



**太陽國際資源有限公司**  
**SUN INTERNATIONAL RESOURCES LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 8029)

**TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

**Membership**

- 1.1 The audit committee (the “Committee”) shall be appointed by the board (the “Board”) of the directors (the “Director”) of the Sun International Resources Limited (the “Company”) from amongst the non-executive directors and consist of a majority of (including the Chairman) independent non-executive Directors. At least one of the member shall have the appropriate professional qualifications or accounting or related financial management expertise as required by the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “Listing Rules”).
- 1.2 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 1 year from the date of his ceasing:
  - (a) to be a partner of the firm; or
  - (b) to have any financial interest in the firm whichever is later.
- 1.3 The Chairman of the Committee shall be appointed by the Board and must be an independent non-executive Director.
- 1.4 The company secretary shall be the secretary of the Committee.

**Frequency and proceedings of meetings**

- 2.1 Meetings of the 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.
- 2.2 The committee shall meet with the external auditors at least twice a year. The external auditors may request a meeting if they consider necessary.
- 2.3 The quorum of a Committee meeting shall be any two members.
- 2.4 meeting could be held in person, by telephone or by video conference. members of the Committee may participate in a meeting by means of which all persons participating in the meeting are capable of hearing each other.

2.5 All solutions in writing signed by all the members of the Committee shall be valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

## **Duties, powers and functions**

### **3.1 Relationship with the company's auditors:**

- (i) be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of its resignation or dismissal;
- (ii) review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (iii) discuss with the external auditors the nature and scope of the audit and reporting obligations before audit commences;
- (iv) develop and implement policy on engaging an external auditors to supply non-audit services. For this purpose, 'external auditor' include 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 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 to the steps to be taken;
- (vi) act as the key representative body for overseeing the Company's relation with the external auditors; and
- (vii) discuss with the external auditors problems or reservations they may have during audit process in the absence of the management.

### **3.2 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 listing rules and legal requirements in relation to financial reporting.

(B) in regard to 3.2(A) above:

- (i) Members of the Committee should liaise with the Board, and the Chief Financial Officer and the Committee must meet, at least twice a year, with the Company's external auditors; and
- (ii) The 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 auditors.

3.3 Oversight of the Company's financial reporting system and internal control procedure:

- (a) To review the Company's financial controls, internal control and risk management systems;
- (b) To discuss the 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 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 auditors, 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 auditors' management letter, any material queries raised by the external auditors to management about accounting records, financial accounts or systems of control and management's response; and
- (g) To ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter.

### **Reporting Procedures**

- 4.1 The Committee Chairman 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).
- 4.2 The 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.

## **Terms Available**

5.1 The 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 the 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.