Hongxing Coldchain (Hunan) Co., Ltd.

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

CHAPTER I GENERAL PROVISIONS

Article 1 In order to enhance the decision-making function of the Board of Hongxing Coldchain (Hunan) Co., Ltd. (hereinafter referred to as the "**Company**"), perform pre-audit and professional audit, ensure effective supervision over the senior management by the Board and improve the corporate governance structure, the Company has formulated these Terms of Reference in accordance with the Company Law of the People's Republic of China (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 "**Hong Kong Listing Rules**") and the Articles of Association of Hongxing Coldchain (Hunan) Co., Ltd. (hereinafter referred to as the "**Articles of Association**") and other regulations.

Article 2 The Audit Committee of the Board is a dedicated body established by the Board to be primarily responsible for communication, supervision and checking in relation to the internal and external audits of the Company.

The internal audit department established by the Company shall be accountable and report to the Audit Committee.

Article 3 The provisions of the Company Law, the Articles of Association and the Hong Kong Listing Rules in relation to the obligations of the directors shall apply to the members of the Audit Committee.

CHAPTER II COMPOSITION

Article 4 The Audit Committee shall consist of at least three non-executive directors, a majority of whom shall be independent non-executive directors, shall not hold any position in the Company other than that of director and shall not have any relationship with the Company that may affect their independent and objective judgement. Furthermore, at least one of them shall be accounting professional and possess appropriate professional qualifications that meet the requirements under the Hong Kong Listing Rules, or appropriate accounting or related financial management expertise.

Article 5 Members of the Audit Committee shall be nominated by the chairman of the Board, a simple majority of independent non-executive directors or more than one-third of all directors, and shall be elected by the Board. A former partner of the external audit firm which is currently in charge of auditing the accounts of the Company shall not be a member of the Audit Committee of the Company within two years from following dates, whichever is the later: (1) the date on which the former partner ceases to be a partner of the external audit firm; or (2) the date on which the former partner ceases to be entitled to any financial interest in the external audit firm.

Article 6 The Audit Committee shall have a chairperson, who shall act as the convener and be an independent non-executive Director, responsible for leading the work of the Audit Committee. The appointment of the chairperson shall be approved by the Board.

Article 7 The term of office of the Audit Committee shall be the same as the term of a Director. A member may serve consecutive terms if he/she is re-elected upon the expiration of his/her term. During his/her term of office, if any member ceases to be a Director, his/her membership shall cease automatically. The Board shall fill the vacancy in accordance with the provisions set out in Articles 4 to 6 above.

CHAPTER III DUTIES AND AUTHORITIES

Article 8 The main duties and authorities of the Audit Committee include:

(I) to supervise and evaluate the external audit work, propose the appointment, re-appointment and removal or replacement of the external audit firm, approve the remuneration and terms of engagement of the external audit firm, handle any issues related to the resignation or dismissal of the external audit firm, and supervise the practice of the external audit firm; if the Company engages, re-appoints or replaces the external accounting firm, the Audit Committee shall form a review opinion and make a recommendation to the Board before the Board considers the relevant proposal;

(II) to implement and develop the Company's policy on external auditors. The Audit Committee shall report to the Board on any matter where action or improvement is needed and provide recommendations;

(III) to supervise and evaluate the internal audit work, and supervise the formulation and implementation of the Company's internal audit system and accounting policies;

(IV) to review and monitor the external audit firm's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; the Audit Committee shall discuss with the external audit firm the nature and scope of the audit and reporting obligations before the audit commences; in assessing the independence of the external audit firm, all relationships between the Company and the audit firm (including non-audit services) shall be considered, and policies and procedures for maintaining independence shall be obtained from the external audit firm annually to monitor its compliance (including rotation of audit partners and members) and at least annually communicate with the auditor regarding its audit fees, issues identified during the audit and other matters it wishes to communicate in the absence of the management;

(V) to formulate and implement the policy on engaging an external audit firm to provide non-audit services. For the purpose of this Article, an external audit firm includes any firm under the common control, ownership or management of such audit firm, or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the external audit firm nationally or internationally. When evaluating the non-audit services provided by the external audit firm, the Company shall consider the suitability of the external audit firm's qualifications and capabilities, the impact of the services on the external audit firm's independence and objectivity, the content of the services, the fees and the importance to the external audit firm and the remuneration of the relevant individuals. The Audit Committee shall report to the Board on any matter where action or improvement is needed and provide recommendations;

(VI) to act as the main representative between the Company and the external audit firm, be responsible for the communication between the internal audit and the external audit and monitor their relationship, ensure the coordination between the internal audit function and the external audit firm, ensure that the internal audit function is adequately resourced to operate and has appropriate standing within the Company, and review and monitor its effectiveness;

(VII) to review the Company's financial information, the disclosures thereof, financial and accounting policies and practices;

(VIII) to monitor the integrity of the financial statements, annual reports and accounts, interim reports and quarterly reports of the Company (if intended for publication) and review the significant opinions on financial declaration specified on the statements and reports. Prior to the submission of such financial statements and reports to the Board, the Audit Committee shall conduct a review with a particular focus on the following issues: (1) any changes in the accounting policies and practices; (2) major judgmental areas; (3) significant adjustments resulting from audit; (4) the going concern assumptions and any qualifications; (5) compliance with accounting standards; and (6) compliance with the listing rules of the stock exchange and the legal requirements in the place where the shares of the Company are listed in relation to financial reporting;

(IX) regarding item (VIII) above: (1) members of the Audit Committee shall communicate with the Board and the senior management members. The Audit Committee shall meet at least twice a year with the external audit firm of the Company; and (2) the Audit Committee shall consider any significant or unusual items 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 the accounting and financial reporting staff, compliance officers or external audit firm of the Company;

(X) to review the Company's internal control systems; to review and evaluate the Company's financial control, risk management and internal control systems;

(XI) to discuss the risk management and internal control systems with the management to ensure that the management has performed its duty to have effective risk management and internal control systems. This discussion should include the adequacy of resources for accounting and financial reporting functions, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting functions;

(XII) to consider on its own initiative or as delegated by the Board the major investigation findings regarding the risk management and internal control matters and the responses of the management to such investigation findings;

(XIII) to review the management letters issued by the external audit firm to the management and inspect any material queries raised by the audit firm to the management regarding accounting records, financial accounts or control systems and the management's responses;

(XIV) to review the financial and accounting policies and practices of the Group;

(XV) to ensure the Board will provide a timely response to any issues raised in the external auditors' management letters issued to the management by the external auditors;

(XVI) to review and evaluate major connected transactions of the Company; to review the internal system of the Company and organize review on major connected transactions;

(XVII) to review the following arrangements made by the Company that its employees may use, in confidence, to raise concerns about potential improprieties in financial reporting, internal control or other matters. The Audit Committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(XVIII) to develop and review the corporate governance policy and practice of the Company and make recommendations to the Board;

(XIX) to review and monitor the training and continuous professional development of directors and senior management;

(XX) to review and monitor the policies and practices of the Company on compliance with legal and regulatory requirements;

(XXI) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors;

(XXII) to review the Company's compliance with the Corporate Governance Code set out in the Appendix C1 of the Hong Kong Listing Rules and disclosure in the corporate governance report set out in the annual reports; to report to the Board on matters within the terms of reference of the committee, including decisions or recommendations of the committee;

(XXIII) to assume other duties as delegated by the Board of the Company and as required by the laws, administrative regulations, departmental rules, regulatory documents, listing rules of the stock exchange where the shares of the Company are listed, including the authority and duties as stipulated in the relevant provisions of the Corporate Governance Code as set out in the Appendix C1 of the Hong Kong Listing Rules, and other powers conferred by the Articles of Association or the Board, and to study other topics defined by the Board.

Article 9 The Board shall obtain the approval of more than half of all members of the Audit Committee before making resolutions on the following matters:

(I) appointment and dismissal of the accounting firm that provides audit services to the Company;

(II) appointment and dismissal of the chief financial officer;

(III) disclosure of financial accounting reports;

(IV) other matters as prescribed by the securities regulatory authorities of the State Council.

Article 10 The Audit Committee shall be accountable to the Board. After considering the matter(s) as required in Article 8 and 9 of these Terms of Reference, the Audit Committee shall form a meeting resolution and submit the same to the Board of the Company together with relevant proposal for consideration and approval.

Article 11 The Audit Committee shall cooperate with the members of the Board of Supervisors on the audit work.

CHAPTER IV DECISION-MAKING PROCEDURES

Article 12 The internal audit department of the Company shall be responsible for preliminary preparations for decision making of the Audit Committee and providing the following written information of the Company:

(I) relevant financial reports (including monthly financial position and other internal financial position), financial budget and decision and relevant information of the Company;

(II) work reports of internal and external auditors;

(III) external audit contracts and relevant work reports;

(IV) disclosure of financial information by the Company;

(V) audit reports on major connected transactions of the Company;

(VI) other relevant matters.

Article 13 The Audit Committee shall convene meetings to consider the reports submitted by the internal audit department of the Company, and submit relevant resolutions in writing to the Board for consideration with respect to:

(I) evaluation on the performance of, and engagement and replacement of, the external auditors;

(II) the effectiveness of the implementation of the internal audit system of the Company and the completeness and truthfulness of the financial reports of the Company;

(III) the objectiveness and truthfulness of the financial information disclosed publicly by the Company, and the compliance with the relevant laws and regulations or relevant requirements of the stock exchange where the shares of the Company are listed of the major connected transactions of the Company;

(IV) evaluation on the performance of the internal financial department and audit department of the Company, including persons in charge;

(V) any special investigation, litigation, fraud and non-compliance incidents and other events with subject amount accounting for more than 10% of the latest audited net assets of the Company, which shall be reported to the Audit Committee. The Audit Committee shall report the same to the Board as appropriate;

(VI) other relevant matters.

CHAPTER V SYSTEM OF MEETINGS

Article 14 Meetings of the Audit Committee shall be classified as regular meetings and extraordinary meetings. Regular meetings shall be convened at least twice a year and once every six months. Extraordinary meetings shall be convened when proposed by members of the Audit Committee or the internal audit department of the Company.

Notice of a regular meeting of the Audit Committee shall be given to all members five days before the meeting is convened, and notice of an extraordinary meeting shall be given to all members three days before it is convened. Notice of a meeting may be given at any time in case of emergency.

Article 15 A member of the Audit Committee may attend the meeting in person or appoint another member in writing to attend to and exercise voting rights at the meeting on his/her behalf.

If a member of the Audit Committee appoints another member to attend to and exercise voting rights at the meeting on his/her behalf, he/she shall submit a power of attorney to the chairman of the meeting and power of attorney shall specify the scope of the authorization. The power of attorney shall be delivered to the chairman of the meeting no later than a vote is taken at the meeting.

Article 16 If a member of the Audit Committee fails to attend the meeting in person or appoint another member to attend the meeting on his/her behalf, he/she shall be deemed as absent from the relevant meeting.

If a member of the Audit Committee fails to attend meetings for two consecutive times, such member shall be deemed to have failed to perform his/her duties properly, and may be removed from his/her office as member of the committee by the Board.

Article 17 The chairman shall be responsible for convening and presiding over meetings, or where the chairman is unable or fails to perform his/her duties, he/she may appoint another member to perform on his/her behalf. If the chairman fails to perform his/her duties or designate other members to perform on his/her behalf, any of the members may report to the Board, and the Board shall designate a member to perform the duties of the chairman.

Article 18 The quorum of a meeting of the Audit Committee shall be more than two-thirds of the members. Every member shall have one vote. Resolutions made at the meetings shall be passed by a simple majority of the members.

A meeting of the Audit Committee may be convened by way of a written circular signed by all members. Written proposals may be dispatched by fax, courier or by hand or other methods to all committee members. Committee members shall return the original copies to the Company for filing after casting vote on the proposals. A proposal signed by consenting members satisfying the number of votes required hereunder shall become an effective resolution of the committee.

Article 19 At the meetings of the Audit Committee, voting shall be made by a show of hands or by poll; while extraordinary meetings may be convened by means of correspondence voting.

Article 20 The internal audit department of the Company shall hold a meeting with the Audit Committee on a quarterly basis to report on the internal audit work and issues found, and shall submit an internal audit report to the Audit Committee at least once a year. The person-in-charge of the internal audit department of the Company shall attend the meetings of the Audit Committee. The Audit Committee may, if necessary, invite other directors, supervisors, senior management and other relevant personnel of the Company to attend the meetings, lead a briefing or express opinion provided that non-members of the Audit Committee shall have no right to vote on resolutions.

Article 21 The Audit Committee may engage intermediaries to provide professional advice for its decision-making where necessary at the expense of the Company.

Article 22 Procedures for convening and voting methods of meetings of the Audit Committee as well as resolutions passed thereat shall be in compliance with requirements of the relevant laws, administrative regulations, departmental rules, regulatory documents, listing rules of the stock exchange where the shares of the Company are listed, the Articles of Association and these Terms of Reference.

Article 23 The Audit Committee shall keep meeting minutes, which shall record the matters considered and resolutions passed at the meetings in detail, including any doubts or objections raised by members, and shall be circulated to every member for review and confirmation. The meeting minutes shall be signed by the members attending the meetings and the minute taker. Committee members attending the meeting shall have the right to request inclusion of explanations in the minutes regarding the views they have expressed at the meeting. If any member has any comment on or objection to the minutes of the meeting, he/she may refuse to sign them, but he/she shall send his/her written opinion to the secretary to the Board within the time specified above. If there is an error or omission in the records, the secretary to the Board shall make amendments, and the members shall sign on the revised minutes.

The minutes of the Audit Committee meetings shall be kept by the secretary to the Board as archives of the Company for ten years during the existence of the Company.

Article 24 Proposals adopted at meetings of the Audit Committee and the results of voting thereon shall be reported in writing to the board of directors of the Company.

The Audit Committee shall, based on the internal audit report and relevant information submitted by the internal audit department, issue a written assessment opinion on the effectiveness of the internal control of the Company and report the same to the board of directors. Where the board of directors disagrees with the opinions of the Audit Committee on selection, appointment, resignation or dismissal of an external auditor, the Company shall include in the corporate governance report an explanatory statement of the Audit Committee on its recommendations and the reasons for the disagreement of the board of directors.

Article 25 Members present and attendees at meetings shall be obliged to keep all matters discussed at the meetings confidential and shall not disclose the relevant information without authorization.

Article 26 The chairman of the Audit Committee, or in his/her absence, another member or his/her authorized representative, shall, if invited by the chairman of the board of directors, attend the annual general meeting of the Company on behalf of the Audit Committee and answer questions raised at the meeting.

Article 27 The Audit Committee shall publish its terms of reference on the website of the Stock Exchange of Hong Kong Limited and the website of the Company to explain its role and the authority delegated by the board of directors.

Article 28 The Audit Committee shall be provided with sufficient resources to perform its duties. The senior management of the Company shall provide support to the work of the Audit Committee and, the Audit Committee may engage intermediaries to provide independent professional advice for its decision-making where necessary and reasonable expenses incurred shall be borne by the Company.

CHAPTER VI ABSTENTION FROM VOTING

Article 29 When a member of the Audit Committee has an interest of conflict, directly or indirectly, in respect of any matter discussed at the meeting, such member shall abstain from voting on the relevant proposals.

Where the number of members attending the meeting is less than the quorum specified in these Terms of Reference after the interested members abstain from voting, all members (including the interested members) shall resolve on procedural issues including submitting the proposal to the board of directors for consideration. Such proposal shall be considered by the board of directors.

CHAPTER VII SUPPLEMENTARY PROVISIONS

Article 30 These Terms of Reference and any amendments hereto have been considered and approved by the board of directors and shall take effect from the date of the initial public offering of H Shares of the Company and its listing on The Stock Exchange of Hong Kong Limited.

Article 31 Matters not covered in these Terms of Reference shall be implemented in accordance with the provisions of the relevant laws and regulations of the PRC, the listing rules of the stock exchange of the place where the shares of the Company are listed and the Articles of Association. In case of any conflict between these Terms of Reference and laws and regulations promulgated by the PRC from time to time, the listing rules of the stock exchange of the place where the shares of the Company are listed or the Articles of Association as legally amended, the relevant laws and regulations of the PRC, the listing rules of the stock exchange of the place where the shares of the Company are listed and the Articles of Association shall prevail and these Terms of Reference shall be amended timely and submitted to the board of directors for deliberation and approval.

Article 32 The rights of interpretation of these Terms of Reference shall be vested in the board of directors of the Company.

Hongxing Coldchain (Hunan) Co., Ltd.
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