

Onewo Inc.
萬物雲空間科技服務股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2602)

Terms of Reference of the Audit Committee

Chapter 1 General Provisions

Article 1 In order to strengthen the decision making function of the Board of Directors of Onewo Inc. (the “Company”), accomplish audit in advance and professional audit, achieve effective supervision over the Company’s financial revenue and expenditure and various business activities and improve the corporate governance structure, the Board of Directors of the Company has set up the Audit Committee (the “Audit Committee” or the “Committee”) and formulated these 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 “Hong Kong Listing Rules”), the Articles of Association of Onewo Inc. (the “Articles of Association”) and other relevant regulations.

Article 2 The Audit Committee is a special body set up by the Board of Directors in accordance with the Articles of Association. It is mainly responsible for supervising and evaluating external and internal audit work, reviewing the Company’s financial reports and expressing opinions thereon, supervising and evaluating the Company's internal control, and coordinating communication between the management, the internal audit department and related departments and the external auditor. The Company shall provide the Audit Committee with necessary conditions for performing their duties, and engage professional personnel or agencies to handle daily operation of the Audit Committee, including contact, organization of meetings, preparation of materials and archives management. The management and relevant departments of the Company shall cooperate with the Audit Committee in its performance of duties.

Chapter 2 Composition and Organization

Article 3 The Audit Committee shall consist of three members, all of whom shall be non-executive Directors. The majority shall be independent non-executive Directors. As required by Rule 3.10(2) of the Hong Kong Listing Rules, at least one of the committee members shall be an independent non-executive Director having appropriate professional qualifications or accounting or related financial management expertise.

Article 4 The members of the Audit Committee shall be nominated by the Chairman of the Board of Directors, more than half of the independent Directors or more than one-third of all Directors for election by the Board of Directors. Where laws, administrative regulations, departmental rules, normative documents or the securities regulatory rules of the place(s) where the Company’s shares are listed otherwise provide for the qualifications of members of an audit committee, such provisions shall prevail.

Article 5 The Audit Committee shall have a chairman, who shall be an accounting professional among the independent non-executive Directors and be responsible for presiding over the work of the Committee. The chairman shall be nominated by the Chairman of the Company's Board of Directors and appointed by the Board of Directors. The major duties and authorities of the chairman are:

- (I) to convene and chair regular and interim meetings of the Committee;
- (II) to determine the agenda for each meeting of the Committee;
- (III) to sign important documents of the Committee;
- (IV) to ensure that the Committee has clear and definite conclusions on each discussed proposal, with conclusions including: passing, vetoing or providing additional materials for reconsideration; and
- (V) other duties and authorities as specified by these Terms of Reference.

Article 6 The chairman shall be responsible for leading the Audit Committee, including scheduling meetings, preparing agendas and making reports to the Board of Directors. A working group under the Audit Committee (the "Working Group") has been established as the supporting and contact department and the secretary of meetings of the Audit Committee, to assist in the work of the chairman, to be responsible for preparation of meeting notices and meeting documents, daily contacts with the chairman of the Audit Committee, preparation, reporting and keeping of meeting minutes and meeting resolutions and other daily work, and to coordinate with the internal audit department of the Company in preparation, organization and reporting of meetings and other specific work. The Working Group is organized and established by the Company, and its composition shall be reported to the Committee for the record.

Article 7 All members of the Audit Committee shall have the professional knowledge and business experience required for performing the duties for the Audit Committee. The Company shall organize the members of the Audit Committee to attend relevant training, so that they can timely acquire professional knowledge in law, accounting and regulatory standards of listed companies required for their performance of duties.

Article 8 The term of office of the members of the Audit Committee shall be the same as the term of the Directors. A committee member may serve consecutive terms if re-elected upon expiry of his/her term of office. Before expiry of his/her term of office, no committee member shall be dismissed from office without sufficient causes except for the circumstances that require dismissal as stipulated in the laws and regulations, the Articles of Association or these Terms of Reference. If any committee member ceases to be a Director of the Company or cannot continue to be a Director under other circumstances before expiry of his/her term of office, he/she shall be automatically disqualified from acting as a committee member, and such vacancy shall be filled by the Board of Directors in accordance with laws and regulations, rules of the stock exchanges where the Company's shares are listed, other normative documents, the Articles of Association and these Terms of Reference.

Article 9 If the term of office of a Director expires but no election is made in a timely manner, the Director who is a former member of the Audit Committee shall continue to perform his/her duties in accordance with the laws, regulations, the Hong Kong Listing Rules and other securities regulatory rules of the place(s) where the Company's shares are listed, the Articles of Association and these Terms of Reference until a duly re-elected Director takes office.

Article 10 The members of the Audit Committee may concurrently hold a post in other special committees of the Board of Directors, provided that they are competent to perform their duties.

Article 11 A former partner of the audit company which is currently responsible for auditing the Company's accounts shall not act as a member of the Audit Committee of the Company within two years commencing from the later of the following dates:

- (I) date when he/she ceases to be a partner of the audit company;
- (II) date when he/she ceases to have any financial interests in the audit company.

Chapter 3 Duties and Authorities

Article 12 The duties and authorities of the Audit Committee shall include those specified from time to time in the Hong Kong Listing Rules and those specified in the Articles of Association. Without prejudice to the above provisions, the Audit Committee shall perform the following duties:

Relationship with the external auditor of the Company

- (I) to advise the Board of Directors on the appointment, renewal or replacement, dismissal of the external auditor, to review and approve the audit fees and terms of engagement of the external auditor, and to address any problems concerning the resignation or dismissal of the external auditor;
- (II) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and to discuss with the external auditor on the nature and scope of the audit and the relevant reporting obligations before the audit commences;
- (III) to develop and implement policies on provision of non-audit services by the external auditor. In terms of this article, "external auditor" shall include any entity that is under common control, ownership or management with the audit company or any entity that a third party which is reasonably informed of all relevant information would reasonably conclude to be part of the local or international business of the audit company. The Committee shall report to the Board of Directors and make recommendations on any matters for which it considers necessary to take actions or make improvements;
- (IV) to act as the key representative between the Company and the external auditor and to oversee the relationship between them;

Review of the financial information of the Company

(V) to review and monitor the integrity of the Company's financial statements, annual reports and accounts, interim reports and, if intended to be published, quarterly reports, and to review major opinions on financial reporting set out in statements and reports. Before submitting relevant statements and reports to the Board of Directors, the Audit Committee shall focus particularly on reviewing:

1. any changes to the accounting policies and practices;
2. matters involving major judgment;
3. significant adjustments resulting from audit;
4. the going concern assumptions of the Company and any qualified opinions;
5. compliance with the accounting standards;
6. compliance with the laws and provisions of the Hong Kong Listing Rules on financial reporting.

(VI) in order to perform the duties of the paragraph (V) of this Article:

1. members of the Committee should liaise with the Board of Directors and senior management members of the Company, and the Committee shall meet at least twice a year with the Company's external auditor; and
2. the Committee shall consider any significant or unusual matters that are or shall be reflected in financial reports and accounts and shall make due reference to any matters brought up by financial officers, internal auditors or Supervisors of the Company, or external auditor engaged.

Monitoring the financial reporting system, risk management and internal control system of the Company

(VII) to review the financial monitoring, internal control and risk management systems of the Company;

(VIII) to discuss the risk management and internal control system with the management to ensure that the management has an effective internal control system in place. The discussion shall include the adequacy of the Company's resources, staff qualifications and experience in the accounting and financial reporting functions, as well as the training courses received by the staff and the adequacy of the relevant budgets;

(IX) to conduct investigation into, on its own initiative or as delegated by the Board of Directors, the significant findings on risk management and internal control matters and the management's response to these findings;

- (X) to ensure that the work of the internal audit department is coordinated with that of the external auditor; and to ensure that the internal audit department is adequately resourced and properly positioned; to review and monitor the effectiveness of the operation of the internal audit department;
- (XI) to review the Company's audit, financial, accounting policies and practices;
- (XII) to review the Explanatory Letter on Audit Work presented by the external auditor to the management, as well as any material queries raised by the external auditor to the management about accounting records, financial accounts or internal control system and the management's response;
- (XIII) to ensure that the Board of Directors responds in a timely manner to the issues raised by the external auditor in the Explanatory Letter on Audit Work;
- (XIV) to ensure that the Company has proper channels in place for employees to report or raise doubts about, in confidence, possible improprieties in financial reporting, internal control or other aspects, and to review relevant arrangements from time to time to enable the Company to conduct a fair and independent investigation of these matters and to make appropriate actions;
- (XV) to report to the Board of Directors on matters within the Committee's terms of reference, except where there are legal or regulatory restrictions preventing such reporting;
- (XVI) to consider other topics, as defined by the Board of Directors;
- (XVII) to be responsible for other matters stipulated by laws and regulations, rules of the stock exchanges, the Articles of Association, and authorized by the shareholders' meeting and the Board of Directors.

Article 13 The Audit Committee should be provided with sufficient resources to perform its duties and may request relevant departments or personnel of the Company to provide support for its work as required. If necessary, the Audit Committee may engage an intermediary to provide independent professional advice on its decisions, with the reasonable costs incurred borne by the Company.

Article 14 The Audit Committee reviews and monitors the independence of external auditor in accordance with the following procedures:

- (I) study all relationships between the Company and the auditor (including non-audit services);
- (II) request annual data from the auditor to understand the policies and procedures adopted by the auditor in maintaining its independence and monitoring the implementation of the relevant rules, including the provisions for the replacement of partners and staff of the auditor; and
- (III) meet with the external auditor at least twice a year in the absence of management to discuss matters relating to audit fees, any issues arising from the audit, and other matters raised by the auditor.

Article 15 The Audit Committee shall be accountable to the Board of Directors. Unless otherwise authorized by the Board of Directors, proposals of the Audit Committee shall be submitted to the Board of Directors for consideration and decision.

Article 16 In performing its duties specified in Article 12 of these Terms of Reference, the Audit Committee shall have no obligation to plan and carry out audit activities, or to ensure the completeness and accuracy of the Company's financial reports or to prepare financial reports. The Company's management shall be responsible for the preparation of the Company's financial reports, and the accounting firm shall be responsible for the audit of the financial reports.

Article 17 The Audit Committee shall respond to the invitation by the Chairman of the Board of Directors and have the chairman of the Committee (or another committee member or his/her authorized representative in the absence of the chairman) attend the annual shareholders' meeting of the Company and answer questions raised thereat.

Article 18 The Audit Committee shall make its terms of reference available on the websites of the Company and the stock exchange on which the Company's shares are listed to explain its role and powers delegated to it by the Board of Directors of the Company in accordance with the relevant requirements under the regulatory rules of the place(s) where the Company's shares are listed.

Chapter 4 Rules of Procedure

Article 19 Meetings of the Audit Committee are classified as regular meetings and extraordinary meetings. The Audit Committee shall hold at least one regular meeting in the first half of a year and one regular meeting in the second half of a year. A written notice shall be given to all committee members by the Working Group three days prior to the convening of a meeting. The meeting notice shall include at least the following contents:

- (I) method, time and venue of the meeting;
- (II) duration of the meeting;
- (III) agenda items to be discussed at the meeting;
- (IV) date of notice of the meeting.

Article 20 An extraordinary meeting of the Audit Committee shall be convened when it is proposed by the Chairman of the Board of Directors, the chairman of the Audit Committee or more than two members of the Audit Committee. The chairman of the Audit Committee shall convene and chair an extraordinary meeting within three days after receipt of the proposal. In case of emergency that requires an immediate resolution by the Audit Committee, the notice of the meeting may be given on the same day by telephone, facsimile, e-mail or personal delivery for the sake of the Company's interests, but the chairman of the Committee must give an explanation at the meeting.

Article 21 Meetings of the Audit Committee shall be chaired by the chairman. Where the chairman is unable to attend the meeting, he/she may delegate another committee member (an independent non-executive Director) to preside over the meeting. Where the chairman cannot or does not fulfill his/her duties, he/she may delegate another committee member who is an independent non-executive Director to convene and preside over the meeting.

Article 22 Meetings of the Audit Committee shall be convened only with the presence of more than two thirds of the committee members. Members of the Audit Committee shall attend the meetings in person or by teleconference or by means of similar communication equipment. Committee members who are unable to attend the meetings for any reason may authorize other committee members in writing to attend the meetings as their proxies, and the scope of authorization shall be stated in the written power of attorney. Members of the Audit Committee who neither attend such meetings in person nor authorize other committee members to attend such meetings as their proxies shall be deemed to abstain from voting on such meetings.

Each committee member shall be entitled to one vote. Resolutions made at the meetings shall be adopted by the affirmative votes of more than half of all committee members.

Article 23 Meetings of the Audit Committee may be convened in the form of on-site meetings or telephone meetings, video meetings or other communication equipment (provided that all participants can conduct instant communication with other participants) and may be convened in the form of off-site meetings.

Article 24 Voting at the meeting of the Audit Committee may be by show of hands, poll, facsimile or e-mail, etc.

Article 25 On the premise of ensuring that the committee members fully express their opinions, meetings of the Audit Committee may be convened in the form of written resolutions. Written proposals shall be dispatched by e-mail, facsimile, courier or by hand or otherwise to all committee members, and shall be returned in original copies to the Company for filing after deliberation by the committee members. A proposal signed by consenting committee members satisfying the threshold hereunder shall become a valid resolution of the Committee.

Article 26 The relevant personnel of the Company may be invited to attend the meetings of the Audit Committee when necessary.

Article 27 The convening procedure of, and voting method and resolutions passed at the meetings of the Audit Committee shall comply with the requirements of the relevant laws, regulations, securities regulatory rules of the place(s) where the Company's shares are listed, the Articles of Association and these Terms of Reference.

Article 28 The Working Group shall keep complete minutes of each meeting. The minutes should record in sufficient detail the matters considered and the decisions reached at the meetings, including any concerns raised or dissenting views expressed by Directors. Draft and final versions of minutes of meetings shall be sent to all committee members for their comment and records respectively, in both cases within a reasonable time after the meeting is concluded. Committee members who attend the meeting shall sign on the minutes. The Working Group shall submit the minutes to the office of the Board of Directors of the Company for filing in accordance with the Company's file management system. Such minutes of meetings shall be available for inspection at any reasonable time on reasonable notice by any Director.

Article 29 The resolutions passed and the poll results at the meetings of the Audit Committee shall be reported in writing to the Board of Directors of the Company.

Article 30 Committee members present at the meeting and non-voting attendees of the meeting shall be obliged to keep matters discussed at such meeting confidential, and shall not disclose any relevant information of the meeting without authorization from the chairman of the Company or the Board of Directors.

Article 31 Where the Board of Directors disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors, 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.

Chapter 5 Working Procedures

Article 32 The Working Group shall be responsible for the preliminary preparatory work for the meetings of the Audit Committee and provide written data on the following aspects of the Company:

- (I) relevant financial reports of the Company;
- (II) the work reports of internal audit department;
- (III) external audit contracts and relevant work reports;
- (IV) the annual risk management reports of the Company;
- (V) assessment reports on material risks and decisions;
- (VI) assessment reports on the internal control system of the Company and its implementation; and
- (VII) other relevant matters.

Article 33 The internal audit department of the Company shall report to the Audit Committee. Various audit reports, the plans and results of rectification for the audit issues submitted to the management by the internal audit department shall be submitted to the Audit Committee at the same time. If the Audit Committee identifies any audit issues, it shall request the relevant department of the Company to rectify in a timely manner. If the Audit Committee is not satisfied with the rectification results, it shall report to the Board of Directors in a timely manner.

Article 34 The Audit Committee shall assess the report submitted by its supporting and liaison department, and then submit relevant resolutions to the Board of Directors in writing for discussion.

Article 35 Where the Company engages or replaces the external accounting firm, the Audit Committee shall form an opinion on relevant matters first and make a proposal to the Board of Directors before the Board of Directors considers the relevant resolution.

Chapter 6 Supplementary Provisions

Article 36 Unless otherwise specified, the terms used herein shall have the same meaning ascribed thereto under the Articles of Association or Hong Kong Listing Rules.

Article 37 These Terms of Reference shall come into effect upon consideration and approval by the Board of Directors.

Article 38 Any matters not covered herein shall be implemented in accordance with the relevant laws and regulations, departmental rules, regulatory documents, securities regulatory rules of the place(s) where the shares of the Company are listed and the Articles of Association and other relevant provisions. Where these Terms of Reference conflict with the latter, the latter shall prevail.

“More than”, “prior to”, “within” and “at least” referred to in a phrase denoting quantity or time period herein shall include the number indicated.

Article 39 The rights to interpret and amend these Terms of Reference shall be vested in the Board of Directors of the Company.