

Anker Innovations Technology Co., Ltd.

Terms of Reference of the Audit Committee

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Chapter 1 General Provisions

Article 1 To strengthen the decision-making function of the Board of Directors of Anker Innovations Technology Co., Ltd. (hereinafter referred to as “the Company”), enhance the effective supervision by the Company’s Board of Directors over the management, and improve the corporate governance structure, the Company has established an Audit Committee (hereinafter referred to as “the Committee”) under the Board of Directors (the Board) with 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 Code of Corporate Governance for Listed Companies, the Measures for the Administration of Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》) (hereinafter referred to as the “Measures for the Administration of Independent Directors”), the Rules Governing the Listing of Stocks on the ChiNext Market of Shenzhen Stock Exchange (《深圳證券交易所創業板股票上市規則》) (hereinafter referred to as the “ChiNext Listing Rules”), the Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 2 – Standardized Operation of ChiNext-Listed Companies (《深圳證券交易所上市公司自律監管指引第 2 號——創業板上市公司規範運作》) (hereinafter referred to as the “Standardized Operation Guidelines”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”), Appendix C1 to the Hong Kong Listing Rules (hereinafter referred to as the “Corporate Governance Code”), the Articles of Association of Anker Innovations Technology Co., Ltd. (hereinafter referred to as the “Articles of Association”), and other relevant laws, administrative regulations, and regulatory documents.

Article 2 The Audit Committee is a specialized committee established under the Board pursuant to a resolution of the shareholders’ meeting. It is primarily responsible for supervising, reviewing and evaluating the Company’s internal control, financial information and internal audit, and shall exercise the powers and functions of the Board of Supervisors as prescribed under the Company Law. The Audit Committee shall be accountable to the Board and shall report its work to the Board.

Article 3 Members of the Audit Committee shall devote sufficient time and effort to performing their duties under the Committee, discharge their responsibilities with diligence, effectively supervise the Company’s external audit, guide the Company’s internal audit work, promote the establishment of effective internal controls, and ensure the provision of truthful, accurate and complete financial reports.

Article 4 The Company shall provide the Audit Committee with the necessary working conditions and designate dedicated personnel or departments to undertake the Committee’s routine work, including work liaison, meeting organization, preparation of materials and records management. When the Audit Committee performs its duties, the Company’s management and relevant departments shall provide cooperation and support. Where the Audit Committee identifies any abnormality in the Company’s operations, it may conduct investigations. Where necessary, it may engage intermediary institutions to assist in its work, and the related expenses shall be borne by the Company.

Article 5 These Terms of Reference shall apply to the Committee and the relevant personnel and departments mentioned herein.

Chapter 2 Composition

Article 6 Members of the Audit Committee shall be nominated by the chairman of the Board, more than one-half of the independent directors, or one-third of all directors, and shall be elected by the Board.

Article 7 The Audit Committee shall comprise at least three directors who do not hold senior management positions in the Company. All members shall be non-executive directors, and independent directors (also referred to as “independent non-executive directors”, the same below) shall constitute a majority of the Committee. At least one independent director on the Audit Committee shall possess the appropriate professional qualifications or accounting or related financial management expertise as required under the Hong Kong Listing Rules. In principle, members of the Audit Committee shall be independent from the Company’s day-to-day management and operations. All members of the Audit Committee shall possess the professional knowledge and business experience necessary to perform their duties on the Committee.

Article 8 A partner of the Company’s existing external auditor shall not serve as a member of the Audit Committee within two years from the later of the date on which such person ceases to be a partner of that existing external auditor; or the date on which such person ceases to have any financial interest in that existing external auditor.

Article 9 The chairperson (convener) and members of the Audit Committee shall be appointed and removed by the Board in accordance with the procedures prescribed by laws, regulations, and the Articles of Association.

Article 10 The Audit Committee shall have one chairperson, who shall be an independent director and shall be responsible for convening and presiding over the work of the Audit Committee. The chairperson of the Audit Committee shall be an accounting professional.

Article 11 The Company shall arrange relevant training for members of the Audit Committee to enable them to acquire in a timely manner the professional knowledge of laws, accounting and regulatory requirements applicable to listed companies that is necessary for the performance of their duties.

Article 12 The Board of the Company shall regularly assess the independence and performance of duties of members of the Audit Committee and may replace any member who is no longer suitable to continue serving on the Committee where necessary.

Article 13 The term of office of the members of the Audit Committee shall be the same as that of the directors. A member of the Committee may serve consecutive terms if re-elected upon the expiry of his/her term of office. Where, during the term of office, a member of the Committee ceases to hold the position as a director of the Company or becomes no longer suitable to serve as a member (for example, where a member who is required to be an independent director no longer satisfies the independence requirements under the Hong Kong Listing Rules), such member shall automatically lose the membership of the Committee. A member of the Committee may tender a resignation to the Board before the expiration of his/her term of office, and the resignation report shall contain a necessary explanation of the reasons for resignation and any matters that require the attention of the Board. Upon proposal by the chairman of the Board and discussion and approval by the Board, adjustments may be made to the members of the Committee during their terms of office. When the number of members of the Committee falls below the number required under these Terms of Reference, the Board shall fill the vacancy in accordance with the provisions of these Terms of Reference. The term of office of any member appointed to fill the vacancy shall last until the expiration of the member's term as a director. If the Company fails at any time to comply with any requirement of the Hong Kong Listing Rules relating to the Audit Committee, it shall promptly publish an announcement setting out the relevant details and reasons, and the Board shall, in accordance with these Terms of Reference, use its reasonable endeavours to remedy such non-compliance in a timely manner (and in any event within three months of such non-compliance).

Chapter 3 Duties and Authorities

Article 14 The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audit work and internal controls. The principal duties of the Audit Committee shall include:

- (I) Relationship with the Company's external auditor, including:
1. making recommendations to the Board regarding the appointment, reappointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and handling any issues relating to the resignation or dismissal of the external auditor;
 2. reviewing and monitoring the external auditor's independence, objectivity and the effectiveness of the audit process in accordance with applicable standards; the Audit Committee shall discuss with the auditor the nature and scope of the audit and the related reporting responsibilities before the commencement of the audit;
 3. formulating and implementing policies on the provision of non-audit services by the external auditor. For the purpose of this provision, "external auditor" includes any entity that is under common control, ownership or management with the auditor responsible for the audit, or any entity that a reasonable and informed third party, having knowledge of all relevant information, would reasonably conclude to be part of the domestic or international business of the auditor responsible for the audit. The Audit Committee shall report to the Board on any matters requiring action or improvement and make recommendations thereon;

- (II) Guiding and supervising the Company's internal audit system and its implementation;
- (III) Serving as the principal representative between the Company and the external auditor and being responsible for communication between internal and external audit functions;
- (IV) Reviewing the Company's financial information and its disclosure, including: monitoring the integrity of the Company's financial statements and annual reports and accounts, half-year reports and, where proposed for publication, quarterly reports, and reviewing significant financial reporting judgments contained therein. Before submitting such statements and reports to the Board, the Audit Committee shall, in particular, review:
 - 1. any changes in accounting policies and practices;
 - 2. areas involving significant judgment;
 - 3. significant adjustments resulting from the audit;
 - 4. the going concern assumption and any qualifications;
 - 5. compliance with accounting standards; and
 - 6. compliance with the Hong Kong Listing Rules and legal requirements relating to financial reporting;
- (V) In relation to item (IV) above:
 - 1. members of the Audit Committee shall maintain communication with the Board and senior management members. The Audit Committee shall meet with the Company's auditor at least twice a year; and
 - 2. the Audit Committee shall consider any significant or unusual matters reflected or required to be reflected in such reports and accounts and shall give due consideration to any matters raised by the Company's accounting and financial reporting staff, compliance officer or auditor;
- (VI) Overseeing the Company's financial reporting system, risk management and internal control systems, including:
 - 1. reviewing the Company's financial controls and, unless expressly addressed by a separate risk committee under the Board or by the Board itself, reviewing the Company's risk management and internal control systems;
 - 2. discussing the risk management and internal control systems with management to ensure that management has performed its duties in establishing effective systems. Such discussions shall include whether the Company has adequate resources, staff qualifications and experience in its accounting and financial reporting functions, and whether the training programmes and budget for such staff are sufficient;

3. considering, either on its own initiative or as delegated by the Board, major investigation findings relating to risk management and internal control matters and management's response to such findings;
4. being responsible for communication between internal and external audit functions; ensuring the coordination of the work of internal and external auditors; ensuring that the internal audit function has adequate resources and appropriate standing within the Company; guiding and supervising the Company's internal audit system and its implementation; and reviewing and monitoring its effectiveness;
5. reviewing the Group's financial and accounting policies and practices;
6. reviewing the external auditor's management letter and any material queries raised by the auditor to management concerning accounting records, financial accounts or control systems, together with management's responses;
7. ensuring that the Board provides a timely response to matters raised in the external auditor's management letter;
8. reviewing the arrangements established by the Company whereby employees may, in confidence, raise concerns about possible improprieties in financial reporting, risk management, internal control or other matters. The Audit Committee shall ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action;
9. reporting to the Board on matters relating to the code provisions under the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules; and
10. considering other topics as defined by the Board;

(VII) Performing the Company's corporate governance functions:

1. developing and reviewing the Company's corporate governance policies and practices and making recommendations to the Board;
2. reviewing and monitoring the training and continuous professional development of directors and senior management members;
3. reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
4. developing, reviewing and monitoring the codes of conduct and compliance manuals (if any) applicable to employees and directors; and
5. reviewing the Company's compliance with the code provisions of the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules and the disclosures in the Corporate Governance Report;

- (VIII) Reporting its decisions or recommendations to the Board, unless precluded from doing so by legal or regulatory restrictions;
- (IX) Other matters prescribed by laws, administrative regulations, relevant provisions of the CSRC, securities regulatory rules of the place where the Company's shares are listed, the Articles of Association, and other matters authorized or delegated by the Board.

Article 15 The Audit Committee of the Board shall be responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audit work and internal controls. The following matters shall be submitted to the Board for consideration after being approved by more than one-half of all members of the Audit Committee:

- (I) disclosure of financial information contained in financial accounting reports and periodic reports, and internal control evaluation reports;
- (II) the appointment or dismissal of the accounting firm undertaking the Company's audit services;
- (III) the appointment or dismissal of the person in charge of the Company's finance function;
- (IV) changes in accounting policies, changes in accounting estimates, or corrections of material accounting errors for reasons other than changes in accounting standards;
- (V) other matters prescribed by laws and regulations, relevant rules of the stock exchange, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

Article 16 The Audit Committee shall report to the Board on any matters that it considers require action or improvement and shall make recommendations thereon.

Article 17 Where the Audit Committee considers it necessary, it may engage intermediary institutions to provide independent professional advice, and the related expenses shall be borne by the Company.

Article 18 The main duties and authorities of the chairperson of the Audit Committee include:

- (I) to convene and preside over meetings of the Committee, and to sign and issue meeting resolutions;
- (II) to propose the convening of extraordinary meetings;
- (III) to lead the Committee and ensure its effective operation and performance of its duties;
- (IV) to ensure that the Committee reaches a clear and definitive conclusion on each matter discussed, with such conclusion including: approval, rejection, or referral back for further deliberation with additional materials;

- (V) to determine the agenda for each meeting of the Committee;
- (VI) to ensure that all members of the Committee understand the matters discussed at the meeting of the Committee, and to ensure that each member receives complete and reliable information.

Article 19 The main duties and authorities of the members of the Committee include:

- (I) to attend meetings of the Committee on time, express opinions on matters discussed at the meetings, and exercise corresponding voting rights;
- (II) to propose agenda items for discussion at the meetings of the Committee;
- (III) to attend relevant meetings of the Company as non-voting participants or visitors, conduct surveys and researches and obtain relevant information such as necessary reports, documents and materials for the purpose of discharging their duties;
- (IV) to fully understand the duties of the Committee and their own duties as members of the Committee, and to familiarize themselves with the Company's management and operational status, business activities, and developments relevant to their duties, so as to ensure their ability to perform their duties;
- (V) to fully devote sufficient working time and energy to the performance of their duties.

Article 20 The Audit Committee shall, in accordance with the law, examine the Company's financial affairs and supervise the compliance by directors and senior management members with laws and regulations, the Standardized Operation Guidelines, other requirements of the Shenzhen Stock Exchange, securities regulatory rules of the place where the Company's shares are listed, the Articles of Association, and the performance of their duties for the Company. The Audit Committee may require directors and senior management members to submit reports on the performance of their duties. Directors and senior management members shall truthfully provide relevant information and materials to the Audit Committee and shall not obstruct the Audit Committee in the exercise of its powers.

Where the Audit Committee discovers that any director or senior management member has violated laws and regulations, relevant requirements of the Shenzhen Stock Exchange, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association, it shall report such matter to the Board or the shareholders' meeting and make timely disclosure, and may also report directly to the regulatory authorities.

Any expenses necessary for the Audit Committee to exercise its powers shall be borne by the Company.

Article 21 The Audit Committee shall review the Company's financial and accounting reports and provide opinions on their truthfulness, accuracy and completeness. It shall focus on major accounting and audit issues in the Company's financial and accounting reports, with particular attention to the possibility of fraud, misconduct and material misstatements relating to such reports, and shall supervise the rectification of issues identified in the financial and accounting reports.

When making recommendations to the Board regarding the appointment or replacement of the external auditor, and when reviewing the audit fees and engagement contract of the external auditor, the Audit Committee shall not be subject to any improper influence from the Company's substantial shareholders, de facto controller, directors or senior management members.

The Audit Committee shall urge the external auditor to act with integrity, diligence and due care, strictly comply with professional rules and industry self-regulatory standards, rigorously implement internal control systems, verify and validate the Company's financial and accounting reports, perform its duty of special care, and prudently issue professional opinions.

Article 22 Where any director or senior management member of the Company discovers that the financial and accounting reports disclosed by the Company contain any false record, misleading statement or material omission and reports the matter to the Audit Committee and the Board, or where the sponsor, independent financial adviser or external auditor identifies to the Audit Committee and the Board any false record, misleading statement or material omission in the Company's financial and accounting reports, the Board shall promptly report the matter to the Shenzhen Stock Exchange and make disclosure accordingly.

Where the Company discloses relevant information pursuant to the preceding paragraph, it shall disclose in the announcement the material issues existing in the financial and accounting reports, the consequences that have arisen or may arise therefrom, and the measures that have been taken or are proposed to be taken.

The Audit Committee shall urge the relevant responsible departments of the Company to formulate rectification measures and implementation timetables, conduct follow-up reviews, supervise the implementation of such rectification measures, and promptly disclose the completion status of the rectification.

Article 23 In the course of performing its supervisory duties, where any director or senior management member violates laws and regulations, the Listing Rules, the Standardized Operation Guidelines, other relevant requirements of the Shenzhen Stock Exchange, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association or resolutions of the shareholders' meeting, the Audit Committee may propose his/her removal.

Article 24 The Company shall disclose in its annual report the annual performance of duties of the Audit Committee, including, among other things, the specific circumstances of its performance of duties and the convening of meetings of the Audit Committee.

Where the Audit Committee submits its opinions on matters within its scope of duties to the Board and such opinions are not adopted by the Board, the Company shall disclose the relevant matter and provide a full explanation of the reasons.

Article 25 The Audit Committee shall be accountable to the Board; its proposals shall be submitted to the Board for consideration and decision. The Committee shall provide all research and discussion details, materials and information to the Board in the form of reports, recommendations and summaries, for the Board's study and decision-making.

Chapter 4 Rules of Procedure

Article 26 Meetings of the Audit Committee shall consist of regular meetings and extraordinary meetings.

Meetings shall be convened and presided over by the convener of the Audit Committee. Where the convener of the Audit Committee is unable or refuses to perform his/her duties, he/she shall designate an independent director member to perform such duties on his/her behalf.

Article 27 The Audit Committee shall convene at least one regular meeting each quarter. Extraordinary meetings may be convened as necessary. An extraordinary meeting may be convened upon the proposal of two or more Audit Committee members or where the convener of the Audit Committee considers it necessary.

The Board Office of the Company shall notify all members of the Committee three days prior to the holding of a meeting. The aforementioned notice period may be waived with the unanimous consent of all members. Notice of a meeting shall be deemed to have been served to any member of the Committee who has attended the meeting and has not raised an objection regarding the non-receipt of the meeting notice either prior to or at the time of arriving at the meeting.

Article 28 The meeting notice shall include: the venue and time of the meeting, the duration of the meeting, the agenda and matters to be discussed, and the date of issuance of the notice. The meeting notice may be given by personal delivery, fax, email, or registered mail.

Article 29 Meetings may be held in the form of physical meetings or communication meetings. Communication meetings include telephone conferences, video conferences, and meetings by way of written resolutions.

Article 30 A meeting of the Audit Committee shall not be held unless attended by more than two-thirds of the members (including members who have authorized other members in writing to attend the meeting on their behalf). Each member shall have one vote. A resolution of the Audit Committee shall be passed by more than one-half of all members of the Audit Committee. Where a valid review opinion cannot be formed due to the recusal of Audit Committee members, the relevant matter shall be considered directly by the Board.

Article 31 The voting at a meeting of the Audit Committee shall be conducted by a show of hands or by such other voting method as determined by the chairperson.

Article 32 Where deemed necessary by the Audit Committee, directors of the Company, relevant senior management members, representatives of the external auditor, internal auditors, finance personnel, legal advisers and other relevant persons may be invited to attend Committee meetings and provide necessary information.

Article 33 If necessary, the Audit Committee may engage intermediaries to provide professional opinions for its decision-making. The reasonable expenses incurred thereby shall be borne by the Company.

Article 34 The convening procedures and voting methods of, and resolutions adopted at the meetings of the Audit Committee must comply with relevant laws, regulations, securities regulatory rules of the place where the Company's shares are listed, the Articles of Association, the Measures for the Administration of Independent Directors, and these Terms of Reference.

Article 35 Minutes shall be kept for meetings of the Audit Committee. The minutes shall be prepared by the Board Office and shall include the following:

- (I) the convening method, date, venue and name of the presider of the meeting;
- (II) the attendance in person and by proxy as well as absences;
- (III) the topics of the meeting;
- (IV) the deliberation and voting results of the meeting;
- (V) the name of the person who took the meeting minutes.

The minutes of meetings of the Committee should record in sufficient detail the matters considered and decisions reached at the meeting, including any concerns or dissenting views expressed by the directors. The members attending the meeting and other persons shall sign the minutes of the Committee meeting. The minutes of meetings shall be kept by the duly appointed secretary of the Committee (generally the company secretary or a duly appointed representative). The draft and final versions of the minutes shall be sent to all Committee members within a reasonable period of time after the meeting, with the draft provided for members to express their views and the final version for their records. Directors of the Company may inspect the minutes of meetings at any reasonable time upon giving reasonable notice, and the minutes shall be kept for a period of not less than ten years.

Article 36 Resolutions passed by, and the voting results of, a meeting of the Audit Committee shall be reported in writing to the Board.

Article 37 If a member of the Committee is interested in any matter being considered by the Committee, such member shall abstain from the discussion and voting of such matter.

Article 38 All persons present at the meeting shall keep confidential all matters considered at the meeting and shall not disclose any of the relevant information without authorization.

Article 39 All members of the Committee shall attend meetings in person and express clear opinions on the matters under discussion. In the event that a member is unable to attend a meeting in person for any reason, the said member may submit a power of attorney signed by him/her, authorizing another member to attend the meeting and express opinions on his/her behalf. The power of attorney shall specify the scope and duration of authorization. Each committee member may accept a delegation from no more than one other committee member. If an independent director committee member is unable to attend a meeting in person for any reason, he/she shall appoint another independent director committee member to attend on his/her behalf.

Article 40 Any member attending the meeting on behalf of another member shall exercise the rights within the scope of authorization. If a member does not attend a meeting of the Committee in person or authorize another member to exercise the rights on his/her behalf, nor does he/she submit any opinion in writing prior to the meeting, he/she shall be deemed to have waived his/her rights.

Article 41 A member who is unable to attend a meeting in person may also exercise his/her rights by submitting in writing his/her opinions with respect to any matter to be considered, provided that such written opinions shall be submitted to the Board Office no later than the convening of the meeting.

Chapter 5 Coordination and Communication

Article 42 If, when the Board is not in session, the Audit Committee has any material or special matters that need to be submitted to the Board for consideration, it may submit a written report to the Board through the secretary to the Board, and may recommend that the chairman of the Board convene a Board meeting for discussion.

Article 43 Any written report submitted by the Company's internal audit department to the Audit Committee shall be signed and issued by its person-in-charge, and submitted to the Audit Committee through the secretary to the Board or the Board Office.

Article 44 Any written report submitted by the Audit Committee to the Board shall be signed and issued by the chairperson of the Committee or a member authorized by the chairperson, and submitted to the Board through the secretary to the Board.

Article 45 If, when the Audit Committee is not in session, senior management members of the Company have any material or special matters, they may submit a written report to the Audit Committee through the secretary to the Board or the Board Office, and may recommend that the chairperson of the Audit Committee convene a meeting for discussion.

Article 46 The Audit Committee shall, through its chairperson or a member authorized by the chairperson, report to the Board on its work since the last regular Board meeting, or provide a special report on a particular matter.

Chapter 6 Executive Body of the Committee

Article 47 The secretary to the Board shall be responsible for organizing and coordinating the work between the Committee and the relevant departments; the secretary to the Board shall attend Committee meetings as a non-voting participant.

Article 48 The Company or the Board Office shall cooperate with relevant departments of the Company to jointly carry out the work relating to the Committee.

Article 49 The Board Office shall be responsible for meeting administrative work including the preparation and issuance of meeting notices.

The internal audit departments of the Company shall be responsible for preparing and providing the relevant information required for the matters to be considered at the meeting, and liaising with the relevant departments (including company experts or external experts, scholars and intermediary institutions engaged by the Committee during its deliberation process).

The relevant functional departments of the Company have the duty to provide working services to the Committee and to provide support and cooperation to the Board Office and the internal audit department in their work.

Chapter 7 Supplementary Provisions

Article 50 These Terms of Reference shall, upon deliberation and approval by the Board, take effect and be implemented from the date on which the H Shares issued by the Company are listed and traded on The Stock Exchange of Hong Kong Limited.

Article 51 Matters not covered herein shall be implemented in accordance with the relevant national laws, regulations and regulatory documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association. In case that these Terms of Reference are in conflict with the national laws, regulations and regulatory documents, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association, the relevant national laws, regulations and regulatory documents, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association shall prevail.

Article 52 For the purpose of these Terms of Reference, references to "above", "within" and "below" shall include the given figures, while references to "over", "short of", "other than", "less than" and "more than" shall exclude the given figures.

Article 53 For the purpose of these Terms of Reference, the term "accounting firm" shall have the same meaning as "auditor" in the Hong Kong Listing Rules.

Article 54 The meaning of the "independent director" mentioned in these Terms of Reference shall include the meaning of "independent non-executive director" under the Hong Kong Listing Rules.

Article 55 These Terms of Reference shall be subject to the interpretation of the Board.