

## WINS FINANCE HOLDINGS INC.

### AUDIT COMMITTEE CHARTER

- I. Composition of the Audit Committee: There will be a committee of the Board of Directors (the “Board”) to be known as the Audit Committee. The Audit Committee will have at least three members. The Audit Committee will be composed solely of directors who (i) are “independent” as defined in the Nasdaq Stock Market LLC (“Nasdaq”) Listing Rules or meet any applicable exceptions in the Nasdaq Listing Rules, (ii) meet the criteria for independence set forth in Rule 10A-3 under the Securities Exchange Act of 1934 (the “Exchange Act”), (iii) have not participated in the preparation of the financial statements of the Company or any subsidiary within the last three years, and (iv) are able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement, all as determined by the Board. In addition, at least one member of the Audit Committee must be someone with financial sophistication as described in the Nasdaq Listing Rules and an “audit committee financial expert,” as defined in Item 407(d)(5)(ii) of Regulation S-K or in Item 16A(b) of Form 20-F, as applicable, as determined by the Board.

The members of the Audit Committee will be selected by the Board and will serve until their successors have been selected or their earlier resignation or removal.

- II. Purposes of the Audit Committee: The purpose of the Audit Committee is to oversee the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company. In so doing, it is the responsibility of the Audit Committee to provide an open avenue of communication between management and the Board.

The outside auditors for the Company are accountable to the Audit Committee and will report directly to the Audit Committee. The Audit Committee has the sole authority and responsibility to appoint, evaluate, oversee, retain, compensate and, where deemed appropriate, replace the outside auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Company, as well as to approve all audit engagement fees and terms.

The outside auditors will submit to the Company annually a formal written statement describing relationships between the outside auditors and the Company (“Statement as to Independence”), in accordance with the applicable requirements of the Public Company Accounting Oversight Board regarding the outside auditors’ communications with the audit committee concerning independence.

- III. Meetings of the Audit Committee: The Audit Committee will meet each quarter, or more frequently if circumstances dictate, to discuss with management the annual audited financial statements and any interim financial statements and financial results. In addition to such meetings of the Audit Committee as may be required to discuss the matters set forth in Article IV, the Audit Committee will meet separately at least annually with management and the outside auditors to discuss any matters that the Audit Committee or any of these persons or firms believe should be discussed privately. In addition, the Audit Committee will meet with the outside auditors and management quarterly to review the Company’s financial statements. The Audit Committee will also review the Company’s disclosure under

“Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s Securities and Exchange Commission (“SEC”) filings, and have the opportunity to discuss such disclosure with management. The Audit Committee may request any officer or employee of the Company or the Company’s outside counsel or outside auditors to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. Members of the Audit Committee may participate in a meeting of the Audit Committee by means of conference call or similar communications equipment by means of which all persons participating in the meeting can hear each other. The Audit Committee will designate a “Secretary” of each meeting to keep the minutes of the meeting.

IV. Duties and Powers of the Audit Committee: To carry out its purposes, the Audit Committee will have the following duties and powers:

- a. with respect to the outside auditor,
  - (i) to conduct an assessment of the competence and qualifications of outside auditors and, based on that assessment, to retain outside auditors on the Company’s behalf;
  - (ii) to oversee the work of the outside auditors, including resolution of disagreements between management and the auditors regarding financial reporting, engaged by the Company for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Company, as well as to approve all audit engagement fees and terms;
  - (iii) to pre-approve all audit and permissible non-audit services in accordance with Section 202 of the Sarbanes-Oxley Act of 2002 (“SOX”) and the SEC rules promulgated thereunder;
  - (iv) to ensure that the outside auditors prepare and deliver annually a Statement as to Independence (it being understood that the outside auditors are responsible for the accuracy and completeness of the statement), to discuss with the outside auditors any relationships or services disclosed in the statement that may affect the objectivity and independence of the Company’s outside auditors, and to take appropriate action in response to the statement to satisfy itself of the outside auditors’ independence; and
  - (v) to review and discuss with the outside auditors at least quarterly (A) all critical accounting policies and practices to be used; (B) all alternative treatments of financial information within generally accepted accounting principles that the auditors have discussed with management and the ramifications of such alternative disclosures and treatments; and (C) other material written communications between the outside auditors and management, such as any management letter or schedule of unadjusted differences.
- b. with respect to the internal audit function,

- (i) to review the qualifications and experience of members of the Company's internal audit team;
  - (ii) to review the internal audit function for performance, sufficiency, and effectiveness;
  - (iii) to review the audit plans for the coming year and, where appropriate, review the coordination of such plans with the outside auditors;
  - (iv) to advise members of the internal auditing team that they are expected to provide to the Audit Committee summaries of and, as appropriate, reports to management prepared by the internal auditing team and management's responses thereto;
  - (v) to review and approve the appointment, remuneration, performance, and replacement of managers and directors of the internal audit department; and
  - (vi) to conduct a private exit interview in the case of any turnover in the internal audit department at the manager or director level.
- c. with respect to financial reporting principles and policies and internal audit controls and procedures,
- (i) to advise management and the outside auditors that they are expected to provide to the Audit Committee a timely analysis of significant financial reporting issues and practices;
  - (ii) to consider any reports or communications, and management's responses thereto, submitted to the Audit Committee by the outside auditors pursuant to the Public Company Accounting Oversight Board Auditing Standard applicable to communications with audit committees or otherwise;
  - (iii) to meet with management and the outside auditors:
    - to discuss the scope of the annual audit;
    - to discuss the audited financial statements;
    - to discuss any significant matters arising from any audit or report or communication referred to in items b(iv) or c(ii) above, whether raised by management, the internal audit team or the outside auditors;
    - to review the form of opinion the outside auditors propose to render to the Board and shareholders;
    - to discuss significant changes to the Company's auditing and accounting principles, policies, controls, procedures and

practices proposed or contemplated by the outside auditors, the internal audit team or management; and

- to inquire about significant risks and exposures, if any, and the steps taken to monitor and minimize such risks.
- (iv) to review the management representation letter delivered to the outside auditors;
  - (v) to obtain from the outside auditors assurance that the audit was conducted in a manner consistent with Section 10A of the Exchange Act, which sets forth certain procedures to be followed in any audit of financial statements required under the Exchange Act;
  - (vi) to discuss with the Company's senior management any significant legal matters that may have a material effect on the financial statements or the Company's compliance policies, including material notices to or inquiries received from governmental agencies; and
  - (vii) to discuss guidelines and policies governing the process by which the Company's senior management and the relevant departments of the Company assess and manage the Company's exposure to risk, and to discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- d. with respect to reporting and recommendations,
- (i) to prepare any report, including any recommendation of the Audit Committee, required by the rules of the SEC to be included in the Company's annual proxy statement;
  - (ii) to review this Charter at least annually and recommend any changes to the full Board;
  - (iii) to report its activities to the full Board on a regular basis;
  - (iv) to review and discuss with management the Company's annual and quarterly financial statements and all internal control reports or summaries thereof, and review other material reports on financial information (excluding tax returns and reports) submitted by the Company to any governmental body, or the public, including management certifications as required by SOX (Sections 302 and 906) and reports rendered by the outside auditors; and
  - (v) to advise the Board of the Audit Committee's recommendation as to inclusion of the Company's audited annual financial statements in the Company's Annual Report on Form 10-K or Form 20-F, as applicable.
- e. To establish procedures, in accordance with Section 301 of SOX and Rule 10A-3 of the Exchange Act, for (a) the receipt, retention, and treatment of complaints received

by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

- f. To review on an ongoing basis all related party transactions for potential conflict of interest situations as reported by the internal audit function or the Chief Financial Officer and, if appropriate, approve any such transactions, as required by the Nasdaq Listing Rules.
- g. To establish, review, and update periodically a Code of Ethics and Conduct and ensure that management has established a system to enforce this code; to ensure that the code is in compliance with all applicable rules and regulations; to monitor compliance with the code; and to take such other actions as are set forth in the code.
- h. With respect to the internal control and disclosure control environments,
  - (i) to oversee the Company's compliance with Section 404 of SOX;
  - (ii) to review with management, the outside auditors and the internal audit team the adequacy of the Company's disclosure controls and procedures and internal controls over financial reporting, including anti-fraud controls, and the findings and recommendations of the outside auditors and the internal audit team, together with management's proposed responsive actions; and
  - (iii) to consider and review the Company's annual assessment of the effectiveness of its internal controls and the outside auditor's attestation and report about the Company's assessment.
- i. With respect to other Audit Committee responsibilities,
  - (i) to establish hiring policies with respect to employees or former employees of the outside auditors;
  - (ii) to perform an annual Audit Committee self-assessment; and
  - (iii) to receive training to better develop skills related to the performance of its duties.

The Audit Committee may authorize one or more members of the Audit Committee to carry out the duties set forth in paragraphs IV(a)(iii) and IV(f) hereof between meetings of the Audit Committee and any pre-approvals or approvals by Audit Committee members so authorized will be reported to the Audit Committee at its next meeting.

- V. Resources and Authority of the Audit Committee: The Audit Committee will have the resources and authority appropriate to discharge its responsibilities, including the authority to engage outside auditors for special audits, reviews and other procedures and, in accordance with Section 301 of SOX and Rule 10A-3 of the Exchange Act, to retain independent counsel and other experts, advisors or consultants as it determines is necessary to carry out its duties, and to determine funding for payment of (i) compensation to any such counsel, experts,

advisors or consultants, (ii) compensation to outside auditors engaged by the Audit Committee and (iii) ordinary administrative expenses of the Audit Committee.