

CHIHO-TIANDE GROUP LIMITED
齊合天地集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(the “Company”)

**TERMS OF REFERENCE
OF
THE AUDIT COMMITTEE**

Constitution

1. The board of directors of the Company (the "**Board**") has resolved the establishment of the Audit Committee on 23 June, 2010.

Membership

- | | Code
Provision |
|---|----------------------|
| 2. The Audit Committee (hereinafter referred to as the " Committee ") shall be appointed by the Board from amongst the non-executive directors of the Company and shall consist of not less than three members, a majority of whom should be independent non-executive directors of the Company (" INEDs "). At least one member must be an INED with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (" Listing Rules "). Where there are only three INEDs as members of the Board, all of them shall be appointed as members of the Committee. The constitution of the Committee shall comply with the requirements of the Listing Rules from time to time. | Listing Rule
3.21 |
| 3. The Chairman of the Committee shall be an INED and a member of the Committee appointed by the Board. | Listing Rule
3.21 |
| 4. A former partner of the Company's existing auditing firm should be prohibited from acting as a member of the Committee for a period of one year from the date of his ceasing:

(i) to be a partner of the firm; or

(ii) to have any financial interest in the firm,

whichever is later. | Appendix 14
C.3.2 |
| 5. The term of membership will be one year from the date of appointment subject to renewal and shall be governed by the provisions of the Articles of Association of the Company. | |
| 6. The appointment of the members of the Committee may be revoked, and new member can be appointed in place by resolutions passed by the Board and by the Committee. | |
| 7. No alternate Committee member can be appointed. | |

Attendance at Meetings

8. The quorum for a meeting of the Committee shall be two members, both of whom must be INEDs. In the event of an equality of votes, the Chairman of the Committee shall be entitled to a second or casting vote.
9. Subject to paragraph (12) below, the Chairman of the Board, the Chief Financial Officer and the Deputy Financial Officer (or any officer(s) or the Head of Internal Audit assuming the relevant functions but having a different designation) may attend meetings of the Committee. A representative of the external auditors shall be invited to attend the Committee meetings where appropriate. Other staff who have specific responsibility for an area under review may also be invited to attend.
10. The Company Secretary or his nominee shall be the Secretary of the Committee who should attend all meetings of the Committee.
11. Members of the Committee may participate in a meeting of the Committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.
12. The Committee shall, at least annually, hold separate private meeting(s) with the internal auditors and/or the external auditors with no executive directors or senior management present and at such other times as they think fit and appropriate.

Notice of Meetings

13. Meetings of the Committee shall be summoned by the secretary of the Committee who will be the company secretary of the Company.
14. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors of the Company, no later than 3 working days before the date of the meeting. Supporting papers shall be sent to the Committee members and to other attendees as appropriate, at the same time.

Frequency of Meetings

15. Meetings shall be held not less than twice a year. Additional meetings should be held as and when the Committee considers necessary.
16. The Chairman of the Committee may convene additional meetings at his discretion.
17. The external auditors may also request a meeting if they consider that one is necessary.
18. Proceedings of meetings of the Committee shall be governed by the provisions of the Articles of Association of the Company.

Annual General Meetings

19. The Chairman of the Committee (or if he is not able to attend, his delegate who shall be a member of the Committee) shall attend the Annual General Meeting, in which he shall be prepared to respond to any shareholder's questions on the Committee's activities.

Committee's Resolutions

20. A resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee and may consist of several documents in same form each signed by one or more of the members of Committee. Such resolution may be signed and circulated by fax or other electronic communications. This provision is without prejudice to any requirement under the Listing Rules for a Board or Committee meeting to be held.

Authorities

21. 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 or executive director and such persons are directed to co-operate with any request made by the Committee.
22. The Committee is authorised by the Board, and at the reasonable expense of the Company, 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.
23. The Deputy Financial Officer shall report to the Committee in such form as is specified by the Committee.
24. The Committee shall report to the Board any suspected frauds or irregularities, failures of internal control or suspected infringements of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board.
25. Where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Committee will arrange for the Corporate Governance Report in the Annual Report of the Company to include an explanation of the Committee's view and the reasons why the Board has taken a different view.
26. The Committee is to be provided with sufficient resources to perform its duties.

Appendix 14
C.3.5

Appendix 14
C.3.6

General Responsibilities

27. The Committee is to serve as a focal point for communication between other directors of the Company, the external auditors and the internal auditors as regards their duties relating to financial and other reporting, internal controls, external and internal audits and such other matters as the Board determines from time to time.
28. The Committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls and risk management system of the Company and its subsidiaries (the "Group"), and as to the adequacy of the external and internal audits.
29. The Committee shall fulfill other responsibilities as required by the Listing Rules from time to time.

Duties

30. The duties of the Committee shall include:

Relationship with the Company's external auditors

- | | | |
|-------|--|------------------------------------|
| (a) | to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and to handle any issues in relation to the resignation or dismissal of the external auditors; | Appendix 14
C.3.3(a) |
| (b) | to consider the plan for each year's audit submitted by the external auditors and discuss the same at a meeting if necessary; | |
| (c) | to review and monitor the external auditors' independence and objectivity in accordance with applicable standards. In this connection, the Committee shall: | |
| (i) | consider all relationships between the Company and the external auditors (including non-audit services); | Appendix 14
C.3.3
Note 1(i) |
| (ii) | obtain from the external auditors annually information about policies and process for maintaining independence and monitoring compliance with relevant requirements, including those for rotation of audit partners and staff; | Appendix 14
C.3.3
Note 1(ii) |
| (iii) | conduct annual review of all non-audit services performed by the external auditors and the related fee levels, and to ensure that such services do not impair the independence or objectivity of the external auditors; and | Appendix 14
C.3.3
Note 3 |
| (iv) | review the policies on hiring of any staff or partners of the external auditors and consider whether as a result of such any subsequent hiring, there has been any impairment of the external auditors' judgment or independence in respect of the audit. | Appendix 14
C.3.3
Note 2 |
| (d) | to discuss with the auditors the nature and scope of the audit and reporting obligations before the audit commences and to ensure coordination where more than one audit firm is involved; | Appendix 14
C.3.3(b) |
| (e) | to develop and implement policy on engaging an external auditors to supply non-audit services. For this purpose, external auditors include 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; | Appendix 14
C.3.3(c) |

Review of financial information of the Company

- | | | |
|------|--|-------------------------|
| (f) | to monitor integrity of the Company's financial statements, annual report and accounts and interim report, 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: | Appendix 14
C.3.3(d) |
| (i) | any changes to 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 Listing Rules and legal requirements in relation to financial reporting.
- (g) with regard to (f) above: Appendix 14
C.3.3(e)
- (i) members of the Committee should liaise with the Board and senior management, and the Committee must meet, at least twice a year, with the Company's external auditors; and
 - (ii) the 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 head of finance and accounting, compliance officer or auditors;

Oversight of the Company's financial reporting system, risk management and internal control systems

- (h) 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 issuer's risk management and internal control systems; Appendix 14
C.3.3(f)
- (i) to discuss the risk management and internal control systems with the management to ensure that management has performed its duty to have effective systems. Such discussion shall include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function; Appendix 14
C.3.3(g)
- (j) to consider major investigations 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; Appendix 14
C.3.3(h)
- (k) 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; Appendix 14
C.3.3(i)
- (l) to review the group's financial and accounting policies and practices; Appendix 14
C.3.3(j)
- (m) to discuss any problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss (in the absence of management where necessary) and to assist in the resolution of any disagreements or difference between the external auditors and management;
- (n) to review the external auditors' management letter, any material queries raised by the external auditors to management about the accounting records, financial accounts or systems of control and management's response; Appendix 14
C.3.3(k)
- (o) to ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter; Appendix 14
C.3.3(l)

- | | | |
|-----|---|-------------------------|
| (p) | to report to the Board on the matters set out in these Terms of Reference; | Appendix 14
C.3.3(m) |
| (q) | to review arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters. The Committee should ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up actions; | Appendix 14
C.3.7(a) |
| (r) | to act as the key representative body for overseeing the Company's relation with external auditor; and | Appendix 14
C.3.7(b) |
| (s) | to consider other topics, as determined by the Board. | Appendix 14
C.3.3(n) |
31. The INEDs shall review, at least on an annual basis, the compliance with non-competition undertaking by the controlling shareholders of the Company, and any options, pre-emptive rights or first rights of refusals provided by the controlling shareholders of the Company on their existing or future competing business. The Company will disclose decisions on matters reviewed by the INEDs relating to the compliance and enforcement of the non-competition undertaking by the controlling shareholders of the Company in its annual report.

Reporting Procedures

- | | | |
|-----|---|----------------------|
| 32. | The Committee shall report to the Board on a regular basis. At the next meeting of the Board following a meeting of the Committee, the Chairman of the Committee shall report the findings and recommendations of the Committee to the Board. | Appendix 14
D.2.2 |
| 33. | Full minutes of Committee meetings shall be kept by the Secretary of the Committee. Draft and final versions of minutes of Committee meetings shall be sent to all members of the Committee for their comment and records within a reasonable time after the meeting. | Appendix 14
C.3.1 |
| 34. | Copies of the minutes of meetings of the Committee shall be provided to the Board at its meetings. | |
| 35. | Each member of the Committee who is an INED shall provide an annual confirmation of his independence to the Company in accordance with the requirements of the Listing Rules. | Listing Rule
3.13 |

Availability and Update of the Terms of Reference

- | | | |
|-----|--|----------------------|
| 36. | These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements (e.g. the Listing Rules) in Hong Kong. These terms of reference shall be made available to the public by including the information on the websites of the Company and The Stock Exchange of Hong Kong Limited. | Appendix 14
C.3.4 |
|-----|--|----------------------|

Adopted by the Board on 23 June, 2010.
Revised by the Board on 19 March, 2012.
Revised by the Board on 15 December, 2015.