

Logory Logistics Technology Co., Ltd.
(Stock Code: 2482)

**Terms of Reference of the Audit Committee
of the Board of the Company**

Chapter I General Provisions

Article 1 In order to perfect the decision-making procedures of the board of directors (the “**Board**”) of Logory Logistics Technology Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”), fully safeguard the legitimate interests of the Company and its shareholders and improve the corporate governance structure of the Company, the Board has established the Audit Committee and formulated these terms of reference in accordance with the Company Law of the People’s Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and the articles of association of Logory Logistics Technology Co., Ltd. (applicable after the issuance of H shares) (the “**Articles of Association**”) and other relevant regulations.

Article 2 As a specialized working body set up by the Board pursuant to the Articles of Association, the Audit Committee is mainly responsible for reviewing and supervising audit and risk management related matters of the Company.

Article 3 The directors referred to in these terms of reference represent all the directors of the Company, and the management members refer to the Company’s general manager, chief executive officer, deputy general manager, chief technology officer, chief financial officer, secretary of the Board and other senior management members recognized by the Board.

Chapter II Composition and Working Body

Article 4 The Audit Committee shall be composed of at least three directors, and all of them shall be non-executive directors. The majority of the non-executive directors shall be independent non-executive directors, and at least one of the independent non-executive directors shall possess appropriate professional qualifications or appropriate accounting or related financial management expertise as provided under the Hong Kong Listing Rules. Members of the Audit Committee shall be determined by the Board upon consideration.

Article 5 The Audit Committee shall have one chairman, who shall be an independent non-executive director and in charge of the work of the Audit Committee. The chairman shall be nominated by the chairman of the Board of the Company and approved by the Board upon consideration. The main duties and powers of the chairman are as follows:

- (1) to convene and preside over the meetings of the Audit Committee;
- (2) to determine the agenda of each meeting of the Audit Committee;
- (3) to sign important documents of the Audit Committee;
- (4) to ensure that the Audit Committee reaches clear and definite conclusions for each discussed proposal, including the approval, rejection or reconsideration of supplementary materials;

- (5) to report to the Board on relevant matters within the scope of the duties of the Audit Committee; and
- (6) other duties and powers set out in these terms of reference or relevant laws and regulations.

Article 6 All members of the Audit Committee shall possess the professional knowledge and business experience essential for the fulfillment of the duties of the Audit Committee. The Company shall arrange for the members of the Audit Committee to attend relevant training(s) so that they could timely obtain professional knowledge that is required for them to discharge their duties in the fields of law, accounting and regulations for listed companies.

Article 7 The terms of office of the members of the Audit Committee shall be in line with the terms of office of the directors of the Company. A member of the Audit Committee may serve consecutive terms if re-elected upon the expiration of his/her term.

If a member ceases to be a director of the Company or otherwise is unable to continuously fulfill his/her duty as a director before the expiry of his/her term of office, or if an independent non-executive director no longer possesses such independence as required by relevant laws and regulations, the Hong Kong Listing Rules or the Articles of Association, such member shall be disqualified as a member of the Audit Committee automatically and the Board shall appoint a new member to fill the vacancy pursuant to Article 4 of these terms of reference.

Changes may be made to the members of the Audit Committee during their terms of office upon being proposed by the chairman of the Board and approved by the Board upon discussion.

Article 8 A member of the Audit Committee may concurrently hold positions in other special committees of the Board on the condition that he/she is capable of fulfilling his/her respective responsibilities.

Article 9 A former partner of the accounting firm responsible for the auditing of the Company's accounts at present shall not serve as a member of the Audit Committee of the Company within two years commencing from the following dates (whichever is later):

- (1) the date when he/she ceases to be a partner of the said accounting firm; or
- (2) the date when he/she ceases to have financial interests in the said accounting firm.

Chapter III Duties and Powers

Article 10 The duties and powers of the Audit Committee are as follows:

- (1) to make recommendations to the Board on the appointment, reappointment, renewal or replacement, dismissal or removal of the external auditor, to review and approve the remuneration and terms of engagement of the external auditor, to address any problems concerning the resignation or dismissal of the external auditor, and to supervise the work of the external auditor and review the report from the external auditor. Where the Company engages or replaces an external accounting firm, the Audit Committee shall form an opinion on relevant matters first and make a proposal to the Board before the Board considers the relevant resolution;

- (2) to review and monitor the independence and objectivity of the external auditor 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 reporting obligations before the audit commences;
- (3) to develop and implement policies on engaging external auditor to supply non-audit services (if any). In terms of this provision, the external auditor shall include any entity that is under the 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 shall report to the Board, identifying and making recommendations on any matters for which it considers necessary to take actions or make improvements;
- (4) to act as the key representative between the Company and the external auditor to oversee their relationship;
- (5) to review and monitor the integrity of the Company's financial statements, annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements set out therein. Before submitting relevant statements and reports to the Board, the Audit Committee shall focus particularly on reviewing:
 - (a) any changes in accounting policies and practices;
 - (b) major judgmental areas;
 - (c) significant adjustments resulting from audit;
 - (d) the going concern assumptions and any qualifications;
 - (e) compliance with accounting standards; and
 - (f) compliance with the Hong Kong Listing Rules and any legal requirements in relation to financial reporting.
- (6) In order to perform the duties of paragraph (5) of this Article:
 - (a) members of the Audit Committee shall liaise with the Board, senior management and the appointed auditor; the Audit Committee shall convene meetings with the external auditor of the Company at least twice a year; and
 - (b) the Audit Committee shall consider any significant or unusual matters that are, or may need to be, reflected in the reports and accounts, and shall give due consideration to any matters that have been raised by employees responsible for the accounting and financial reporting, internal auditors or supervisors of the Company, or the external auditor engaged;

- (7) to review the Company's financial supervisions and controls, risk management and internal control systems;
- (8) to discuss the risk management and internal control systems with management to ensure that the management has performed its duty to establish effective systems. These discussions shall include the adequacy of resources, employees' qualifications and experience in relation to the Company's accounting and financial reporting function, as well as the training program and budget of the Company's accounting and financial reporting function;
- (9) to consider major investigation findings on risk management and internal control matters on its own initiative or as delegated by the Board and the management's response to these findings;
- (10) to ensure co-ordination between the internal audit department and the external auditor, and that the internal audit department is adequately resourced and has appropriate standing, and to review and monitor the effectiveness of the operation of the internal audit department;
- (11) to review the Group's financial and accounting policies and practices;
- (12) 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 in relation to accounting records, financial accounts or internal control systems and the management's responses;
- (13) to ensure that the Board will provide a timely response to the issues raised by the external auditor to the management in the explanatory letter on audit work;
- (14) to review and ensure that the Company has established appropriate channels for employees to report or raise concerns on potential improprieties in financial reporting, internal controls or other matters in a confidential manner, and to review relevant arrangements from time to time to ensure fair and independent investigations and appropriate follow-up actions have been taken by the Company to address these matters, and be responsible for supervising the implementation of whistleblowing policy;
- (15) to report to the Board on relevant matters within the scope of the Audit Committee's duties and the decisions or recommendations made by the Audit Committee, except where such reporting is restricted by laws or regulations;
- (16) to review the Company's compliance with the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules and disclosures in its corporate governance report;
- (17) to report to the Board on the matters in the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules;
- (18) to act as the key representative body of the Company for overseeing the Company's relations with the external auditor;

- (19) to exercise other duties and powers authorized by the Board; and
- (20) other relevant requirements for duties and powers of the Audit Committee under the laws, administrative regulations, the regulatory rules of the place where the shares of the Company are listed, and the Articles of Association, as amended, supplemented or modified from time to time.

Article 11 The Audit Committee shall make available these terms of reference on the website of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the website of the Company, explaining its role and powers delegated to it by the Board.

Article 12 The Audit Committee shall be given adequate resources to perform its duties. The senior management of the Company shall provide support to the Audit Committee, and if necessary, the Audit Committee can engage intermediaries to provide independent and professional opinions on its decisions, and the reasonable expenses incurred shall be borne by the Company.

Article 13 The Audit Committee shall review and supervise the independence of the external auditor in accordance with the following procedures:

- (1) considering all relationships (including non-auditing services) between the Company and the auditor;
- (2) obtaining data from the auditor annually to understand the policies and procedures which the auditor has adopted to maintain its independence and to supervise compliance with relevant requirements, including the policies governing the replacement of partners and staff of the auditor; and
- (3) meeting with the external auditor at least twice a year, without the attendance of the management, to discuss matters about its remuneration, any issues arising from the audit, and other matters raised by the auditor.

Article 14 The Audit Committee is accountable to and shall report to the Board. Unless otherwise authorized by the Board, the Audit Committee shall submit its proposals to the Board for consideration and approval. The Audit Committee shall cooperate with the board of supervisors on its audit activities.

Article 15 The Audit Committee shall not be responsible for the planning and the implementation of audit activities and shall not be responsible for ensuring the completeness and accuracy of the Company’s financial report or the preparation of the financial report in performing the duties stipulated in Article 11 of these terms of reference. The Board and the management of the Company shall be responsible for the preparation of the financial report of the Company, and the accounting firm shall be responsible for the auditing of the financial report.

Article 16 The Audit Committee shall respond to the invitation by the chairman of the Board and have the chairman of the Audit Committee, or in his/her absence, another member of the Audit Committee or his/her authorized representative attend and answer questions at the Company’s annual general meetings.

Chapter IV Rules of Proceedings

Article 17 The 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 and second half of each year, respectively.

Article 18 Upon a proposal made by the chairman of the Audit Committee, two or more members of the Audit Committee, the Board or the chairman of the Board, the Audit Committee shall convene an extraordinary meeting.

Article 19 The Audit Committee meeting shall be convened by the office of the Board giving three days' prior notice to all members of the Audit Committee. In case of any emergency for which a meeting needs to be convened by the Audit Committee as soon as possible, the notice of the meeting may be issued by telephone, fax or email on that day, but the chairman of the Audit Committee shall provide an explanatory statement at the meeting.

Article 20 The meetings of the Audit Committee shall be presided over by the chairman of the Audit Committee. If the chairman of the Audit Committee is unable to attend, he/she may entrust another member (being an independent non-executive director) to preside over the meeting.

Article 21 The meetings of the Audit Committee shall be attended by at least two-thirds of the members. Members of the Audit Committee shall attend the meeting in person or by conference call or via similar communication devices. Any member who is unable to attend the meeting for any reason may appoint another member in writing to attend the meeting on his/her behalf. The written power of attorney shall specify the scope of authorization.

Article 22 The Audit Committee may invite relevant personnel of the Company to attend the meeting, if necessary.

Article 23 Voting at the meetings shall be made by poll or by show of hands. Each member shall have one vote. Resolutions of the meeting shall be passed by a majority of the committee members.

Article 24 The Audit Committee meeting may be held by way of written resolutions. The written resolutions shall be dispatched to all members by facsimile, courier or by hand or otherwise, and returned in original copies to the Company for archiving after voting by the members. A resolution signed by such number of members required hereunder shall become an effective resolution of the Audit Committee.

Article 25 The convening procedures and voting methods of and resolutions passed at the Audit Committee meeting shall comply with the provisions under relevant laws and regulations, the Articles of Association and these terms of reference.

Article 26 Resolutions passed at the Audit Committee meeting, together with their voting results, shall be submitted to the Board in writing.

Article 27 All participants who attend the meetings of the Audit Committee shall be obliged to keep matters discussed at the meeting confidential and shall not disclose such information without the authorization of the chairman of the Board or the Board.

Article 28 Where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external accounting firm, the Company should include in the corporate governance report a statement from the Audit Committee explaining its recommendations and the reason(s) why the Board has taken a different view.

Article 29 The supporting and liaison department of the Audit Committee shall keep complete minutes of its meetings, which are required to be signed by all committee members present at the meeting. The supporting and liaison department shall then submit the meeting minutes to the office of the Board for filing by a duly appointed secretary of the meeting in accordance with the Company's file management policy for the inspection by the Company's directors at any time. The draft and final versions of the meeting minutes shall be delivered to all members of the Audit Committee in succession within a reasonable time for comments and records respectively after the meetings.

Chapter V Other Specific Working Procedures

Article 30 The office of the Board shall be responsible for the preparation of the decision-making of the Audit Committee, liaising with the related departments (including external experts or intermediaries to be engaged by the Audit Committee in the course of the proceedings), organizing the audit and inspection center, the financial center and relevant departments of the Company to provide the relevant materials required by the Audit Committee, and providing the following written materials to the Audit Committee:

- (1) relevant financial reports of the Company;
- (2) working reports of the internal audit department;
- (3) contracts with the external auditor and relevant working reports;
- (4) annual risk management report of the Company; and
- (5) other relevant matters.

Article 31 The audit and inspection center and the financial center of the Company shall coordinate with the office of the Board to complete the aforesaid work and provide the office of the Board with the respective reports of their departments and relevant documents required by the Audit Committee, which shall be sent to each member of the Audit Committee after being integrated by the office of the Board. The Audit Committee shall assess the above-mentioned reports, and then submit the relevant written resolutions to the Board for discussion.

Article 32 After each Audit Committee meeting, if specific opinions are concluded, the office of the Board shall summarize such specific opinions in a meeting summary. Any diverse opinions raised in the meeting shall be factually recorded in the meeting summary. The meeting summary shall be submitted to the Board after being signed by the committee members who are present at the meeting. The meeting summary shall be numbered in the sequence of year, session and time, respectively.

Article 33 The office of the Board shall take meeting minutes for every Audit Committee meeting. The meeting minutes shall include the following: (1) the date, place, and name of the presider of the meeting; (2) the names of the committee members who are present at the meeting and who appoint others to attend the meeting; (3) the subject and agenda of the meeting; (4) the key points and suggestions raised by the participants; (5) other relevant information of the meeting; and (6) the name of the note taker of the meeting.

The draft and final versions of the meeting minutes shall be delivered to all committee members in succession within a reasonable time for comments and records respectively after the meetings. The meeting minutes shall be signed by the members who are present at the meeting and the secretary of the Board. The office of the Board shall submit copies of the meeting minutes and meeting summaries to each member within three working days after the meeting minutes are signed.

Article 34 The secretary of the Board of the Company is responsible for keeping all summaries and full minutes of Audit Committee meetings, the letter of authorization and other meeting materials that shall be kept by the secretary of the Board.

Article 35 In the event that the Audit Committee has significant or special matters which are required to be considered by the Board when the Board is in recess, the Audit Committee may submit a written report to the Board through the secretary of the Board, and may recommend the chairman of the Board to convene a Board meeting to discuss such matters.

Article 36 The Board shall receive a report on the work of the Audit Committee since the last regular Board meeting, or a report on a particular issue made by the chairman of the Audit Committee, a committee member authorized by the chairman of the Audit Committee or the audit department of the Company.

Article 37 Any written reports submitted to the Board by the Audit Committee shall be signed and approved by the chairman of the Audit Committee or a member authorized by him/her and shall be submitted to the Board through the secretary of the Board.

Article 38 In the event that the senior management of the Company has significant or special matters when the Audit Committee is in recess, the senior management may submit a written report to the Audit Committee through the secretary of the Board, and may recommend the chairman of the Audit Committee to convene a meeting to discuss such matters.

Chapter VI Supplementary Provisions

Article 39 Unless otherwise specified, the terms used herein shall have the same meaning ascribed thereto under the Articles of Association.

Article 40 If any matters not covered by these terms of reference or are inconsistent with the laws, regulations and the Hong Kong Listing Rules currently in force or issued or amended from time to time after these terms of reference taking effect, or the Articles of Association formulated or amended according to legal procedures, the provisions under such laws, regulations, the Hong Kong Listing Rules or the Articles of Association shall prevail. These terms of reference shall be amended forthwith and submitted to the Board for consideration and approval.

Article 41 In case of any inconsistency between the Chinese version and the English version of these terms of reference, the Chinese version shall prevail.

Article 42 Upon consideration and approval by the Board, these terms of reference shall come into effect from the date on which H Shares of the Company are listed and traded on the Stock Exchange.

Article 43 The right of interpretation of these terms of reference shall be vested in the Board.