



WMCH Global Investment Limited
(a company incorporated in Cayman Islands with limited liability)
(Stock Code: 8208)

**AUDIT COMMITTEE
TERMS OF REFERENCE**

Constitution

1. The board of directors (the “**Board**”) of WMCH Global Investment Limited (the “**Company**” which together with its subsidiaries, the “**Group**”) has resolved to establish a committee of the Board to be known as the Audit Committee (the “**Committee**”) with authority, responsibility and specific duties as described below.

Membership and Quorum

2. The Committee shall be appointed by the Board from amongst the non-executive directors of the Company and shall consist of not less than three members, a majority of whom shall be independent non-executive directors of the Company and at least one of whom has appropriate professional qualifications or accounting or related financial management expertise as required under rule 5.05(2) of the Rules Governing the Listing of the Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”). A quorum shall be two members.
3. The chairman of the Committee shall be appointed by the Board and must be an independent non-executive director of the Company.
4. A former partner of the Group’s existing auditing firm shall be prohibited from acting as a member of the Committee for a period of two years from 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 later.
5. The term of each appointment to the Committee shall be determined by the Board upon appointment.

Duties and Responsibility

6. The duties of the Committee are to serve as a focal point for communication between other directors, the external auditors, and the management as their duties relate to financial and other reporting, risk management and internal control systems and the audits; and to assist the Board in fulfilling its responsibilities by providing an independent review of financial reporting, be satisfying themselves as to the effectiveness of the company’s risk management and internal control systems and as to the efficiency of the audits. The duties and responsibilities of the Committee shall be:

Relationship with the Company’s auditors

- 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;

- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard. The Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- 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; and
- to report to the Board, identify and make recommendations on any matters where action or improvement is needed.

Review of the Financial information of the Company

- to monitor the integrity of the Company's 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 legal requirements in relation to financial reporting;
- member shall liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Company's auditors; and
- 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;

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

- to review the Group's financial controls, and unless expressly addressed by a separate Board risk committee, or by the Board itself, to review the Group's risk management and internal control systems;
- the annual review of the risk management and internal control systems should, in particular, include the following matters:
 - (a) the changes, since the last annual review, in the nature and extent of significant risk, and the Company's ability to respond to changes in its business and the external environment;
 - (b) the scope and quality of management's ongoing monitoring of risks and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers;
 - (c) the extent and frequency of communication of monitoring results to the Board (or Board committee(s)) which enables it to assess control of the Group and the effectiveness of risk management;
 - (d) significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have

had, could have had or may in the future have, a material impact on the Group's financial performance or condition; and

- (e) the effectiveness of the Group's processes for financial reporting and GEM Listing Rules compliance;
- to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective risk management and internal control systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of staff of the Group's accounting and financial reporting function;
 - to consider major investigations 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;
 - 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;
 - to review the Group's financial and accounting policies and practices;
 - 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;
 - to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
 - to review arrangements employees of the Group can use, in confidence, to raise concerns about possible improprieties in financial reporting, risk management and internal control or other matters. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
 - to act as the key representative body for overseeing the Group's relations with external auditor;
 - to establish a whistleblowing policy and system for employees and those who deal with the Group (e.g. customers and suppliers) to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Group;
 - to report to the Board on the matters set out in paragraph C.3.3 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules (as amended from time to time); and
 - to consider other topics, as defined by the Board.
7. After each meeting, the Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

Authority

8. The Committee is authorised by the Board to investigate any financial information and records of the Company.
9. The Committee is authorised by the Board when necessary to seek any financial information it requires from any employee of the Company and its subsidiaries, to require any of them to prepare and supply financial information and answer questions raised by the Committee.
10. The Committee is authorised by the Board when necessary to seek outside legal or other independent professional advice in connection with its duties or to perform its responsibilities at the Company's expense.

Note: all such arrangements of obtaining outside legal or other independent professional advice may be made by the secretary of the Committee.

11. The Committee shall be provided with sufficient resources to perform its duties.

Secretary

12. The secretary of the Company (or his delegate) shall act as the secretary of the Committee (the “**Secretary**”). The Committee may, from time to time, appoint any other person with the appropriate qualification and experience as the Secretary. The Secretary or in his/her absence, his/her representative or any one member of the Committee, shall be the secretary of the meeting of the Committee.

Meetings

13. The Committee shall meet as and when necessary or as requested by any Committee member. The Committee shall meet not less than four times a year to consider the budget, revised budget and yearly, half yearly and quarterly report prepared by the Board.
14. The chief financial officer/financial controller, the head of internal audit of the Company and a representative of the external auditors shall normally attend meetings of the Committee.
15. Relevant notice, including an agenda and accompanying papers, shall be sent in full to all members of the Committee in a timely manner and at least 7 days before the intended date of the meeting of the Committee (or such other period as agreed by its members).
16. The meetings and proceedings of the Committee are governed by the provisions of the articles of association of the Company for regulating the meetings and proceedings of the Board so far as the same are applicable.
17. In the case of an equality of votes at a meeting of the Committee, the chairman of the meeting shall have the casting vote.

Annual General Meeting

18. The chairman of the Committee shall attend the annual general meetings of the Company and be prepared to respond to any shareholder questions on the Committee’s activities. If the chairman of the Committee is unable to attend, a member (who must be an independent non-executive director of the Company), or failing this his duly appointed delegate, shall attend the annual general meeting of the Company. Such person shall be prepared to respond to any shareholder questions on the Committee’s activities.

Disagreement as to appointment of external auditors

19. In the event the Board disagrees with the Committee’s view on the selection, appointment, resignation or dismissal of the external auditors, the Committee shall provide a statement explaining its recommendations to the Group and the reasons why the Board has taken a different view for inclusion in the Corporate Governance Report issued by the Group in accordance with Appendix 15 to the GEM Listing Rules.

Reporting Procedures

20. The Secretary shall keep full minutes of each Committee’s meeting. Draft and final versions of minutes of the meetings shall be sent to all Committee members for their comments and records within a reasonable time after such meeting.
21. The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board, unless a conflict of interest exists or for the reasons mentioned in paragraph 6 herein.

Publication of the Terms of Reference

22. The Committee shall make available these terms of reference on request and by including them on the websites of the Company and The Stock Exchange of Hong Kong Limited.

23. The text of this terms of reference of the Committee appears in both English and Chinese languages. In case of discrepancy, the English version shall prevail.

Adopted by the Board on 6 November 2019