

IMPACT Therapeutics, Inc

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

CHAPTER I GENERAL PROVISIONS

Article 1 In order to strengthen the decision-making function of the board of directors of IMPACT Therapeutics, Inc (the “**Company**”), continuously improve the Company’s internal control system, ensure effective supervision and management by the board of directors, and constantly improve the corporate governance structure, the Company has established the Audit Committee of the Board of Directors and formulated these Terms of Reference of the Audit Committee of the Board of IMPACT Therapeutics, Inc (the “**Terms of Reference**”) in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the Corporate Governance Code set out in Appendix C1 to the Listing Rules, the Guide for Effective Audit Committees issued by the Hong Kong Institute of Certified Public Accountants and other relevant laws, regulations, normative documents, and the Articles of Association of IMPACT Therapeutics, Inc (the “**Articles of Association**”) applicable after the issuance of H shares, while taking into account the actual circumstances of the Company.

Article 2 The Audit Committee is a specialized working body established under the Board of Directors of the Company and shall exercise the powers and functions of the board of supervisors as prescribed by the Company Law. Its primary functions are to review the Company’s financial position, review the Company’s financial information, make judgments on the truthfulness, completeness and accuracy of financial information, and inspect the implementation and effectiveness of the internal monitoring system. It is also primarily responsible for communication with and supervision and verification of external auditors, supervision of internal audit, and the evaluation and improvement of the Company’s internal control system, as well as providing recommendations thereon, and conducting risk assessments on major investment projects currently operated by the Company. The Audit Committee shall report to the Board of Directors on its work.

CHAPTER II COMPOSITION

Article 3 The Audit Committee shall consist of three or more directors, all of whom shall be non-executive directors who do not hold senior management positions in the Company, with independent non-executive directors comprising a majority (more than one-half). An independent non-executive director who is an accounting professional shall serve as the convener (chairman). Members of the Audit Committee shall be elected or replaced by the shareholders in a general meeting.

At least one of the members of the Audit Committee shall be an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

A former partner of the Company’s existing external audit firm shall be prohibited from acting as a member of the Audit Committee for a period of two years from the date of his ceasing to be a partner of the audit firm or the date of his ceasing to have any financial interest in the existing external audit firm, whichever is later.

Article 4 The chairman and other members of the Audit Committee (collectively, the “**Members**”) 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 directors, and shall be elected by a majority of the Board of Directors, and shall be appointed and dismissed by the Board of Directors.

Article 5 The Audit Committee shall have one convener, being the chairman of the Committee, who shall be an independent non-executive director appointed by the Board and responsible for presiding over the work of the Committee. If the chairman of the Committee is unable or fails to perform his/her duties, more than one-half of the members shall jointly elect an independent non-executive director to perform his/her duties on his/her behalf.

Members of the Audit Committee must satisfy the following conditions:

(I) not being subject to any circumstances under the Company Law and other laws and regulations or the Articles of Association that would prohibit them from serving as a director or senior management of the Company;

(II) be familiar with relevant national laws and administrative regulations, possess good moral character, have relevant professional knowledge in remuneration, and be familiar with the operation and management of the Company;

(III) to follow principles of integrity and trust, be honest and clean, self-disciplined and dedicated, and work proactively to uphold the interests of the Company and its shareholders;

(IV) have strong comprehensive analysis and judgment capabilities, and be capable of working independently;

(V) other conditions as required by other laws, regulations or the Articles of Association.

Any person who does not meet the qualification requirements for appointment as stipulated in the preceding article shall not be elected as a member of the Audit Committee. Where any circumstance unsuitable for holding office as stipulated in the preceding article arises during the term of office of a member of the Audit Committee, such member shall resign voluntarily or be replaced by the Board of Directors of the Company.

Article 6 The term of office of the Audit Committee shall be the same as the term of the Board of Directors, and members shall be eligible for re-election upon expiry of their term. During their term of office, if any member ceases to serve as a director of the Company, or if any member who is required to be an independent non-executive director no longer possesses the independence required under the Articles of Association and the Listing Rules, such member shall automatically be disqualified as a member. Members of the Audit Committee may resign from their positions as members by submitting a written resignation report to the Board of Directors prior to the expiration of their term of office. The resignation report shall include necessary explanations regarding the reasons for resignation and any matters that need to be brought to the attention of the Board of Directors of the Company. Where the composition of the Audit Committee fails to satisfy the requirements of Articles 3 to 5 of the Terms of Reference, the Board shall immediately notify The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) and explain the details and reasons for the failure to satisfy the relevant requirements by way of an announcement in accordance with the requirements of the Listing Rules, and shall fill the vacancy within three months from the date of such failure in accordance with the provisions of Articles 3 to 5 of the Terms of Reference. The term of office of the supplementary member shall end upon the expiry of such member’s term of office as a director. Before the expiration of a member’s term of office, such member shall not be removed from office without cause, unless circumstances arise under which the member is prohibited from holding office as stipulated in the Company Law, the Articles of Association, or the Listing Rules.

CHAPTER III DUTIES AND POWERS

Article 7 The Audit Committee is responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audits and internal control. The following matters shall be submitted to the Board of Directors for consideration after being approved by more than half of all members of the Audit Committee:

(I) engaging or dismissing an accounting firm that undertakes the audit work of the Company;

(II) appointing or dismissing the chief financial officer of the Company;

(III) making changes to accounting policies, accounting estimates, or corrections of significant accounting errors for reasons other than changes in accounting standards;

(IV) other matters prescribed by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Article 8 The Audit Committee shall make its terms of reference available on the websites of the Hong Kong Stock Exchange and the Company, explaining its role and the authority delegated to it by the Board of Directors, and the Company shall provide the Audit Committee with sufficient resources to perform its duties. The specific responsibilities of the Audit Committee shall mainly include:

(I) to make recommendations on the appointment of the external auditor, to conduct an annual review of the performance of the external auditor, to submit to the Board of Directors a summary report on the external auditor's audit work for the current year, and to make recommendations to the Board of Directors regarding the appointment, reappointment or dismissal of the external auditor for the following year, to approve the remuneration and terms of engagement of the external auditor, and to handle any matters relating to the resignation or dismissal of the external auditor; where the Board of Directors disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditor, the Company shall include in the Corporate Governance Report a statement from the Audit Committee explaining its recommendation and the reasons why the Board of Directors has taken a different view;

(II) to act as the representative between the Company and the external auditors, and be responsible for communication between the internal audit department of the Company and the external auditors, including reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; to discuss with the external auditors the nature and scope of the audit and reporting obligations before the audit commences; to agree with the external auditors on the timetable for the audit of the financial report for the current year, and to urge the external auditors to submit the audit report within the agreed time limit; and if more than one external audit firm is involved in the work, to ensure coordination between them;

(III) to develop and implement a policy on the engagement of the external auditor (including any entity that is under common control, ownership or management with the audit firm) to supply non-audit services, as needed for its work. The Audit Committee should report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;

For the purposes hereof, an affiliate of the external auditor includes any entity that is under the same control, ownership or management as the external auditor engaged by the Company, or any entity that a reasonable and informed third party, having knowledge of all relevant information, would reasonably conclude as being part of the domestic or international business of the external auditor engaged by the Company. The Audit Committee shall ensure that the provision of non-audit services by the external auditor does not impair its independence or objectivity. In respect of non-audit services, the Audit Committee shall consider the following matters:

1. whether the external auditor is suitable to provide non-audit services in terms of competence and experience;
2. whether safeguards are in place to ensure that the objectivity and independence of the external auditor's audit work will not be affected by the provision of such services;
3. the nature of the non-audit services, the level of the relevant fees and, in respect of such external auditor, the level of fees for individual services and the aggregate service fees; and
4. the standard for determining the remuneration of the auditors.

The Audit Committee shall report to the Board on matters for which it considers action or improvement is needed and recommend the steps to be taken;

(IV) to review the accounting policies, financial position, financial reporting procedures and financial controls of the Company; to review the financial statements of the Company and the integrity, accuracy and fairness of the Company's quarterly reports (if intended to be published), interim reports and annual reports and accounts, and to review significant financial reporting judgments contained therein, and to review the disclosure of the Company's financial information. Before submitting the relevant statements and reports to the Board of Directors, the following matters shall be specifically reviewed: whether there have been changes in accounting policies, practices and estimates during the Company's reporting period; matters involving significant judgment; material adjustments required by the external auditor after auditing the accounts; the going concern assumption of the Company or any qualified opinions; and whether the accounting treatment complies with accounting standards and the provisions of the Company Law, the Listing Rules and other applicable laws and regulations relating to financial reporting;

In respect of the aforementioned items requiring key review, members of the Audit Committee shall communicate with the Board of Directors, senior management, the internal audit department and the external auditor in a timely manner. The Audit Committee shall meet with the external auditors at least twice a year without the presence of executive directors (except those invited by the Audit Committee). Members of the Audit Committee shall study significant or unusual matters reflected or required to be reflected in the reports and accounts of the Company, and shall give due consideration to matters raised by the Company's accounting and finance department, compliance department or auditors;

(V) to discuss any problems and reservations arising from the external auditor's review of the Company's interim accounts and audit of the Company's annual accounts, and any other matters the external auditor may wish to discuss (in the absence of management, if necessary);

(VI) to examine the financial policies, internal audit system, internal control system and risk management system of the Company, to provide opinions and suggestions for improvement, and:

1. to review the Company's financial and accounting policies and practices and any related changes;
2. to monitor the preparation process of periodic financial reports (quarterly reports (if any), interim financial reports, and annual financial reports), and review relevant information such as periodic financial reports and financial results announcements;
3. to discuss with management and evaluate the effectiveness of the financial control, internal control and risk management systems to ensure that management has fulfilled its duty to establish effective financial control, internal control and risk management systems; the discussion should include whether the resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function are adequate; and where a statement on the internal control system of the Company is contained in the annual report, to review such statement before it is submitted to the Board for approval;
4. to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
5. to ensure coordination between the internal audit department and external auditors; and to ensure that the internal audit department is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
6. to review the operation, financial and accounting policies and practices of the Company and its subsidiaries (if applicable in the future);
7. to review the external auditor's management letter, any material queries raised by the auditor to management in respect of accounting records, financial accounts or systems of control and management's response thereto;
8. to develop and implement policy with the Board of Directors on the employment of employees and former employees of the external auditor by the Company, and to monitor the application of such policy. The Audit Committee shall consider whether the circumstances impair or appear to impair the external auditor's judgment or independence in respect of the audit;
9. to act as the key representative body for overseeing the Company's relations with the external auditor;
10. to ensure that the Board of Directors provides a timely response to the management letter or management representation letter provided by the external auditor to management;
11. to formulate and review the Company's corporate governance policies and practices and make recommendations to the Board of Directors;
12. to review and monitor the training and continuous professional development of Directors and senior management;
13. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
14. to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and directors;

15. to supervise the work of the Company's internal audit department, and to provide opinions and recommendations on the performance appraisal and change of the head of the Company's internal audit department;

16. to oversee potential improprieties in financial reporting, internal control or other matters that may be committed by employees of the Company;

17. to review the Company's compliance with the Corporate Governance Code and the disclosure in the Corporate Governance Report;

18. to report to the Board of Directors on any of the relevant matters mentioned above, and to study other matters as assigned by the Board of Directors;

19. to report to the Board on the matters set out in code provision D.3.3 of Part 2 of the Corporate Governance Code in Appendix C1 to the Listing Rules; and

20. to consider other topics as defined by the Board.

(VII) to establish procedures to ensure the fair and independent investigation and resolution of the following matters:

1. receiving, handling and ensuring the confidentiality of complaints received regarding the Company's accounting, internal controls or auditing matters;

2. receiving, handling and ensuring the confidentiality of complaints or anonymous reports from employees regarding possible improprieties in accounting, auditing, internal control or other matters. To review arrangements by which employees of the Company can, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters, and to ensure that proper arrangements are in place for the fair and independent investigation of these matters and for appropriate follow-up action;

(VIII) to recommend and ensure that the Board takes effective remedial measures in respect of the Company's failure to comply with the provisions of the Listing Rules relating to the establishment of an Audit Committee.

(IX) to perform such other duties as may be assigned by the Board of Directors.

(X) to perform other duties conferred by laws, regulations, normative documents, regulatory authorities such as the Hong Kong Stock Exchange and the Securities and Futures Commission of Hong Kong, the Articles of Association, and the Rules of Procedure for the Board of Directors.

The senior management and relevant departments of the Company shall adopt a cooperative and supportive attitude towards the Audit Committee and actively provide sufficient and timely information to enable the Directors of the Audit Committee to make decisions on an informed basis. The information supplied by the management must be complete and reliable. The finance department shall provide financial reports, fund operation reports and other financial and accounting information to the Audit Committee on a regular and truthful basis, report information regarding significant business activities in a timely manner, actively cooperate with the work of the Audit Committee, and earnestly consider the suggestions and requirements proposed by the Audit Committee.

Article 9 The primary powers and responsibilities of the chairman of the Audit Committee are:

(I) to convene and preside over meetings of the Audit Committee;

(II) to preside over the day-to-day work of the Audit Committee;

(III) to review, approve and sign the reports of the Audit Committee and other important documents;

(IV) to review the implementation of the resolutions and recommendations of the Audit Committee;

(V) to report on the work of the Audit Committee to the Board on its behalf;

(VI) to perform other duties as required of the chairman of the Audit Committee.

Article 10 The Audit Committee shall, in accordance with the law, inspect the Company's financial affairs, supervise the legality and compliance of Directors and senior management in the discharge of their duties, exercise other powers and functions as stipulated in the Articles of Association, and protect the legal rights and interests of the Company and its Shareholders.

Where the Audit Committee discovers that any Directors or senior management member has violated laws, regulations, relevant provisions of the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association, it shall report to the Board of Directors or to the shareholders in a general meeting, and make timely disclosure, and may also report directly to the regulatory authorities.

In the course of performing its supervisory duties, the Audit Committee may propose the removal of directors or senior management members who violate laws, regulations, relevant provisions of the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association, or resolutions of the shareholders in a general meeting.

The Audit Committee shall supervise the performance of information disclosure duties by the Directors and senior management of the Company; pay attention to the Company's information disclosure, and if any illegal or non-compliant issues are discovered in the information disclosure, it shall conduct an investigation and propose recommendations for handling.

Article 11 Where the Audit Committee proposes to the Board of Directors the convening of an extraordinary general meeting, such proposal shall be made to the Board of Directors in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association, provide written feedback on whether it agrees or disagrees to convene an extraordinary general meeting within 10 days after receipt of the proposal.

Where the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of the general meeting within 5 days of passing the board resolution. Any change to the original proposal in such notice shall be subject to the consent of the Audit Committee.

Where the Board of Directors does not agree to convene an extraordinary general meeting or fails to provide feedback within 10 days of its receipt of such proposal, the Board of Directors shall be deemed to be incapable of discharging or to have failed to discharge its duty of convening a general meeting, and the Audit Committee may convene and preside over such meeting on its own.

Article 12 Shareholders who individually or jointly hold 10% or more of the Company's shares (excluding the voting rights attached to treasury shares) shall make a written request to the Board of Directors to convene an extraordinary general meeting. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association, provide written feedback on whether it agrees or disagrees to convene an extraordinary general meeting within 10 days after receipt of the request.

Where the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of the general meeting within 5 days of passing the board resolution, and any change to the original request in the notice shall be subject to the consent of the relevant shareholders.

In the event that the Board of Directors does not agree to convene an extraordinary general meeting or does not furnish any reply within 10 days after receiving such request, shareholders singly or jointly holding 10% or more of the Company's shares may propose to the Audit Committee the convening of an extraordinary general meeting, provided that such request shall be made in writing to the Audit Committee.

If the Audit Committee agrees to convene an extraordinary general meeting, it shall issue a notice to convene a general meeting within 5 days of receipt of the request, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

Failure of the Audit Committee to issue a notice of general meeting within the stipulated period shall be deemed as the failure of the Audit Committee to convene and preside over a general meeting, and shareholders severally or jointly holding 10% or more of the Company's shares for more than 90 consecutive days shall be entitled to convene and preside over the meeting on their own.

Article 13 Where the Audit Committee or shareholders individually or in aggregate holding 10% or more of the shares of the Company decide to convene a general meeting on their own, they shall notify the Board of Directors in writing.

Where shareholders convene a general meeting on their own, the aggregate shareholding of the shareholders convening the general meeting shall not be less than 10% before the announcement of the resolutions of the general meeting. If other provisions are stipulated under laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the shares of the Company are listed, such provisions shall prevail.

Article 14 The Board of Directors and the secretary to the Board of Directors shall cooperate with the Audit Committee or shareholders in respect of a general meeting convened by the Audit Committee or shareholders on their own.

Article 15 The expenses necessary for a general meeting convened by the Audit Committee or shareholders on their own shall be borne by the Company.

CHAPTER IV WORKING PROCEDURES

Article 16 The audit department responsible for the internal audit of the Company is under the direct leadership of the Audit Committee and serves as the daily administrative office of the Audit Committee.

Article 17 The audit department is responsible for the preliminary preparations for the Audit Committee's decision-making and for providing the Audit Committee with relevant written information of the Company:

- (I) relevant financial reports of the Company;
- (II) work reports of internal and external auditors;
- (III) external audit contracts and relevant work reports;
- (IV) public disclosure of information made by the Company;
- (V) connected transaction agreements of the Company, audit reports on material connected transactions, and feedback from investigations of connected persons;
- (VI) financial information and legal information relating to material investment projects;
- (VII) relevant work reports on the internal control system of the Company and its implementation;
- (VIII) other relevant information.

The Audit Committee performs its primary duties under Article 8 of the Terms of Reference based on the information provided by its administrative office.

Article 18 Working methods of the Audit Committee:

(I) During meetings of the Audit Committee, it shall discuss the internal audit work plan, listen to the work reports of the Company's finance department, evaluate the reports provided by the audit department, and review the Company's quarterly (if any), interim and annual financial reports, etc. The Audit Committee may make decisions based on the opinions of experts from professional institutions, and shall report matters requiring decision-making by the Board to the Board for discussion, which primarily include:

1. evaluation of the work of the external auditor, the appointment and replacement of the external auditor, and approval of the remuneration and terms of engagement of the external auditor;
2. whether the internal control system and internal audit system of the Company have been implemented effectively, and whether the financial reports of the Company are comprehensive and true;
3. whether the information such as financial reports disclosed by the Company to the public is objective and truthful, and whether the material connected transactions of the Company comply with the provisions of relevant laws and regulations;
4. evaluation of the work of the Company's finance department and its head, and the audit department and its head;
5. other related matters.

(II) During the process of preparation and disclosure of the annual financial reports of the Company, the Audit Committee shall comply with the following working rules and procedures:

1. to negotiate and determine the schedule for the audit work of a financial year with the external auditor responsible for the audit of the Company's financial report for that year (the "**Annual Auditor**") in a timely manner after the end of such financial year;

2. to urge the Annual Auditor to submit the audit report within the agreed time limit;

3. to review the financial and accounting statements prepared by the Company prior to the commencement of field work by the Annual Auditor;

4. to review the financial and accounting statements of the Company after the Annual Auditor has issued the preliminary audit opinion;

5. to convene meetings of the Audit Committee to review financial reports, propose recommendations on the reappointment or change of the Annual Auditor for the following year, and summarize the annual audit work of the audit firm for the current year to form a report.

The chairman of the Audit Committee or (in his/her absence) another member of the Audit Committee (who must be an independent non-executive director) shall attend the Company's annual general meeting and respond to questions from shareholders regarding the activities and responsibilities of the Audit Committee.

CHAPTER V RULES OF PROCEDURE

Article 19 Meetings of the Audit Committee are divided into regular meetings and extraordinary meetings.

The Audit Committee shall convene at least one meeting every quarter, and such meetings shall be held prior to the regular meetings of the Board of Directors to discuss opinions and recommendations to be submitted to the Board of Directors. The Audit Committee shall review and discuss the Company's interim and annual financial statements at two of its meetings held each year.

The chairman of the Audit Committee may convene extraordinary meetings on his/her own initiative or at the request of the external auditor or the internal audit department; An extraordinary meeting may be convened upon the proposal of two or more members, or when the convener deems it necessary.

Article 20 Audit Committee meetings shall be convened by the chairman of the Committee, who shall also issue the notice of meeting. The notice of meeting and meeting materials shall be delivered to all members 3 days before the meeting. The requirement for the advance notice period may be waived upon the unanimous consent of all members. The convening of an extraordinary meeting may be exempt from the aforementioned notice period requirements, provided that the convener shall provide an explanation at the meeting.

Article 21 Meetings of the Audit Committee shall be chaired by the chairman of the Committee; where the chairman of the Committee is unable to attend, he/she may appoint another independent non-executive director to chair the meeting.

Article 22 A meeting of the Audit Committee shall be held only if more than two-thirds of the members are present, of whom one member must be an independent non-executive director. A member who is unable to attend may appoint another member in writing to attend and vote on his/her behalf. The instrument of proxy shall specify the name of the proxy, the matters to be handled, the scope of authorization and the validity period, and shall be signed or sealed by the appointor and submitted to the chairman of the meeting no later than before the vote at the meeting. If a member fails to attend an Audit Committee meeting and has not appointed a representative to attend on his or her behalf, he or she shall be deemed to have waived the right to vote at that meeting.

Resolutions made at the meeting must be passed by more than half of all members, and the relevant resolutions or opinions shall be signed by the members attending the meeting. Each member shall have one vote. Votes may be cast as “for”, “against” or “abstain”. When the number of votes for and against are equal, the chairman of the Committee shall have a casting vote.

The voting method at Audit Committee meetings shall be by a show of hands or by poll. With the consent of all members, a meeting may be held by way of voting through communication.

Article 23 Meetings of the Audit Committee may be held by appropriate means such as physical meetings, telephone conferences, video conferences, circulation of documents, facsimile or email.

Article 24 The head of the audit department may attend meetings of the Audit Committee, and directors and senior management of the Company may also be invited to attend meetings when necessary, provided that non-members of the Committee shall have no voting rights on the resolutions of the meetings. Meanwhile, when a member of the Audit Committee has an interest in the matter under consideration by the Audit Committee, the member with such interest shall abstain from voting on the matter.

Article 25 The Company shall provide the Audit Committee with sufficient resources to perform its duties. The operating expenses of the Audit Committee shall be included in the Company’s budget. When necessary for the performance of its duties, the Audit Committee is entitled to engage professionals such as lawyers, certified public accountants, and practicing auditors to provide professional advice for its decision-making, and the reasonable expenses incurred shall be borne by the Company.

Article 26 The procedures for convening and the voting methods of a meeting of the Audit Committee and the resolutions passed at such meetings must comply with the requirements of the relevant laws, regulations, the Articles of Association, the Listing Rules and the Terms of Reference.

Article 27 Detailed and complete written minutes of Audit Committee meetings shall be kept. The minutes shall record in sufficient detail the matters considered and decisions reached at the meetings, including any concerns raised or dissenting views expressed by the directors. The draft and final versions of the minutes of meetings shall be sent to all members of the Committee within a reasonable time after the conclusion of such meetings; the draft is for members to express their opinions and the final version is for their records. After being signed by the attending members, the minutes shall be circulated to all members of the Board. Minutes of meetings shall be kept by a duly appointed secretary of the Committee (who shall normally be the Company Secretary) and shall be open for inspection by any director at any reasonable time on reasonable notice. During the subsistence of the Company, the retention period shall not be less than ten years. Resolutions of the Audit Committee shall come into effect upon being signed by the members attending the meeting. No modification or change shall be made to an effective resolution of the Committee except in accordance with the legal procedures prescribed by laws and regulations, the Articles of Association and the Terms of Reference. Resolutions passed at a meeting of the Committee and the voting results thereon shall be reported to the Board of Directors in writing.

Article 28 Minutes of Audit Committee meetings shall at least include the following: the date, venue and convener of the meeting; the names of the persons attending the meeting (with special notation for those attending on behalf of others); the agenda of the meeting; the main points of the members' speeches; the voting method and result for each resolution or proposal; and other matters that should be explained and recorded in the minutes of the meeting.

Article 29 The members and other persons attending the meeting shall all have an obligation of confidentiality in respect of the matters discussed at the meeting. Unless otherwise provided by relevant laws, regulations and/or regulatory authorities, they shall not disclose relevant information without authorization, nor shall they use the information of which they have become aware to conduct insider dealing or to procure others to do so. Otherwise, they shall bear all legal liabilities arising therefrom.

CHAPTER VI SUPPLEMENTARY PROVISIONS

Article 30 As used in the Terms of Reference, terms such as “more than” and “within” are inclusive of the stated number; “over half” is exclusive of the stated number.

Article 31 The Terms of Reference have been considered and approved by the Board of Directors and shall become effective and be implemented from the date on which the H shares publicly issued by the Company are listed and traded on the Main Board of the Hong Kong Stock Exchange. The Terms of Reference shall be amended and interpreted by the Board of Directors.

Article 32 Any matters not covered in the Terms of Reference shall be handled in accordance with the provisions of relevant laws, regulations, departmental rules, the Listing Rules and other relevant regulatory rules of the place(s) where the shares of the Company are listed, and the Articles of Association. In the event of any conflict between the Terms of Reference and the provisions of relevant laws, regulations, departmental rules, the Listing Rules and other relevant regulatory rules of the place(s) where the shares of the Company are listed, or the Articles of Association, the provisions of such laws, regulations, departmental rules, the Listing Rules and other relevant regulatory rules of the place(s) where the shares of the Company are listed, and the Articles of Association shall prevail, and the Terms of Reference shall be amended accordingly as soon as practicable and submitted to the Board of Directors for consideration and approval.