



VIVA CHINA HOLDINGS LIMITED

非凡中國控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 8032)

TERMS OF REFERENCE OF AUDIT COMMITTEE

1. MEMBERSHIP

- (a) The Members shall be appointed by the Board from amongst the non-executive Directors and shall consist of not less than three (3) members, a majority of whom shall be independent non-executive Directors and at least one of whom shall be an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required by the GEM Listing Rules.
- (b) The chairman of the Committee shall be appointed by the Board and shall be an independent non-executive Director.
- (c) A former partner of the Company's existing auditing firm is prohibited from acting as a Member for a period of one (1) year from the date of his/her ceasing (i) to be a partner of the firm; or (ii) to have any financial interests in the firm, whichever is later.
- (d) The company secretary of the Company shall be the secretary of the Committee.

2. AUTHORITY

- (a) The Committee is authorized by the Board to investigate any activity within its terms of reference and shall have the right to require management of the Company to furnish all information requested by the Committee for the purposes of discharging its duties.

- (b) The Committee is authorized by the Board to obtain independent professional or legal advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, at the expense of the Company.
- (c) The Committee should be provided with sufficient resources to perform its duties.

3. DUTIES

The duties of the Committee shall include the following aspects:

Relationship with the Company's external auditors

- (a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Committee should discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (c) to develop and implement policy on engaging 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 Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- (d) to act as the key representative body for overseeing the Company's relations with the external auditor;

Review of the Company's financial information

- (e) to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, the Committee should focus particularly on:
 - (i) financial reporting, accounting policies and practices;
 - (ii) any changes in financial reporting accounting policies and practices;
 - (iii) major judgmental areas;
 - (iv) significant adjustments resulting from audit;
 - (v) the going concern assumptions and any qualifications;
 - (vi) compliance with accounting standards; and
 - (vii) compliance with the GEM Listing Rules and legal requirements in relation to financial reporting;

- (f) Regarding (e) above:
 - (i) Members should liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Company's external auditor; and
 - (ii) the Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should 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 of the Company;

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

- (g) to review the Company's financial controls, and unless expressly addressed by a separate risk committee, or by the Board itself, to review the risk management and internal control systems of the Company;

- (h) to discuss the risk management and internal control systems with management of the Company to ensure that management has performed its

duty to have effective systems. 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;

- (i) 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;
- (j) where an internal audit function exists, to ensure co-ordination between the internal and external auditor, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- (k) to review the Group's financial and accounting policies and practices;
- (l) 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;
- (m) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (n) 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 and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

Other duties

- (o) to report to the Board on the above matters; and
- (p) to consider other topics or matters, as defined or referred to the Committee by the Board.

4. MEETINGS

Attendance of non-members of the Committee at its meeting shall be by invitation only. The chairman and the chief financial officer of the Company and the representatives of the external auditor shall normally be invited to attend meetings.

Frequency of Meetings

- (a) Meetings of Committee shall be held not less than four times a year. The Company's external auditor may request that a meeting be held if they consider that it is necessary.

Proceedings of Meetings

- (b) Notice of each meeting of the Committee must be given to each Member before the time when the meeting is to be held. The Articles of Association of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and not replaced by provisions herein shall apply to the meetings and proceedings of the Committee. The agenda and accompanying papers shall be sent to all Members in a timely manner and at least 3 days before the intended date of a meeting of the Committee (or such other period as agreed by the Members).

Quorum

- (c) The quorum for the meeting of Committee should be any two (2) Members, of whom one (1) has to be an independent non-executive Director.

Attendance at meetings

- (d) The Members may participate in a meeting of the Committee in person or by means of telephone or similar communications equipment and participation in a meeting pursuant to this provision shall constitute presence in persons at such meeting.

Minutes and Resolutions

- (e) Resolution of the Committee shall be passed by a majority of votes which can also be passed by a resolution in writing signed by all the Members of the Committee.

The secretary of the Committee shall keep full minutes of all meetings of the Committee. Draft and final versions of minutes of meetings of the Committee should be sent to all Members for their comment and records within a reasonable time after the meeting.

The Committee report to the Board on decisions or recommendation they made when appropriate.

In these terms of reference, the following expressions have the meanings set out below:

“Board”	the board of Directors
“Company”	Viva China Holdings Limited
“Committee”	the audit committee of the Company
“Director(s)”	the director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“Member(s)”	the member(s) of the Committee

Effective: 1 January 2016