



上海瑞威資產管理股份有限公司

Shanghai Realway Capital Assets Management Co., Ltd

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(the “**Company**”, together with its subsidiaries, the “**Group**”)

(Adopted as of 22 October 2018 and revised on 27 December 2018)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

CHAPTER 1 GENERAL PROVISIONS

- Article 1 In order to improve the internal control and audit system, strengthen the audit and supervision of the Board on internal control and risk management matters and financial information, and to protect the interests of all the shareholders of the Company, pursuant to the Company Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Articles of Association of the Company (the “**Articles of Association**”), the Company has set up the Committee and formulated these terms of reference.
- Article 2 The Committee is a specific working body set up by the Board in accordance with the Articles of Association. Its main responsibilities are to review the Company's accounting policies, financial position and reporting procedures; to inspect the internal control system of the Group and supervise its implementation, to carry out inspection and supervision on the Group's internal audit function, internal audit system and its implementation, to guide the work of internal audit department, to maintain an appropriate relationship with the auditors of the Company, to give their opinions on the appointment of auditors and make formal and transparent arrangements, and to guide and oversee the work of the Company's auditors, to carry out annual, interim or periodic audit for the Company and make judgment on the truthfulness, completeness and accuracy of the financial information.
- Article 3 The Committee shall report its work to the Board.

CHAPTER 2 COMPOSITION

Article 4 Members of the Committee shall comprise non-executive Directors only. The Committee shall comprise a minimum of three members and at least one of whom is an independent non-executive Director with appropriate professional qualifications, or accounting or related financial management expertise as required under rule 3.10(2) of the Listing Rules. The majority of the Committee members must be independent non-executive Directors. The Committee must be chaired by an independent non-executive Director.

Article 5 Members of the Committee shall be appointed and removed by the Board. No former partner of an audit firm engaged by the Company shall be allowed to serve as a member of the Committee within two year from (whichever is later):

- (1) the date on which he/she ceased to be a partner of such firm; or
- (2) when he/she ceased to hold any financial interest of such firm.

Article 6 The chairman of the Committee shall be responsible for leading the work of the Committee. Where the chairman cannot perform his/her duties, another member who is an independent non-executive Director shall be appointed to perform duties on his/her behalf. If no such member is appointed by the chairman, an independent non-executive Director shall be elected by the members of the Committee by simple majority to act as the chairman. The chairman of the Committee shall be elected by the members of the Committee and the appointment of the elected person as chairman shall be reported to the Board for approval.

Article 7 Each term of office of the Committee shall be the same as that of the Board. A member may serve consecutive terms if re-elected upon expiry of his/her term. If any member ceases to be a Director, he/she shall automatically lose his/her position as a Committee member, and the vacancy shall be filled by a member elected by the Board in accordance with provisions set forth above in Articles 4 to 6.

Article 8 The Committee may have a secretary to assist with the work of the Committee. The audit department of the Company and its department head or other departments or personnel of the Company designated by the Committee from time to time shall undertake the relevant work as the secretary of the Committee.

The secretary of the Committee shall be mainly responsible for collecting and providing information in relation to the regulatory policies of the PRC government, the Company's financial information, the Company's internal control, providing the Committee with advice, and the preparation of relevant meeting documents.

CHAPTER 3 DUTIES AND AUTHORITIES

Article 9 The Committee should make its terms of reference publicly available on the websites of The Stock Exchange of Hong Kong Limited and the Company, to explain its role and the authority delegated to it by the Board. The main duties and authorities of the Committee include:

(1) The Group's financial reporting system and internal control systems

1. to review the Group's financial control, internal control and risk management systems;
2. to discuss internal control systems with the Company's management to ensure that the Group's management has performed its duty to build an effective financial reporting and internal control system in compliance with the Listing Rules. Such discussions should cover the adequacy of resources, staff qualifications and experience, training programs for employees and budget in relation to the Company's accounting and financial reporting function;
3. to study major investigation findings on internal control matters and response from the Group's management in relation to these findings as delegated by the Board or on its own initiative;
4. to co-ordinate between the Company's internal audit department and external auditors, and to ensure that the Company's internal audit department is adequately resourced and has appropriate standing within the Group, and to review and monitor its effectiveness;

5. to review the financial and accounting policies and practices of the Group;
6. to review the explanatory statements given to the management by the external auditors, any material queries raised by the external auditors to the management about accounting records, financial accounts or control system, and management's response in relation thereto;
7. to ensure that the Board will provide a timely response to the issues raised in the external auditor's letter of audit explanatory statement given to the management;
8. to report to the Board on the matters set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**") (and as amended from time to time);
9. to consider other matters, as may be requested by the Board from time to time; and
10. to review the Group's financial reporting procedures, internal control and risk management procedures and to report to the Board, to review the appraisals by both internal accounting department and external auditors, the implementation of the internal audit system of the Group, the compliance with the relevant requirements of laws and regulations on connected transaction of the Company, the completeness and accuracy of the financial reports of the Company and the objectivity and accuracy of the financial information disclosed by the Company to the public.

(2) The financial report of the Company

1. to be responsible for inspecting the accounting policies, financial status, financial reporting procedures and financial control of the Company;

2. to review the completeness and integrity of financial statements, annual reports and accounts, interim reports and quarterly reports (if any) of the Company, and to review significant financial judgements set out in the financial statements and reports. Prior to submission of the relevant statements and reports to the Board for consideration, the Committee shall review the following matters, in particular:
 - (1) any change in accounting policies and practices;
 - (2) matters that may require important judgment;
 - (3) significant adjustments resulting from an audit;
 - (4) assumptions relating to the Company as a going concern and any qualified opinion;
 - (5) whether applicable accounting principles are complied with;
 - (6) whether the Listing Rules and legal requirements in respect of financial reporting have been fully complied with; and
 - (7) statements about the Group's internal control system set out in the annual reports.

3. Regarding Article 9 (2) paragraph 2 above:
 - (1) members of Committee shall liaise with the Board and senior management of the Company. The Committee must convene a meeting at least twice a year with the Company's auditors; and
 - (2) the Committee shall consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it shall give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting, compliance officer or auditors.

(3) Relationship with the Company's auditors

1. to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the Company's external auditor with due regards as to their qualifications, and to approve the remuneration and terms of engagement of the Company's external auditor, and to deal with any matter in relation to its resignation or dismissal;
2. to review and monitor the Company's external auditor's independence, objectivity and effectiveness of the audit process in accordance with the relevant applicable standards. The Committee shall discuss with the external auditors regarding the nature and scope of the audit and the relevant reporting obligations before the audit commences;
3. to review the letter to the Company's management from the external auditors and the management's response;
4. to develop and implement policies on engaging the Company's external auditor to provide 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 consider to be part of the audit firm regardless of its place of establishment or incorporation. The Committee should report to the Board and make recommendations on any matters where action or improvement is needed;
5. to act as the key representative between the Company and the external auditor for overseeing their relationship; and
6. to ensure effective communication between the Directors, internal audit department and external auditors.

(4) Others

1. where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditors, a statement from the Committee should be included in the Corporate Governance Report explaining the Committee's recommendation and the reason(s) why the Board has taken a different view;
2. to review the procedures which the employees of the Group may follow in order to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
3. to establish a whistle-blowing system for employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns, in confidence, with the Committee about possible improprieties in any matter related to the Group;
4. to prepare reports on the work performed by the Audit Committee in its review of the quarterly (if any), interim and annual results and internal control system and its other duties set out in the Corporate Governance Code and submit the same to the Board for review and approval; and
5. to make recommendation and ensure that effective remedial steps are taken by the Board in the event that the Company fails to comply with the provisions of the Listing Rules in relation to the establishment of Audit Committee.

CHAPTER 4 RULES OF PROCEDURES FOR MEETINGS

Article 10 Regular meetings of the Committee shall be held at least four times a year. If possible, Committee meetings should be held concurrently with the regular meetings convened by the Board. A notice of meeting shall be given to all members at least seven days prior to the meeting, or such shorter time as may be fixed by consent of all members.

- Article 11 An extraordinary meeting of the Committee may be convened by the chairman or members representing half of the Committee. A notice of extraordinary meeting shall be given to all members at least five days prior to the meeting or such shorter time as may be fixed by consent of all members.
- Article 12 The members shall attend the meeting in a serious and responsible manner and openly express their views on the proposals considered. In case a member is unable to attend a meeting of the Committee in person, he/she shall appoint another member in writing as a proxy to vote on his/her behalf, and the member giving the proxy shall bear legal responsibility in relation thereto.
- Article 13 A power of attorney shall state the name of such proxy, the relevant matters, scope of authorisation and validity period, and shall be signed by the appointer or a chop shall be affixed. The member attending a meeting on behalf of other member shall produce such power of attorney and exercise the rights within the scope of authorisation.
- Article 14 If a member of the Committee fails to attend two consecutive meetings of the Committee (either by himself/herself or his/her duly appointed proxy), such member shall be deemed to have failed to perform his/her duties. The Committee shall propose to the Board to remove such member.
- Article 15 A meeting of the Committee can only be held when more than half of its members are present. The meetings shall be held by way of physical meetings or by way of telecommunication or a combination thereof, provided that the members are able to freely express their views and the procedures are in compliance with the relevant regulatory requirements. A resolution shall be passed by a majority (more than half) of votes of the members. A written resolution shall be adopted if agreed to and signed by all members. Members of the Committee cannot vote in respect of resolutions which conflict with his/her interests.
- Article 16 All meetings shall be convened and chaired by the chairman of the Committee. The chairman of the Committee can appoint another member who is an independent non-executive Director to chair the meeting if he/she is not able to attend this meeting. If the chairman does not appoint such member, an independent non-executive Director shall be elected by a simple majority of the members to chair such meeting.
- Article 17 The Committee shall vote by a show of hands or by way of a poll, and each member is entitled to one vote. Resolutions at a Committee meeting may only be passed by the positive vote of half or more than half of its members.

- Article 18 Directors, supervisors and senior management of the Company who are not members of the Committee may be invited to attend such meetings if necessary.
- Article 19 Minutes of each Committee meetings shall be recorded by the office of the Board or other departments designated by the Board and shall contain the details of the matters considered and decisions made by the Committee over the meeting. Attending members shall have rights to request to add explanatory notes to their speeches in the minutes, including any concerns raised or dissenting views expressed by members. Drafts of the minutes of Committee meetings shall be sent by the office of the Board or other departments designated by the Board to all members of the Committee for their comment within a reasonable time after the meeting and final versions of minutes shall be sent to all Directors. Minutes shall be signed by members of the Committee attending the meeting. The complete minutes of the meeting of the Audit Committee shall be kept by a duly-appointed secretary of the meeting (who should normally be the company secretary of the Company).
- Article 20 Resolutions passed at a meeting of the Committee and the voting results thereof shall be reported in writing to the Board.
- Article 21 Members of the Committee and other persons present at a meeting shall be obliged to keep all matters discussed at such meeting confidential, and shall not disclose any relevant information without authorisation.
- Article 22 The office of the Board or other department designated by the Board shall be responsible for submitting proposals, organising meetings, overseeing the implementation and feedback of the resolutions of the Committee and liaising and coordinating with the Committee and its secretary. The Committee shall be provided with sufficient resources to perform its duties and the relevant departments of the Company shall cooperate accordingly.

CHAPTER 5 SUPPLEMENTARY PROVISIONS

- Article 23 These terms of reference shall be effective from the date on which the overseas-listed foreign shares of the Company are listed on The Stock Exchange of Hong Kong Limited.

Article 24 In the event that these terms of reference contravene any provision of the applicable laws and regulations, Listing Rules or the Articles of Association (any such provision, a “**Contravened Provision**”), the Contravened Provision shall prevail.

Article 25 The power of interpretation of these terms of reference shall be vested in the Board of the Company.

These terms of reference are written in Chinese. If there is any discrepancy between the Chinese version and the English version, the Chinese version shall prevail.