - (v) The underlying reasons for resignation or dismissal as Auditors. The Committee shall investigate reasons for any request made by management to dismiss the External Auditors, or any resignation by the External Auditor. The results of the investigation shall be disclosed to the full Board together with the Committee's recommendations on the proposed actions to be taken. The decisions of the Board in relation to the recommendations made by the Committee shall be documented in the Board minutes.
  - (vi) All representation letters signed by management to ensure information provided is complete and appropriate.
  - (vii) Management's responsiveness to, and action taken on, external audit findings and recommendations to ensure effective and timely resolution.
  - (viii) Issues and reservation arising from audits must be properly discussed and acted upon to remove the auditors' concern.
  - (ix) Disclosure statement on the state of risk management and internal control of the Company as a Group.
- (b) With the Internal Audit Department:
- (i) Fulfillment of Internal Audit Department ("IAD")'s role in evaluating and contributing to the improvement of risk management, control and governance systems as spelled out in the International Standards for the Professional Practice of Internal Auditing contained in The International Professional Practices Framework.
  - (ii) Compliance with internal auditing standards, Company or its related corporations' policies relating to conformity with laws and regulatory requirements.
  - (iii) Their evaluation of the system of internal controls, which include amongst others, the financial and operational controls.

***Datasonic Group Berhad (Company No. 809759-X)***  
***Terms of Reference of Audit Committee***

- (iv) Independence and reporting relationships of audit function and reports to ensure that reporting relationships of internal audit staff do not impede exercise of independent judgement by internal auditors. Internal audit reports should not be subject to clearance of the Managing Director.
  - (v) Status of IAD within the overall organizational structure for internal auditors to effectively accomplish its audit objectives.
  - (vi) The adequacy and relevance of the scope, functions, competency, experience and resources of internal audit and the necessary authority to carry out its work.
  - (vii) Adequacy of training of IAD staff.
  - (viii) The audit plan of work program, including appropriateness of risk management methodology employed to determine the frequency and scope of audit.
  - (ix) Internal audit reports containing results of internal audit processes including corrective actions taken on recommendations and nothing any significant disagreements between the Internal Auditor and management irrespective of whether they have been resolved.
  - (x) The extent of cooperation and assistance rendered by employees of the Auditee including any restrictions placed on access by internal auditors to records, assets, personnel and processes.
  - (xi) The appraisal of the performance of the IAD including that of the senior staff and any matter concerning their appointment, remuneration, resignation and termination.
  - (xii) Coordination and cooperation between Internal and External Auditors.
- (c) The quarterly results and year end financial statement of accounts prior to the approval by the Board, focusing particularly on:
- (i) Whether auditors' report contained qualifications which must be properly discussed and acted upon to remove cause of auditors' concerns.
  - (ii) Significant changes and adjustments in preparation and presentation of financial statements.
  - (iii) Major changes in accounting policies, principles and also treatment.

***Datasonic Group Berhad (Company No. 809759-X)***  
***Terms of Reference of Audit Committee***

- (iv) Alternative accounting treatments discussed with management and ramifications of alternatives.
  - (v) Material fluctuations with regard to position and result as reflected in the financial statements.
  - (vi) Significant variations in audit scope.
  - (vii) Significant commitments and contingent liabilities.
  - (viii) Significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed.
  - (ix) Validity of going concern assumptions.
  - (x) Compliance with accounting standards, regulatory and other legal requirements.
- (d) The major findings of investigations and management responses.
- (e) The propriety of any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raise questions of management integrity.
- (f) The independence and objectivities of the external auditors and their services, including non-audit services and the level of professional fees considered fair and realistic.
- 5.3 To report any breaches of the Main Market Listing Requirements which have not been satisfactorily resolved, to Bursa Malaysia Securities Berhad.
- 5.4 To verify allocation of options pursuant to a share scheme for employees is in compliance with the criteria for the allocation of options.
- 5.5 To prepare the Audit Committee Report for inclusion in the Company's Annual Report covering:
- (a) The composition of the Committee including the name, designation (indicating the chairman) and directorship of the members (indicating whether the directors are independent or otherwise).
  - (b) The number of meetings held during the financial year and details of attendance and relevant training attended by each member.
  - (c) A summary of the work of the Committee in the discharge of its functions and duties for that financial year of the Company and how it has met its responsibilities.



***Datasonic Group Berhad (Company No. 809759-X)***  
***Terms of Reference of Audit Committee***

- (d) A summary of the work of the IAD.

5.6 To review the following for publication in the Company's Annual Report:

- (a) Corporate Governance Disclosures on the adequacy and effectiveness of the following:-
  - i) Statement on Corporate Governance;
  - ii) Audit Committee Report; and
  - iii) Statement on Risk Management and internal Control.
- (b) The statement on the Board's responsibility for the preparation of the annual audited financial statements.
- (c) The disclosure statement on the state of risk management and internal controls of the Company and of the Group.
- (d) Other disclosures forming the contents of annual report spelt out in Part A of Appendix 9C of Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

The above functions and duties are in addition to such other functions as may be agreed to from time to time by the Committee and the Board.

**6. INTERNAL AUDIT DEPARTMENT**

- 6.1 The Chief Internal Auditor shall have unrestricted access to the Committee members and report to the Committee whose scope of responsibility includes overseeing the development and the establishment of the internal audit function.
- 6.2 In respect of the routine administrative matters, the Chief Internal Auditor shall report to the Managing Director.
- 6.3 The Chief Internal Auditor shall be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control and governance processes within the Company and shall report directly to the Audit Committee.