

SHENZHEN DOBOT CORP LTD

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

Chapter I General Provisions

Article 1 To enhance the decision-making function of the board of directors of SHENZHEN DOBOT CORP LTD (hereinafter referred to as the “Company”), ensure post-audit and professional audit, ensure effective supervision of the board of directors over the management, and improve the corporate governance structure, the Company formulated these terms of reference in accordance with the Company Law of the People’s Republic of China (中華人民共和國公司法) (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 “Listing Rules”) and other laws, regulations and normative documents, operating rules of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Stock Exchange”), and the Articles of Association of SHENZHEN DOBOT CORP LTD (hereinafter referred to as the “Articles of Association”) with reference to the actual circumstances of the Company.

Article 2 The Audit Committee and its members shall comply with the provisions of laws, regulations, the Articles of Association and these terms of reference in good faith and sincerity.

Chapter II Composition of the Audit Committee

Article 3 The Audit Committee is accountable to the board of directors. The Audit Committee shall comprise at least three members and all of them shall be non-executive directors, and the majority of whom shall be independent non-executive directors.

A former partner of the external accounting firm currently engaged by the Company shall not serve as a member of the Audit Committee for a period of two years from the date of his/her ceasing to be a partner of the accounting firm or to have any financial interest in the accounting firm, whichever is later.

If a non-executive director or an independent non-executive director resigns or is dismissed, resulting in a proportion of non-executive directors or independent non-executive directors on the special committees deviating from compliance with the preceding provisions or the requirements of the stock exchange where the shares of the Company are listed or the Articles of Association, or a lack of accounting professionals among the independent non-executive directors, the Company shall complete the by-election within 60 days from the date of such event.

Article 4 The Audit Committee shall have one chairman who is an independent non-executive director. The chairman of the Audit Committee shall possess the appropriate professional qualifications as required under the securities regulatory rules of the place where the shares of the Company are listed, or appropriate accounting or related financial management expertise.

Article 5 The terms of office of members of the Audit Committee shall be consistent with those of directors, and the members may be re-elected upon the expiration of the terms. If any member ceases to serve as a director of the Company during the term, he/she shall cease to be a committee member automatically, and the vacancy in the committee shall be filled by the board of directors in accordance with the provisions of these terms of reference.

Chapter III Duties of the Audit Committee

Article 6 The primary duties of the Audit Committee are as follows:

- (I) to supervise and evaluate the work of external accounting firm;
- (II) to guide and supervise the internal audit work and its implementation;
- (III) to coordinate the communication among the management, internal audit department and relevant departments, and external accounting firm;
- (IV) to review the financial information of the Company and its disclosures, review the financial reports of the Company and express opinions thereon;
- (V) to review the internal control systems of the Company and evaluate the effectiveness of such internal controls;
- (VI) to confirm the list of connected persons, and review the material connected transactions and material investment activities such as acquisitions and mergers;
- (VII) to be primarily responsible for making recommendations to the board of directors on the appointment, re-appointment and dismissal of the external accounting firm, and to approve the remuneration and terms of engagement of the external accounting firm, and any issues in relation to its resignation or dismissal;
- (VIII) to review and monitor the external accounting firm's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the external accounting firm the nature and scope of the audit and reporting obligations before the audit; in the case of more than one external accounting firm participating in the audit work, to ensure mutual coordination between such accounting firms;

(IX) to develop and implement policies on engaging an external accounting firm to supply non-audit services. For this purpose, “external accounting firm” includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the board of directors and make recommendations on any matters where action or improvement is needed;

(X) to monitor the integrity of the Company’s financial statements, annual reports, accounts, interim reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained therein. In reviewing these reports before submission to the board of directors, the Audit Committee should focus particularly on:

1. any changes in accounting policies and practices;
2. major judgmental areas;
3. significant adjustments resulting from audit;
4. the going concern assumptions and any qualified opinions;
5. compliance with accounting standards; and
6. compliance with the Listing Rules and legal requirements in relation to financial reporting;

(XI) Regarding paragraph (X) above:

1. members of the Audit Committee should liaise with the board of directors and senior management members; and
2. the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts. It should give due consideration to any matters that have been raised by the Company’s staff responsible for accounting and financial reporting, compliance officers or the external accounting firm;

(XII) to review the Company’s financial controls, and to review the Company’s risk management and internal control systems;

- (XIII) to discuss the risk management and internal control systems with management to ensure that management has performed its duty in establishing effective systems. Such discussion should include the adequacy of resources, staff qualifications and experience, training programs and budget in relation to the Company's accounting and financial reporting function;
- (XIV) to consider major investigation findings on risk management and internal control matters as delegated by the board of directors or on its own initiative and the management's response to these findings;
- (XV) to review the internal audit plan of the Company, to ensure co-ordination between the internal audit function and external accounting firm of the Company; and to ensure that internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- (XVI) to review the Group's financial and accounting policies and practices;
- (XVII) to review the external accounting firm's management letters, any material queries raised by the external accounting firm to management about accounting records, financial accounts or systems of control and management's response;
- (XVIII) to ensure that the board of directors will provide a timely response to the issues raised in the external accounting firm's management letters;
- (XIX) to report to the board of directors on matters in the code provisions under Appendix 14 to the Listing Rules;
- (XX) to review the arrangements which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; to act as the key representative body for overseeing the Company's relations with the external accounting firm; and
- (XXI) other matters required by laws, regulations, normative documents, the Listing Rules, securities regulatory authorities, the Articles of Association, the terms of reference of the board of directors and authorized by the board of directors.

Article 7 The following matters shall be submitted to the board of directors for consideration with the consent of more than half of all members of the Audit Committee:

- (I) disclosure of financial information in financial accounting reports and periodic reports, as well as internal control assessment reports;
- (II) appointment or dismissal of the accounting firm undertaking the audit work to the Company;
- (III) appointment or dismissal of the chief financial officer of the Company;
- (IV) changes to accounting policies, accounting estimates or corrections of significant accounting errors for reasons other than changes in accounting standards;
- (V) other matters as stipulated by laws, administrative regulations, regulations of the China Securities Regulatory Commission (“CSRC”) and the Articles of Association.

The Audit Committee shall meet at least once every quarter, and may convene an extraordinary meeting on the proposal of two or more members, or when the convenor or the external accounting firm deems it necessary. The quorum of an Audit Committee meeting shall be over two-thirds of the members.

Article 8 The Audit Committee of the Company is responsible for the appointment of accounting firm and supervising its audit work. The Audit Committee shall effectively perform the following duties:

- (I) to develop policies, procedures and related internal control systems for the appointment of accounting firms as authorized by the board of directors;
- (II) to propose to launch the relevant work of the appointment of accounting firms;
- (III) to deliberate the selection and engagement documents, determine the evaluation aspects and specific scoring criteria, and supervise the selection and engagement process;
- (IV) to make proposals on the selection and engagement of accounting firms and audit fees and submit to the decision-making body for decision;
- (V) to supervise and evaluate the audit work of the accounting firms;
- (VI) to submit the assessment report on the performance of the appointed accounting firm and the report on the supervisory performance of the Audit Committee to the board of directors periodically;
- (VII) to be responsible for other matters concerning the selection and engagement of the accounting firm as authorized by the laws, regulations, the Articles of Association, and the board of directors.

Article 9 The Audit Committee may, if necessary, engage an intermediary or other external parties with relevant experience and expertise to attend its meetings or provide professional advice on its decision-making with reasonable cost to be borne by the Company.

Article 10 The Audit Committee is accountable to the board of directors. The proposals falling within the terms of reference of the Audit Committee shall be considered and approved by the Audit Committee and a work report shall be formed before being submitted by the Audit Committee to the board of directors for consideration.

Article 11 The primary duties of the chairman of the Audit Committee are as follows:

- (I) to convene and preside over regular meetings of the Audit Committee;
- (II) to convene extraordinary meetings of the Audit Committee under exceptional circumstances;
- (III) to supervise and review the implementation of resolutions of the Audit Committee;
- (IV) to submit a written report to the board of directors on the work and findings of the Audit Committee regularly;
- (V) other duties as delegated by the board of directors and the Audit Committee.

Article 12 When the chairman of the Audit Committee is unable to perform his/her duties for any reason, he/she shall delegate another member to perform the duties on his/her behalf.

Chapter IV Terms of Reference for the Audit Committee

Article 13 The members of the Audit Committee shall have the right to propose the convening of meetings, which shall be convened by the chairman within ten days upon receipt of the proposal and notified all members three days before the convening of the meeting. A meeting may also be convened at any time with unanimous consent by all members.

Article 14 The meetings of the Audit Committee shall be presided over by the chairman. Where the chairman is unable to preside over the meeting, it may also be presided over by another member, who is an independent non-executive director, or by a member elected by more than half of all committee members present at the meeting.

Article 15 The quorum of a meeting of the Audit Committee shall be two-thirds or more of the members. Each member has one vote. A resolution of the meeting must be passed by more than half of all members.

Article 16 The voting at the meetings of the Audit Committee shall be carried out by show of hands or by poll. The meeting may also be convened by telecommunication means.

Article 17 The secretary of the board of directors shall attend the meetings of the Audit Committee. Other directors, members of the Audit Committee and senior management members of the Company may be invited to attend the meetings when necessary.

Article 18 All members present at the meeting are obliged to keep all matters discussed at the meeting confidential, and shall not disclose the relevant information without authorization.

Article 19 Members shall attend meetings of the Audit Committee in person. If a member is unable to attend for any reason, he/she may appoint another member in writing to attend on his/her behalf. Where a member has failed to attend or appoint a proxy to attend a meeting of the Audit Committee, he/she shall be deemed to have waived his/her right to vote at such meeting.

Article 20 The convening procedures and voting methods of the meetings of the Audit Committee as well as resolutions passed thereat must comply with the provisions of relevant laws and regulations, the Articles of Association and these terms of reference.

Article 21 The Audit Committee shall keep minutes for its meetings. The minutes shall be signed by members present at the meetings and the recorder. The minutes shall be maintained by the secretary of the board of directors for a period of not less than ten years.

Article 22 The resolutions passed and the results of a poll taken at meetings of the Audit Committee shall be reported in writing to the board of directors of the Company. The company secretary shall circulate the minutes of the meetings and report of the Audit Committee to all members of the board of directors.

Chapter V Supplementary Provisions

Article 23 For any matters that are not covered in these terms of reference or if these terms of reference conflict with relevant laws, regulations and the Articles of Association, the relevant laws, regulations or the Articles of Association shall prevail.

Article 24 In these terms of reference of procedure, the meaning of “related transaction(s)” includes “connected transaction(s)” as defined in the Listing Rules, “related party(ies)” includes “connected person(s)” as defined in the Listing Rules, and “related relationship” includes “connected relationship” as defined in the Listing Rules.

Article 25 “More than”, “or more” and “within” referred to in these terms of reference include the relevant number, and “exceed” and “less than” do not include the relevant number.

Article 26 These terms of reference shall take effect and be implemented from the date when they are approved by a resolution of the board of directors. These terms of reference shall be interpreted by the board of directors of the Company.

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