

DIFFER GROUP HOLDING COMPANY LIMITED
(“Company”, together with its subsidiaries, the “Group”)
TERMS OF REFERENCE AND MODUS OPERANDI OF
CORPORATE GOVERNANCE COMMITTEE
(“Committee”)

Membership

1. The Committee shall comprise not less than three members appointed by the Company’s board of directors (“**Board**”) from time to time, all of whom shall be directors or senior management of the Company.
2. The chairman of the Committee shall be appointed by the Board and must be a member of the senior management of the Group.
3. The company secretary of the Company or his nominee shall act as the Committee’s secretary.

Frequency and proceedings of meetings

4. The Committee shall meet at least annually. Additional meetings shall be held as the work of the Committee demands.
5. In addition, the Committee’s chairman may convene additional meetings at his discretion.
6. The quorum of a meeting shall be three Committee members.
7. Proceedings of the Committee’s meetings shall be governed by articles 117 to 118 of the Company’s articles of association.

Duties, powers and functions

8. The Committee shall –
 - (a) formulate corporate governance policy for the purpose of monitoring the effectiveness of the corporate governance and system of internal controls of the Group for the consideration by the audit committee of the Board (the “**Audit Committee**”) and implement the corporate governance policy as approved by the Board or the Audit Committee (as the case may be); and
 - (b) without prejudice to the generality of the foregoing:
 - (i) prepare monthly reports to the Directors and the Audit Committee containing:
 - (1) monthly consolidated financial statements;

- (2) business performance analysis;
 - (3) material events and transaction (such as takeovers and mergers, change of key personnel and shareholders);
 - (4) summary of significant contracts;
 - (5) information of related party transactions, connected transactions and notifiable transactions; and
 - (6) compliance status in the loan and guarantee business of the Group;
- (ii) review and make recommendations to the Board in respect of the Group's policies and practices on corporate governance;
 - (iii) develop and review the training and continuous professional development of directors and senior management;
 - (iv) review and monitor the Group's policies and practices on corporate governance;
 - (v) review and monitor the Group's policies and practices on compliance with any requirement, direction and regulation that may be prescribed by the Board, contained in any constitutional documents of the Group, or imposed by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), other applicable laws, regulations, rules and codes;
 - (vi) develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees of the Group and the directors of the Company;
 - (vii) ensure that appropriate monitoring systems are in place to ensure compliance against the relevant internal control systems, processes and policies;
 - (viii) monitor the implementation of the Group's plan to maintain high compliance with own risk management standards;
 - (ix) review the Company's compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules and arrange for disclosure in the Corporate Governance Report in the financial reports of the Company;

- (x) report any non-compliance issues to the Board and the Audit Committee immediately once the non-compliance issues are noted;
 - (xi) do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and
 - (xii) conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or the Audit Committee or contained in the Company's constitution or imposed by legislation.
9. The Committee shall be provided with sufficient resources to enable it to perform its functions, including the resources for seeking independent professional advice.
10. The Committee shall perform and report to the Audit Committee and the Board the matters as set out in code provision D.3 in Appendix 14 to the Listing Rules.

Reporting Procedures

11. The Committee shall report to the Audit Committee and the Board on a regular basis. At the next meeting of the Audit Committee following a Committee's meeting, the Committee's chairman shall report the Committee's findings and recommendations to the Audit Committee.

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