

Guoxia Technology Co., Ltd.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to strengthen the decision-making function of the Board of Directors of Guoxia Technology Co., Ltd. (hereinafter referred to as the “Company”), conduct ex ante and professional audit, ensure effective supervision over the senior management by the Board of Directors, and further improve its corporate governance structure, these Rules of Procedure have been formulated pursuant to the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”), Articles of Association of Guoxia Technology Co., Ltd. (hereinafter referred to as the “Articles of Association”) and other relevant regulations.

Article 2 The Audit Committee of the Board of Directors is a specialized working body established by the Board of Directors, primarily responsible for the communication with, supervision and verification of the internal and external audits of the Company.

The internal audit department established by the Company shall be accountable and report to the Audit Committee.

Article 3 The provisions of the Company Law, the Articles of Association and the Hong Kong Listing Rules in relation to the obligations of the directors shall apply to the members of the Audit Committee.

CHAPTER II COMPOSITION

Article 4 The Audit Committee shall consist of at least three directors, all of whom shall be non-executive directors, with a majority being independent non-executive directors. At least one independent non-executive director shall be an accounting professional and meet the requirements under the Hong Kong Listing Rules for possessing appropriate professional qualifications or appropriate accounting or related financial management expertise.

Article 5 The members of the Audit Committee shall be nominated by the Chairman of the Board, more than one-half of the independent non-executive directors, or more than one-third of all the directors, and elected by the Board. A former partner of the external audit firm which is currently in charge of auditing the accounts of the Company shall not be a member of the Audit Committee of the Company within two years from the following dates, whichever is the later: (1) the date on which the former partner ceases to be a partner of the external audit firm; or (2) the date on which the former partner ceases to be entitled to any financial interest in the external audit firm.

Article 6 The Audit Committee shall have a chairperson, who shall be responsible for taking charge of the work of the Committee. The election of the chairperson shall be approved by the Board of Directors.

Article 7 A member of the Audit Committee shall have a term of office consistent with the term of a director and shall be eligible for re-election on the expiry of his/her term. Where a member ceases to be a director of the Company, he/she will automatically cease to be qualified as a member of the committee, and the casual vacancy shall be filled by the person elected by the Board of Directors in accordance with Articles 4 to Articles 6 above.

CHAPTER III DUTIES AND POWERS

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

- (I) To supervise and assess external audit work, propose the appointment, re-appointment and dismissal or replacement of external auditors, approve the remuneration and terms of engagement of the external auditors, deal with all matters of the resignation or dismissal of the external auditors, and supervise the practice of the external auditors. Where the Company engages, reappoints or replaces its external auditing firm, the Audit Committee shall form a review opinion and recommend it to the Board of Directors as a prelude for the latter's consideration and review;

To develop and finalize the policies of the Company on external auditors. The Audit Committee shall report to the Board of Directors and make recommendations on any matters requiring follow-up action or improvement;

- (II) The appointment and dismissal of the chief financial officer of the Company shall be subject to the formation of a review opinion by the Audit Committee and a recommendation to the Board of Directors, after which the Board of Directors may consider the relevant proposal;

- (III) To supervise and assess internal audit work, supervise the formation of the internal audit system and the accounting policies of the Company and its implementation;
- (IV) To review and monitor the independence and objectiveness of the external auditors and the effectiveness of its audit procedures in accordance with applicable standards; the Audit Committee shall discuss with the external auditors the nature, scope, and reporting obligations before the audit commences; in assessing the independence of the external auditors, to consider all relationships (including non-audit services) between the Company and the auditing firm and to obtain from the external auditors its policies and procedures on an annual basis for maintaining its independence so as to monitor its compliance (including rotation of audit partners and members) and to communicate with the auditors on their audit fees, issues identified during the audit and other matters they wish to communicate at least once a year in the absence of management;
- (V) Developing and implementing policies on engaging an external audit firm to supply non-audit services. For the purpose of this provision, an external audit institution includes any entity that is under the common control, ownership, or management with the company responsible for the audit or any entity that a reasonably informed third party knowing all relevant information would reasonably conclude to be part of the external audit institution locally or internationally. When assessing the non-audit services provided by an external auditor, the Company shall consider the appropriateness of the auditor's qualifications and capabilities, the impact of the services on the independence and objectivity of the auditor, the details and fees of the services and the significance of the services to the auditor, and the remuneration of relevant individuals. The Audit Committee shall report and make recommendations to the Board of Directors if any actions or remedial measures are considered necessary;
- (VI) To act as the key representative for communication between the Company and the external auditor and overseeing their relationship to ensure coordination between the internal audit function and the work of the external auditors, to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company and to review and monitor the effectiveness of the internal audit function; to be responsible for communication between internal and external audits on material issues;

- (VII) To audit the Company's financial information, financial and accounting reports and their disclosure, as well as financial and accounting policies and operations. The disclosure of financial and accounting reports shall be subject to the review opinion formed by the Audit Committee and its recommendation to the Board of Directors before the board can deliberate on the relevant proposals;
- (VIII) To monitor the integrity of the Company's financial statements and annual report and accounts, interim report and, if intend to publish, quarterly reports, and to review significant judgements on financial reporting contained therein. Before submitting the relevant statements and reports to the Board of Directors, the Committee shall focus on reviewing the following matters: (i) any changes to the accounting policies and accounting practices; (ii) matters involving significant judgments; (iii) material adjustment items arising from the audit; (iv) the entity's going concern assumption and any qualified opinions; (v) compliance with accounting standards; and (vi) compliance with the listing rules and relevant legal requirements regarding financial reporting of the stock exchange where the Company's shares are listed;
- (IX) With respect to Item (VIII) above of these Rules: (i) members of the committee shall liaise with the Board of Directors and senior management. The committee shall meet with the external audit firm at least twice a year; and (ii) the committee shall consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it shall give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function and compliance officer of the Company or the external auditors;
- (X) To review the internal control system of the Company; to review and evaluate the regime of financial controls, risk management and the internal control system of the Company;
- (XI) To discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. The discussion should cover whether the Company has enough resources and qualified and experienced employees in the areas of accounting and financial reporting, and whether the training courses for employees and relevant budgets are sufficient;
- (XII) 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;

- (XIII) To review any audit explanatory letters issued by the external auditor to management, any material inquiries on accounting records, financial accounts or control systems raised by the auditor to management as well as the responses from management;
- (XIV) To review the Group's financial and accounting policies and practices;
- (XV) To ensure that the Board of Directors will timely address any matters, significant inquiries, and responses from management raised in the external auditor's audit explanatory letter to management;
- (XVI) To review and evaluate major related (connected) transactions of the Company; to review the internal system of the Company and organize review on major related (connected) transactions;
- (XVII) To review the following arrangements made by the Company that its employees may use, in confidence, to raise concerns about potential improprieties in financial reporting, internal control or other matters. The committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (XVIII) To develop and review the policies and practices on corporate governance of the Company and make recommendations to the Board;
- (XIX) Reviewing and monitoring the training and continuous professional development of Directors and senior management personnel;
- (XX) To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (XXI) To develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors;
- (XXII) To review the Company's compliance with the Corporate Governance Code set out in the Hong Kong Listing Rules and disclosure in the corporate governance report set out in the annual reports; to report to the Board of Directors on matters within the terms of reference of the committee, including decisions or recommendations of the committee;

(XXIII) The other duties as delegated by the Board of Directors of the Company and as required by the laws, administrative regulations, departmental rules, regulatory documents, listing rules of the stock exchange where the shares of the Company are listed, including the authority and duties as stipulated in the relevant provisions of the Corporate Governance Code as set out in the Hong Kong Listing Rules and the Articles of Association, and to study other topics defined by the Board of Directors.

Article 9 The Audit Committee shall be accountable to the Board. After considering the matter(s) as required in the preceding article of these Rules of Procedure, the Audit Committee shall form a meeting resolution and submit the same to the Board of Directors of the Company together with relevant proposal for consideration and approval.

Article 10 The Audit Committee shall cooperate with the members of the supervisory committee on the audit work.

CHAPTER 4 DECISION-MAKING PROCEDURE

Article 11 The internal audit department of the Company shall be responsible for preliminary preparations for decision making of the Audit Committee and providing the following written information of the Company:

- (I) The Company's relevant financial reports (including monthly financial reports and other internal financial reports), financial budget plans, financial decisions and the relevant implementation status;
- (II) The work reports of the internal audit firm and the external audit firm;
- (III) The external audit contract and relevant work reports;
- (IV) Disclosure of information to the public by the Company;
- (V) Audit reports on major related (connected) transactions of the Company;
- (VI) Other related matters.

Article 12 The Audit Committee is responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audit work and internal control. The following matters shall be submitted to the Board of Directors for consideration upon the consent of more than half of all members of the Audit Committee:

- (I) Disclosure of financial information and internal control evaluation reports in financial and accounting reports and periodic reports;
- (II) The appointment or dismissal of an accounting firm responsible for the auditing of a listed company;
- (III) To appoint or dismiss the chief financial officer of the listed company;
- (IV) Changes in accounting policies, accounting estimates or corrections of material accounting errors for reasons other than changes in accounting standards;
- (V) Other matters provided for by laws, administrative regulations, departmental rules, the listing rules of the stock exchange where the Company's shares are listed or the Articles of Association.

CHAPTER V MEETING PROCEDURES

Article 13 Meetings of the Audit Committee shall be classified as regular meetings and extraordinary meetings. Regular meetings shall be convened at least twice a year and once every six months. Extraordinary meetings shall be convened when proposed by members of the Audit Committee or the internal audit department of the Company.

Notice of a regular meeting of the Audit Committee shall be given to all members five days before the meeting is convened, and notice of an extraordinary meeting shall be given to all members three days before it is convened. Notice of a meeting may be given at any time in case of emergency.

Article 14 A member of the Audit Committee may attend the meeting in person or may entrust another member in writing to attend the meeting and exercise the right to vote on his/her behalf.

If a member of the Audit Committee appoints another member to attend to and exercise voting rights at the meeting on his/her behalf, he/she shall submit a power of attorney to the chairman of the meeting and power of attorney shall specify the scope of the authorization. The power of attorney shall be delivered to the chairman of the meeting no later than a vote is taken at the meeting.

Article 15 If a member of the Audit Committee fails to attend the meeting in person or appoint another member to attend the meeting on his/her behalf, he/she shall be deemed as absent from the relevant meeting.

If a member of the Audit Committee fails to attend meetings for two consecutive times, such member shall be deemed to have failed to perform his/her duties properly, and may be removed from his/her office as member of the committee by the Board of Directors.

Article 16 The chairman shall be responsible for convening and presiding over meetings, or where the chairperson is unable or fails to perform his/her duties, he/she may appoint another member to perform on his/her behalf. If the chairman fails to perform his/her duties or designate other members to perform on his/her behalf, any of the members may report to the Board of Directors, and the Board of Directors shall designate a member to perform the duties of the chairperson.

Article 17 The quorum of a meeting of the Audit Committee shall be more than two-thirds of the members. Every member shall have one vote. Resolutions made at the meetings shall be passed by a simple majority of the members.

Meetings of the Audit Committee may be convened in the form of written resolutions. The written proposals shall be delivered to all committee members by means of fax, express mail or personal delivery, etc. After the members have voted on the resolution, the original resolution shall be mailed back to the Company for filing. A proposal signed by consenting members satisfying the number of votes required hereunder shall become an effective resolution of the committee.

Article 18 Voting at the meetings of the Audit Committee shall be conducted by a show of hands or by poll. Extraordinary meetings may be convened by way of correspondence voting.

Article 19 The internal audit department of the Company shall hold a meeting with the Audit Committee on a quarterly basis to report on the internal audit work and issues found, and shall submit an internal audit report to the Audit Committee at least once a year. The person-in-charge of the internal audit department of the Company shall attend the meetings of the Audit Committee. The Audit Committee may, if necessary, invite other directors, supervisors, senior management and other relevant personnel of the Company to attend the meetings, lead a briefing or express opinion provided that non-members of the Audit Committee shall have no right to vote on resolutions.

Article 20 The Audit Committee may engage an intermediary agency to provide professional opinions on its decisions at the expense of the Company, where necessary.

Article 21 Procedures for convening and voting methods of meetings of the Audit Committee as well as resolutions passed thereat must be in compliance with requirements of the relevant laws, administrative regulations, departmental rules, regulatory documents, listing rules of the stock exchange where the shares of the Company are listed, the Articles of Association and these Rules of Procedure.

Article 22 The Audit Committee shall keep meeting minutes, which shall record the matters considered and resolutions passed at the meetings in detail, including any doubts or objections raised by members, and shall be circulated to every member for review and confirmation. The meeting minutes shall be signed by the members attending the meetings and the minute taker. Members attending the meeting shall have the right to request that an explanatory record be made of their speeches at the meeting in the meeting minutes. The first draft (for members to express opinions) and the final version (for record) of the meeting minutes should be sent to all members of the Committee within a reasonable period of time after the meeting.

Article 23 Proposals and voting results adopted at the meetings of the Audit Committee shall be reported to the Board of the Company in writing.

The Audit Committee shall, based on the internal audit report and relevant information submitted by the internal audit department, issue a written assessment opinion on the effectiveness of the internal control of the Company and report the same to the Board of Directors. Where the Board of Directors disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external accounting agency, the Company should include in the Corporate Governance Report a statement from the Audit Committee explaining its recommendation and also the reason(s) why the Board of Directors has taken a different view.

Article 24 Members present and attendees at meetings shall be obliged to keep all matters discussed at the meetings confidential and shall not disclose the relevant information without authorization.

Article 25 The chairman of the Audit Committee, or in his absence, another member or his/her authorized representative, shall, if invited by the chairman of the Board of Directors, attend the annual general meeting of the Company on behalf of the Audit Committee and answer questions raised at the meeting.

Article 26 The Audit Committee shall publish its terms of reference on the website of The Stock Exchange of Hong Kong Limited and the website of the Company to explain its role and the authority delegated by the Board of Directors.

Article 27 The Audit Committee shall be provided with sufficient resources to perform its duties. The senior management of the Company shall provide support to the work of the Audit Committee and, the Audit Committee may engage intermediaries to provide independent professional advice for its decision-making where necessary and reasonable expenses incurred shall be borne by the Company.

CHAPTER 6 ABSTENTION FROM VOTING

Article 28 When a member of the Audit Committee has an interest of conflict, directly or indirectly, in respect of any matter discussed at the meeting, such member shall abstain from voting on the relevant proposals.

Where the number of members attending the meeting is less than the quorum specified in these Rules of Procedure after the interested members abstain from voting, all members (including the interested members) shall resolve on procedural issues including submitting the proposal to the Board of Directors for consideration. Such proposal shall be considered by the Board of Directors.

CHAPTER 7 SUPPLEMENTARY PROVISIONS

Article 29 These Rules of Procedure and any amendments hereto have been considered and approved by the Board of Directors and shall take effect from the date of the initial public offering of H Shares of the Company and its listing on The Stock Exchange of Hong Kong Limited.

Article 30 Matters not covered in these Rules of Procedure shall be implemented in accordance with the provisions of the relevant laws and regulations of the PRC, the listing rules of the stock exchange of the place where the shares of the Company are listed and the Articles of Association. In case of any conflict between these Rules of Procedure and laws and regulations promulgated by the PRC from time to time, the listing rules of the stock exchange of the place where the shares of the Company are listed or the Articles of Association as legally amended, the relevant laws and regulations of the PRC, the listing rules of the stock exchange of the place where the shares of the Company are listed and the Articles of Association shall prevail and these Rules of Procedure shall be amended timely.

Article 31 The Rules of Procedure shall be interpreted by the Board of the Company.