



DUFU TECHNOLOGY CORP. BERHAD

Registration No.: 200201013949 (581612-A)

Appendix I

AUDIT COMMITTEE TERMS OF REFERENCE

TERMS OF REFERENCE OF AUDIT COMMITTEE

1. Objectives

The principal objective of the Audit Committee (“AC”) is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Group. In addition, the Committee shall:-

- a. Evaluate the quality of the audit conducted by the internal and external auditors;
- b. Provide assurance that the financial information presented by management is relevant, reliably and timely;
- c. Oversee compliance with laws and regulations and observance of a proper code of conduct; and
- d. Determine the adequacy of the Group’s control environment;
- e. Assess the suitability, objectivity and independence of the external auditor.

2. Membership:-

- a. The AC shall be appointed by the Board of Directors from amongst their members and comprising not less than three (3) members, exclusively Non-Executive Directors of whom majority shall be the Independent Directors. The Audit Committee members are expected to be financially literate and able to understand matters purview of the AC including the financial reporting process.
- b. At least one of the members of the AC must be a member of the Malaysian Institute of Accountants, or if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of working experience and either must have passed the examinations specified in Part I of the schedule of Accountants Act, 1967, or must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountant Act, 1967 or fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad (“Bursa Malaysia”).
- c. The members of the AC shall elect a chairman among their number who shall be an Independent Director. No alternate director shall be appointed as a member of the AC. The chairman of the AC must not be the Chairman of the Board.
- d. If a member of the AC, for whatsoever reason ceases to be a member with a result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of the events (or such other time frame as set out in the Bursa Securities Main Market Listing Requirements from time to time), appoints such number of new members as may be required to meet the minimum required number of members.
- e. Where a former key audit partner is appointed as the Independent Director of the Company, a cooling-off period of at least two (2) financial year ends is observed before the concern person can be appointed as a member of the AC.



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3. Authority:-

- a. The AC is authorized by the Board of Directors shall have the authority to investigate any matter within its terms of reference and shall have unlimited access to both the internal and external auditors, as well as the employees of the Group. All employees are directed to co-operate with any request made by the Committee.
- b. The Committee shall have unlimited access to all the information and documents relevant to its activities, to the internal and external auditors, and to senior management of the Group.
- c. The Committee shall have the authority to obtain independent legal or other professional advice as it considers necessary.
- d. The Committee shall be able to convene meetings with the external/internal auditors, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.
- e. The AC shall have the power to establish Sub-Audit Committee(s) to carry out certain investigation on behalf of the Committee in such manner, as the Committee deem fit and necessary.

4. Meetings

The Committee is at liberty to determine the frequency of the meetings as least four times annually. The quorum shall consist of two (2) members, where the majority of members present must be Independent Directors.

Attendance of the Meetings

- a. a meeting with external auditors shall be held at least twice a year without the presence of Executive Directors and key management.
- b. the external auditors may be invited to attend the meetings. The Committee may invite any person to be in attendance to assist in its deliberations. The other directors and employees may attend any particular AC meeting only at the AC's invitation, specific to the relevant agenda and/or meeting.
- c. The notice of each meeting of the AC, confirming the venue, time and date and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the AC at least seven (7) days prior to the date of the meeting.
- d. the Company Secretary shall be the Secretary of the Committee and shall be responsible for drawing up the agenda with concurrence of the chairperson and circulating it, supporting by explanatory documentation to committee members prior to each meeting.



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5. Duties

The duties of the AC include the following:-

- a) to consider the appointment or re-appointment of external auditors, the audit fee and matter relating to the resignation or dismissal of auditors, if any;
- b) to review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to management and the management's response;
- c) to review the quarterly and annual financial statements before submission to the Board of Directors for approval., focusing particularly on:-
 - Changes in accounting policies and practices;
 - Significant and unusual events;
 - Significant adjustments resulting from the audit
 - The going concern assumption;
 - Compliance with accounting standard and other legal requirements
- d) to discuss problems and reservations arising from the interim and final audits, and any matter the external/internal auditors may wish to discuss.
- e) to do the followings where an internal audit function exists;
 - Review the budget, adequacy of the scope, function, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - Review of internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
 - Review any appraisal or assessment of the performance of members of the internal audit function;
 - Approve any appointment or termination of senior staff members of the internal audit function;
 - Review the resignation of internal audit staff members and provide the staff member the opportunity to submit his reasons for resigning; and
 - To consider major findings of internal investigations and management's response.
- f) to review and consider 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 raises questions of management integrity;



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- g) to assess the suitability, objectivity and independence of the external auditor by considering among others:-
- The competence, audit quality and resource capacity of the external auditor in relation to the audit;
 - Nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
 - Obtaining 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.
- h) to be fully informed about significant matters related to the Company's audit and its financial statements and addresses these matters;
- i) to verify the allocation of Employees' Share Option Scheme ("ESOS") in compliance with the criteria as stipulated in the bye-laws of ESOS of the Company (if any);
- j) to consider communicating AC's concerns on matters that may have effect on the financial or audit of the Company are communicated to the external auditors; and
- k) to perform such other duties if any as maybe agreed by the Committee and the Board or as per the directive of the governmental and/or regulatory authorities.

6. Reporting

The AC is authorized to regulate its own procedures and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceeding thereat, the keeping of minutes and the custody, production and inspection of such meetings.

The Company Secretary shall attend all meetings and minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance. The minutes shall be confirmed by the Chairman of the meeting and circulated to all members of the AC. Subsequently, the said minutes shall be tabled to the Board for notation.

7. General

The AC's terms of reference may from time to time be amended as required, subject to the approval of the Board.

This Term of Reference of AC has been updated and adopted by the Board on 2 November 2020.