



EVOC Intelligent Technology Company Limited

(A Joint Stock Limited Company Incorporated in the People's Republic of China)

Rules of Procedure of the Audit Committee

(Adopted by the Board of the Company on 10 October 2009, resolved and amended by the Board of the Company on 29 March 2012)

(In case of any discrepancy between the Chinese and the English version of these rules of procedure, the Chinese original version shall prevail)

Chapter One General Provisions

Article 1 In order to comply with the provisions of the relevant laws, regulations and listing rules at the place where EVOC Intelligent Technology Company Limited (hereinafter referred to as the "Company") is listed and in China, and the Articles of Association, the Company hereby sets up a committee under the board of directors of the Company (hereinafter referred to as the "Board"), namely the Audit Committee (hereinafter referred to as the "Committee"), and formulates the rules of procedures herein.

Chapter Two Composition of Members

Article 2 All members of the Committee (hereinafter referred to as the "Committee Members") shall be appointed by the Board among the non-executive directors of the Company and the majority of them shall be the independent non-executive directors. The Committee shall comprise at least three members, and one of the independent non-executive directors shall possess the competent professional qualifications or accounting or the relevant financial management expertise stipulated by Rule 3.10(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited as amended from time to time (hereinafter referred to as the "Listing Rules").

Article 3 The Committee shall have one Chairman (Head of the Committee Members) who shall be an independent non-executive director taking charge of presiding over the work of the Committee.

Article 4 A former partner of the existing audit firm shall not be a committee member within one year from the date when he (a) ceased to be the partner of such firm; and (b) ceased to have any financial interests in such firm, whichever is later.

Chapter Three Duties and Authorities

Article 5 Authorities

1. The Committee is authorized by the Board to investigate the activities within its terms of reference and obtain from any employees any information it requires. All employees have been instructed to cooperate with the Committee in respect of any of its requests.
2. Upon prior discussion, the Committee is authorized by the Board to consult external parties for the legal or other independent professional advice, and if necessary, may invite external parties with relevant experience and specialized expertise to attend the meeting, with the costs to be paid by the Company.
3. The Committee shall be provided with sufficient resources in order to perform its duties.

Article 6 Duties

The duties of the Committee shall include the followings:

A. Relationship with the External Auditors

1. To be primarily responsible for making recommendations to the Board for any appointment, re-appointment, or dismissal of the external auditors, approve the remuneration and terms of appointment of the external auditors, and handle any issues concerning the resignation or dismissal of the external auditors;
2. To review and monitor the independence and objectivity of the external auditors according to the applicable standards, the Committee shall:
 - a. take into consideration all sorts of relationship with the audit firm (including the non-auditing services provided);
 - b. obtain information from the audit firm annually, in order to understand the policy and procedure adopted by the audit firm for maintaining its independence and compliance with the provisions of relevant laws, including the current requirements for the rotation of its audit partners and staff; and
3. To review and monitor the effectiveness of the auditing procedure according to the applicable standard, the Committee shall, prior to the commencement of the auditing work, discuss with the external auditors about the nature and scope of auditing and the reporting obligations;
4. To develop and implement the policy on engaging the external auditors to provide non-auditing services and execute accordingly. For this purpose, the “external auditors” shall include any entity under common control, ownership or management right with the audit firm or any entity which a reasonable and informed third party after having obtained all relevant information would reasonably conclude to be part of the audit firm nationally or internationally;

5. To make recommendations to the Board in respect of appointing the external auditors for providing any non-auditing services. The Committee shall ensure that such non-auditing services do not impair the independence or objectivity of the external auditors. In the course of assessing the independence or objectivity of the external auditors in relation to the provision of non-auditing services, the Committee shall consider:
 - a. whether the skills and experience of the audit firm make it an appropriate provider of the non-auditing services;
 - b. whether there are safeguards in place to ensure that the objectivity and independence in auditing are not affected by the non-auditing services provided by the external auditors;
 - c. the nature of the non-auditing services, the related level of fees; and the individual and overall level of fees relative to the audit firm; and
 - d. the criteria of determining the compensation for the audit staff.
6. To formulate the policies regarding the employment of employees or former employees of the external auditors and supervise the implementation of such policies.

B. Review of Financial Information

1. To monitor the integrity of the financial statements, the annual report and accounts, the half-yearly report and quarterly reports of the Company, to discuss such annual report and audited accounts, half-yearly report and quarterly reports with the management and the external auditors, and review the significant judgments made in the financial reports. In this regard, before submitting such reports and accounts to the Board, the Committee shall focus particularly on the following matters:
 - a. any changes in the accounting policy and practices;
 - b. major judgmental areas;
 - c. significant adjustments resulting from auditing;
 - d. the going concern assumptions of the enterprise and any qualified opinion;
 - e. compliance with accounting standards; and
 - f. compliance with the Listing Rules, the applicable rules and provisions of any other laws in relation to financial reporting;
2. In respect of the foregoing, the Committee Member shall liaise with the Board and the senior management members, and shall, at least, hold two meetings annually with the external auditors.
3. To consider any significant or unusual items which are necessary, or may be necessary, to be reflected in the foregoing reports and accounts, and shall have due consideration to any matters raised by the qualified accountant, the compliance officer or the auditors of the Company.

C. Oversight of Financial Reporting System, Internal Control and Risk Management Procedures

1. To review the financial controls, internal control and risk management systems:

2. To discuss with the management about the internal control system and ensure that the management has performed its duty to set up an effective internal control system; the discussion should include the adequacy of resources, the employees' qualifications and experiences, the training programmes and the related budget in the accounting and financial reporting function;
3. To consider any findings of major investigations in respect of internal control matters as delegated by the Board or on its own initiative and the response of the management to such findings;
4. Where there is an internal audit function in the Company, the Committee shall ensure the co-ordination between the internal auditors and external auditors, and ensure that the internal audit department is adequately resourced and has appropriate standing within the Company. The committee shall inspect and monitor the efficiency of the internal audit department as well;
5. To review the financial and accounting policy and practices;
6. To review the letter of the external auditors to the management, any material inquiry raised by the auditors to the management in respect of accounting records, financial accounts or control systems and the response of the management;
7. To ensure that the Board shall provide a timely response to the issues raised in the letter of the external auditors to the management.
8. To review the statement of the Company issued on the internal control system (published in the annual report), before submission to the Board for approval;
9. To report to the Board in respect of the issues contained in these rule of procedures;
10. To take into consideration of other matters as authorized by the Board;
11. To review the following arrangements of the Company: The employees of the Company may raise their concern in confidence about possible improprieties in the financial reporting, internal control or other aspects. The Committee shall ensure that proper arrangements are in place to enable the Company to make fair and independent investigation of these matters and to take appropriate follow-up action accordingly; and
12. To be the main representative body between the Company and the external auditors and to monitor the relationship between the two of them.

Chapter Four Rules of Procedure

Article 7 Frequency of meetings

The Committee meeting shall be held at least four times a year. The external auditors or any of the Committee Members may request to convene the meeting when they consider it necessary and with or without the presence of the executive director of the Board at the meeting.

Article 8 Notices

Except when unanimously waived by all Committee Members, the notice of any Committee meeting shall be issued 14 days prior to the meeting. Notwithstanding the length of notice, any Committee Member having attended the meeting shall mean that he has waived the requirement to have the notice issued according to the stipulated period. In the event that any meeting is adjourned for less than 14 days, no notice is required to be issued.

Article 9 Quorum

The Committee meeting shall be held only when more than two-thirds of the Committee Members attending the meeting, and the majority of them shall be the independent non-executive directors.

Article 10 Resolutions

Each Committee Member shall have one voting right. The resolution of the Committee shall be passed by more than half of all the Committee Members or by means of unanimous approval by resolution in writing.

The means of voting at the Committee meeting shall be by show of hands or by poll. The meeting may be attended in person, or by means of telephone conference or video conference.

Article 11 Attending the Committee Meeting

In general, the qualified accountant, the chief finance officer (or the finance manager) and the representative of the external auditors shall attend the Committee meeting, and other members of the Board shall also be entitled to attend. However, there shall be at least one meeting held every year between the Committee Members and the external auditors without the presence of the executive directors of the Board.

Article 12 Secretary to the Committee

The company secretary or the secretary to the Board shall be the secretary to the Committee. However, in the event that the company secretary or the secretary to the Board is absent, one of the Committee Members shall take up the role as the secretary to the Committee.

Article 13 Minutes

Committee meetings shall have minutes. Sufficient details of the matters considered and the decisions resolved at the meeting shall be recorded in the minutes, which shall include any concerns or dissenting views raised by the directors. The Committee Members attending the meeting shall sign the minutes. The company secretary and the secretary to the Board shall keep the complete minutes of all the Committee meetings. The minutes of the meetings shall be available for inspection by any director during any reasonable period of time on reasonable notice issued by such director. The initial draft and the final version of the minutes of the Committee meeting shall be sent to all Committee Members within a reasonable period of time after the end of the meeting. The initial draft is for comments by the Committee members and its final version is for record.

Article 14 Miscellaneous

1. The procedure of convening the Committee meeting, the means of voting and the approval of the proposal at the meeting shall comply with the provisions of relevant laws, regulations, the Articles of Association and these rules of procedure.
2. The resolutions approved at the Committee meeting and the voting outcome shall be reported to the Board of the Company in writing, except when the Committee Members are not allowed to report accordingly due to the legal or regulatory restrictions.
3. The Committee Members attending the meeting shall have the obligation of keeping the matters discussed at the meeting confidential, and shall not disclose the relevant information at their own wills.

Article 15 These rules of procedure shall take effect from the date as approved by the Board resolution.

Article 16 Anything not fully covered by these rules of procedure shall be implemented according to the provisions of relevant laws, regulations, and the Articles of Association. In the event of any contradiction between these rules of procedure and the laws and regulations promulgated in future or the Articles of Association as amended by lawful procedure, such implementation shall be subject to the provisions of the relevant laws, regulations and the Articles of Association, and such rules of procedure shall be amended accordingly and shall be reported to the Board for consideration and approval.

Article 17 The interpretation of these rules of procedures shall be vested to the Board of the Company.

By order of the Board
EVOC Intelligent Technology Company Limited
29 March 2012