SILVER GRANT INTERNATIONAL HOLDINGS GROUP LIMITED
銀建國際控股集團有限公司

TERMS OF REFERENCE OF

THE AUDIT COMMITTEE

Authority

7. 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.

8. 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 consider this necessary.

Duties

9. The duties of the Committee shall be:

   (a) to 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;

   (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences and ensure co-ordination where more than one audit firm is involved;

   (c) to 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 Committee should report to the board, identifying and making recommendations on any matters where action or improvement is needed;

   (d) to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments 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 judgmental areas;

      (iii) significant adjustments resulting from audit;

      (iv) the going concern assumptions and qualifications;

(m) to ensure that the board will provide a timely response to the issues raised in the external auditor's management letter;

(n) to report to the board on the matters set out in provision of terms of reference of the Committee;

(o) to review the group's financial and accounting policies and practices;

(p) to review arrangements by which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, risk management, internal control or other matters. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(q) to act as the key representative body for overseeing the Company's relations with the external auditor; and

(r) to consider other topics, as defined by the board.

Reporting procedures

10. The secretary of the Committee or his representative shall circulate the minutes of meetings and reports to all members of the board.

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