

TRULY INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00732)

(hereafter the “Company”)

AUDIT COMMITTEE TERMS OF REFERENCE

Effective on 26 March 2012

(Adopted at the Board Meeting on 26 March 2012

and updated at the Board Meeting on 18 November 2015)

1. Constitution

The board of directors of the Company (the “Board”) has established an audit committee (the “Audit Committee”) with the authority, responsibility, and specific duties as described below.

2. Membership

2.1 The members of the Audit Committee (the “Members”) shall be appointed by the Board and shall consist of not less than three members.

2.2 The majority of the members of the Audit Committee shall be independent non-executive directors (INEDs) 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 Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

2.3 The audit committee must be chaired by an independent non-executive director and appointed by the Board.

2.4 A former partner of the Company’s existing auditing firm shall be prohibited from acting as a Member for a period of one year commencing on the date of his ceasing:

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

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

whichever is later.

3. Authority

3.1 The Audit 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 Audit Committee.

3.2 The Audit 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. The relevant expenses should be borne by the Company

4. Duties

The duties of the Audit Committee include:

Relationship with the external's auditors

- 4.1 to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor. Where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Company shall include in the Corporate Governance Report a detailed explanation of the Audit Committee's view and the reasons for the Board to have taken such a different view;
- 4.2 to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee shall discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- 4.3 to develop and implement policies on the engagement of an external auditor to supply 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 conclude to be part of the audit firm nationally or internationally. The Audit Committee shall report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps may be taken;.

Review of the Company's financial information

- 4.4 to monitor integrity of financial statements, accounts, annual report and, interim reports of the Company and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them, including:
 - (a) any changes in accounting policies and practices;
 - (b) major judgmental areas;
 - (c) significant adjustments resulting from audit;
 - (d) the going concern assumption and any qualifications;
 - (e) compliance with accounting standards; and
 - (f) compliance with the Listing Rules and other legal requirements in relation to financial reporting.

4.5 Regarding to paragraph 4.4:

- (a) the Members shall liaise with the Board and senior management and the Audit Committee must meet, at least twice a year, with the Company's auditors; and
- (b) the Audit Committee shall consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, and it shall 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.

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

- 4.6 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;
- 4.7 to discuss with management the system of risk management and internal control and ensure that management has discharged its duty to have an effective internal control system. This discussion shall include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- 4.8 to consider any findings of major investigation of risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- 4.9 To review arrangements employees of the Company can use, in To review arrangements employees of the Company can use, in To review arrangements employees of the Company can use, in that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.
- 4.10 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 the effectiveness of the internal audit function;
- 4.11 to review the financial and accounting policies and practices of the Group;
- 4.12 to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- 4.13 to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- 4.14 to report to the Board on the matters set out in these duties of the Audit Committee; and
- 4.15 to consider other topics, as defined by the Board from time to time;

5. Meeting

- 5.1 Meetings of the Audit Committee shall be held not less than 2 times a year and special meetings may be called at the discretion of the chairman of the Audit Committee or at the request of the Board or senior management of the Company to review significant control or financial issues.
- 5.2 The Audit Committee shall meet with the external auditors at least twice a year. The external auditors of the Company may request a meeting if they consider necessary.
- 5.3 Notice of at least 7 days should be given for any meeting, unless such notification is waived by all Members. Notwithstanding the notification period, the attendance of the member of the committee at the meeting would be deemed to be treated as the waiver of the required notification requirement. If the follow up meeting takes place within 7 days after the meeting, then no notification is required for such follow up meeting.
- 5.4 The quorum necessary for the transaction of business of the Audit Committee shall be two members of the Audit Committee, one of whom must be an INED.
- 5.5 The resolution of the Audit Committee should be passed by more than half of the Members.
- 5.6 The resolution passed and signed by all Members is valid, and the validity is same as any resolution passed in the meeting held.

6. Attendance

- 6.1 At the invitation of the Audit Committee, the following persons may attend the meeting:
 - (a) Chief Executive Officer / Chief Finance Officer; and
 - (b) Other members of the Board.
- 6.2 Meeting can be attended in person or via electronic means including telephonic or videoconferencing. The Members can attend the meeting via telephonic or any similar communication device (all persons attending such meeting should be able to hear from such member via such communication device).
- 6.3 Only the Members can vote in the meeting.

7. Secretary

- 7.1 The company secretary of the Company (the “Company Secretary”) shall be the secretary of the Audit Committee.
- 7.2 The Audit Committee may from time to time, appoint any other person with appropriate qualification and experience to act as the secretary of the Audit Committee.

8. Minutes

Minutes of the Audit Committee meetings shall be kept by the Company Secretary. Draft and final versions of minutes of the meetings shall be circulated to all Members for their comments and records respectively, in both within a reasonable time after the meeting. Such minutes shall be opened for Directors' inspection.

9. Annual General Meeting

The chairman of the Audit Committee or (if absent) another member of Audit Committee or failing this, his duly appointed delegate, shall attend the Company's annual general meeting, handled the shareholders' enquiry on the activities and responsibilities related to the Audit Committee.

Note: If there is any inconsistency between the English and Chinese versions of this term of reference, the English version shall prevail.