



太陽國際集團有限公司
SUN INTERNATIONAL GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8029)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (REVISED)

CONSTITUTION

1. The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of the Sun International Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) has resolved to establish an audit committee (the “**Audit Committee**”) with the authority, responsibility and specific duties as described below.

MEMBERSHIP

- 2.1 The Audit Committee shall be appointed by the Board from amongst the non-executive (“**Non-Executive**”) Directors and consist of not less than three (3) members, a majority of whom should be independent (“**Independent**”) Non-Executive Directors. At least one of the members shall have the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.05(2) of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).
- 2.2 A former partner of the Company’s existing auditing firm should be prohibited from acting as a member of the Committee for a period of two (2) years from the date of his ceasing:
 - (a) to be a partner of the auditing firm; or
 - (b) to have any financial interests in the auditing firm whichever is later.
- 2.3 The Chairman of the Audit Committee shall be appointed by the Board and must be an Independent Non-Executive Director.

FREQUENCY AND PROCEEDINGS OF MEETINGS

- 3.1 Meetings of the Audit Committee shall be planned at the beginning of each financial year of the Company, and shall not be less than two times a year to discharge of its duties. Additional meetings of the Committee may be held as and when required.
- 3.2 The Audit Committee shall meet with the External Auditor (“**External Auditor**”) at least twice a year. The External Auditor may request a meeting if they consider necessary.
- 3.3 The quorum of the Audit Committee meeting shall be any two members.
- 3.4 Meeting could be held in person, by telephone or by video conference. Members of the Audit Committee may participate in a meeting by means of which all persons participating in the meeting are capable of hearing each other.
- 3.5 All solutions in writing signed by all the members of the Audit Committee shall be valid and effectual as if it had been passed at a meeting of the Audit Committee duly convened and held.

ATTENDANCE AT MEETINGS

- 4.1 The Chief Financial Officer of the Company and representatives of the External Auditor shall normally attend meetings of the Audit Committee. However, at least twice a year the Audit Committee shall meet with the external and internal auditors of the Company without the presence of the executive Directors.
- 4.2 The Company Secretary shall be the secretary of the Audit Committee.

ANNUAL GENERAL MEETING

5. The Chairman of the Audit Committee shall, or in his/her absence, another member of the Committee shall, attend the annual general meeting of the Company and be prepared to respond to any Shareholders’ questions on the Audit Committee’s activities.

AUTHORITY

- 6.1 The Audit Committee is authorized by the Board to investigate any activity within the scope of 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 Audit Committee.
- 6.2 The Audit Committee is authorized by the Board to obtain outside legal and other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

6.3 The Audit Committee shall report to the Board any suspected frauds or irregularities, failures of risk management and internal control or suspected infringements of laws, rules and regulations which come to its attention.

DUTIES AND FUNCTIONS

7.1 Relationship with the External Auditor:

- (i) be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the External Auditor, and to approve the remuneration and terms of engagement of the External Auditor, and any questions of its resignation or dismissal;
- (ii) review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (iii) discuss with the External Auditor the nature and scope of the audit and reporting obligations before audit commences;
- (iv) develop and implement policy on engaging an External Auditor to supply non-audit services. For this purpose, External Auditor includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- (v) report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and make recommendations as to the steps to be taken;
- (vi) act as the key representative body for overseeing the Company's relation with the External Auditor; and
- (vii) discuss with the External Auditor problems or reservations they may have during audit process in the absence of the management.

7.2 Review of financial information

- (A) Monitor the integrity of the company's financial statements and annual report and accounts and half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, the committee should focus particularly on:
 - (i) any changes in accounting policies and practices;

- (ii) major judgemental areas;
- (iii) significant adjustments resulting from audit;
- (iv) the going concern assumptions and qualifications;
- (v) compliance with accounting standards; and
- (vi) compliance with the GEM Listing Rules and legal requirements in relation to financial reporting.

(B) in regard to 6.2(A) above:

- (i) Members of the Audit Committee should liaise with the Board, and the Chief Financial Officer and the Audit Committee must meet, at least twice a year, with the Company's External Auditor; and
- (ii) The Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, it should give due consideration to any matters that have been raised by the Chief Financial Officer, or failing him/her, the staff responsible for the accounting and financial reporting function, compliance officer or External Auditor.

7.3 Oversight of the Company's financial reporting system, risk management and internal control procedure:

- (a) To review the Company's financial controls, and unless expressly addressed by a separate board risk committee, or by the Board itself, to review the company's risk management and internal control systems;
- (b) To discuss the risk management and internal control system with management to ensure that management has performed its duty to have an effective internal control system. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- (c) To consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (d) Where an internal audit function exists, to ensure co-ordination between the Internal and External Auditor, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

- (e) To review the group's financial and accounting policies and practices;
- (f) To review the External Auditor's management letter, any material queries raised by the External Auditor to management about accounting records, financial accounts or systems of control and management's response;
- (g) To ensure that the Board will provide a timely response to the issues raised in the External Auditor's management letter;
- (h) To ensure and to review that there are proper arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements in place for fair and independent investigation of these matters and for appropriate follow up action;
- (i) To act as the key representative body for overseeing the Company's relation with the External Auditor;
- (j) To report to the Board on the matters set out in the Corporate Governance Code in Appendix 15 of the GEM Listing Rules (as amended from time to time); and
- (k) To consider other topics, as defined by the Board.

The Audit Committee should be provided with sufficient resources to perform its duties.

REPORTING PROCEDURES

- 8.1 The Chairman of the Audit Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).
- 8.2 The Audit Committee shall report also to the shareholders of the Company in the Company's Corporate Governance Report on the work performed during the year in discharging its responsibility and duties.
- 8.3 The secretary of the Audit Committee shall record minutes of all duly constituted meetings of the Audit Committee. All minutes shall record in sufficient detail the matters considered, decisions reached or recommendations made and any concerns raised by any member, the External Auditor including dissenting views of any member.
- 8.4 The secretary of the Audit Committee shall circulate the minutes of meetings and all written resolutions of the Audit Committee to all members of the Board.

TERMS AVAILABLE

9. The Audit Committee shall make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on The Stock Exchange of Hong Kong Limited's website and the Company's website.

Note: If there is any inconsistency between the English and Chinese versions of this terms of reference, the English version shall prevail.