

UBTECH ROBOTICS CORP LTD

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

Chapter 1 General Provisions

Article 1 The Audit Committee under the Board of Directors (the “Audit Committee”) was established and these terms of reference was formulated by UBTECH ROBOTICS CORP LTD (the “Company”) in accordance with the Company Law of the PRC (the “Company Law”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) (“The Stock Exchange of Hong Kong Limited” hereinafter referred to as the “Stock Exchange”), the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules (the “Corporate Governance Code”), the Basic Standards for Internal Control of Enterprises, the Guidelines on the Effective Operation of the Audit Committee issued by the Hong Kong Institute of Certified Public Accountants and the Articles of Association of UBTECH ROBOTICS CORP LTD (the “Articles of Association”) in order to further strengthen the decision-making of the Board of Directors of the Company, refine the administration structure of the Company, conduct pre-audit and professional audit, and ensure the effective supervision of the Board of Directors over the management.

Article 2 The Audit Committee is a special working body established by the Board of Directors in accordance with the resolutions of the Shareholders’ general meetings, and it is mainly responsible for the communication with, and the supervision and verification of the Company’s internal and external audit.

Article 3 The members of the Audit Committee shall ensure that they have sufficient time and energy to perform the duties of the Committee, be diligent and responsible, effectively and efficiently supervise the external audit of the Company and guide the internal audit of the Company. They shall also promote the establishment of effective internal control of the Company and provide true, accurate and complete financial reports.

Article 4 The Company shall provide necessary working conditions for the Audit Committee and appoint specialized personnels or institutions to undertake the daily work of the Audit Committee, such as work liaison, meeting organization, material preparation and file management.

When the Audit Committee performs its duties, the Company’s management and relevant departments shall cooperate.

Chapter 2 Composition

Article 5 The members of the Audit Committee shall be appointed by the Board of Directors out of its members, and is composed of 3 or more Non-executive Directors.

Article 6 The members of the Audit Committee shall, in principle, be independent from the daily operation and management of the Company. Independent Non-executive Directors of the Audit Committee shall account for at least 1/2 of the total number of the Audit Committee members, and at least one of the Independent Non-executive Directors shall have the appropriate professional qualifications or accounting or related financial management expertise required under Rule 3.10(2) of the Hong Kong Listing Rules.

Article 7 All members of the Audit Committee are required to have specialized knowledge and business experience that enables them to perform the duties of the Audit Committee.

Article 8 The members of the Audit Committee shall be nominated by the Chairman of the Board of Directors, more than half of the Independent Non-executive Directors or one-third of all the Directors, and shall be elected by the Board of Directors. The former partner of the external audit institution currently responsible for auditing the Company's accounts shall not be elected as a member of the Audit Committee of the Company for a period of two years from the following date (whichever is later):

- (I) the date on which he/she ceases to be the partner of the external audit institution; or
- (II) the date on which he/she ceases to be financially interested in the external audit institution.

Article 9 The Audit Committee shall have one chairman (convener), who shall be an Independent Non-executive Director; the chairman shall be appointed by the Board of Directors and be responsible for presiding over the work of the Audit Committee. The chairman shall have professional experience in accounting or financial management.

Article 10 The Audit Committee shall have the same tenure as the Board of Directors. The members may be re-elected upon the expiration of its term of office. If a member ceases to be a Director of the Company within his/her term of office, he/she shall be automatically disqualified as the committee member, and the vacancy in the committee shall be filled in according to these terms of reference.

Article 11 The Company shall organize relevant training for the Audit Committee members to enable them to acquire professional knowledge in law, accounting and regulatory norms for listed companies in a timely manner as required for the performance of their duties.

Article 12 The Board of Directors of the Company shall evaluate the independence and performance of the Audit Committee members on a regular basis and may replace those who are unsuitable to continue in office as necessary.

Chapter 3 Duties and Powers

Article 13 The main duties and powers of the Audit Committee are to:

- (I) supervise and evaluate the external audit institutions;
- (II) guide the internal audit;
- (III) review and comment on the Company's financial reports;
- (IV) evaluate the effectiveness of internal control;
- (V) coordinate the communication between the management, the internal audit department, and relevant departments and external audit institutions;
- (VI) perform other matters authorized by the Board of Directors of the Company and other matters involved in relevant laws and regulations.

Article 14 The Audit Committee’s responsibilities for monitoring and evaluating the work of the external audit institution shall include at least the following aspects:

- (I) to assess the independence and professionalism of the external audit institution, in particular the impact on the external audit institution’s independence of the provision of non-audit services by the external audit institution;
- (II) to make recommendations to the Board of Directors on hiring or replacing external audit institutions;
- (III) to review the audit fees and terms of engagement of the external audit institution;
- (IV) to discuss and communicate with the external audit institution the scope of the audit, the audit plan, the audit approach and material matters identified in the audit process;
- (V) to supervise and evaluate the diligence of external audit institution;
- (VI) to deal with any issues relating to the resignation of such external audit institution or the dismissal of such external audit institution;
- (VII) to review and monitor the independence and objectivity of the external audit institution and the effectiveness of audit procedures according to applicable standards; and the Audit Committee shall discuss with the external audit institution the nature and scope of the audit and the related reporting responsibilities prior to the commencement of the audit;
- (VIII) to develop and implement the policies related to the provision of non-audit services by the external audit institution. For the purposes of this provision, “external audit institution” includes any entity which is under the common control, ownership or management of the company responsible for the auditing or any entity that a third party reasonably aware of all relevant information would reasonably conclude to be part of the local or international operations of the company responsible for the auditing. The Audit Committee shall report to the Board of Directors and make recommendations on any action or improvement required;
- (IX) to act as the main representative between the Company and the external audit institution and be responsible for monitoring their relationship; and
- (X) to ensure the coordination between internal and external audit institutions; and to ensure that the internal audit function is adequately resourced and has appropriate standing within the issuer; and to review and monitor its effectiveness.

The Audit Committee shall convene a separate communication meeting with the external audit institution without management participation at least once a year. The Secretary of the Board of Directors may attend the meeting.

Article 15 The Audit Committee's responsibilities for guiding the internal audit activities shall include at least the following aspects:

- (I) to review the annual internal audit work plan of the Company;
- (II) to supervise the implementation of the internal audit plan of the Company;
- (III) to review the work report of the internal audit, evaluate the results of the internal audit, and supervise the rectification of major problems; and
- (IV) to guide the effective operation of the internal audit department.

The Company's internal audit department shall report to the Audit Committee. All types of audit reports, plans for rectification of audit issues and the status of rectification submitted by the internal audit department to the management shall be submitted to the Audit Committee at the same time.

Article 16 To monitor the integrity of the financial statements and annual reports and accounts, as well as the interim reports and quarterly reports (if to be published) of the Company, and to review the material comments on the financial reporting contained in the statements and reports. The Audit Committee shall review the following matters in particular before submitting the relevant statements and reports to the Board of Directors:

- (I) any change in the accounting policies and practices;
- (II) where important judgments are involved;
- (III) any major adjustment resulting from audit;
- (IV) assumptions of going concern of the business and any qualified opinions;
- (V) compliance with accounting standards; and
- (VI) compliance with the Hong Kong Listing Rules and legal requirements relating to financial reporting; for the purpose of above items:
 1. The members of the Audit Committee shall liaise with the Board of Directors and the senior management. The Audit Committee shall meet the external audit institution of the Company at least twice each year; and
 2. The Audit Committee shall consider any significant or unusual matters that are, or may need to be, reflected in such reports and accounts and shall give due consideration to any matters that have been raised by any of the accounting and financial reporting staff or the monitoring officers of the Company or the external audit institutions.

Article 17 The responsibilities of the Audit Committee for supervising the effectiveness of the financial reporting system, the risk management and internal control system of the Company shall include at least the following aspects:

- (I) to review the financial monitoring of the Company and (unless there is separate Risk Committee under the Board of Directors or the Board of Directors will deal with it explicitly) to review the risk management and internal control systems of the Company;
- (II) to discuss risk management and internal control systems with the management to ensure that the management has fulfilled its responsibility to establish effective systems. The discussion shall include the adequacy of the Company's resources, staff qualifications and experience in accounting and financial reporting functions, and the adequacy of training programs and budgets for staff;
- (III) on its own initiative or as delegated by the Board of Directors, to conduct research on significant findings related to risk management and internal control matters and the management's response to those findings;
- (IV) to ensure that the work of internal and external audit institutions is coordinated if there is internal auditing in the Company; to ensure that the internal auditing is equipped with sufficient resources to operate within the Company and has an appropriate status; and to review and monitor its effectiveness;
- (V) to review the financial and accounting policies and practices of the Group;
- (VI) to examine the Audit Information Letter given to the management by the external audit institution, any material queries raised by the external audit institution to the management on accounting records, financial accounts or internal control systems and the management's response;
- (VII) to ensure that the Board of Directors responds in a timely manner to the matters raised in the Audit Information Letter from the external audit institution to the management;
- (VIII) to report to the Board of Directors on matters as set out in the provisions of the Corporate Governance Code;
- (IX) to review the arrangements set up by the Company whereby employees of the Company may raise concerns, in confidence, about possible improprieties in financial reporting, internal controls or others; and to ensure that proper arrangements are in place for the Company to conduct impartial and independent investigation of these matters and for appropriate follow-up action; and
- (X) to develop a reporting policy and system to enable employees and others who have dealings with the Company (such as customers and suppliers) to raise their concerns about any possible impropriety with respect to the Company in confidence with the Audit Committee.

Article 18 The duties of the Audit Committee in coordinating the communication between the management, the internal audit department and related departments and the external audit institution include:

- (I) To ensure that the work of the internal and external audit institutions is coordinated; that the internal audit function is adequately resourced and has appropriate standing within the Company, and that its effectiveness is reviewed and monitored;
- (II) To coordinate the management's communication with the external audit institution on major audit issues;
- (III) To coordinate the communication between the internal audit department and the external audit institution and the cooperation with the external auditing; and
- (IV) To act as the principal representative between the Company and the external auditor and to monitor the relationship between the two parties;

Article 19 The Audit Committee shall report to the Board of Directors and make recommendations on the measures or improvements it deems necessary, and study other topics as defined by the Board of Directors.

Article 20 If the Audit Committee deems it necessary, it may engage an intermediaries to provide professional advice, and the relevant costs shall be borne by the Company.

Article 21 When the Company hires or replaces an external audit institution, the Board of Directors may consider the relevant proposal only after the Audit Committee has formed a deliberation and made a recommendation to the Board of Directors.

Chapter 4 Rules of Procedure

Article 22 Meetings of the Audit Committee are composed of regular meetings and extraordinary meetings, which are convened and presided over by the convener of the Audit Committee. Where the convener cannot or refuses to perform his/her duties, another member who is an Independent Non-executive Director shall be appointed to perform duties on his/her behalf.

Article 23 Regular meetings of the Audit Committee are required to be held at least four times a year and notify all members three days before the meetings.

The Audit Committee may convene extraordinary meetings as required. An extraordinary meeting may be convened when two or more members of the Audit Committee propose it, or when the convener of the Audit Committee deems it necessary.

Article 24 The meetings of Audit Committee shall be held only when attended by more than two thirds of the members.

Article 25 The deliberations put forward by the Audit Committee to the Board of Directors shall be approved by more than half of all the committee members. If no effective deliberation can be formed due to the withdrawal of members of the Audit Committee, the relevant matters shall be directly reviewed by the Board of Directors.

Article 26 The members of the Audit Committee shall be present in person at the meetings and express a clear opinion on the matters under consideration. If a member is unable to attend the meeting in person for any reason, he/she may submit a power of attorney signed by the member to appoint another member to attend and express views on his/her behalf. The power of attorney shall specify the scope and term of authorization. Each member shall be entrusted by no more than one member. If a member who is an Independent Non-executive Director is unable to attend the meeting in person for some reason, he/she shall entrust another member who is an Independent Non-executive Director to attend the meeting on his/her behalf.

Article 27 The Audit Committee may invite representatives of the external audit institution, Supervisors of the Company, internal auditors, financial officers, legal advisors and other relevant persons to attend the meetings of the Committee and provide necessary information when it deems necessary. Such attendees have no voting rights.

Article 28 Minutes of Audit Committee meetings shall be prepared. The meeting minutes shall record in sufficient detail the matters considered and the decisions made at the meeting, including any doubts or objections raised by the members. Members and other persons present at the meetings shall sign the meeting minutes of the Audit Committee. The meeting minutes shall be properly kept by the person or agency responsible for the day-to-day work. Where a member has any comments or dissidence to the minutes, he/she may refuse to sign it, but shall deliver the aforesaid opinion in writing to the Secretary of the Board of Directors within the specified time stated above. If the minutes are proved to contain errors or omissions, the Secretary of the Board of Directors shall revise the minutes, and members of the committee shall sign the revised minutes.

Article 29 The review opinions adopted at the meetings of the Audit Committee shall be submitted in writing to the Board of Directors of the Company.

Article 30 All the persons attending the meetings are under a duty of confidentiality with respect to the proceedings of the meetings and shall not disclose the relevant information without authorization.

Article 31 A member of the Audit Committee who has an interest in the matters to be discussed at the meeting shall recuse himself/herself from the meeting.

Article 32 Voting at the meetings of the Audit Committee shall be conducted by a show of hands or by poll; extraordinary meetings may be held by voting through correspondence.

Article 33 The holding procedures, the voting methods and the resolutions passed at the meetings of the Audit Committee shall comply with the provisions of the relevant laws, regulations, listing rules of the stock exchange where the shares of the Company are listed, Articles of Association and these terms of reference.

Chapter 5 Working Procedures of Annual Reports

Article 34 In preparing, reviewing and disclosing the Company's annual reports, members of the Audit Committee shall earnestly fulfill their responsibilities and obligations and diligently perform their duties.

Article 35 After the end of each accounting year, the person in charge of the Company's finance shall submit a draft timetable for the audit of annual financial reports based on the actual situation of the Company, and submit it to the Audit Committee and the auditor that audits the Company's annual financial reports.

Article 36 The members of the Audit Committee shall contact the Board of Directors and senior management of the Company, and the committee shall meet at least once a year with the Company's auditor on the audit of annual reports. The Audit Committee shall communicate and coordinate with the auditor on the work related to the annual reports, and consult with the auditor to determine the overall arrangement of the annual financial reports.

Article 37 The Audit Committee shall, in consultation with the auditor, determine the schedule for the audit of the annual financial reports. The Audit Committee shall have the right to be informed of the audit progress and problems discovered in the audit, and urge the auditor to submit audit reports within the agreed time limit. The Audit Committee shall record the manner, frequency and results of the urging in written form, which shall be confirmed by the signature of the relevant person in charge.

Article 38 The Audit Committee shall review the annual financial and accounting statements prepared by the Company and form written opinions before the auditor audits the same; shall strengthen the communication with the auditor after the audit, and review the financial and accounting statements once again and form written opinions after the auditor issues preliminary audit opinions. The Audit Committee shall give due consideration to any material or unusual matters reflected or required to be reflected in such reports and accounts, and to any matters raised by any of the accounting and financial reporting staff, the monitoring officers or the auditors of the Company.

Article 39 The Audit Committee shall vote on the annual financial and accounting statements and form a resolution to be submitted to the Board of Directors for review. The Audit Committee shall also submit to the Board of Directors a summary report of the auditor engaged in the audit of the Company for the current year and a proposal for the renewal or reappointment of the accounting firm for the following year.

Article 40 The Company shall not change the auditor during the audit period of annual reports in principle. Where the change is necessary, the Audit Committee shall make an appointment with the current and proposed auditors for a reasonable evaluation on their practice quality, and express its opinions on the basis of judgment on the sufficiency of the Company's reasons for the change. After the resolution of the Board of Directors on the opinions is adopted, the general meeting shall be held to make a resolution, and the proposed auditor shall be notified of attending the meeting where he/she can state his/her opinions. The Company shall fully disclose the resolution of the general meeting and the opinions of the reappointed auditor.

When renewing the appointment of the auditor for the following year, the Audit Committee shall make a comprehensive and objective evaluation of the auditor's completion of the audit of the current year and its practice quality; if positive opinions are formed, the Audit Committee shall submit them to the Board of Directors for approval and convene a general meeting for resolution; if negative opinions are formed, the auditor shall be changed.

When reappointing the auditor for the following year, the Audit Committee shall understand and evaluate the current and proposed auditors by means of meeting and communication, submit opinions to the Board of Directors for resolution, and hold a general meeting for deliberation.

The communication, evaluation opinions and suggestions of the Audit Committee shall be recorded in writing and signed by the members hereof.

Article 41 The financial department of the Company is responsible for coordinating the communication between the Audit Committee and the auditor, to create conditions necessary for the Audit Committee to perform its duties in preparing the annual report.

Chapter 6 Supplementary Provisions

Article 42 Matters not covered in these terms of reference shall follow the related national laws and regulations, the stipulations of the China Securities Regulatory Commission (CSRC), the listing rules of the stock exchange where the shares of the Company are listed and the provisions in the Articles of Association. In case of inconformity, the related national laws and regulations, the stipulations of the China Securities Regulatory Commission (CSRC), the listing rules of the stock exchange where the shares of the Company are listed and the provisions in the Articles of Association shall prevail, and these terms of reference shall be amended in due time.

Article 43 These terms of reference shall be formulated, interpreted and amended by the Board of Directors.

Article 44 After being examined and approved by the Board of Directors, these terms of reference shall come into force as soon as the Company publicly issues overseas listed foreign shares which become listed on the Hong Kong Stock Exchange. As of the effective date of these terms of reference, the former terms of reference of the Audit Committee under the Board of Directors shall automatically become invalid.