Shandong Extreme Vision Technology Co., Ltd.*
Terms of Reference for the Audit Committee of the Board of Directors

Chapter 1 General Provisions

Article 1 In order to improve the corporate governance structure of Shandong Extreme Vision Technology Co., Ltd.* (the "**Company**"), the board of directors of the Company (the "**Board**") established the audit committee (the "**Audit Committee**"), a special committee under the Board, 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 "**Listing Rules of the Hong Kong Stock Exchange**"), the articles of association of Shandong Extreme Vision Technology Co., Ltd.* (the "**Articles of Association**") and other relevant regulations.

Article 2 The Audit Committee is a special body set up by the Board in accordance with the Articles of Association and is mainly responsible for the communication, supervision and inspection of the Company's internal and external audits, evaluation and improvement of the Company's internal control system, financial reporting, risk management and risk assessment of the Company's major investment projects in operation. The Audit Committee of the Board shall report to the Board on its work.

Chapter 2 Composition

Article 3 The Audit Committee shall consist of at least three directors. All of the directors should be non-executive directors, and at least one of the directors should be an independent non-executive director with appropriate professional qualifications recognized by the Listing Rules of the Hong Kong Stock Exchange or appropriate accounting or related financial management expertise. A former partner of an auditing firm which currently serves as the Company's auditor shall not serve as a member of the Audit Committee of the Company within two years commencing from the following dates (whichever is later): (a) the date when he/she ceases to be a partner of that firm; or (b) the date when he/she ceases to have any financial interest in that firm.

Article 4 Members of the Audit Committee shall be nominated by the chairman of the Board, more than half of the independent non-executive directors or one-third of all directors, and shall be elected by the Board.

* *For identification purpose only*

Article 5 The Audit Committee shall have one chairperson (the convener), who shall be an independent non-executive director (professional accountant) and is responsible for convening committee meetings and presiding over the work of the Audit Committee. The chairperson shall be elected from the committee, subject to the approval of the Board.

Article 6 The term of office of the members of the Audit Committee shall be identical to their term of office on the Board, which is three years. Upon expiry of a term, a member may serve consecutive terms if re-elected. If any member resigns from the position of director of the Company, or any member who shall be an independent non-executive director ceases to have the independence as set out in the relevant laws, regulations, the Articles of Association and the Listing Rules of the Hong Kong Stock Exchange during his/her term of office, he/she shall automatically lose his/her position as committee member, and the vacancy shall be filled by the Board in accordance with Article 3 to 5 above. The Board shall immediately inform the Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"), and according to the requirements of the Listing Rules of the Hong Kong Stock Exchange, immediately state relevant details and reasons by announcement, and make adjustments or fill the vacancy according to Article 3 to Article 5 of these terms of reference within three months from the date when the number of members of the Audit Committee is less than the required minimum number. The term of office for the member filling the vacancy shall expire upon the expiration of his/her term of office as a director. A member of the Audit Committee shall not, before the expiry of his/her term of office, be relieved of his/her duties without causes except for the situations that prevent such member from holding office as specified in the relevant laws, regulations, the Articles of Association or the Listing Rules of the Hong Kong Stock Exchange.

Article 7 The Audit Committee shall establish an audit working unit which is a daily operation institution responsible for daily work liaison, conference organization, etc. The members of the audit working unit are selected by the Audit Committee.

Chapter 3 Duties and Authorities

Article 8 The Audit Committee shall disclose its terms of reference on the websites of the Hong Kong Stock Exchange and the Company, explaining its role and the power delegated by the Board. The Audit Committee should be provided with sufficient resources by the Company to discharge its duties. The duties of the Audit Committee include:

(I) supervising and evaluating the work of the external auditors;

(II) giving guidance to the internal audit work of the Company;

(III) overseeing and providing advice on the financial reports of the Company;

(IV) evaluating the effectiveness of internal control;

(V) coordinating among the management team, internal audit department and related departments and the external auditors;

(VI) handling other matters required by the relevant laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association and assigned by the Board and other matters prescribed in the relevant laws and regulations.

The Audit Committee shall report to the Board on any matters where action or improvement it deems necessary and make corresponding recommendations.

Article 9 The Audit Committee shall supervise and evaluate the work of the external auditors and shall perform the following duties:

(I) reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, particularly the influence of non-audit services provided by an external auditor on its independence. The Audit Committee shall discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

(II) mainly responsible for providing suggestions on the appointment, re-appointment and dismissal of an external auditor to the Board, approving the audit fee payable to an external auditor and the terms of engagement of an external auditor and handling any questions concerning the resignation or dismissal of an external auditor; where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Company should include in its corporate governance report a statement from the Audit Committee explaining its recommendation and also the reason(s) why the Board has taken a different view;

(III) formulating, developing and implementing policies on the provision of non-audit services by external auditors. For the purpose of this provision, an "external auditor" shall include any entity under common control, ownership, or management with the company responsible for the audit or a third party with reasonable knowledge of all relevant information, which is reasonably deemed as a part of the domestic or international operations of the company responsible for the audit. The Audit Committee shall report to the Board and make recommendations on any matters requiring action or improvement;

(IV) discussing and communicating with the external auditor about the audit scope, audit plan, audit methods and major findings in the audit;

(V) monitoring and assessing the diligence of the external auditors.

The Audit Committee shall hold at least one separate communication meeting each year with the external auditor without management present. The secretary to the Board may attend the meeting.

Article 10 The Audit Committee shall give guidance to the internal audit work and shall perform the following duties:

(I) reviewing the annual internal audit work plan of the Company;

(II) procuring the implementation of the Company's internal audit plan;

(III) reviewing the internal audit work reports, evaluating the results of the internal audit work, and procuring the rectification of major problems;

(IV) directing the effective operation of the internal audit department.

The internal audit department of the Company must report its work to the Audit Committee, and the various audit reports, the rectification plan and rectification of audit problems submitted by the internal audit department to the management shall be submitted to the Audit Committee concurrently.

Article 11 The responsibility of the Audit Committee to review the financial reports of the Company and to express its opinions shall include the following aspects:

(I) monitoring the integrity of the Company's financial statements and annual reports and accounts, half-year reports and quarterly reports, if prepared for publication, and reviewing significant financial reporting judgements contained therein. In reviewing these statements and reports before submission to the Board, the committee should focus particularly on:

  (i) any changes in accounting policies and practices;

  (ii) major judgmental areas;

  (iii) significant adjustments resulting from audit;

  (iv) the going concern assumptions and any qualifications;

  (v) compliance with accounting standards; and

  (vi) compliance with the Listing Rules of the Hong Kong Stock Exchange and legal requirements in relation to financial reporting;

(II) With regard to (I) above:

(i) members of the committee shall liaise with the Board and senior management. The committee shall hold at least two meetings with the external auditors of the Company each year; and

(ii) the committee shall consider any material or unusual matters that are disclosed, or required to be disclosed in such reports and accounts and shall give due consideration to any matters raised by the staff responsible for the accounting and financial reporting functions, compliance officer or auditors of the Company.

(III) reviewing the financial reports of the Company and making comments to the truthfulness, completeness and accuracy of such reports;

(IV) focusing on material accounting and auditing issues contained in the financial reports of the Company, including adjustments to material accounting errors, changes in significant accounting policies and estimates, matters involving important accounting judgements and matters resulting in non-standard unqualified audit reports;

(V) specifically identifying the possibility of fraud, corruption and material misstatement in relation to the financial reports;

(VI) supervising the rectification of the issues in financial reports.

Article 12 The Audit Committee shall monitor the effectiveness of the Company's financial reporting system, risk management and internal control and shall perform the following duties:

(I) reviewing the Company's financial control, reviewing the Company's risk management and internal control systems, and assessing the appropriateness of the Company's design of internal control system;

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

(III) considering major investigation findings on risk management and internal control matters on its own initiative or as delegated by the Board and management's response to these findings;

(IV) ensuring coordination between the internal and external auditors, and also ensuring the internal audit function is adequately resourced and has appropriate standing within the Company, and reviewing and monitoring the effectiveness of the internal audit function;

(V) reviewing the financial and accounting policies and practices of the Group;

(VI) reviewing the external auditors' management letter to the management, any material queries raised by the auditors to the management in respect of the accounting records, financial accounts or system of control and the management's response;

(VII) ensuring prompt response by the Board to the issues raised by the external auditors in the external auditors' management letter to the management;

(VIII) reporting to the Board on the matters specified in provision D3.3 of Part 2 of the Corporate Governance Code under Appendix C1 to the Listing Rules of the Hong Kong Stock Exchange;

(IX) reviewing the internal control self-evaluation reports;

(X) reviewing the internal control audit reports issued by the external auditor, and communicating with the external auditor about the discovered issues and improvement methods;

(XI) evaluating the results of internal control evaluation and audit, and supervising the rectification of internal control defects;

(XII) developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board;

(XIII) reviewing and monitoring the training and continuous professional development of directors and senior management;

(XIV) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

(XV) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors;

(XVI) reviewing the Company's compliance with the Corporate Governance Code under Appendix C1 to the Listing Rules of the Hong Kong Stock Exchange and disclosure in the corporate governance report set out in the annual report; and

(XVII) considering other topics defined by the Board.

Article 13 The Audit Committee shall coordinate communications between the management, internal audit department and relevant departments, and the external auditors and shall perform the following duties:

(I) coordinating communications between the management and the external auditors on material audit matters;

(II) coordinating communications between the internal audit department and the external auditors and accommodation provided by the internal audit department for the external audit, acting as the key representative between the Company and the external auditors and overseeing their relationship.

Article 14 The Audit Committee shall review the arrangements of the Company which the employees may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee shall ensure that proper arrangements are in place for a fair and independent investigation of such matters and for appropriate follow-up actions.

Article 15 The Audit Committee shall be accountable to the Board and proposals of the Audit Committee shall be submitted to the Board for its consideration and decision. The Audit Committee shall cooperate with the supervisory committee in audit activities.

Chapter 4 Rules of Procedures

Article 16 Meetings of the Audit Committee are classified as regular meetings and extraordinary meetings, which shall be convened and presided over by the convener of the committee. When the convenor of the Audit Committee is unable or refuses to perform his/her duties, he/she shall designate a member who shall be an independent non-executive director to perform his/her duties on his/her behalf; when the convenor neither performs his/her duties nor designates another member who shall be an independent non-executive director to perform his/her duties on his/her behalf, the member jointly elected by more than half of the committee members shall convene and preside over such meeting.

The Audit Committee shall hold at least four regular meetings per year and once per quarter.

The Audit Committee shall convene extraordinary meetings based on actual needs. An extraordinary meeting may be convened upon the proposal of more than two of the committee members or when the convener of the Audit Committee deems necessary.

Article 17 To hold an Audit Committee meeting, the notice of the time and venue of the meeting and the matters to be considered thereat shall be sent to all committee members three days before the meeting is held.

Article 18 An Audit Committee meeting shall not be held unless there is a quorum of more than two-thirds of the members. Each member has one vote, and the resolutions made at the meeting shall be approved by a majority of all members.

Article 19 Members of the Audit Committee shall attend the meetings in person and express clear opinions 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 himself/herself to authorize another member to attend the meeting and express opinions on his/her behalf. The power of attorney shall specify the scope and duration of the authorization. A committee member shall be the proxy of at most one another member. If a member who shall be an independent non-executive director is unable to attend the meeting in person for any reason, he/she shall appoint another member who shall be an independent non-executive director to attend the meeting on his/her behalf.

Article 20 Votes at the Audit Committee meetings shall be made by a show of hands or by poll. Audit Committee meetings may be convened by voting by communications.

Article 21 The Audit Committee may, if it deems necessary, invite representatives of the external auditor, supervisors of the Company, internal auditors, financial officers, legal advisors, and other relevant personnel to attend the committee meeting and provide necessary information.

Article 22 If necessary, the Audit Committee may engage an intermediary institution for a professional opinion in making decisions. The cost shall be borne by the Company.

Article 23 Where an agenda item relating to a member is to be discussed at the Audit Committee meeting, such related member shall abstain from the meeting in respect thereof. The said Audit Committee meeting may be held by more than one-half of the unrelated members attending the meeting and resolutions proposed shall be passed by more than one-half of the unrelated members. Where the number of unrelated members attending the meeting falls below one-half of the total number of unrelated members of the Audit Committee, such matter shall be submitted to the Board for consideration.

Article 24 The procedures for convening a meeting, method of voting and passing of resolutions at an Audit Committee meeting shall conform with the relevant laws, regulations, the Articles of Association, the Listing Rules of the Hong Kong Stock Exchange and these terms of reference.

Article 25 The Audit Committee shall keep meeting minutes. Members present at a meeting shall sign the minutes which shall be kept by the secretary of the Board.

Article 26 Any proposals passed and poll results taken at an Audit Committee meeting shall be reported to the Board in writing.

Article 27 Members and relevant persons present at an Audit Committee meeting shall be obliged to keep confidential all matters discussed, and shall not disclose any relevant information to any person without authorization unless it is considered and approved by the shareholders' general meeting or the Board and disclosed to the public, except for statutory reasons or by mandatory order of a competent authority.

Chapter 5 Supplemental Provisions

Article 28 These terms of reference have been approved by the Board upon consideration and shall become effective from the date on which the H shares of the Company are listed on the Hong Kong Stock Exchange.

Article 29 In these terms of reference, the meaning of "more than" includes the underlying number.

Article 30 Any matters not covered by these terms of reference shall be handled in accordance with the relevant laws, regulations, normative documents and relevant provisions of the securities regulatory rules of the place where the Company's shares are listed and based on the actual situation of the Company. Where these terms of reference are inconsistent with the relevant laws, regulations, normative documents and relevant provisions of the securities regulatory rules of the place where the Company's shares are listed, the relevant laws, regulations, normative documents and relevant provisions of the securities regulatory rules of the place where the Company's shares are listed shall prevail.

Article 31 The right to interpret the terms of reference shall reside with the Board.

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