

TERMS OF REFERENCE OF THE AUDIT COMMITTEE OF TELEEEYE HOLDINGS LIMITED (THE “COMPANY”)

The board of directors of the Company (the “Board”) hereby constitutes and establishes an Audit Committee with authority responsibility, and specific duties as described below.

Membership

The Audit Committee shall be appointed by the Board and comprise at least three independent 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 as required by HK GEM Listing Rule. A quorum shall be two members.

Authority

The members of the Audit Committee are granted the authority to full and unlimited access to all books and accounts of the Company and any employees, consultants and advisers they may, from time to time, wish to consult.

Responsibility

The responsibilities of the audit committee are:

1. Reviewing, in draft form, the Company’s annual report and accounts, half-year report and quarterly reports and providing advice and comments thereon to the Board. In this regard:
 - ♦ members of the committee must liaise with the Board, senior management and the person appointed as the issuer’s qualified accountant and the committee must meet, at least once 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 such reports and accounts and must give due consideration to any matters that have been raised by the Company’s qualified accountant, compliance officer or auditors.
2. Reviewing and supervising the Company’s financial reporting and internal control procedures.

Meetings

The Audit Committee should meet at least four times per year. Additional meetings should be held as the work of the Audit Committee demands.

Attendance

As necessary or desirable, the Chairman may request that members of management and representatives of the external auditors be present at meetings of the Audit Committee. At least once a year the Audit Committee shall meet with the external auditors without executive Board members present.

Minutes

Minutes of each Audit Committee meeting are to be prepared and sent to the Audit Committee members and to the directors of the Company who are not members of the Audit Committee.

Specific Duties

The Audit Committee is to:

1. consider the performance of the external auditors, the audit fee, and any question of resignation or dismissal;
2. review with the Company's management, external auditors, the adequacy of the Company's policies and procedures regarding internal controls;
3. have familiarity, through the individual efforts of its members, with the financial reporting principles and practices applied by the Company in preparing its financial statements;
4. prior to its commencement, review the scope of the external audit, including the engagement letter. The Audit Committee's review should include an understanding from the external auditors of the factors considered by them in determining their audit scope. The external auditors' fee is to be negotiated with management, and annually analyzed for the Audit Committee's review;
5. review the extent of non-audit services provided by the external auditors in relation to their independence;
6. review the quarterly report prior to approval by the Board;
7. review the interim report prior to approval by the Board;
8. review the annual report prior to approval by the Board;
9. evaluate the cooperation received by the external auditors, including their access to all requested records, data and information, and obtain the comments of management regarding the responsiveness of the external auditors to the Company's needs. Inquire of the external auditors as to whether there have been any disagreements with management which if not satisfactorily resolved would result in the issue of a qualified

report on the Company's financial statement;

10. discuss with the external auditors any relevant recommendations arising from the audit;
11. review the draft management letter including management's responses to the points raised;
12. review the scope and results of internal control procedures;
13. discuss with the management the scope and quality of systems of internal control;
14. appraise the board of significant developments in the course of performing the above duties;
15. recommend to the Board any appropriate extensions or changes in the duties of the Audit Committee;
16. review the findings of internal investigations into any suspected frauds or irregularities or failures of internal controls or infringements of laws, rules and regulations;
17. the Audit Committee should report to the Board on a regular basis;
18. the Audit Committee shall also report to the Board any suspected frauds or irregularities, failures of internal control or suspected infringements of laws, rules and regulations which come to its attention.

This terms of reference sets out in the terms stipulated in the provisions of the ordinances regarding audit committee. It should be noted that the ordinances may change from time to time and itself remain the sole authority for the provisions of the law explained.