



G - Resources Group Ltd.

國際資源集團有限公司

TERMS OF REFERENCE

AUDIT COMMITTEE

(adopted on 21 October 2005 and modified on 11 August 2008)

1. ESTABLISHMENT

- 1.1 The Audit Committee (the “Committee”) is established by the Board of Directors (the “Board”) of G-Resources Group Limited (the “Company”).
- 1.2 Subject to the Appendix 14 to the Listing Rules (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the procedures of the Committee shall be regulated by the provision of this Terms of Reference (the “Terms of Reference”).

2. MEMBERSHIP

- 2.1 The Committee shall have a minimum of three members (the “Members”) who shall be non-executive directors appointed by the Board and that a majority should be independent (as defined by the Listing Rules). A quorum shall be two members.
- 2.2 A member who wishes to retire or resign from the Committee should provide notice to the Company so that a replacement may be appointed before he leaves.
- 2.3 Any member who ceases to be a director of the Company shall also cease to be a member of the Committee and the vacancy shall be filled by the Board as soon as possible.

3. ATTENDANCE AT MEETINGS

- 3.1 The Committee may invite any executive director(s) and a representative of the external auditors to attend the Committee meeting. However, at least once a year the Committee shall meet with the external and internal auditors without executive Board members present.
- 3.2 The company secretary shall be the secretary of the Committee.

4. FREQUENCY OF MEETINGS

- 4.1 Meetings shall be held not less than twice a year. The external auditors may request a meeting if they consider that one is necessary.



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5. AUTHORITY

- 5.1 The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 5.2 The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

6. DUTIES

The duties of the Committee shall be:-

- (a) to consider and recommend the appointment, re-appointment and removal of the external auditor;
- (b) to approve the remuneration and terms of engagement of external auditor, any questions of resignation or dismissal of that auditor;
- (c) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (d) to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (e) to develop and implement policy on the engagement of an external auditor to supply non-audit services and to make recommendation of any measures for improvements to be taken;
- (f) to review the interim and annual financial statements and the interim and annual reports before submission to the Board, focusing particularly on :
 - any changes in accounting policies and practices;
 - major judgmental areas;
 - significant adjustments resulting from audit;
 - the going concern assumptions and any qualifications;
 - compliance with accounting principles and standards; and
 - compliance with the Listing Rules and other legal requirements in relation to financial reporting;



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- (g) to review the Group's financial controls, internal control and risk management system and ensure that the management has discharged its duty to have an effective internal control system;
- (h) to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response;
- (i) to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response and to ensure that the Board will provide a timely response to the issues raised; and
- (j) to review the Group's financial and accounting policies and practices.

7. REPORTING PROCEDURES

- 7.1 The Minutes of Committee meetings should be circulated to the Board that will enable the Board to be informed of the progress of the work performed by the Committee and their findings during the period under review.