

# **GUANGDONG TIANYU SEMICONDUCTOR CO., LTD.**

## **Terms of Reference of the Audit Committee of the Board**

### **CHAPTER 1 GENERAL PROVISIONS**

**Article 1** Pursuant to the Company Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, the Measures for the Administration of Independent Directors of Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”), and other relevant laws and regulations, as well as the relevant provisions of the Articles of Association of Guangdong Tianyu Semiconductor Co., Ltd. (the “**Company**”), the Company hereby establishes the Audit Committee of the Board and formulates the terms of reference to reinforce the decision-making function of the Board of the Company by conducting pre-audits and professional audits to ensure the effective supervision by the Board over the management, and improve the corporate governance structure.

**Article 2** The Audit Committee of the Board is a specialised working body under the Board, which is principally responsible for the communication, supervision and verification of the Company’s internal and external audits, and concurrently exercises the functions and authorities of the supervisory committee as stipulated in the Company Law.

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.

### **CHAPTER 2 COMPOSITION**

**Article 3** The Audit Committee shall consist of three or more directors who are not senior management of the Company, and the number of members shall be an odd number. All members shall be non-executive directors and the majority of the members shall be independent non-executive directors. Among the members, at least one independent non-executive director shall possess the appropriate professional qualifications as required under Rule 3.10(2) of the Hong Kong Listing Rules, or be an independent non-executive director with appropriate accounting or relevant financial management expertise.

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

A partner of the current external audit firm engaged by the Company shall be prohibited from serving as a member of the Audit Committee within two years from the date such person ceased to be a partner of the audit firm or has any financial interest in the current external audit firm, whichever is later.

**Article 5** The Audit Committee shall have one convener (also known as the Chairman of the Audit Committee), who shall be an independent non-executive director with appropriate accounting or relevant financial management expertise, and shall be responsible for convening and taking charge of the work of the Committee. The Chairman shall be elected from among the members.

**Article 6** The term of office of the members of the Audit Committee shall be consistent with that of the Board. Each member of the Committee shall be eligible for re-election upon the expiry of his/her term of office. During his/her term of office, if any Committee member ceases to be a director of the Company, or is no longer suitable to serve as a member (such as where a member as an independent non-executive director ceases to meet the independence requirements under the Hong Kong Listing Rules), his/her qualification as a member of the Committee shall be lost automatically, and the Committee shall fill the vacancy in accordance with Articles 3 to 5 as set forth above.

**Article 7** The Audit Committee shall have an internal audit department as its daily working body, responsible for routine work coordination, meeting organization and other related matters. The internal audit department shall be accountable to the Audit Committee and shall report its work to the Audit Committee.

### **CHAPTER 3 DUTIES AND AUTHORITIES**

**Article 8** The Audit Committee of the Board of the Company shall have the following duties:

- (I) it is primarily responsible for advising the Board on the appointment, re-appointment and removal of external auditor, approving the remuneration and terms of appointment of external auditor, and handling any issues relating to the resignation or dismissal of the external auditor;
- (II) to review and monitor the independence and objectivity of the external auditor 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 relevant reporting duties before the audit work commences;
- (III) to formulate and implement policies for the provision of non-audit services by external auditors. For the purposes of this provision, “external auditor” includes any body under the same control, ownership or management as the audit firm, or any body whom a third party reasonably knows all relevant information and which could reasonably conclude that the institution is part of the local or international business of the audit firm. The Audit Committee shall report and make recommendations to the Board on any matters that require action or improvement;

- (IV) to monitor the integrity of the Company's financial statements, annual reports and accounts, half-yearly reports and quarterly reports (if to be published), and to review the material opinions on financial reporting contained in the statements and reports. Before submitting relevant statements and reports to the Board, the Committee shall review the following matters, in particular:
1. any changes in accounting policies and practices;
  2. areas involving important judgments;
  3. major adjustments due to audits;
  4. assumptions of going concern and any qualified opinions;
  5. whether in compliance with accounting standards;
  6. whether in compliance with the Hong Kong Listing Rules and relevant legal requirements in relation to financial reporting;
- (V) for the purpose of item (IV) above:
1. the members of the Audit Committee shall liaise with the Board and senior management. The Audit Committee shall meet with the Company's audit department at least twice a year; and
  2. the Audit Committee shall consider any material 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 auditors.
- (VI) to review the Company's financial controls, as well as the Company's risk management and internal control systems (including but not limited to the procedures for compliance with the requirements of the Hong Kong Listing Rules);
- (VII) to discuss risk management and internal control systems with the management to ensure that management has fulfilled its responsibilities and established effective systems. The discussion shall include the adequacy of the Company's resources, staff qualifications and experience in accounting and financial reporting functions, as well as the adequacy of training courses and budgets received by employees;
- (VIII) to conduct research on important findings on risk management and internal control matters and management's response to the findings, either on its own initiative or as directed by the Board;

- (IX) to ensure that the work of internal and external auditors is coordinated; It is also necessary to ensure that the internal audit function has adequate resources and is appropriately positioned within the Company; and to review and monitor their effectiveness;
- (X) to review the Group's financial and accounting policies and practices;
- (XI) to inspect the external auditor's Audit Statement Letter to the management, any material questions raised by the auditor to the management regarding the accounting records, financial accounts or monitoring system and the management's response;
- (XII) to ensure the Board will respond in a timely manner to the matters raised in the Audit Statement Letter from the external auditor to the management;
- (XIII) to study other items as defined by the Board;
- (XIV) to review the following arrangements set by the Company: The Company's employees can, 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 the fair and independent investigation of these matters and for the appropriate action by the Company;
- (XV) to act as the key representative between the Company and the external audit firm and oversee their relationship; and
- (XVI) other duties recommended by the Hong Kong Listing Rules or other laws, regulations and rules.

**Article 9** The following matters shall be submitted to the Board for consideration after the approval by more than half of all the members of the Audit Committee:

- (I) to disclose financial information and internal control evaluation reports in financial accounting reports and periodic reports;
- (II) to engage or dismiss the accounting firm responsible for the Company's audit work;
- (III) to appoint or dismiss the Company's person-in-charge of finance;
- (IV) changes in accounting policies, accounting estimates, or correction of major accounting errors due to reasons other than changes in accounting standards;
- (V) other matters as stipulated by laws and regulations, regulatory rules for securities where the Company's shares are listed and the Articles of Association.

The Audit Committee shall report to the Board and make recommendations on measures or matters that it deems necessary to take or improve.

**Article 10** The internal audit department shall perform the following main duties:

- (I) to inspect and evaluate the completeness, rationality and effectiveness of the internal control systems of the Company's internal institutions, holding subsidiaries, and shareholding companies that have a significant impact on the Company;
- (II) to conduct audit on the accounting information and other relevant economic information of the Company's internal institutions, holding subsidiaries, and shareholding companies that have a significant impact on the Company, as well as the legality, compliance, authenticity, and completeness of the financial income and expenditure and related economic activities reflected, including but not limited to financial reports, performance reports, and voluntarily disclosed forecast financial information;
- (III) to inspect the Company's compliance with laws and regulations, including supervision and management of business ethics and corruption issues. To assist in establishing and improving anti-fraud mechanisms, determine key areas, key links and main contents of anti-fraud, and pay reasonable attention to and check possible fraud behaviors during the internal audit process;
- (IV) to report to the Board or the Audit Committee at least once a quarter, including but not limited to, the implementation of the internal audit plan and problems found in the internal audit work.

The internal audit department shall report to the Board or the Audit Committee at least once a quarter on the internal audit work and problems found, and submit an internal audit report at least once a year. The internal audit department shall urge the relevant responsible departments to formulate rectification measures and rectification time for internal control deficiencies found during the review process, conduct follow-up reviews of internal control, and supervise the implementation of rectification measures. If the internal audit department finds major deficiencies or major risks in internal control during the review process, it shall report to the Board or Audit Committee in a timely manner.

**Article 11** When supervising and evaluating the work of the internal audit department, the Audit Committee shall perform the following main duties:

- (I) to guide and supervise the establishment and implementation of the internal audit system;
- (II) to review the Company's annual internal audit work plan;
- (III) to supervise the implementation of the Company's internal audit plan;

- (IV) to guide the effective operation of the internal audit department. The internal audit department of the Company must report to the Audit Committee, and all kinds of audit reports submitted by the internal audit department to the management, the rectification plan of audit problems and the rectification status must be submitted to the Audit Committee at the same time;
- (V) to report to the Board on the progress, quality, and major problems found;
- (VI) to coordinate the relationship between the internal audit department and external audit units such as accounting firms and state audit institutions.

**Article 12** The Audit Committee shall supervise the internal audit department to conduct inspections on the following matters at least once every six months, issue an inspection report, and submit it to the Audit Committee. If the inspection finds that the Company has violations of laws and regulations, irregular operations, etc., it shall report to the Stock Exchange in a timely manner:

- (I) the implementation of major events such as the use of funds raised by the Company, the provision of guarantees, related (connected) transactions, securities investment and derivatives transactions, the provision of financial assistance, the purchase or sale of assets, and foreign investment;
- (II) the Company's large capital transactions and capital transactions with directors, senior management, controlling shareholders, actual controllers and their related parties.

The Audit Committee shall issue a written evaluation opinion on the effectiveness of the Company's internal control based on the internal audit report and relevant information submitted by the internal audit department, and report to the Board. If the Board or the Audit Committee believes that there are material deficiencies or major risks in the Company's internal control, the Board shall report to the Stock Exchange in a timely manner and disclose accordingly. The Company shall disclose in an announcement the major deficiencies or major risks existing in internal control, the consequences that have been or may be caused, and the measures taken or planned to be taken.

**Article 13** The Company shall provide necessary working conditions for the Audit Committee, and assign special personnel or institutions to undertake the daily work of the Audit Committee, such as work liaison, meeting organisation, material preparation, and file management. When the Audit Committee performs its duties, the Company's management and relevant departments shall provide cooperation. If the Audit Committee deems it necessary, it may engage an intermediary agency to provide professional advice, and the relevant costs shall be borne by the Company.

**Article 14** The members of the Audit Committee shall be diligent and responsible, effectively supervise and evaluate the internal and external audit work of the Company, promote the establishment of effective internal control and provide true, accurate and complete financial reports.

**Article 15** The appointment or replacement of an external audit firm by the Company must be subject to the Audit Committee's review opinion and recommendation to the Board before the Board may consider the relevant proposal. The Audit Committee shall make recommendations to the Board regarding the appointment or replacement of an external audit firm and review the audit fees and terms of engagement of the external audit firm. The Committee shall not be subject to undue influence from the Company's major shareholders, actual controllers, or directors or senior management. The Audit Committee shall urge the external audit firm to be honest, trustworthy, diligent, and responsible, strictly abide by business rules and industry self-regulatory regulations, strictly implement internal control systems, exercise due diligence in verifying and certifying the Company's financial and accounting reports, and prudently issue professional opinions.

**Article 16** The Audit Committee of the Board shall review the Company's financial accounting reports, put forward opinions on the authenticity, accuracy and completeness of the financial accounting reports, focus on major accounting and auditing issues in the Company's financial accounting reports, pay special attention to the possibility of fraud, embezzlement and material misstatements related to financial accounting reports, and supervise the rectification of financial accounting report problems.

**Article 17** The Board of the Company or its Audit Committee shall issue an annual internal control evaluation report based on the evaluation report and relevant materials issued by the internal audit department. The internal control evaluation report shall include at least the following contents:

- (I) the statement of the Board on the authenticity of the internal control report;
- (II) the overall situation of internal control evaluation;
- (III) the basis, scope, procedures and methods of internal control evaluation;
- (IV) internal control deficiencies and their identification;
- (V) rectification of internal control deficiencies in the previous year;
- (VI) rectification measures to be taken for internal control deficiencies this year;
- (VII) conclusions on the effectiveness of internal control.

**Article 18** The Company shall disclose the annual performance of duties by the Audit Committee in the annual report, mainly including the specific performance of its duties and the convening of Audit Committee meetings. The Audit Committee shall submit its advice on review to the Board on matters within its scope of responsibility, and in case such advice not being adopted by the Board, the Company shall disclose the matter and fully explain the reasons.

**Article 19** If directors (other than members of the Audit Committee) or senior management violate laws, administrative regulations, or the provisions of the Articles of Association while performing their duties, thereby causing losses to the Company, shareholders individually or jointly holding 1% or more of the Company's shares for a continuous period of 180 days or more may request the Audit Committee in writing to file a lawsuit with a People's Court. If any member of the Audit Committee is in the circumstances set forth in the preceding paragraph, the aforementioned shareholders may request the Board of directors in writing to file a lawsuit with a People's Court.

If the Audit Committee or the Board refuses to file a lawsuit after receiving the written request from the shareholders as stipulated in the preceding paragraph, or fails to file a lawsuit within 30 days of receiving the request, or in urgent situations where failure to file a lawsuit immediately would cause irreparable damage to the Company's interests, the shareholders stipulated in the preceding paragraph have the right to directly file a lawsuit with a People's Court in their own names for the benefit of the Company.

If another person infringes upon the legitimate rights and interests of the Company, causing losses to the Company, the shareholders stipulated in Paragraph 1 of this Article may file a lawsuit with a People's Court in accordance with the provisions of the preceding two paragraphs.

**Article 20** Lawsuits may be instituted against directors and senior management who have caused losses to the Company in accordance with the relevant provisions of the Company Law.

**Article 21** To propose resolutions at the general meeting; to convene and preside over an extraordinary general meeting when the Board fails to perform its duties of convening and presiding over general meetings as stipulated under the Company Law.

**Article 22** To have the right to be informed of the Company's operating conditions and major decision-making matters, and to assume corresponding confidentiality obligations; to conduct investigations when abnormalities in the Company's operations are identified, and where necessary, to engage professional institutions for assistance, at the Company's expenses.

**Article 23** To have the right to nominate independent directors and to nominate candidates who meet the qualification requirements for independent directorships at the general meeting of the listed company.

## CHAPTER 4 DECISION-MAKING PROCEDURES

**Article 24** The internal audit department is in charge of the preliminary preparation for the decision-making of the Audit Committee. It provides the following written materials of the Company:

- (I) relevant financial reports of the Company;
- (II) the work reports of internal and external audit firms;
- (III) external audit contracts and relevant work reports;
- (IV) disclosure of information to the public by the Company;
- (V) audit report on the Company's major related party (connected) transactions;
- (VI) other relevant matters.

**Article 25** The Audit Committee shall review the report provided by the internal audit department at its meeting, and submit the relevant written resolution materials to the Board for discussion:

- (I) the evaluation of work conducted by the external audit firm, the appointment and removal of the external audit firm;
- (II) whether the Company's internal audit systems have been effectively implemented, and whether its financial reports are complete and true;
- (III) whether the information disclosed to the public by the Company (including the financial reports) is objective and true, and whether the substantive related (connected) transactions of the Company are in compliance with the relevant laws and rules;
- (IV) evaluation of the work of the Company's financial department, the audit department including the respective persons in charge;
- (V) other relevant matters;

## CHAPTER 5 RULES OF PROCEDURE

**Article 26** Meetings of the Audit Committee are classified as regular meetings and extraordinary meetings. Regular meetings shall be held at least once quarterly, and reports shall be made to the Board, including but not limited to the implementation of the internal audit plan and problems found in the internal audit work. The extraordinary meeting is proposed by the members of the Audit Committee and convened under the consent of half of the members.

A three-day notice of such meeting shall be given to all Committee members, and if the situation is urgent and it is necessary to convene a meeting of the Audit Committee as soon as possible, the meeting notice may be issued by telephone or other oral means at any time, but the convenor shall give an explanation at the meeting.

Such meeting shall be presided over by the convenor, and if the convenor is unable to attend, he/she may authorise another member (an independent non-executive director) to preside over it.

**Article 27** The quorum for meetings of the Audit Committee shall be at least two-thirds of the total members of the Committee; each member shall have one vote; the resolutions made at the meetings shall be approved by a majority of all members

**Article 28** The voting method at meetings shall be by a show of hands or by way of poll; provided that all members present at the meeting are able to fully communicate and express their opinions, the meetings and votings may, when necessary, be conducted by video, telephone or other means in accordance with the procedures.

**Article 29** Members of the internal audit department may attend the meetings of the Audit Committee as observers, and if necessary, directors and other senior management of the Company may also be invited to attend meetings. If necessary, the Committee may engage intermediaries or invite external experts and advisers to attend meetings as observers to provide professional advice for its decision-making, at the Company's expenses.

**Article 30** The convening procedures, voting method and resolutions passed on the meetings of the Audit Committee shall comply with the relevant laws, regulations, the Articles of Association and the terms of reference.

**Article 31** Minutes shall be taken for meetings of the Audit Committee, which shall be signed by the members present at the meeting. Minutes of meetings shall be kept by the secretary to the Board of the Company for a period of not less than ten years. Full minutes of the Audit Committee shall be kept by a duly appointed Committee secretary (usually the company secretary). The first and final drafts of the minutes shall be sent to all members of the Committee within a reasonable period of time after a meeting, with the first draft to be used for the members to express their opinions, while the final draft shall be used for their records.

**Article 32** Resolutions passed by the Audit Committee and the voting results shall be reported to the Board of the Company in writing.

**Article 33** Members present at meetings shall perform a duty of confidentiality regarding matters discussed at such meetings, and no unauthorised disclosure of such information shall be allowed.

## CHAPTER 6 SUPPLEMENTARY PROVISIONS

**Article 34** Any matters not covered by the terms of reference shall be implemented in accordance with relevant national laws, regulations, regulatory rules on securities in the places where the Company's shares are listed, and the provisions of the Articles of Association. In case of any inconsistency between the terms of reference and any national laws, regulations, regulatory rules on securities in the places where the Company's shares are listed to be promulgated in the future or the Articles of Association as amended by legal procedures, they shall be implemented in accordance with the relevant national laws, regulations, regulatory rules on securities in the places where the Company's shares are listed, and the provisions of the Articles of Association, and shall be immediately revised and reported to the Board for consideration and approval.

**Article 35** The terms of reference shall take effect from the date of approval by the Board of the Company, and the same shall apply to any amendment thereof. Upon the effectiveness of the terms of reference, the Company's original Terms of Reference of the Audit Committee of the Board shall automatically become null and void.

**Article 36** The right to construe the terms of reference is vested in the Board of the Company.

**Guangdong Tianyu Semiconductor Co., Ltd.**

May 19, 2026

*NOTE:* If there is any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.