

REALORD GROUP HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 1196)

(the “Company”)

**TERMS OF REFERENCE
OF
THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS
(the “Committee”)**

**Adopted pursuant to a resolution
passed by the board of directors
of the Company
on 24 February 2012
and amended on 17 December 2015**

1. Membership

- 1.1. The Committee shall be appointed by the board of directors ("Board") from amongst the Non-Executive Directors of the Company and a majority of the Non-Executive Directors shall be Independent. The Committee shall consist of a minimum of two members (the "Members").
- 1.2. The Chairman of the Committee shall be appointed by the Board.

2. Responsibility

- 2.1. The Committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of the financial reporting process, risk management, internal controls system and audit function of the Company.

3. Authority

- 3.1. The Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 3.2. The Committee is authorized 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.

4. Attendance of meetings

- 4.1. The Chief Financial Officer and a representative of the external auditors shall normally attend meetings. The Committee shall meet with the external auditors without executive Board members present. At the invitation of the Committee, other Board member may also attend the meeting.
- 4.2. The company secretary shall be the secretary of the Committee.

5. Frequency of meetings

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

6. Proceedings of meetings

- 6.1. The Members may meet for the dispatch of business, adjourn and otherwise regulate its meetings as they consider appropriate, provide that:
 - (a) a quorum shall be two Members;
 - (b) a quorum shall be present throughout a meeting;
 - (c) at least 7 days' written notice must be given to each of the Members for

convening each meeting specifying the date, time and place of the meeting and the business to be transacted thereat provided that if all the Members agree to a shorter period of notice, then such meeting shall be deemed to be properly called.

6.2. Subject to the above, the provisions contained in the Bye-Laws of the Company for regulating the proceedings of the Board shall apply, mutatis mutandis, to the Committee.

7. Duties

7.1. The duties of the Committee shall be:

- (a) to consider the appointment of the external auditor, the audit fee, any questions of resignation or dismissal and act as the key representative body for overseeing the Company's relations with the external auditors;
- (b) to discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- (c) to review the half-year and annual financial statements before submission to the Board, focusing particularly on:
 - i. any change in accounting policies and practices;
 - ii. major judgmental areas;
 - iii. significant adjustments resulting from the audit;
 - iv. the going concern assumptions and any qualifications;
 - v. compliance with accounting standards; and
 - vi. compliance with the Listing Rules and legal requirements in relation to financial reporting;
- (d) to discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary);
- (e) to review the external auditor's management letter and management's response;
- (f) to review the Company's financial controls, risk management and internal control systems;
- (g) to review the major findings of any suspected frauds or irregularities or failure of risk management and internal controls systems and management's response;
- (h) 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 qualification and experience, training programmes and budget of the Company's accounting and financial reporting function;

- (i) 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;
- (j) to recommend to the Board any appropriate extensions or changes in the duties of the Committee;
- (k) to consider other topics, as defined, designated or delegated by the Board from time to time.

8. Reporting procedures

8.1. Draft and final versions of minutes of Audit Committee meetings shall be sent to all Audit Committee members for their comment and recorded within a reasonable time after the meeting.

8.2. Minutes of the Audit Committee shall be kept by the secretary and shall be available for inspection by any member of the Audit Committee or the Board at any reasonable time on reasonable notice.

9. Amendments

9.1. The Board may from time to time amend, repeal and/or re-enact all and any part of these terms of reference.

The Chinese version is for reference only, and the English version shall prevail in case of any inconsistency between the English version and the Chinese translation thereof.