

KING'S FLAIR INTERNATIONAL (HOLDINGS) LIMITED

(the "Company")

TERMS OF REFERENCE

OF

RISK MANAGEMENT COMMITTEE

The board of directors of the Company (the "**Board**") has resolved to establish a committee of the Board known as the Risk Management Committee (the "**Committee**") on 22 December 2014.

Membership

1. The Committee shall be appointed by the board of directors of the Company (the "Board") from amongst the directors and shall consist of not less than three members, at least one of whom is an independent non-executive director.
2. Each member of the Committee has the requisite experience and expertise to enhance the Company's existing internal risk management functions.
3. The Committee shall be chaired by a director of the Company.
4. 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.
5. The appointment of the members of the Committee may be revoked, and new members can be appointed in place by resolutions passed by the Board and by the Committee.
6. No alternate Committee member can be appointed.

Attendance at meetings

7. The Company Secretary or his nominee shall be the secretary of the Committee.

Frequency and proceedings of meetings

8. Meetings shall be held at least twice a year.
9. Additional meetings should be held as and when the Committee considers necessary.

10. The chairman of the Committee may convene additional meetings at his discretion.
11. The quorum of a meeting shall be two members of the Committee, at least one of whom is an independent non-executive director.
12. Proceedings of meetings of the Committee shall be governed by the provisions of the Articles of Association of the Company.

Notice of Meetings

13. Notice of meetings shall be given to all members of the Committee at least seven days before the meeting.

Committee's Resolutions

14. 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 like form each signed by one or more of the members of the Committee. Such resolution may be signed and circulated by fax or other electronic communications.

Authority and Responsibility

15. The Committee is mainly responsible for monitoring the Company's exposure to sanctions law risks and its implementation of the related internal control procedures, with particular emphasis on the Company's risk management policies and standards and supervise and monitor the Company's exposure to sanctions law risks.
16. The Committee shall review and approve all relevant business transaction documentation from customers or potential customers from Sanctioned Countries and with Sanctioned Persons.
17. The Committee shall review the information (such as identity and nature of business) relating to the counterparty to the contract along with the draft business transaction documentation.
18. The Committee shall check the counterparty against the various lists of restricted parties and countries maintained by the U.S., the European Union, the United Nations or Australia, including, without limitation, any government, individual or entity that is subject of any OFAC-administrated sanctions which lists are publicly available, and

determine whether the counterparty is, or is owned or controlled by, a person located in Sanctioned Countries or a Sanctioned Person.

19. The Committee shall periodically review the Company's internal control policies and procedures with respect to sanctions law matters.
20. The Committee shall set out guidelines for the Company to enhance the Company's existing internal risk management functions.
21. The Committee is to be provided with sufficient resources to perform its duties and when the Committee considers necessary, the Company shall retain external international legal counsel with necessary expertise and experience in sanctions law matters for recommendations and advice.
22. For the purposes of these terms of reference:

“OFAC” means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

“Sanctioned Countries” means countries which are subject to certain economic sanctions under the laws of the U.S., the European Union, Australia and the United Nations.

“Sanctioned Person(s)” means certain person(s) and entity(ies) listed on OFAC's Specially Designated Nationals and Blocked Persons List or other restricted parties lists maintained by the European Union, the United Nations or Australia.

“U.S.” means the United States of America, its territories, its possession and all areas subject to its jurisdiction.

Reporting Procedures

23. The Committee should report to the Board on a regular basis.
24. The secretary of the Committee shall circulate the minutes of meetings and all written resolutions of the Committee to all members of the Board, keeping the Board informed of the Committee's activities, decisions and recommendations on a regular basis.

Availability and update of the terms of reference

25. These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances.

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