Suzhou Novosense Microelectronics Co., Ltd.
Terms of Reference of the Audit Committee under the Board of Directors

Chapter 1 General Provisions

Article 1 To establish and improve a modern corporate governance system and standardize company operations, in accordance with the relevant provisions of the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》), the Code of Corporate Governance for Listed Companies (《上市公司治理準則》), Guidance No. 1 of Self-regulatory Rules for Companies Listed on the STAR Market of the Shanghai Stock Exchange – Standardized Operations (《上海證券交易所科創板上市公司自律監管指引第1號 – 規範運作》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (《香港聯合交易所有限公司證券上市規則》) (hereinafter referred to as the "**Hong Kong Listing Rules**"), and other relevant laws, regulations, normative documents, and the Articles of Association of Suzhou Novosense Microelectronics Co., Ltd. (hereinafter referred to as the "**Articles of Association**"), and in light of the Company's actual circumstances, the Company hereby establishes the Audit Committee of the Board of Directors (hereinafter referred to as the "**Committee**") and formulates these Terms of Reference.

Article 2 The Committee under the Board of Directors is a special working body established by the Board of Directors and is primarily responsible for directing the work of the communication, supervision and verification of internal and external audits of the Company. The Committee shall exercise functions and powers of the board of supervisors stipulated under the Company Law.

Chapter 2 Committee Composition

Article 3 The Committee shall comprise three directors, all of whom must be non-executive directors. Among these, two shall be independent non-executive directors, with at least one being an accounting professional. Members of the Committee shall be directors who do not hold senior management positions within the Company.

Article 4 Members of the Committee shall be elected by the Board of Directors.

Article 5 The Committee shall have one Chairperson (convener), who shall be an independent non-executive director with accounting qualifications and shall preside over the Committee's work. The Chairperson shall be appointed by the Board of Directors.

Article 6 The terms of the members are the same as that of the Board of Directors. Upon expiry of their term, members may be re-elected. If any member ceases to be a director, he/she shall automatically lose the qualification of the Committee member, and the Committee shall make up the number of members according to the Articles 3 to 5 above.

Article 7 The Board Secretary Office of the Company shall provide comprehensive support services to the Committee, including coordinating daily communications and organizing meetings. Finance and audit departments of the Company shall provide professional support, responsible for preparing relevant materials and providing feedback on the implementation of internal control systems.

Chapter 3 Duties and Authorities

Article 8 The Committee is responsible for reviewing the Company's financial information and disclosure thereof, supervising and evaluating the internal and external audit work and internal control. The following matters shall be submitted to the Board of Directors for deliberation after obtaining the approval of a majority of all members of the Committee:

(1) Disclosure of financial information in financial accounting reports and periodic reports, as well as internal control reports;

(2) Hiring or dismissing accounting firms conducting the Company's audit engagements;

(3) Appointing or dismissing the chief financial officer of the Company;

(4) Changes to accounting policies or estimates, or corrections of significant accounting errors, arising from reasons other than changes in accounting standards;

(5) Matters involving significant judgments;

(6) The going concern assumption and any qualifications;

(7) Compliance with accounting standards;

(8) Other matters stipulated by laws, regulations, relevant exchange rules, and the Articles of Association.

Article 9 The Committee shall propose to the Board of Directors the appointment or replacement of external audit firm, review the audit fees and engagement terms of external audit firm, and handle any issues related to the resignation of external audit firm, free from undue influence by the Company's major shareholders, actual controllers, or directors, and senior management.

The Audit Committee shall review and monitor the independence of the external audit firm, examine all relationships between the Company and the external auditor (including non-audit services), and annually request data from the external audit firm to understand the policies and procedures adopted by the external audit firm to maintain its independence and monitor its compliance with relevant rules.

The Committee shall urge the external audit firm to act with honesty and integrity, exercise due diligence, strictly comply with business rules and industry self-regulatory standards, rigorously implement internal control systems, verify the financial accounting reports of the Company, fulfill special attention obligations, and prudently issue professional opinions. It shall review letters of explanation on the audit provided by the external audit firm to the management, any significant questions raised to management regarding accounting records, financial accounts, or control systems, and management's responses thereto.

Article 10 The specific organization and implementation work of the Company's internal control evaluation shall be the responsibility of the internal audit institution. The Company shall issue the annual internal control evaluation report based on the evaluation report and related materials issued by the internal audit institution and reviewed by the Audit Committee.

The internal audit institution of the Company shall submit internal audit work reports to the Audit Committee after the conclusion of each year and half-year. Internal audit function should truthfully reflect any deficiencies in internal controls discovered during inspections and issues existing in implementation in the internal audit work report. After reporting to the Audit Committee, they should follow up to ensure that the relevant departments have taken appropriate corrective actions in a timely manner.

Article 11 The Committee should review the financial and accounting reports of the Company, provide opinions on the authenticity, accuracy, and completeness of the financial and accounting reports, with a focus on significant accounting and audit issues. It should pay particular attention to potential fraud, malfeasance, and material misstatements related to the financial and accounting reports, and supervise the rectification of any issues identified in the financial and accounting reports.

Article 12 The Committee shall perform its duties in accordance with the Articles of Association and the authority granted by the Board of Directors.

Article 13 The Board Secretary Office of the Company or other relevant departments shall be responsible for preparatory work for the Committee's decision-making and shall provide written materials concerning the following aspects of the Company:

(1) Relevant financial reports of the Company;

(2) Work reports from internal and external audit institutions;

(3) External audit contracts and related work reports;

(4) Status of the Company's external disclosures;

(5) Reports on the use of funds for major projects of the Company;

(6) Other relevant materials required for the Committee to perform the duties specified in Article 8.

Chapter 4 Rules of Procedure

Article 14 Committee meetings shall be divided into regular meetings and extraordinary meetings.

The Audit Committee shall hold meetings at least once every quarter, with giving notice to all members 3 days in advance before meeting. The Audit Committee must hold at least one meeting annually with the external and internal audit firms without the presence of executive directors.

The Committee may convene extraordinary meetings as necessary. An extraordinary meeting may be convened upon the proposal of two or more Committee members, or when deemed necessary by the convener. If it is necessary to convene an extraordinary meeting as soon as possible, under the unanimous consent of all members, the above time limit of notice for convening an extraordinary meeting may also be waived, however, the convener shall provide an explanation at the meeting.

Committee meetings shall be convened and chaired by the convener. If the convener is unable or refuses to perform their duties, an independent non-executive director member shall be designated to perform the duties in their stead.

Article 15 Committee meetings shall be held with the attendance of more than two-thirds of the members. Each member shall have one vote. Resolutions adopted at meetings must be approved by more than half of the members. Committee members with a conflict of interest regarding matters under discussion shall recuse themselves. Where recusal prevents the formation of valid deliberate opinions, the relevant matters shall be directly considered by the Board of Directors.

Article 16 Members of the Committee shall attend meetings in person and express clear opinions on matters under review. If a member is indeed unable to attend a meeting in person, they may submit a signed power of attorney appointing another member to attend and express opinions on their behalf. The power of attorney must specify the scope and duration. Each member may accept authorization from not more than one other member. If an independent non-executive director member is indeed unable to attend a meeting in person, he/she shall appoint another independent non-executive director member to attend on his/her behalf.

When deemed necessary, the Committee may invite representatives from external audit institutions, internal audit staff, financial personnel, legal counsel, and other relevant personnel to attend Committee meetings as non-voting participants and provide necessary information.

Article 17 When necessary, the Committee may engage intermediary institutions to provide professional advice for its decision-making, with expenses borne by the Company.

Article 18 Committee meetings shall be held in person as a general rule, with voting conducted by a show of hands. Where necessary, provided that all members attending the meeting are able to fully communicate and express their views, voting may be conducted by correspondence.

Article 19 Members of the Committee shall express their opinions clearly and independently based on their own judgment and strive to reach a consensus of opinion. Where it is truly difficult to reach a consensus of opinion, all dissenting opinions shall be recorded in the meeting minutes with explanations provided.

Article 20 The procedures for convening Committee meetings, the voting method, and the resolutions adopted at meetings shall comply with relevant laws, regulations, the Articles of Association, and these Terms of Reference.

Article 21 Committee meetings shall be recorded, with sufficient detail concerning the matters considered and the decisions reached, including any concerns raised or objections expressed by directors. Committee members attending the meeting shall sign the minutes. The minutes shall be kept by the company secretary of the Board of Directors for a period of 10 years.

Article 22 Resolutions adopted and voting results of Committee meetings shall be reported to the Board of Directors in writing.

Article 23 All members present at the meeting shall have a duty of confidentiality regarding the matters discussed at the meeting and shall not disclose relevant information without authorization.

Article 24 Concurrently with the disclosure of its annual report, the Company shall disclose the annual performance of the Audit Committee on the Shanghai Stock Exchange website, primarily covering the fulfillment of its duties and the convening of Audit Committee meetings.

Where the Audit Committee submits opinions to the Board of Directors of the Company on matters within its remit and the Board of Directors does not adopt such opinions, the Company shall disclose the matter and provide a full explanation of the reasons.

Chapter 5 Supplementary Provisions

Article 25 The term "or more" in these Terms of Reference includes the specified number, while "more than" excludes the specified number.

Article 26 Matters not covered in the Terms of Reference shall be implemented in accordance with the provisions of the relevant laws, regulations of the PRC, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association. In case of any conflict between the Terms of Reference and any future laws and regulations of the PRC, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association as amended by legal procedures, the relevant laws and regulations of the PRC, and the Articles of Association shall prevail.

Article 27 The Board of Directors shall be responsible for interpreting the Terms of Reference.

Article 28 These Terms of Reference shall come into effect and will be implemented upon the approval of the Board of Directors and the listing of the Company's issued overseas-listed shares (H-shares) on the Main Board of the Hong Kong Stock Exchange.