



Gold Tat Group International Limited

金達集團國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8266)

Terms of Reference of Audit Committee (Amended and Re-adopted by the Board on 1 April 2016 and effective from 1 April 2016)

Membership

1. The members of the Audit Committee shall be appointed by the board of directors (the “**Board**”) of Gold Tat Group International Limited (the “**Company**”) from amongst the non-executive directors of the Company and shall consist of not less than three members, a majority of whom shall be independent non-executive directors.
2. At least one of the members of the Audit Committee should have appropriate professional qualifications or accounting or related financial management expertise as required in Rule 5.05(2) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”).
3. A former partner of the Company’s existing auditing firm shall be prohibited from acting as a member of the Audit Committee for a period of one year from the date of his ceasing to be a partner of the firm or to have any financial interest in the firm, whichever is later.
4. The chairman of the Audit Committee shall be appointed by the Board from amongst the independent non-executive directors of the Company.
5. The company secretary of the Company shall be the secretary of the Audit Committee.

Attendance at meetings

6. The chief financial officer and representatives of the external auditors shall normally attend meetings.

Frequency of meetings

7. The Audit Committee shall meet at least four times a year. At least two meetings shall be held with the external auditors regarding the review of the Company's financial report and accounts. The external auditors may request a meeting if they consider that one is necessary.
8. The meeting of the Audit Committee may consist of a conference between members some or all of whom are in different places provided that each member of the Audit Committee who participates is able:
 - (a) to hear each of the other participating members addressing the meeting; and
 - (b) if he so wishes, to address all of the other participating members simultaneously,whether directly, by conference telephone or by any other form of communications equipment or by a combination of those methods.
9. The quorum for a meeting shall be two members of the Audit Committee.

Authority

10. The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is also authorised 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.
11. The Audit Committee is authorised by the Board to seek outside legal or other independent professional advice. If the Audit Committee considers necessary, it may also secure the attendance of any person with relevant experience and expertise at any meeting.

Duties

12. The duties of the Audit Committee are:
 - (a) to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditors, to approve the remuneration and terms of engagement of the external auditors, and to deal with any questions of its resignation or dismissal;
 - (b) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard. The Audit Committee should discuss with the auditors the nature and scope of the audit and reporting obligations before the audit commences. The Audit Committee should ensure co-ordination between auditing firms should more than one auditing firm be involved;
 - (c) to develop and implement policy on engaging an external auditor to supply

non-audit services. The Audit 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 the annual report and accounts, interim report and quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit 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 any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the GEM Listing Rules and legal requirements in relation to financial reporting.

In performing its duties set out in this paragraph, 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 Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors. In addition, the members of the Audit Committee should liaise with the Board and senior management.

- (e) to oversee the Company's financial reporting system, risk management and internal control systems
 - (i) 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;
 - (ii) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. 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;
 - (iii) 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;
 - (iv) to review the Company's statement on risk management and internal control systems (where such statement is included in the annual report) before submission to the Board;

- (v) 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;
 - (vi) the head of internal audit is directly accountable to the Audit Committee and the Board. The Audit Committee shall review the internal audit report and report to the Board and make recommendations;
 - (vii) to review the group's financial and accounting policies and practices;
 - (viii) to review the external auditors' management letter, any material queries raised by the auditors to management about accounting records, financial accounts or systems of control and management's response;
 - (ix) to ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter;
 - (x) to review 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 shall ensure proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and
 - (xi) to act as the key representative body for overseeing the Company's relations with the external auditors.
- (f) to report regularly to the Board on the matters in these terms of reference, including its decisions and recommendations; and
 - (g) to consider other topics as defined by the Board.

Minutes of meetings

13. All minutes shall record in sufficient details the matters considered, decisions reached or recommendations made and any concerns raised by any member. Full minutes of meetings of the Audit Committee shall be kept by the secretary of the meeting. Draft and final versions of minutes of the meetings shall be sent to all members of the Audit Committee for their comments and records within a reasonable time after the meeting.

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