

The original version of the Rules of Procedure for the Audit Committee of the Board of Directors is in Chinese, and the English version of the Rules of Procedure for the Audit Committee of the Board of Directors is the translation from the Chinese original. Should there be any discrepancy between the Chinese and English versions of the Rules of Procedure for the Audit Committee of the Board of Directors, the Chinese version shall prevail.



無錫盛力達科技股份有限公司

Wuxi Sunlit Science and Technology Company Limited

(A joint stock company established in the People's Republic of China with limited liability)

Rules of Procedure for the Audit Committee of the Board of Directors

(Passed at the fifth extraordinary meeting of the first Board of Directors
on August 16th 2013 and Amended by forth meeting of the second Board of Directors
on November 6th 2015 of Wuxi Sunlit Science and Technology Company Limited)

Chapter 1 General Provisions

Article 1 To enhance the decision-making function of the Board of Wuxi Sunlit Science and Technology Company Limited (hereinafter referred to as the “**Company**”), make post-audit and professional audit, endure effective supervision of the Board over the management, and improve the corporate governance structure, the Company set up the Audit Committee of the Board (hereinafter referred to as the “**Audit Committee**”) and formulated these Rules of Procedure in accordance with the Company Law of the People’s Republic of China, the Guidelines for Corporate Governance of Listed Companies, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Listing Rules**”) and the Corporate Governance Code and Corporate Governance Report set out in its Appendix 14, the Articles of Association of Wuxi Sunlit Science and Technology Company Limited (hereinafter referred to as the “**Articles of Association**” or the “**Articles**”) and other relevant provisions.

Article 2 The Audit Committee of the Board is a special work organization established under the Board to monitor the financial condition of the company, the execution of internal control mechanism as well as the performance of risk management and be primarily responsible for coordinating, supervising and inspecting internal and external audits of the Company.

Chapter 2 Membership

Article 3 The Audit Committee shall consist of three non-executive directors. Among them, two shall be independent non-executive directors. At least one member shall be an independent non-executive directors who have relevant qualifications or proficient in accounting or related financial management.

Article 4 The members of the Audit Committee shall be nominated by the chairman, at least one half of independent non-executive directors, or at least one third of the directors, and elected by the Board.

Article 5 The Audit Committee shall have one chairman who shall be an independent non-executive director and is responsible for chairing the Audit Committee. The chairman shall be elected by the Board of Directors.

The chairman is primarily responsible for convening and presiding over the Audit Committee Meeting. In the circumstances where the chairman fails to or is not able to fulfill his or her duty, he or she shall appoint and delegate his or her duty to another members of the Audit Committee. In the circumstances where the chairman neither fulfills his or her duty nor appoints and delegates his or her duty, any member of the Audit Committee may report to the Board of Directors and the Board shall appoint one member to convene and preside over the Audit Committee.

Article 6 The term of office of the Audit Committee shall be identical to that of the Board. A member may seek reelection upon expiry of his or her term. Any member of the Audit Committee who no longer holds office as a director of the Company during the term shall automatically cease to be a member of the Audit Committee, and the Company shall make up the number of the members of the Audit Committee in accordance with Articles 3 to 5 of these Rules of Procedure.

Article 7 The Audit Committee shall appoint one Committee secretary held by the secretary of the Board responsible for keeping the minutes of the Audit Committee Meeting.

The Committee Secretary shall send the draft meeting minutes to all members of the Audit Committee for members' review and comments within three working days after the conclusion of the Meeting and send the meeting minutes to all members of the Audit Committee for members' confirmation within fourteen working days after the conclusion of the Meeting.

Article 8 Apart from directors' remuneration and disbursement, the members of the Audit Committee shall not directly or indirectly charge the Company in terms of consulting fee, advisory fee or other kinds of rewards.

Chapter 3 Duties and Authorities

Article 9 The main duties and authorities of the Audit Committee include:

- (I) to propose appointment or replacement of the external audit firms to the Board, consider and make suggestions on their remunerations, resignation or dismissal; to propose the remuneration and terms of engagement letters as well as the resignation or dismissal of the external audit firm to the Board;
- (II) to review and monitor the external audit firms independence and objectivity and effectiveness of the audit process in accordance with applicable standards; to discuss with the external audit firms on the nature and scope of the audit work and relevant reporting obligations prior to the commencement of the audit work. Where there is more than one external audit firms are engaged, to ensure the external audit firms are well

coordinated. The Audit Committee shall set up the following procedures to review and supervise the independence of the external audit firms:

1. to review and study all the relationships between the Company and the external audit firms;
2. to acquire relevant information from the external audit firms every year to understand the policies and procedures that the external audit firms have taken to maintain their independence and execute relevant rules which include the rotation of the partners in charge of the auditing, and;
3. to interview the external audit firms in the absence of the management at least once a year to discuss the fee and other auditing related issues as well as other issues proposed by the external audit firm;

(III) to prescribe and propose policies as to the non-auditing service provided by the external audit firm. In particular, connected entity of the external audit firm shall include any organization which is in the same control or ownership or management, or any third party who has reasonable knowledge of all the relevant information or any organization which belongs to part of the external audit firm's domestic or international business network by reasonable standard. The Audit Committee shall ensure the external audit firm's independence shall not be influenced by providing non-auditing service. As to the non-auditing service, the Audit Committee shall take into account the following issues:

1. whether the external audit firm has the skills and experience to provide the non-auditing service;
2. whether necessary safeguards are taken to ensure that the external audit firm's independence and objectiveness shall not be influenced by providing non-auditing service;
3. the nature of non-audit service, related fee level, fees individually and in total of the external audit firm;
4. to determine the criteria for compensation of the audit staff.

The Audit Committee shall report and propose to the Board of any measures to be taken and matters to be improved.

(IV) to review the Company's financial information and its disclosure, including the completeness of the Company's financial statements, annual reports and accounts, semi-annual reports and if to be published, quarterly reports and review major opinions on financial reporting in the statements and reports. The Audit Committee shall pay special attention to:

- (1) changes to accounting policies and practices;
- (2) major judgmental areas;

- (3) material adjustments resulting from audit;
 - (4) the going concern assumptions and any qualifications of the Company;
 - (5) compliance with accounting standard; and
 - (6) compliance with the provisions of the Listing Rules and legal requirements in relation to financial reporting; as to the subsection (4),
 1. the members shall communicate with the Board and senior management regularly, the Audit Committee shall meet with the audit department of the Company at least twice a year, and
 2. the members shall take into account any significant and unusual matters reflected in the accounting report and accounts as well as other matters raised by the staff responsible for accounting and financial reporting and financial department of the Company, the heads of compliance department, and audit firm;
- (V) to discuss with the external audit firm the problems and questionable matters appeared in the mid-term accounts and annual accounts as well as other issues the external audit firm wishes to discuss, (if needed, the discussion can be held in the absence of the management);
- (VI) to review the Company's financial controls, and unless expressly addressed by a separate board risk committee, or by the board itself, to review the Company's risk management and internal control systems;
- (VII) to discuss the risk management and internal control systems with the management to ensure that the management has performed its duties to set up effective systems. The issues to be discussed shall include the resources the Company has obtained in the area of accounting and financial reporting, whether the staff has adequate experience and qualifications, whether the staff has received adequate training, whether there is adequate budget in the relevant areas. If annual report includes any statement of the internal control system of the Company, the statements shall be presented to the Board for review;
- (VIII) to consider major investigation findings on internal control matters as delegated by the board or on its our initiative and management's response to these findings;
- (IX) where the Company has internal auditing function, the Audit Committee shall review the internal audit plan to ensure that the internal audit is well coordinated with the external audit and the internal audit receive adequate funding and resources to operate and has a proper standing in the Company, and to review and monitor the effectiveness;
- (X) to review the operation, finance and accounting policies and practice of the Company (and its subsidiaries);

- (XI) to review that the following arrangement has been set up by the Company: that the staff can report the possible improper or dishonest behaviors in the financial reporting and internal control or other areas. The Audit Committee shall ensure proper measures are taken by the company to investigate those incidences fairly and independently;
- (XII) to assist the Board to prescribe rules as to the appointment of the staff and former staff of the external audit firms and oversee the application of the rules. The Audit Committee shall take into account whether the above rules interfere or are likely to interfere with the external audit firm's independence or fair judgment;
- (XIII) to act as the main liaison between the Company and the external audit firms and to oversee the relationship between the Company and the external audit firms;
- (XIV) to verify the statement letter of auditing results addressed to the management by the external audit firms, major concerns brought up by the external auditors regarding the accounting records, financial accounts and systems of control and the management's response to them;
- (XV) to ensure the Board will provide a timely response to the major concerns raised in the external audit firm's management letter;
- (XVI) to report to the Board of their responsibility, including the secretary circulating the meeting minutes and reports of the Audit Committee Meeting to all the members of the Board;
- (XVII) to prescribe and review the corporate governance policies and practices to make proposals of the Company, and proposals to the Board;
- (XVIII) to review and supervise the training and career development of the directors and senior management;
- (XIX) to review and supervise the Company's compliance with relevance laws and regulations;
- (XX) to prescribe, review and supervise the code of conduct and compliance handbook of the employees and directors (if any);
- (XXI) to verify the Company's compliance with the Corporate Governance Code and the disclosure in Corporate Governance Report;
- (XXII) to study other subjects brought up by the Company.

Article 10 The Audit Committee to shall be accountable to the Board and submit its proposal the Board for review. The Audit Committee shall support supervisory audit by the Board of Supervisors.

Chapter 4 Decision-making Procedures

Article 11 The internal audit department of the Company shall be responsible for making preliminary preparation for decision-making by the Audit Committee and providing written information in respect of the Company, including:

- (1) relevant financial reports of the Company (including quarterly reports, interim reports and annual reports);
- (2) work reports of internal and external audit firms;
- (3) external audit contracts and relevant work reports;
- (4) the disclosure of the Company's information;
- (5) audit reports on the Company's material connected transactions; and
- (6) other relevant matters.

Article 12 the Audit Committee shall hold meeting to review reports provided by the internal audit department of the Company and submit the resolutions so formed on the following matters in writing to the Board for discussion.

- (I) evaluation of work conducted by and the appointment and change of external audit firms;
- (II) whether the Company's internal audit system has been implemented effectively and whether the Company's financial reports are complete and true;
- (III) whether the Company's internal policy has been effectively implemented;
- (IV) whether information disclosed by the Company including financial reports is objective and true and whether the Company's material connected transactions are compliant with relevant laws and regulations;
- (V) evaluation of work conducted by the financial and audit departments of the Company including their persons in charge; and
- (VI) other relevant matters.

Chapter 5 Rules of Procedure of Meetings

Article 13 Meetings of the Audit Committee shall include regular meetings and provisional meetings. Regular meetings shall be held at least four times every year, once every quarter; and provisional meetings shall be convened upon proposal by members of the Audit Committee or internal audit department of Company. A notice shall be sent to all the members of the Audit Committee ten days before convening of a regular meeting. The chairman shall chair the meeting but can delegate his duty to another member of the Audit Committee (independent director) in the circumstances where the chairman cannot attend the meeting.

The internal auditing department of the Company shall circulate the notice of meeting; the notice shall at least include the following information: the date and place of the meeting, the duration of the meeting; the subjects of the meeting, contact person and contact information of the person and the date of the notice. The complete proposal to be discussed in the meeting shall be enclosed in the notice.

The notice of meeting of the Audit Committee shall be made in writing, whereas notice of provisional meeting can be made by phone, email or other forms of efficient communication. In the absence of opposing opinion within two days after the notice made by phone, email or other forms of efficient communication, the notice shall be deemed to reach the recipient.

Article 14 The meeting of the Audit Committee shall be held only if more than two thirds of the members are present; each member shall have the right to one vote; the resolutions made at the meetings shall be approved by more than half of all the members.

Article 15 Voting in meetings of the Audit Committee may be conducted by a show of hands or open ballot; and voting on provisional meetings may be conducted by means of communications.

Article 16 The Audit Committee may require the person in charge of the relevant department to attend the meeting. If necessary, the Audit Committee may invite other directors, supervisors, senior management to attend the meeting but those other than members of the Audit Committee shall have no voting right.

Article 17 If necessary, the Audit Committee may engage an intermediary agency to provide professional opinions for its decision-making, with relevant expenses borne by the Company.

Article 18 The proposal of the Audit Committee Meeting shall take effect upon signing by the members. Amendment to the proposal can only be made following the procedures prescribed in the relevant laws, the Articles of Association and provisions in this rule.

Article 19 Proposals and voting results adopted at the meetings of the Audit Committee shall be reported to the Board of the Company in writing.

Article 20 Members and persons present at the meetings shall keep confidential all matters discussed at the meetings. Unauthorized disclosure of the relevant information shall be prohibited.

Chapter 6 Supplementary Provisions

Article 25 Any matters not covered herein shall be subject to relevant laws, regulations and the Article of Association. In case these Rules of Procedure conflict with laws and regulations to be issued in the future or the Articles of Association legally modified, the relevant laws, regulation, regulatory documents and the Articles of Association shall prevail. The amendment to the Rules of Procedure shall be made accordingly and be submitted to the approval of the Board.

Article 26 These Rules of Procedure shall be subject to the interpretation of the Board of the Company.

Article 27 These Rules of Procedure shall become effective after consideration and approval by the Board upon the date of initial public offering of shares (H shares) on the Stock Exchange of Hong Kong Limited, replacing any previous provisions.

Wuxi Sunlit Science and Technology Company Limited
13 November, 2015