Shenzhen Kinwong Electronic Co., Ltd.
Terms of Reference of the Audit Committee of the Board

Chapter I General Provisions

Article 1 To strengthen the decision-making function of the Board of Shenzhen Kinwong Electronic Co., Ltd. (the "**Company**"), conduct pre-audit and professional audit, ensure the Board's effective supervision of management and improve the corporate governance structure, the Company hereby establishes the Audit Committee of the Board and formulates these terms of reference in accordance with the Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**"), the Code of Corporate Governance for Listed Companies in China (《上市公司治理準則》), the Measures for the Administration of Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》), the Guidelines No. 1 of the Shanghai Stock Exchange for Self-regulation of Listed Companies — Standardized Operation (《上海證券交易所上市公司自律監管指引第 1 號—規範運作》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (《香港聯合交易所有限公司證券上市規則》) (the "**Hong Kong Listing Rules**"), the Articles of Association of Shenzhen Kinwong Electronic Co., Ltd. (the "**Articles of Association**") and other relevant provisions.

Article 2 The Audit Committee of the Board is a specialised working body under the Board. Its primary duties are to review the Company's financial information and disclosure, and to oversee and evaluate internal and external audit work and internal control.

Chapter II Composition

Article 3 The Audit Committee shall comprise 3 non-executive Directors who do not serve as senior management of the Company, with independent Directors constituting a majority. At least 1 independent Director on the Committee shall have professional accounting expertise and appropriate professional qualifications as required under the Hong Kong Listing Rules, or appropriate accounting or related financial management expertise. Members of the Audit Committee shall act diligently and conscientiously, effectively oversee and evaluate the Company's internal and external audit work, and promote the establishment of effective internal control and the provision of authentic, accurate and complete financial reports by the Company.

Article 4 Members of the Audit Committee shall be nominated by the chairman, more than 1/2 of the independent Directors or 1/3 of all Directors, and elected by a majority of the Board.

Article 5 The Audit Committee shall have 1 chairperson (convener), who shall be an independent Director on the committee with professional accounting expertise and shall preside over the committee's work. The chairperson shall be elected from among the members, subject to the Board's approval.

Article 6 The term of office of the Audit Committee shall be the same as that of the Board, and members may be re-elected upon expiry of their term. If a member ceases to be a Director of the Company during the term, or a member required to be an independent non-executive Director ceases to satisfy the independence requirements under the securities regulatory rules in the place where the Company's shares are listed and the Articles of Association, such member shall automatically lose their membership. The Board shall fill the vacancy in accordance with Articles 3 to 5 above.

Where the resignation of a member of the Audit Committee causes the number of members of the Audit Committee to fall below the statutory minimum, the resignation of an independent Director causes the proportion of independent Directors on the Audit Committee to fall short of the requirements of these terms of reference or the laws and regulations, the securities regulatory rules in the place where the Company's shares are listed or the Articles of Association, or the committee lacks an independent Director with appropriate professional qualifications as required under the Hong Kong Listing Rules or appropriate accounting or related financial management expertise, the original member shall continue to perform duties until a new member takes office.

Article 7 The Company's internal audit department shall assist the Audit Committee in its day-to-day work and be responsible for day-to-day liaison, organisation of meetings, collection of meeting materials and other work of the committee.

Article 8 The Audit Committee shall be accountable to the Board. The committee's proposals shall be submitted to the Board for review and decision.

Chapter III Duties and Powers

Article 9 The Audit Committee shall review the Company's financial information and disclosure, oversee and evaluate internal and external audit work and internal control, and exercise the functions and powers of the Supervisory Committee under the Company Law. Its principal functions and powers shall include the following:

(I) Oversee and evaluate external audit work and propose the engagement or replacement of the external auditor;

(II) Oversee and evaluate internal audit work and coordinate internal audit and external audit;

(III) Review the Company's financial information and disclosure;

(IV) Oversee and evaluate the Company's internal control;

(V) Inspect the Company's finances;

(VI) Oversee the performance of duties by Directors and senior management and propose the dismissal of any Director or member of senior management who violates laws, administrative regulations, the Articles of Association or resolutions of the general meeting;

(VII) Require Directors and senior management to take corrective action where their conduct harms the Company's interests;

(VIII) Propose the convening of an extraordinary general meeting, and convene and preside over a general meeting where the Board fails to perform its duties of convening and presiding over general meetings under the Company Law or the Articles of Association;

(IX) Propose the convening of an extraordinary Board meeting;

(X) Submit proposals to the general meeting;

(XI) Institute legal proceedings against Directors and senior management in accordance with Article 189 of the Company Law;

(XII) May conduct an investigation if abnormalities are identified in the Company's operations;

(XIII) Be responsible for other matters prescribed by laws and regulations, other regulatory documents, the securities regulatory rules in the place where the Company's shares are listed and the Articles of Association, and authorised by the Board.

Article 10 The following matters shall be submitted to the Board for review after approval by a majority of all members of the Audit Committee:

(I) Disclose financial accounting reports, financial information in periodic reports and the internal control evaluation report;

(II) Appointment or dismissal of the accounting firm engaged to undertake the Company's audit work;

(III) Appointment or dismissal of the person in charge of finance of the Company;

(IV) Changes in accounting policies or accounting estimates or correction of material accounting errors for reasons other than changes in accounting standards;

(V) Other matters prescribed by laws and regulations, relevant provisions of the China Securities Regulatory Commission (CSRC) and the stock exchange in the place where the Company's shares are listed, and the Articles of Association.

Review opinions adopted at meetings of the Audit Committee shall be submitted to the Board in writing. Where the Board has not adopted the review opinions submitted to the Board by the Audit Committee on matters within the scope of its duties, the Company shall disclose the matter and fully explain the reasons.

Article 11 The Audit Committee shall oversee and evaluate the work of the external auditor, and its duties shall include at least the following:

(I) Evaluate the independence and professional competence of the external auditor, particularly the effect of its provision of non-audit services on its independence;

(II) Make recommendations to the Board on the engagement, reappointment or replacement of the external auditor, advise the Board on the external auditor's remuneration and terms of engagement, and handle any matters relating to the resignation or removal of that auditor;

(III) Review and monitor whether the external auditor is independent and objective and whether the audit process is effective in accordance with applicable standards. The Audit Committee shall discuss the nature of the audit, its scope and the relevant reporting obligations with the auditor before the audit work commences;

(IV) Develop and implement a policy on engaging the external auditor to provide non-audit services. For this purpose, "external auditor" includes any entity under common control, ownership or management with the firm responsible for the audit, or any entity that a reasonable and informed third party with knowledge of all relevant information would reasonably conclude to be part of that firm's domestic or international business. The Audit Committee shall report to the Board and make recommendations on any action or improvements it considers necessary;

(V) Review the external auditor's audit fees and terms of engagement;

(VI) Discuss and communicate with the external auditor on the audit scope, audit plan, audit approach and material matters identified during the audit;

(VII) Oversee and evaluate whether the external auditor acts diligently and conscientiously.

Article 12 The Audit Committee of the Board shall oversee and evaluate internal audit work and perform the following duties:

(I) Guide and oversee the establishment and implementation of the internal audit system;

(II) Review the Company's annual internal audit work plan;

(III) Urge the implementation of the Company's internal audit plan;

(IV) Review the internal audit work report, evaluate the results of internal audit work and urge the rectification of material problems;

(V) Guide the effective operation of the internal audit department. The Company's internal audit department shall report on its work to the Audit Committee. All audit reports, rectification plans for audit problems and details of rectification submitted by the internal audit department to management shall also be submitted to the Audit Committee;

(VI) Report to the Board on the progress and quality of internal audit work and any material problems identified;

(VII) Coordinate relations between the internal audit department and external audit entities such as accounting firms and state audit institutions;

(VIII) Handle other matters prescribed by laws, regulations, departmental rules, other regulatory documents, the securities regulatory rules in the place where the Company's shares are listed and the Articles of Association, and authorised by the Board.

Article 13 The Audit Committee shall review and express opinions on the Company's financial reports, and its duties shall include at least the following:

(I) Review and monitor the Company's financial reports, express opinions on the authenticity, completeness and accuracy of the financial reports, annual report and accounts, half-year report and quarterly reports (if prepared for publication), and review significant financial reporting judgements contained in the statements and reports. Before submitting the relevant statements and reports to the Board, the Audit Committee shall focus particularly on the following:

1. Any changes in accounting policies and practices;

2. Areas involving significant judgements;

3. Material adjustments resulting from the audit;

4. Going concern assumptions and any qualified opinion;

5. Compliance with accounting standards;

6. Compliance with the securities regulatory rules in the place where the Company's shares are listed and legal requirements relating to financial reporting.

For the purposes of this item (I), members of the Audit Committee shall liaise with the Board and the Company's senior management, and the Audit Committee shall meet with the Company's external auditor at least twice a year. The Audit Committee shall consider any material or unusual matters reflected or required to be reflected in those reports and accounts, and give due consideration to any matters raised by the Company's accounting and financial reporting staff, compliance department or external auditor.

(II) Focus on material accounting and audit issues in the Company's financial reports, including adjustments for material accounting errors, material changes in accounting policies and estimates, matters involving significant accounting judgements and matters giving rise to an audit report with a non-standard unqualified opinion;

(III) Pay particular attention to the possibility of deception, fraud and material misstatements relating to financial reports;

(IV) Oversee the rectification of problems in financial reports.

Article 14 The Audit Committee shall evaluate the effectiveness of internal control, the financial reporting system and risk management and internal control systems, and its duties shall include at least the following:

(I) Evaluate the appropriateness of the design of the Company's internal control system;

(II) Review the internal control evaluation report;

(III) Review the internal control audit report issued by the external auditor and communicate with the external auditor on problems identified and methods of improvement;

(IV) Evaluate the results of internal control evaluation and audit, and urge the rectification of internal control deficiencies;

(V) Review the Company's financial controls, and review the Company's risk management and internal control systems and risk management systems;

(VI) Discuss risk management and internal control systems with management to ensure that management has fulfilled its duty to establish effective systems. The discussion shall include the adequacy of resources, staff qualifications and experience in the Company's accounting and financial reporting function, and the adequacy of staff training programmes and the relevant budget;

(VII) Consider, on its own initiative or as delegated by the Board, major investigation findings on risk management and internal control matters and management's response to those findings;

(VIII) Ensure coordination of the work of internal and external auditors; ensure that the internal audit function has adequate resources and appropriate standing within the Company; and review and monitor its effectiveness;

(IX) Review the financial and accounting policies and practices of the Company and its subsidiaries;

(X) Review the external auditor's management letter, any material queries raised by the external auditor to management about accounting records, financial accounts or control systems, and management's response;

(XI) Ensure that the Board responds in a timely manner to the matters raised in the external auditor's management letter;

(XII) Act as the principal representative between the Company and the external auditor and monitor their relationship;

(XIII) Report to the Board on the above matters and other matters set out in Code Provision D.3.3 of Appendix C1 to the Hong Kong Listing Rules (as amended from time to time);

(XIV) Consider other topics defined by the Board.

Article 15 The Audit Committee shall direct the internal audit department to conduct an inspection of the following matters at least once every half-year, issue inspection reports and submit them to the Audit Committee. Where an inspection identifies violations of laws and regulations, irregular operations or similar circumstances at the Company, a report shall be made promptly to the stock exchange in the place where the Company's shares are listed:

(I) Implementation of material matters, including the Company's use of proceeds raised, provision of guarantees, connected transactions, securities investments and derivatives transactions, provision of financial assistance, acquisition or disposal of assets and external investments;

(II) The Company's large fund transfers and fund transfers with Directors, senior management, controlling shareholders, actual controllers and their connected persons.

The Audit Committee shall issue written evaluation opinions on the effectiveness of the Company's internal control based on the internal audit report and relevant materials submitted by the internal audit department, and report to the Board.

Chapter IV Decision-making Procedures

Article 16 The internal audit department shall make preliminary preparations for the Audit Committee's decision-making and collect written materials on the following aspects 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) The Company's external information disclosure;

(V) Audit reports on material connected transactions of the Company;

(VI) Other relevant matters.

Article 17 Meetings of the Audit Committee shall assess the relevant reports on the following matters and submit the relevant written resolution materials to the Board for discussion:

(I) Disclose financial accounting reports, financial information in periodic reports and the internal control evaluation report;

(II) Appointment or dismissal of the accounting firm engaged to undertake the Company's audit work;

(III) Appointment or dismissal of the person in charge of finance of the Company;

(IV) Changes in accounting policies or accounting estimates or correction of material accounting errors for reasons other than changes in accounting standards;

(V) Other matters prescribed by laws and regulations, relevant provisions of the CSRC and the stock exchange in the place where the Company's shares are listed, and the Articles of Association.

Chapter V Rules of Procedure

Article 18 Meetings of the Audit Committee shall consist of regular meetings and extraordinary meetings. Regular meetings shall be held at least once every quarter. An extraordinary meeting may be held if proposed by two or more members or if the convener considers it necessary. Meetings may be held in person or by means of communication. In principle, all members shall be given 3 days' prior notice of a meeting, but this notice period may be waived with the unanimous consent of all members. The chairperson shall preside over meetings. If the chairperson is unable to attend, they may authorise 1 member who is an independent Director to preside over the meeting.

Article 19 Meetings of the Audit Committee may be held only when more than 2/3 of its members are present. Independent Directors shall attend meetings of the Audit Committee in person. If unable to attend in person for any reason, an independent Director shall review the meeting materials in advance, form an explicit opinion and authorise in writing another independent Director to attend on their behalf. Each member shall have 1 vote. Resolutions adopted at a meeting must be approved by a majority of all members.

Article 20 The voting method at meetings of the Audit Committee shall be voting by a show of hands or voting by ballot. Extraordinary meetings may be held with voting by means of communication, and members shall sign to confirm after voting.

Article 21 If necessary, Directors, senior management and personnel from other relevant departments (entities) of the Company may be invited to attend meetings of the Audit Committee as non-voting participants.

Article 22 If necessary, the Audit Committee may engage intermediaries to provide professional advice for its decisions, with the fees borne by the Company.

Article 23 The procedures for convening meetings, voting method and proposals adopted at meetings of the Audit Committee shall comply with the relevant laws and regulations, the securities regulatory rules in the place where the Company's shares are listed, the Articles of Association and these terms of reference.

Article 24 Meeting minutes shall be kept for meetings of the Audit Committee and signed by the members present. The meeting minutes shall be retained by the secretary of the Board.

Article 25 Proposals adopted at meetings of the Audit Committee and the voting results shall be reported to the Board in writing.

Article 26 All members present at a meeting shall be subject to confidentiality obligations in respect of the matters discussed and shall not disclose relevant information without authorisation.

Chapter VI Supplementary Provisions

Article 27 Matters not covered by these terms of reference shall be governed by the relevant national laws and regulations, the securities regulatory rules in the place where the Company's shares are listed and the Articles of Association. If these terms of reference conflict with any laws or regulations subsequently promulgated by the State or the Articles of Association amended through legal procedures, the relevant national laws and regulations and the Articles of Association shall prevail.

Article 28 These terms of reference shall be interpreted by the Board of the Company.

Article 29 Following review and approval by the Board, these terms of reference shall come into effect on the date of listing of the H shares issued by the Company on The Stock Exchange of Hong Kong Limited.

Shenzhen Kinwong Electronic Co., Ltd.