

**SHANGHAI HAOHAI BIOLOGICAL TECHNOLOGY CO., LTD.**  
(the “**Company**”)

**WORKING RULES OF THE AUDIT COMMITTEE OF THE BOARD**

(Considered and adopted at the twenty-seventh meeting of the forth session of the Board of Directors of the Company held on 26 August 2021)

**Chapter I. General Principles**

Article 1 Pursuant to the Company Law of the People’s Republic of China (the “**Company Law**”), the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange (the “**STAR Listing Rules**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”), the Articles of Association of Shanghai Haohai Biological Technology Co., Ltd. (the “**Articles of Association**”) and other relevant regulations, the board of directors of the Company (the “**Board**”) has decided to set up a audit committee of the Board (the “**Committee**”), and hereby formulate these Rules, in an effort to further strengthen the decision-making function of the Board, realize effective supervision of the Company’s financial affairs and various business activities, so as to achieve pre-audit and audit in a professional manner and ensure effective supervision of the management by the Board and further improve the Company’s corporate governance structure.

Article 2 Resolutions adopted by the Committee shall comply with the Articles of Association, these Rules and such other provisions specified in relevant laws, regulations and normative documents.

Article 3 The Committee shall perform its duties pursuant to the Articles of Association and these Rules, and shall act independently without any interference from other departments of the Company.

**Chapter II. Composition**

Article 4 The Committee shall comprise no less than three (3) non-executive directors, a majority of whom shall be independent non-executive directors. At least one (1) of the Committee members shall be an independent non-executive director with accounting expertise, that is, with appropriate professional qualifications or with appropriate accounting or related financial management expertise.

Article 5 The Committee members shall be nominated by the chairman of the Board or more than half (1/2) of independent non-executive directors or more than one-third (1/3) of all the directors, and shall be elected or removed by the Board by more than half of all directors.

Article 6 The Committee shall have one (1) chairman (the “**Chairman**”), who shall be an independent non-executive director and shall preside the work of the Committee. The Chairman shall be elected amongst the independent non-executive directors in the Committee by the Board.

Article 7 The Chairman shall convene and chair the Committee meetings. Where the Chairman is incapable or unable to perform his/her duties, he/she shall appoint another Committee member to perform the duties on his/her behalf. Where the Chairman neither performs his/her duties nor appoints another member to exercise duties on his/her behalf, any other member may report such situation to the Board, and the Board shall appoint another member to perform the duties of the Chairman.

Article 8 The term of office as a Committee member shall be the same as his/her term of office as a director, and such term of office may be renewed by way of re-election upon expiry. Where any member resigns or no longer holds the office of director for other reasons during his/her term of office, the Committee membership of such member shall automatically be revoked.

Article 9 Where the composition of the Committee does not meet the requirements of the Article 4 and 6 of these Rules, the Board shall supplement a new member pursuant to the Articles of Association and these Rules, who shall hold office until the expiration of his/her term of office as a director.

### **Chapter III. Duties and Authorizations**

Article 10 Primary duties of the Committee include:

Relationship with the auditor of the Company

- (1) to be responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to handle its resignation or dismissal;

- (2) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Committee should discuss with the auditor the nature and scope of the audit and reporting obligations and the relevant reporting obligations before the audit commences. The Committee may review and monitor the independence of the external auditor by way of the following:
  - (i) to monitor the relationship between the Company and the external auditor;
  - (ii) to obtain from external auditors annually, information about policies and procedures for maintaining independence and monitoring compliance (including those for rotation of partners and staff); and
  - (iii) to review annually, all non-audit services provided and fees charged by external auditors, and ensure such services will not impair independence of external auditors.
- (3) to develop and implement policies on engaging external auditors to provide non-audit services;

#### Review of the financial information of the Company

- (4) to monitor integrity of the Company's financial statements, annual report and accounts and half-year report, and to review significant financial reporting judgments contained in them. In reviewing these reports and accounts before submission to the Board, the Committee should focus particularly on reviewing the following:
  - (i) any changes in accounting policies and practices;
  - (ii) major judgmental areas involved;
  - (iii) significant adjustments resulting from audit;
  - (iv) the going concern assumptions and any qualifications;
  - (v) compliance with accounting standards; and

- (vi) compliance with the STAR Listing Rules and the Hong Kong Listing Rules and other legal requirements in relation to financial reporting;
- (5) regarding (4) above:
- (i) members of the Committee should liaise with the Board and members of the senior management, and the Committee must meet, at least twice a year, with the Company's auditors; and;
  - (ii) the Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

Overseeing the Company's financial reporting system, risk management and internal control systems

- (6) to review the Company's financial controls and risk management and internal control systems;
- (7) to discuss the risk management and internal control system with management to ensure that management has performed its duty in establishing an effective system, the discussion of which should include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function, adequacy and effectiveness of its anti-bribery and anti-fraud policies, as well as compliance with relevant laws, regulations and rules;
- (8) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (9) to ensure co-ordination between the internal audit function and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- (10) to review the Company's financial and accounting policies and practices;

- (11) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- (12) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (13) to report to the Board on the relevant matters required by the Hong Kong Listing Rules;

Overseeing the Company's environmental, social and governance ("ESG") matters

- (14) to formulate and review the Company's ESG vision, objectives, strategies and structures, including:
  - (i) to formulate and review the Company's ESG vision, objectives, strategies and management policies, review and supervise the Company's ESG structure, policies and operation management, and provide suggestions to the Board on the relevant ESG work;
  - (ii) to review key ESG trends and related risks and opportunities, and assess the adequacy and effectiveness of the Company's ESG management accordingly, and, where necessary, adopt and update the Company's ESG policies to ensure such policies are up to date and in compliance with applicable laws and regulations, regulatory requirements and international standards;
  - (iii) to monitor communication with the Company's stakeholders and identify ESG-related matters that have a significant impact on the Company's operations and/or the interests of other key stakeholders; and
  - (iv) to supervise the implementation and effectiveness of the Company's ESG goals, and provide suggestions on actions necessary to improve performance;

- (15) to review the Company's annual ESG report and consider its recommendation to the Board for approval. At the same time, to provide recommendation on specific actions or decisions to the Board to maintain the integrity of the ESG report;
- (16) to assess the staff whistle blower policy or arrangement of the Company designed to allow employees to report in confidentiality irregularities concerning the financial statements, internal control or other matters. The Committee shall ensure appropriate arrangements are in place for the fair and independent investigation and follow-up actions in respect of matters reported by employees;
- (17) to review and approve the substantial related or connected transactions as delegated by the Board; and
- (18) other matters delegated by the Board.

Article 11 The Committee shall report to the Board, and the proposals submitted by the Committee shall be subject to the review and decision by the Board.

Article 12 The Committee shall also cooperate with the supervisory committee in its supervision of audit work.

Article 13 Relevant departments of the Company shall cooperate with the Committee in respect of the performance of its duties, and if necessary, the Committee may engage intermediaries to seek professional advice, and the expenses so incurred shall be borne by the Company.

Article 14 The convener of the Committee shall attend the annual general meeting of the Company, failing which, the chairman of the Board shall invite another Committee member to attend, and such person shall be required to answer questions at the annual general meeting.

## **Chapter IV. Work Procedures**

Article 15 The internal audit department under the Committee is the executive body for specific work, which shall be responsible for the development and implementation of the internal audit work plan, the issuance of internal audit reports and other matters approved by the Committee.

Article 16 The secretary to the Board shall be responsible for daily liaison, information collection, organization of meetings and preparatory work for decision making of the Committee, and be responsible for providing the Company with information in respect of the following:

- (1) the Company's relevant financial report;
- (2) the work reports of the internal and external auditors;
- (3) the external auditor's contract and relevant work reports;
- (4) public disclosure of the Company's information;
- (5) report of the Company's substantial related or connected transactions; and
- (6) other relevant information.

Article 17 The resolutions related to the following matters of the Committee meeting shall be submitted to the Board for discussion:

- (1) assessment of the work of the external audit firm, and engagement and replacement of the external audit firm;
- (2) whether the Company's internal audit system has been effectively implemented and whether the Company's financial report is true in all respects;
- (3) whether the Company's publicly disclosed financial reports and other information is objective and true, and whether the Company's substantial related or connected transactions are in compliance with pertinent laws and regulations; and
- (4) other relevant matters.

## **Chapter V. Convening of Meetings and Rules of Order**

Article 18 Meetings of the Committee include regular meetings and interim meetings.

The Committee shall hold at least two (2) regular meeting in each financial year.

Either the Board, the Chairman of the Committee or more than two (2) (including two) Committee members acting jointly, may request to convene interim meetings.

Article 19 Notice of at least three (3) (excluding the date of the meeting) days should be given for a Committee meeting, except for urgent matters, in which case, a meeting can be convened immediately.

Article 20 The secretary to the Board shall be responsible for sending notices to Committee members for Committee meetings pursuant to the requirement prescribed in the preceding article.

Article 21 The Committee meetings may be held either through physical attendance (including by means of video, telephone, etc.) or through non-physical attendance.

Article 22 The quorum of a Committee meeting shall be more than two-thirds (2/3) of the members.

Article 23 A Committee member may attend a meeting either in person or authorize another Committee member to attend the meeting on his/her behalf and exercise his/her voting right. Each Committee member is allowed to authorize only one (1) member to vote on his/her behalf, and the proxy shall be invalid in the event that two (2) or more than two (2) persons are authorized to vote on his/her behalf.

Article 24 Where a Committee member authorizes another Committee member to attend the meeting and exercise the voting right, he/she shall deliver a power of attorney to the Chairman of the meeting not later than the commencement of the meeting.

Article 25 A Committee member who neither attend nor authorize other Committee members to attend on his/her shall be regarded as absent from the meeting.



A Committee member that does not attend the Committee meetings for two (2) consecutive times shall be regarded as unable to perform his/her duties properly and the Board may dismiss such member.

Article 26 Each Committee member shall have one (1) vote. Any resolution made by the Committee shall be adopted only after it has been approved by over half of all Committee members (inclusive of Committee members who are absent from the meeting).

Article 27 Voting at the Committee meetings shall be conducted by a show of hands or by poll. Where any Committee member cannot sign the resolutions made at a telephone meeting or video meeting in real time, such member may orally give opinions first and responsively affix the written signature thereof, provided that there is no discrepancy between the opinions expressed by such member in completing the written resolutions and the opinions orally expressed by him/her at the meeting. Voting at an interim meeting may also be conducted by means of communications, in which case, the signature of any Committee members shall be regarded as the evidence proving he/she had attended the meeting and had agree on the resolutions of the meeting.

Article 28 Where the Committee considers necessary, it may call such other persons that are relevant to the subject topics to attend the meeting, in an attempt to allow them to introduce the topic or express opinion, provided that non-Committee members are not eligible to vote.

Article 29 Resolutions of the Committee shall come into force after being signed by the attending members, and no amendment or modification shall be made to any Committee resolutions that have come into force unless relevant legal procedures required by laws, regulations, Articles of Association and these Rules have been carried out.

Article 30 A Committee member or the secretary to the Board shall report to the Board the relevant resolutions passed in the meeting.

Article 31 Written minutes shall be kept for Committee meetings by the secretary to the Board or such person specified by him/her, and the member attending the meeting and the staff responsible for recording the minutes shall sign on the minutes. A member attending the meeting has the right to request to record explanations on statements made in the meeting.

The minutes of the Committee meeting shall be kept by the Company in written form as part of Company archive, and shall be kept for not fewer than ten (10) years during the existence of the Company.

Article 32 The procedures for convening the Committee meetings, the voting methods and the resolutions passed by the meetings must comply with the relevant laws, regulations, the Articles of Association and these Rules.

Article 33 Committee members shall maintain confidentiality of any information they learn about the Company before the same are made public.

When a Committee meeting discusses any issue related to a Committee member, such member should avoid voting on relevant issue. The quorum of such Committee meeting shall be more than half (1/2) of the members without conflict of interest. The relevant resolution shall be passed by over half (1/2) of the members without conflict of interest. Where there are less than half (1/2) of the members with conflict of interest attending the meeting, a resolution on such issue shall be submitted to the Board for consideration and approval.

## **Chapter VI. Miscellaneous**

Article 34 Any issues not covered in these Rules shall be handled pursuant to relevant laws, administrative regulations, departmental rules, the STAR Listing Rules, the Hong Kong Listing Rules and the Articles of Association. In the event that these Rules are contrary to any subsequent laws, administrative regulations, departmental rules, the STAR Listing Rules, the Hong Kong Listing Rules or amended Articles of Association, the relevant laws, administrative regulations, departmental rules, listing rules, and Articles of Association shall prevail, and these Rules shall be amended promptly and submitted to Board for review and approval.

Article 35 Terms: “more than” or “within” used herein are inclusive terms, and the terms “over” or “fall below” herein are exclusive terms.

Article 36 These Rules shall be considered and approved by the Board and shall take effect from the date of the Company’s initial public offering and listing of its RMB ordinary shares (A shares).

Article 37 The Board shall be responsible for the interpretation of these Rules.

**Shanghai Haohai Biological Technology Co., Ltd.**