



## DAGON INTERNATIONAL LTD

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DOCUMENTTITLE:	<b>Audit Committee Term of Reference</b>	
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### CORPORATE GOVERNANCE POLICIES, PRINCIPLES & GUIDELINES

#### *Audit Committee Term of Reference*

##### Duties

The duties of the Committee shall cover the following areas:

##### **Annual Report and Financial Statements**

- review and monitor the contents of the Annual Report and Accounts including the financial statements of DAGON INTERNATIONAL LTD and its subsidiaries, with regard to the findings of the audit of the Annual Report and Accounts including financial statement before submission to the Board, focusing particularly on :

- significant accounting policies and practice;
- major estimates and judgments;
- clarity and completeness of disclosures;
- the going concern assumption;
- compliance with financial reporting and accounting standards;

##### **Compliance with other legal requirement;**

- Discuss problems and reservations and any significant adjustments arising from external audits, and any matters the external auditor may wish to discuss.

##### **Internal Control**

- Review DAGON INTERNATIONAL LTD's (including subsidiaries') financial and accounting policies and practices;
- Review, on behalf of the Board, the system of internal control (including financial, operational, compliance and risk management) and risk management systems and the effectiveness of the said system and make recommendations to the Managing Director and to the Board;



- Review arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and for the proportionate and independent investigation of such matters and for appropriate follow-up action including the reports of any such investigations;

### **External Audit**

- Make recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;

- discuss and agree with the external auditor before the audit commences the annual audit plan and the nature and scope of the audit;

- review and monitor annually the external auditor's independence and objectivity and the effectiveness (including cost effectiveness) of the audit process

- develop and review annually the policy on the engagement of the external auditor to supply non-audit services and its implementation, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the Managing Director and to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;

- review the letter of representation to the external auditor, management letter and management's response;

### **Internal Audit**

- periodically review the internal audit program, monitor and review the co-ordination between the internal and external auditors, monitor and review the effectiveness of the internal audit function and its activities and ensure that it is adequately resourced and has appropriate standing

### **Other**

- consider other topics as defined by the Board;
- report to the Managing Director and to the Board on how it has discharged its responsibilities.

### **AUTHORITY**

The Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

### **MEMBERSHIP**

The members of the Committee shall be appointed by the Board. Members of the Committee shall have recent and relevant financial management and reporting experience.



## **CHAIRMAN**

The Chairman of the Committee shall be appointed by the Board.

## **ATTENDANCE**

The Group Managing Director and the Head of Audit & Finance shall normally attend meetings by invitation. The Committee may also invite the Chairman of the Company, Executive Directors and any relevant employee to attend meetings as they consider appropriate. The external auditors shall be invited to attend meetings of the Committee if required.

## **FREQUENCY OF MEETING**

Meetings shall be held not less than two times a year and at such other times as the Chairman of the Committee shall require.

## **ADVISERS**

The Committee is authorized by the Board to obtain outside legal or other independent professional advice and to secure the attendance of any person with relevant experience and expertise if it considers this necessary.

## **SECRETARY**

Chairman shall appoint a member to be the secretary of the Committee.

## **QUORUM**

The quorum of the Committee shall be determined by the resolution of the Committee after forming the Committee by internal directive.

## **MINUTES**

The minutes of meetings of the Committee shall be circulated to all members of the Board

## **REPORTING**

The Committee Chairman shall report formally to the Managing Director and to the Board on its proceeding