

WEALTH GLORY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(the “**Company**”)

AUDIT COMMITTEE TERMS OF REFERENCE

(Adopted on 26 September 2010)

(Amended on 10 February 2012 and 31 December 2015)

Constitution

1. The board of directors of the Company (the “**Board**”) resolved on 26 September 2010 to establish a committee of the Board to be known as the audit committee (the “**Committee**”). The Board has established this terms of reference in compliance with the Code on Corporate Governance Practices in Appendix 15 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

Membership

2. The Committee shall comprise not less than three members appointed by the Board, all of whom shall be non-executive directors, and at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise. The majority of the Committee members must be independent non-executive directors of the issuer.
3. The chairman of the Committee shall be appointed by the Board and shall be an independent non-executive director.
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 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 the later.

Frequency and proceedings of meetings

5. The Committee should meet at least four times per year. Additional meetings should be held as the work of the Committee demands. In addition, the chairman of the Committee may convene additional meetings at his discretion.
6. The quorum of a meeting shall be two members of the Committee, both of whom shall be independent non-executive directors.
7. Full minutes of the meetings of the Committee should be kept by a duly appointed secretary of the meeting (who should normally be the company secretary). Draft and final versions of minutes of the meetings should be sent to all members of the Committee for their comment and records respectively, in both cases within a reasonable time after the meeting.

8. Proceedings of meetings of the Committee shall be governed by the provisions of the Articles of Association of the Company relating to directors proceedings (and such provisions shall be deemed to form part of these Terms).
9. Members of the Committee may pass resolutions by way of written resolutions, but such resolutions must be passed by all members of the Committee in writing.
10. The Committee may, from time to time, invite advisors to the meeting, including but not limited to external advisors or consultants to advise its members.

Authority

11. The Committee is granted the authority to investigate any activity within its terms of reference and all employees are directed to cooperate with the Committee. The Committee is authorized by the Board to obtain outside legal or other independent professional advice and to invite the attendance of outsiders with relevant experience and expertise if it considers this necessary.
12. The Committee shall report to the Board any suspected frauds and 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.
13. 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 to include an explanation of the Committee's view and the reasons why the Board has taken a different view.
14. The Committee is to be provided with sufficient resources to discharge its duties.

Responsibility

15. The Committee is to serve as a focal point for communication between other directors, 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.
16. 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 of the Company and its subsidiaries (the "**Group**"), and as to the adequacy of the external and internal audits.

Duties, powers and functions

17. The duties, powers and functions of the Committee include the followings:

Relationship with the Company's auditors

- (a) in accordance with any applicable legal or listing requirements and to the extent permitted by law, to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors and any questions of its resignation or dismissal;

- (b) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard. The Committee should discuss with the external auditors the nature and scope of the audit and reporting obligations before the audit commences;
- (c) to develop and implement policy on engaging an external auditors to supply non-audit services. For this purpose, external auditors shall 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;

Review of the Company's financial information

- (d) to monitor integrity of the Group's consolidated financial statements and annual report and accounts, half-year report and quarterly reports, 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:-
 - (i) any changes in 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 GEM Listing Rules and other legal requirements in relation to financial reporting;
- (e) Regarding (d) above:-
 - (i) members of the Committee should liaise with the Board, senior management and the Committee must meet, at least twice a year, with the external auditors;
 - (ii) the Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts and it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting functions, compliance officer or external auditors;

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

- (f) to review the Group's financial control, risk management and internal control systems;

- (g) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective system. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- (h) to consider major investigation 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;
- (i) 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 Group, and to review and monitor its effectiveness;
- (j) 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;
- (k) to ensure that the Board will provide timely response to the issues raised in the external auditors' management letter;
- (l) to report to the Board on the above matters;
- (m) to consider other topics, as defined by the Board;
- (n) to review the financial and accounting policies and practices of the Company and its subsidiaries;
- (o) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters;
- (p) to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and
- (q) to act as the key representative body for overseeing the Company's relations with the external auditor.

The above duties extend to the group and/or subsidiaries of the Company where applicable and/or necessary as required by applicable laws and rules.

Reporting Procedures

18. The Committee should 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 to the Board on the findings and recommendations of the Committee.

Terms of Reference

19. These terms of reference shall be reviewed on annual basis and as required.
20. The term of reference will be posted on the website of the Company. A copy of the terms of reference will be made available to any person without charge upon request.