

SHENZHEN SDMC TECHNOLOGY CO., LTD.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE OF THE BOARD

(considered and approved at the 14th meeting of the sixth session of the Board held on April 30, 2025, effective from the date of listing and trading of the Company's overseas listed foreign shares on The Stock Exchange of Hong Kong Limited upon approval by the relevant regulatory authorities)

May 2026

Shenzhen SDMC Technology Co., Ltd.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE OF THE BOARD

CHAPTER I GENERAL PROVISIONS

Article 1 To regulate the rules of procedure for the Audit Committee of the board of directors (the “Board”) of Shenzhen SDMC Technology Co., Ltd. (hereinafter referred to as the “Company”), and fully protect the legitimate rights and interests of the Company and its shareholders, the Company has formulated these terms of reference in accordance with the provisions of the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”) and other relevant laws, administrative regulations, departmental rules, normative documents as well as the Articles of Association of Shenzhen SDMC Technology Co., Ltd. (hereinafter referred to as the “Articles of Association”) and the Rules of Procedures for Meetings of the Board of Shenzhen SDMC Technology Co., Ltd. after taking into account the actual conditions of the Company.

Article 2 The Audit Committee is a specialized committee established under the Board and is responsible for and reports to the Board.

Article 3 The Audit Committee is responsible for proposing the engagement or replacement of external auditors, coordinating internal audit and external audit, reviewing the Company’s financial information and its disclosure, supervising and evaluating the Company’s internal control.

CHAPTER II COMPOSITION OF THE AUDIT COMMITTEE

Article 4 The Audit Committee consists of three non-executive Directors of the Company, of which independent non-executive Directors constitute a majority, and at least one independent non-executive Director is a professional in accounting. A former partner of the Company’s current external auditor shall not serve as a member of the Audit Committee within a period of two years from the date on which he/she ceases to be a partner of the external auditor or to have any financial benefits of the current external auditor, whichever is later. If there are other provisions stipulated in laws, administrative regulations, or the securities regulatory rules of the place where the Company’s Shares are listed, such requirements shall also be met.

Article 5 The members of the Audit Committee shall be nominated by the chairman of the Board, more than half of the independent non-executive Directors, or more than one-third of all Directors, and shall be elected by more than half of the Board members.

Article 6 The Audit Committee has a committee chairman (convener), who must be an independent non-executive Director with accounting expertise, and is responsible for presiding over the work of the Committee. The chairman is elected by the Audit Committee and approved by the Board.

Article 7 The term of office of the members of the Audit Committee shall be consistent with the term of office of the Directors. Upon expiration of the term of a member, such member may serve consecutive term if re-elected. During the term of office, if any member no longer serves as a Director of the Company or a member who should have the status of an independent non-executive Director no longer has the independence stipulated in the Articles of Association, such person will automatically lose his/her membership qualification and the Board will make up for the number of committee members in accordance with Articles 4 to 6 above.

Article 8 The Audit Committee shall set up a working group to be specifically responsible for its daily work, including liaison, meeting organization, document preparation and archive management. The members of the working group need not be members of the Audit Committee.

When the Audit Committee performs its duties, the management and relevant departments of the Company shall cooperate with it.

Article 9 The provisions of the Company Law and the Articles of Association on Directors' obligations are applicable to members of the Audit Committee.

CHAPTER III DUTIES AND AUTHORITIES

Article 10 The Audit Committee shall exercise the powers of the board of supervisors as stipulated in the Company Law, as detailed below:

- (I) to review the Company's financial position;
- (II) to supervise the Directors and senior management in their performance of their duties and to propose the removal of Directors and senior management who have violated laws, administrative regulations, the Articles of Association or resolutions of the shareholders' general meetings;
- (III) when the acts of a Director or a senior management personnel are detrimental to the Company's interests, to require the Director and senior management to correct these acts;
- (IV) to propose the convening of extraordinary shareholders' general meetings and to summon and preside over shareholders' general meetings when the board fails to perform the duty of summoning and presiding over shareholders' general meetings under these terms of reference;
- (V) to submit proposals to the shareholders' general meetings;
- (VI) to bring law suits against Directors and senior management personnel pursuant to Article 189 of the Company Law.

Article 11 In addition to the duties stipulated in Article 10, the main duties of the Audit Committee also include the following aspects:

- (I) to advise the Board on the appointment, re-appointment, replacement and removal of external auditors, approve the remuneration and terms of employment of external auditors, and address any issues relating to the resignation or dismissal of external auditors;
- (II) to review and monitor whether the external auditors are independent and objective and whether the audit procedures are effective according to applicable standards; the Audit Committee should discuss with the auditors about the nature, scope, and methods of the audit and relevant reporting obligations before the audit work begins;
- (III) to formulate and implement policies regarding the engagement of external auditors to provide non-audit services. For the purpose of this provision, an external auditor includes any organization that is under the same control, ownership or management with the company responsible for the audit, or a third party who is reasonably aware of all relevant information and is reasonably concluded as being any organization constituting a part of the local or international operations of the company responsible for the audit. The Audit Committee shall report and make recommendations to the Board on any matters requiring action or improvement;
- (IV) to review and monitor the truthfulness, completeness and accuracy of the Company's financial statements (including their disclosures) and annual reports and accounts, half-year reports, review the material opinions on the financial reporting contained in the statements and reports. In reviewing such statements and reports before submission to the Board, the Audit Committee should particularly focus on the following matters: whether there have been changes in the Company's accounting policies, practices and estimates during the reporting period, matters involving significant judgments, major adjustments arising from audits, the Company's going-concern assumptions or any qualified opinions, whether the accounting complies with the accounting standards and the laws relating to financial reporting and the provisions of the Hong Kong Listing Rules;

For the above-mentioned items to which particular attention shall be paid in the reviewing process, members of the Audit Committee need to communicate with the Board, senior management personnel, internal and external auditors in due time, and timely review letters from the external auditor to the management or any significant questions raised to the management on accounting records, financial statements or monitoring systems, among others, and any response from the management, and resolve disputes and differences between the management or internal audit department and the external auditor regarding relevant statements and reports. The Audit Committee members are required to convene meetings with the Company's external auditor at least twice a year. Members of the Audit Committee shall study significant or unusual matters that are reflected or required to be reflected in the Company's reports and accounts, and should give due consideration to matters raised by the Company's accounting and finance departments, regulatory authorities or auditors;

- (V) to discuss the issues raised by external auditor after reviewing the Company's semi-annual accounts and auditing the annual accounts of the Company;
- (VI) to examine the Company's financial policies, financial supervision and control, internal audit system, risk management and internal control systems, and provide opinions and suggestions for improvement;
- (VII) to discuss risk management and internal supervision and control systems with the management to ensure that the management has fulfilled its duties to establish effective systems. The discussion should include the adequacy of the Company's resources, staff qualifications and experience in its accounting and financial reporting functions, as well as the adequacy of training programs and related budgets for staff;
- (VIII) to conduct research on significant investigation findings relating to risk management and internal control matters as well as the management's response to the investigation findings, either on its own initiative or in response to the delegation of the Board;
- (IX) the Audit Committee should establish relevant procedures to ensure the impartial and independent investigation and resolution of the following matters:
 - 1. to receive and handle complaints raised in relation to the Company's accounting, internal control or auditing matters, and ensure the confidentiality thereof;
 - 2. to receive and handle complaints or anonymous reports from employees concerning the possible misconduct in accounting, auditing matters, internal control or other aspects, and ensure the confidentiality thereof;
- (X) to serve as the primary representative between the Company and the external auditors to monitor their relationship;
- (XI) to ensure the coordination of work between internal and external auditors, ensure that the internal audit function has adequate resources to operate and has appropriate standing within the Company, and review and monitor its effectiveness;
- (XII) to review the Group's financial and accounting policies and practices;
- (XIII) matters as required by applicable laws, regulations, the Articles of Association and the Hong Kong Listing Rules and other matters authorized by the Board of the Company.

Article 12 The following matters shall be submitted to the Board for consideration upon approval by a majority of all members of the Audit Committee:

- (I) to disclose financial information and internal control evaluation reports in financial and accounting reports and periodic reports;
- (II) to appoint or dismiss the accounting firm that undertakes audits of the Company;
- (III) to appoint or dismiss the financial officer of the Company;

- (IV) to make changes in accounting policies, accounting estimates or corrections of material accounting errors for reasons other than changes in accounting standards;
- (V) other matters as required by laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed, and these terms of reference.

Article 13 The main duties and powers of the chairman of the Audit Committee are as follows:

- (I) to convene and preside over meetings of the Audit Committee;
- (II) to supervise and examine the implementation of resolutions and recommendations of the Audit Committee;
- (III) to sign important documents of the Audit Committee;
- (IV) to report regularly to the Board of the Company on behalf of the Audit Committee;
- (V) other powers granted by the Board.

Article 14 The Audit Committee shall report to the Board on measures or improvements it deems necessary and make recommendations.

Article 15 The Audit Committee has the right to engage independent consultants, legal advisers and other advisers as and when necessary in performing its duties. The Company must provide such financial and funding assurances as the Audit Committee deems appropriate to pay for the remuneration of accounting firms providing financial auditing services and related services such as audit, review and verification, as well as the remuneration of consultants engaged by the Audit Committee.

CHAPTER IV WORKING PROCEDURES

Article 16 The Audit Committee shall earnestly perform its duties and obligations in the preparation and disclosure process of the Company's annual report, and perform its work diligently.

Article 17 Within 90 days after the end of each accounting year, the management of the Company shall report to the Audit Committee on the production and operation conditions of the Company during the year and the progress of significant matters such as investment and financing activities, and the financial officer of the Company shall report to the Audit Committee on the financial position and operating results for the current year. The Audit Committee shall conduct on-site studies on the relevant material issues.

Article 18 The finance department is responsible for making preliminary preparation work for decision-making by the Audit Committee, and provides written information on relevant aspects of the Company:

- (I) relevant financial reports of the Company;
- (II) work reports of internal and external auditors;
- (III) external auditing contracts and related work reports;
- (IV) disclosure of information by the Company to external parties;
- (V) significant related (connected) transactions of the Company;
- (VI) other relevant information required by the Audit Committee to perform its duties.

Article 19 The Audit Committee shall comment on the report provided by the finance department and submit the relevant written resolutions to the Board:

- (I) evaluation on work performance, engagement and replacement of external auditors;
- (II) whether the internal audit system of the Company has been effectively implemented and whether the financial report of the Company is comprehensive and true;
- (III) whether the Company's disclosure of information, such as financial report, to external parties is objective and true, and whether the Company's significant related (connected) transactions have complied with the requirements of relevant laws and regulations;
- (IV) appraisal on the work of the Company's finance department, audit department and the persons in charge.

The written resolutions submitted to the Board which, as stipulated by laws, regulations, the securities regulatory rules of the place where the Company's Shares are listed, and the Articles of Association, require consideration by the Board, shall be discussed and resolved by the Board; if such consideration is not required by laws, regulations, the securities regulatory rules of the place where the Company's Shares are listed, and the Articles of Association, such written resolutions shall be submitted to the Board for recordation only.

Article 20 In the process of auditing on the annual financial report of the Company, the Audit Committee shall perform the following duties:

- (I) coordinate the time schedule of audit work of accounting firm;
- (II) review the Company's annual financial information and accounting statements;
- (III) supervise the performance of the Company's annual audit by the accounting firm;
- (IV) evaluate and summarize the audit work performed by accounting firm;

(V) make proposal on the engagement or replacement of external auditor;

(VI) other duties as required by relevant laws and regulations.

Article 21 The Audit Committee shall, in accordance with the Company's annual report disclosure schedule and actual situation, jointly determine the audit time of the annual financial report through consultation with the accounting firm, and the time of on-site audit work shall not be later than 20 working days before the disclosure date of the Company's annual report.

Article 22 During the preparation and review periods of the annual report, members of the Audit Committee are obliged to maintain confidentiality. Prior to the disclosure of the annual report, there should be strict prevention against the leakage of inside information, insider dealing and other acts in violation of laws and regulations.

Article 23 The Audit Committee shall strengthen communication with the auditor of annual audit after it commences on-site audit work.

Article 24 After the auditor of annual audit has issued the preliminary audit opinion and before the convening of the board meeting to review the annual report, the Company should arrange a meeting between the Audit Committee and the auditor of annual audit to communicate on the problems discovered during the auditing process. The meeting should have written records signed by the parties involved.

Article 25 The Audit Committee shall supervise the auditor of annual audit to submit the audit report within the agreed time limit, and record the manner, frequency and results of the supervision in the form of written opinions, and they shall be signed by the relevant responsible person for confirmation.

Article 26 Before the Company convenes the Board meeting to consider the annual report, the Audit Committee shall vote on the Company's annual financial accounting statements and submit the resolutions to the Board for review.

Article 27 The Audit Committee shall submit to the Board a summary report on the audit work conducted by the accounting firm for current year, and submit to the Board a resolution on the re-appointment or replacement of the accounting firm for the next year. The above documents produced by the Audit Committee shall be disclosed in the annual report.

Article 28 The Audit Committee must focus attention on the circumstances in which the Company changes its engagement with an accounting firm during the audit period of its annual report. In principle, the Company may not change the engagement with an accounting firm for annual audit during the audit period of the annual report. If any change of engagement is necessary, the Audit Committee shall meet with both the existing and the proposed accounting firm to conduct a reasonable evaluation of their quality of practice, and shall express its opinion based on its judgment on the adequacy of the reasons for the change of engagement by the Company. After a resolution is passed by the Board, a general meeting of shareholders shall be convened for approving the resolution, and the accounting firm to be replaced will be notified to attend the meeting for stating its opinions at the general meeting. The Company shall fully disclose the resolutions of the general meeting and the opinions of the replaced accounting firm.

CHAPTER V RULES OF PROCEDURES

Article 29 Meetings of the Audit Committee are divided into regular meetings and extraordinary meetings. Regular meetings shall be convened at least twice a year, and shall be notified to all members of the committee five days before the date of the meeting. An extraordinary meeting may be convened by more than half of the members or by the convener, and shall be notified to all members three days before the meeting. For an extraordinary meeting proposed to be convened by members of the Audit Committee, the aforementioned notice period may be waived with written consent from more than half of all members.

The means of notification include, but not limited to, personal delivery, fax, letter, e-mail or telephone.

Article 30 Meetings of the Audit Committee shall be convened and presided over by the chairman of the committee. If the chairman of the committee is unable or refuses to perform his/her duties, he/she shall designate or appoint another member who is an independent non-executive director to perform his/her duties on his/her behalf.

Article 31 The notice of meeting should at least include the following:

- (I) time, place and convening method of the meeting;
- (II) the duration of the meeting;
- (III) topics to be discussed at the meeting;
- (IV) the contact person of the meeting and his/her contact information;
- (V) the date of the notice of the meeting.

If the notification is made by telephone, it should contain at least the contents as set out in items (I) and (II) above, a written record must be prepared and the meeting documents must be dispatched to all members before the meeting.

Article 32 Meetings of the Audit Committee may be held only by the presence of more than two-thirds of the members; each member has one vote; resolutions made at the meeting must be passed by more than half of all members.

Article 33 Members of the Audit Committee shall attend the meeting in person and express clear opinions on the matters under review. When a member is unable to attend the meeting in person for some reason, he/she should review the meeting materials in advance, form clear opinions, and entrust another member in writing to attend and express his/her opinions on his/her behalf. For a member who is an independent non-executive Director, he/she may only appoint another independent non-executive Director to attend the meeting. Each member may only accept appointment from one other member. Members may not make or accept an appointment of proxy without voting intention, an appointment with full discretion or an appointment with unclear scope of authorization.

Article 34 If a committee member entrusts another member to attend the meeting and exercise voting rights on his/her behalf, a power of attorney shall be submitted to the chairman of the meeting no later than the voting at the meeting.

Article 35 The power of attorney shall be signed by both the principal and the proxy, and should include at least the following contents:

- (I) name of the principal;
- (II) name of the proxy;
- (III) entrusted matters;
- (IV) instructions for exercising voting rights on meeting topics (agree, disagree, abstain);
- (V) period of the authorization;
- (VI) date of signing the power of attorney.

Article 36 If a member of the Audit Committee neither attends the meeting in person nor appoints another member to attend the meeting on his/her behalf, he/she is deemed to be absent from the relevant meeting. If a member fails to attend two consecutive meetings, he/she is deemed to be unable to perform his/her duties and powers properly, and the Board of the Company may remove him/her from his/her position as a member.

Article 37 The voting for the meetings of the Audit Committee is concluded by a show of hands or by ballot.

Article 38 Meetings of the Audit Committee may be held on site or via communication conference. The communication conferences include telephone conferences, video conferences, and written resolution meetings.

Article 39 When a meeting of the Audit Committee is convened via written proposals, such proposals should be served to all members by fax, email, express mail, or personal delivery. After members vote on the proposals, they shall return the originals to the Company for filing. If the number of members who sign in approval meets the requirements specified in these terms of reference, the proposal constitutes a resolution of the committee.

Article 40 The Audit Committee may invite other Directors and senior management of the Company to attend the meeting as non-voting delegates when necessary. If necessary, the Audit Committee may engage an intermediary to provide professional advice for its decision-making, and the expenses are borne by the Company.

Article 41 Minutes of the meetings shall be kept by the Audit Committee. The first draft and final version of the minutes of the meeting shall be dispatched to all members present at the meeting within a reasonable period of time after the meeting for expression of opinions on the first draft and for record purpose with the final version, and a summary of the minutes shall be compiled after the meeting, which together with the resolutions passed, shall be submitted to the Board (except such submission is prohibited by law or regulatory restriction). Members who have attended the meeting shall sign on the minutes of meeting and the resolutions. If the attending members have objections to the meeting resolution, they should be noted in the meeting minutes or summary of the minutes. The minutes of meetings shall be kept by the secretary to the Board of the Company, and shall be kept for at least 10 years during the existence of the Company.

Article 42 The meeting minutes should include at least the following:

- (I) date, location, method, and name of the convener of the meeting;
- (II) names of attendees at the meeting, and those who are entrusted by others to attend the meeting should be specifically noted;
- (III) the meeting agenda;
- (IV) the voting method for each resolution or proposal and the voting results indicating the number of affirmative, negative, or abstention votes;
- (V) other matters that should be explained and recorded in the meeting minutes.

Article 43 The proposals and voting results passed at the meetings of the Audit Committee shall be reported to the Board of the Company by the committee members or the secretary to the Board of the Company no later than the day after the effective date of the meeting resolutions (unless it is restricted by laws or regulations from making such report).

Article 44 If there is a conflict of interest between members of the Audit Committee and the matters discussed at the meeting, they are required to abstain from deliberation and voting.

Article 45 Members attending the meeting and persons attending the meeting as non-voting delegates are obligated to keep confidential the matters discussed at the meeting and shall not disclose the relevant information without authorization.

Article 46 The Audit Committee should report to the Board on actions or improvements it deems necessary and make recommendations on the steps that may be adopted.

CHAPTER VI ANNUAL GENERAL MEETING

Article 47 The chairman of the committee is required to attend the annual general meeting of the Company and be prepared to answer any question raised by shareholders on matters relating to the duties of the Audit Committee.

Article 48 If the chairman of the committee is unable to attend the annual general meeting of the Company, he/she must make arrangement for another committee member to attend the general meeting. Such person shall be prepared to answer questions raised by shareholders regarding the work of the Audit Committee at the annual general meeting.

CHAPTER VII SUPPLEMENTAL PROVISIONS

Article 49 Unless otherwise specified, the terms used in these terms of reference shall have the same meaning as those used in the Articles of Association.

Article 50 The terms “above” and “within” mentioned in these terms of reference are inclusive of the number mentioned; “exceeds”, “beyond”, “less than” and “over” are exclusive of the number mentioned.

Article 51 For any matters not covered by these terms of reference, the Company shall comply with the relevant laws, administrative regulations, the securities regulatory rules of the place where the Company’s Shares are listed, the Articles of Association, the resolutions of the Company’s general meetings and the Board or provisions of other relevant rules and regulations for implementation; if these terms of reference are inconsistent with the provisions of the relevant laws, administrative regulations, the securities regulatory rules of the place where the Company’s Shares are listed or the Articles of Association, the provisions of the relevant laws, administrative regulations, the securities regulatory rules of the place where the Company’s Shares are listed and the Articles of Association prevail for implementation.

Article 52 The Board is responsible for the formulation and amendment of these terms of reference, as well as their interpretation.

Article 53 These terms of reference have been considered and approved by the Board of the Company, and take effect from the date of listing and trading of the Company’s overseas listed foreign shares (H shares) issued in the initial public offering on The Stock Exchange of Hong Kong Limited.

Shenzhen SDMC Technology Co., Ltd.