Epiworld International Co., Ltd.

Terms of Reference of the Audit Committee of the Board of Directors

Chapter 1 General Provisions

Article 1 To strengthen the decision-making function of the Board of Directors (the "Board"), conduct pre-audits and professional audits, ensure effective supervision of the Board of Directors over the management and improve the corporate governance structure, the Company has formulated the Terms of Reference in accordance with the Company Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Listing Rules"), the Articles of Association of Epiworld International Co., Ltd. (hereinafter referred to as the "Articles of Association") and other relevant regulations.

Article 2 The Audit Committee (the "Committee") of the Board of Directors (the "Board") is a dedicated working body set up by the Board according to the resolution of the shareholders' general meeting. It is primarily responsible for the communication, supervision, and verification of internal and external audits of the Company. The Committee shall be accountable to the Board and shall report its work to the Board.

Chapter 2 Composition

Article 3 The Committee shall consist of at least three directors, all of whom shall be non-executive directors. Independent non-executive directors shall constitute the majority of members of the Committee. At least one of the independent non-executive directors shall possess the appropriate professional qualifications as stipulated in the Hong Kong Listing Rules, or have appropriate accounting or related financial management expertise. A partner of the Company's current external audit institutions shall not serve as a member of the audit committee for two years from the date on which he or she ceases to be a partner of the current external audit institutions or ceases to have any financial interest in the current external audit institutions, whichever is later.

Article 4 Members of the Committee shall be nominated by the chairman of the Board, more than one-half of independent non-executive directors, or one-third of all the directors, and shall be elected by the Board.

Article 5 The Committee shall have one chairperson (convener), who shall be an independent non-executive director and shall be responsible for presiding over the work of the Committee. The chairperson shall be elected by the members of the Committee from among the members who are independent non-executive directors, or by the Board of Directors.

Article 6 The term of office of the Committee shall be in congruence with that of the Board and members of the Committee may serve consecutive terms if re-elected upon the expiry of their terms of office. If any member of the Committee no longer maintains the position as a director during the term of office, he/she shall automatically lose membership qualification, and the Committee shall fill up the vacancy in accordance with the aforesaid regulations.

Article 7 The Committee may establish a working group under it to serve as its daily administrative body.

Chapter 3 Duties and Authorities

Article 8 The main duties and authorities of the Committee include:

Relationship with the Company's auditors

(1) 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;

(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 should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

(3) to develop and implement policies on engaging an external auditor to supply non-audit services and report to the Board. 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;

Review of the Company's financial information

(4) to monitor the integrity of the Company's financial statements and annual report and accounts, interim reports and, if prepared for publication, 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) any changes in accounting policies and practices;

   (ii) major judgmental areas;

   (iii) significant adjustments resulting from the audit;

   (iv) the going concern assumptions and any qualifications;

   (v) compliance with accounting standards; and

   (vi) compliance with the Stock Exchange requirements and legal and regulatory requirements in relation to financial reporting;

(5) Regarding (4) above: (i) members of the committee should liaise with the Board and senior management; (ii) the committee must meet, at least twice a year, with the issuer's auditors; and (iii) 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 issuer's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

Oversee the Company's financial reporting system and internal control procedures

(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 Company's risk management and internal control systems;

(7) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to establish and maintain effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and related budget of the Company's accounting and financial reporting function;

(8) 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;

(9) where an internal audit function exists, to ensure coordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the issuer, and to review and monitor its effectiveness;

(10) to review the group's financial and accounting policies and practices;

(11) 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;

(12) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(13) to report to the Board on the matters in the Terms of Reference;

(14) to review the arrangements in place by the Company under which employees may raise concerns confidentially on the impropriety in financial reporting, internal control or other matters, whilst ensuring that appropriate arrangements are in place to allow for fair and independent investigations into these matters and appropriate follow-up actions will be taken;

(15) to act as the key representative body for overseeing the Company's relations with the external auditor.

Article 9 The proposals of the Committee shall be submitted to the Board for deliberation and decision. The Committee shall coordinate with the Supervisory Committee in audit activities.

Chapter 4 Decision-making Procedures

Article 10 The company secretary shall be responsible for making preliminary preparations for the Committee's decision-making and providing relevant written materials:

(I) relevant financial reports of the Company;

(II) work reports of internal and external audit institutions;

(III) external audit contracts and related work reports;

(IV) reports from professional institutions such as audit and evaluation institutions concerning significant matters of the Company;

(V) other relevant matters.

Article 11 The reports provided shall be reviewed at the meeting of the Committee and relevant materials concerning the following matters shall be submitted to the Board for discussion:

(I) evaluation of the work of external audit institutions, as well as the engagement and replacement of such institutions;

(II) whether the Company's internal audit system has been effectively implemented and whether the Company's financial reports are comprehensive and truthful;

(III) whether the financial reporting information of the Company is objective and truthful, and whether significant matters of the Company comply with relevant laws and regulations;

(IV) evaluation of the work of the Company's finance department, audit department and their respective heads;

(V) other relevant matters.

Chapter 5 Rules of Procedure

Article 12 A Committee meeting shall be convened upon proposal by members of the Committee. Notice of a Committee meeting shall be delivered to all the members two days prior to the meeting. With the unanimous consent of all members, the aforementioned notice period may be waived. The meeting shall be presided over by the chairperson. When the chairperson cannot attend a meeting, he/she may appoint another member (an independent non-executive director) to preside over the meeting on his/her behalf. The Committee shall attend meetings at least twice a year with the external auditors without executive Board members present (except those invited by the Committee).

Article 13 Meetings of the Committee shall be held only with the presence of more than two-thirds of members. Each member shall be entitled to one vote. The resolutions made at the meeting shall be approved by more than half of all the members. The issues shall be reviewed directly by the Board when the Committee is unable to give effective review opinions due to the abstention of its members from the issues under consideration. Resolutions signed by all members of the Committee will be treated as valid as if they were passed at the meeting of the Committee.

Article 14 Members may attend meetings either in person, by telephone, or through other electronic means of communication (which are available to all attending parties).

Article 15 In the event that a member is unable to attend a meeting in person for any reason, the said member may submit a power of attorney signed by him/her, authorizing another member to attend the meeting and express opinions on his/her behalf. The power of attorney shall specify the scope and duration of authorization.

Article 16 Audit staff may attend meetings of the Committee as non-voting participants. Where necessary, other directors, supervisors, external consultants and other senior management members, internal auditors, and financial personnel of the Company may also be invited to the meetings without voting rights, and provide necessary information.

Article 17 If necessary, the Committee may engage intermediaries to provide professional opinions for its decision-making at the cost of the Company.

Article 18 The convening procedure and voting method of the meetings of the Committee and resolutions passed at such meetings shall comply with relevant laws, regulations, securities regulatory rules of the place where the shares of the Company are listed, the Articles of Association and the Terms of Reference.

Article 19 The Committee shall keep minutes of the meetings, specifying the following: the date, time, place, presider, attendees and agenda in respect of the meeting, key points of each speaker's comments on each matter under consideration, and the voting result on each matter. Members in attendance shall sign the meeting minutes. If any member has a dissenting opinion regarding the minutes, such opinion shall be stated at the time of signing. The meeting minutes shall be maintained by the secretary of the meeting (usually the company secretary). Draft and final versions of minutes of the Committee meetings shall be sent to all members for their comments and records, respectively, in both cases within a reasonable time after the meeting. Such minutes of the meeting shall be opened for any director's inspection at any reasonable time on reasonable notice.

Article 20 After each meeting, the Committee shall formally report to the Board on all matters within its purview.

Article 21 The Committee shall publish the Terms of Reference on the website of The Stock Exchange of Hong Kong Limited and on the Company's website.

Article 22 Members attending the meeting are obligated to keep confidential the matters discussed at the meeting and shall not disclose the relevant information without authorization.

Chapter 6 Supplementary Provisions

Article 23 The Terms of Reference shall take effect and be implemented from the date of approval by a resolution of the Board.

Article 24 Any matters not covered herein shall be implemented in accordance with relevant national laws and regulations, the securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association. In the event of any inconsistency between the Terms of Reference and national laws and regulations, the securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association as amended through lawful procedures, the latter shall prevail.

Article 25 References herein to "above" or "within" shall include the number itself; references to "exceed," "over," "more than," "less than," "below," or "under" shall exclude the number itself.

Article 26 The Terms of Reference are subject to the interpretation of the Board of the Company.

Epiworld International Co., Ltd.

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