



如祺出行
O N T I M E

Chenqi Technology Limited

如祺出行科技有限公司

(the “Company”)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9680)

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

1. General

- 1.1 In order to strengthen the decision-making function of the board of directors (“**Directors**”) of the Company (the “**Board**”), improve the audit evaluation and supervision mechanism of the Board, ensure the effective supervision of the management by the Board, and further improve the corporate governance structure, these terms of references are formulated in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time) (the “**Listing Rules**”), the Company’s memorandum and articles of association (the “**Articles of Association**”) and the relevant provisions of the Company.
- 1.2 The audit committee (the “**Audit Committee**”) is a dedicated working body set up under the Company’s Board of Directors (the “**Board**”), which assists the Board in carrying out relevant tasks, reports work to the Board and is accountable to the Board.
- 1.3 The Audit Committee performs its duties in accordance with the provisions of the Listing Rules, the Articles of Association and the scope of duties under these terms of reference, and works independently without interference from other departments or individuals of the Company.
- 1.4 These terms of reference are subject to the relevant requirements under the Listing Rules.

2. Composition

- 2.1 The Audit Committee shall have at least three (3) members, at least one of whom shall be an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules. The majority of the members of the Audit Committee must be independent non-executive Directors of the Company, and the chairman must also be an independent non-executive Director.
- 2.2 A former partner of the Company’s existing auditing firm shall be prohibited from acting as a member of the Audit Committee for a period of two years from the date of the person ceasing (whichever is later): (a) to be a partner of the firm; or (b) to have financial interest in the firm.

- 2.3 The members of the Audit Committee shall be nominated by (a) the chairman of the Board, (b) more than one-half of the independent non-executive directors, or (c) more than one-third of the Directors, and shall be elected by the Board.
- 2.4 The term of office of the Audit Committee shall be the same as that of the same session of the Board, and a member may serve consecutive terms if re-elected. If any member ceases to be a director of the Company during the period, he/she shall automatically lose his/her qualification as a member, and the committee shall fill up the vacancy in accordance with the provisions of paragraphs 2.1 to 2.3 above.
- 2.5 The Company's audit and legal department provides comprehensive services to the Audit Committee and is responsible for liaison of daily work and organization of meetings.

3. Duties and Authority

- 3.1 The scope of authority of the Audit Committee shall at least include:

3.1.1 *Relationship with the Company's auditors*

- (a) being primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor and dealing with any questions of its resignation or dismissal;
- (b) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (c) developing and implementing policies on engaging an external auditor to supply non-audit services. For the purpose of this requirement, "external auditor" 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, identifying and making recommendations on any matters where action or improvement is needed;

3.1.2 *Review the financial information of the Company*

- (d) monitoring integrity of the Company's financial statements and annual reports and accounts, half-yearly reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgements contained in them. Before submitting the relevant statements and reports to the Board, the Audit Committee shall review, in particular, the following matters:
 - (i.) any changes in accounting policies and practices;
 - (ii.) major judgmental areas;
 - (iii.) significant adjustments resulting from audit;

- (iv.) the going concern assumptions and any qualifications;
 - (v.) compliance with accounting standards; and
 - (vi.) compliance with Listing Rules and legal requirements relating to financial reporting;
- (e) In respect of (d) above:
- (i.) members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet, at least twice a year, with the Company's auditors; and
 - (ii.) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

3.1.3 Oversight of the Company's financial reporting system, risk management and internal control systems

- (f) reviewing the Company's financial controls, and expressly addressed by a separate board risk committee, or by the Board itself, reviewing the Company's risk management and internal control systems;
- (g) discussing the risk management and internal control systems with the management to ensure that the management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the issuer's accounting and financial reporting function;
- (h) Considering major investigation 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;
- (i) where an internal audit function exists, ensuring co-ordination between the internal and external auditors, and ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- (j) reviewing the Group's financial and accounting policies and practices;
- (k) reviewing the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- (l) ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;

- (m) reporting to the Board on matters in connection with these provisions; and
- (n) considering other topics, as defined by the board.

3.1.4 The terms of reference of the Audit Committee shall also include:

- (a) reviewing arrangements 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; and
- (b) acting as the key representative body for overseeing the Company's relations with the external auditor.

4. Decision-making Process

4.1 The Audit Committee shall be provided with sufficient resources to perform its duties. The finance department shall be responsible for the preparation of the Audit Committee meetings and coordinate various departments of the Company to provide required materials to the Audit Committee for its decision-making:

- 4.1.1 the relevant financial reports of the Company;
- 4.1.2 the work reports of internal and external audit institutions;
- 4.1.3 the external audit contracts and related work reports;
- 4.1.4 the Company's external disclosure of information;
- 4.1.5 the audit report on material connected transactions of the Company;
- 4.1.6 other relevant matters.

4.2 Where the Board disagrees with the Audit Committee's opinion on the selection, appointment, resignation or removal of the external auditor, the Company shall include a statement from the Audit Committee explaining its recommendation in our corporate governance report and the reasons of the Board's dissenting views.

5. Rules of Procedure

5.1 The meetings of the Audit Committee shall be divided into regular meetings and extraordinary meetings. Regular meetings shall be convened at least two (2) times a year. An extraordinary meeting shall be convened at the proposal of the members of the Audit Committee and shall be notified to all members five (5) days before the meeting. The meeting shall be chaired by the convener, if the convener is unable to attend, he/she may appoint another committee member (an independent non-executive Director) to chair the meeting.

- 5.2 Meetings of the Audit Committee shall be held only when more than two-thirds of the members are present. Each member shall have one vote. Resolutions made at the meeting must be passed by more than half of all members.
- 5.3 Voting at meetings of the Audit Committee shall be conducted by a show of hands or by ballot; an extraordinary meeting may be held by means of correspondence voting, and the resolution shall be confirmed by signature thereafter.
- 5.4 The audit and legal department of the Company may attend the Audit Committee meeting as a non-voting attendee, and may also invite Directors and other senior managers of the Company to attend the meetings as non-voting attendees, if necessary.
- 5.5 The procedures for convening the meetings of the Audit Committee, the voting method and the resolutions passed at the meetings must comply with the provisions of relevant laws, regulations, the Articles of Association and these provisions. Resolutions required to be approved by the Board shall be submitted to the office of the Board for processing after the meeting.
- 5.6 Minutes of meetings should be kept by the Audit Committee, and the minutes should record in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed. Members attending the meeting shall sign the minutes. Complete minutes of meetings of the Audit Committee should be kept by a duly appointed secretary of the meeting (usually the company secretary) and should be open for inspection at any reasonable time on reasonable notice by any Director. Draft and final versions of minutes should be sent to all Directors for their comment and records respectively, within a reasonable time after the meeting is held.
- 5.7 The resolutions passed by the Audit Committee and voting results shall be reported in writing to the Board of Directors for approval.
- 5.8 All members present at the meeting and those attending the meeting as non-voting attendees are obliged to keep confidential of the matters discussed at the meeting, and shall not disclose the relevant information without authorization from the chairman of the Board or the Board of the Company. Otherwise, they shall bear all the legal liabilities arising therefrom.
- 5.9 The Audit Committee shall meet with members of the external auditors and the internal auditors at least once a year in the absence of any executive directors.

6. Annual General Meeting

- 6.1 At the invitation of the chairman of the Board, the chairman of the Audit Committee shall attend the annual general meeting. If the chairman of the Audit Committee is unable to attend, another member of the Audit Committee should be invited to attend the annual general meeting. If none of the members of the Audit Committee are able to attend, an appropriate delegate shall be appointed to attend on their behalf. The chairman, members or delegates of the Audit Committee who are invited to attend the meeting shall be prepared to answer questions about the work and duties of the Audit Committee raised at the annual general meeting.

7. By-laws

- 7.1 The Board of the Company is responsible to formulate and amend these terms of reference and they are subject to approval by a resolution of the Board. They are effective from the listing date of the Company's shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").
- 7.2 Matters not covered in these terms of reference shall be implemented in accordance with the relevant laws and regulations and the provisions of the Articles of Association. If these terms of reference contradict the relevant laws and regulations promulgated in the future or the Articles of Association as amended by legal procedures, the relevant laws and regulations and the Articles of Association shall prevail and these terms of reference shall be amended immediately with the Board's consideration and approval.
- 7.3 The right to interpret these terms of reference is vested in the Board of the Company.
- 7.4 The Audit Committee shall make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on the website of the Company and on the website of the Stock Exchange.