

**GRAND INVESTMENT INTERNATIONAL LTD (the "Company")**

**(Incorporated in Bermuda with limited liability)**

Terms of Reference for the Audit Committee

**1 Membership**

- 1.1 The Members and the Chairman of the Audit Committee (the "Committee") shall be appointed by the Board of Directors (the "Board").
- 1.2 The Committee must comprise of non-executive directors only. The Committee must also comprise at least three members, with the majority being independent nonexecutive directors.
- 1.3 At least one of the independent non-executive directors serving as a member of the Committee must possess appropriate accounting professional qualifications or accounting or related financial management expertise.
- 1.4 The Chairman of the Committee must be an independent non-executive director.

**2 Quorum**

- 2.1 The quorum of the Audit Committee shall be any two Members.

**3 Frequency of Meetings**

- 3.1 The Audit Committee shall meet at least twice a year. Additional meetings shall be held as the work of the Committee demands.

**4 Proceedings of Meetings**

- 4.1 Notice of any meetings has to be given at least 14 days prior to any such meeting being held, unless all Members unanimously waive such notice. Irrespective of the length of notice being given, attendance of a meeting by a Member shall be deemed waiver of the requisite length of notice by the Member. Notice of any adjourned meetings is not required if adjournment is for less than 14 days.
- 4.2 Meetings could be held in person, by telephone or by video conference. Members may participate in a meeting by means of a conference telephone or

similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.

4.3 Resolutions of the Audit Committee at any meetings shall be passed by a majority of votes of the Members present.

4.4 A resolution in writing signed by all the Members of the Audit Committee shall be as valid and effectual as if it had been passed at a meeting of the Audit Committee duly convened and held.

## **5 Attendance of Meetings**

5.1 At the invitation of the Audit Committee, the Chairman of the Board and/or Managing Director, external advisers and other persons may be invited to attend all or part of any meetings.

5.2 Only Members of the Audit Committee are entitled to vote at the meetings.

## **6 Annual General Meeting**

6.1 The Chairman of the Audit Committee or another Member of the Audit Committee shall attend the Company's Annual General Meeting and be prepared to respond to shareholders' questions on the Audit Committee's activities and their responsibilities.

## **7 Duties**

The Audit Committee shall assist the Board to fulfill its duties concerning internal control and financial and other reporting.

7.1 to review the Company's financial controls, internal control and risk management

7.2 to discuss with the management the system of internal control and ensure that the management has discharged its duty to have an effective internal control system

7.3 to review the group's financial and accounting policies and practices

7.4 to monitor the balance, transparency and integrity of the Company's financial statements, annual report and accounts

- 7.5 to review and monitor the external auditors' independence and objectivity, and the effectiveness of the audit process in accordance with applicable standard
- 7.6 to meet the external auditor at least twice a year
- 7.7 to establish a whistleblowing policy and system
- 7.8 to report to the Board on the matters set out in the provision in Code of Corporate Governance (Appendix 14 of the Listing Rules)

## **8 Reporting Procedures**

- 8.1 The Audit Committee shall report to the Board after each meeting.
- 8.2 Full minutes of the meetings of the Committee shall be kept by the secretary of the Committee, who shall send draft and final versions of minutes of meetings and all written resolutions of the Committee to all members of the Committee for their comment and records respectively, in both cases within a reasonable time after the meeting.

## **9 Authority**

- 9.1 The Audit Committee is authorized by the Board to investigate any activity of the Company within its terms of reference.
- 9.2 The Audit Committee is authorized to obtain all the information and explanations which its members consider necessary to fulfill the duties of the Committee. In consultation with the Chairman of the Board, the Committee may obtain independent professional advice to assist the Committee in their work.
- 9.3 The Committee shall report to the Board on any of the following irregularities which come to its attention:
  - 9.3.1 suspected frauds and other irregularities
  - 9.3.2 significant weaknesses in internal control and financial and other reporting
  - 9.3.3 non-compliance with policies and procedures of the Company

9.3.4 infringements of the applicable laws, rules and regulations.

9.4 The Chairman of the Audit Committee should develop detailed terms of reference for the Audit Committee for approval by the Board and to ensure the effectiveness and efficiency of the Audit Committee.

9.5 The Audit Committee is to be provided with sufficient resources to discharge its duties.