Shanghai Iluvatar CoreX Semiconductor Co., Ltd.

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

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to strengthen the decision-making function of the Board of Directors, achieve pre-audit and professional audit, ensure effective supervision of the Company by the Board of Directors, and improve the corporate governance structure, the Audit Committee under the Board of Directors has been established with these Rules of Procedure formulated in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "**Company Law**"), 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 and regulations, and the Articles of Association of Shanghai Iluvatar CoreX Semiconductor Co., Ltd. (hereinafter referred to as the "**Articles of Association**").

Article 2 The Audit Committee of the Board of Directors is a specialized working organization established by the Board of Directors which exercises the functions and powers of the supervisory committee as stipulated in the Company Law, and is mainly responsible for the internal and external audit, supervision and verification work of the Company.

CHAPTER 2 COMPOSITION

Article 3 The Audit Committee comprises at least three non-executive Directors, of whom the majority should be independent non-executive Directors. The chairman of the Audit Committee must be an independent non-executive Director. At least one of the independent non-executive Directors among the members shall have appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Hong Kong Listing Rules (hereinafter referred to as the "Financial Professional"). A former partner of the existing external auditor currently responsible for auditing the accounts of the Company shall be prohibited from acting as a member of the Audit Committee for a period of two years from the date of his/her ceasing to (whichever is later):

(1) be a partner of the external auditor; or

(2) have any financial interest in the external auditor.

Article 4 Members of the Audit Committee shall be nominated by the chairman of the Board of Directors, not less than half of the independent non-executive Directors or not less than one-third of all Directors, and shall be elected by the Board of Directors. All members of the Audit Committee must possess professional knowledge and commercial experience competent for the duties of the Audit Committee.

Article 5 The Audit Committee has one chairman (convener), who shall be a Financial Professional among the independent non-executive Director members, and is responsible for presiding over the work of the committee. The chairman shall be nominated by the chairman of the Board of Directors and submitted to the Board of Directors for approval.

Article 6 The term of office of the Audit Committee shall coincide with that of the Board of Directors. A member may serve consecutive terms if re-elected upon the expiry of his/her term of office.

Article 7 If a member ceases to be a Director or is no longer suitable for the position of member during his/her term of office, he/she shall automatically lose his/her qualification as a member, subject to approval by the Board of Directors. The Board of Directors shall appoint a new member in accordance with the Articles of Association and these Rules of Procedure within three months.

Article 8 The Audit Committee may set up an audit office responsible for daily work liaison, meeting organization and other work.

CHAPTER 3 DUTIES AND AUTHORITIES

Article 9 The primary duties and authorities of the Audit Committee are:

(I) mainly responsible for making recommendations to the Board of Directors on the appointment, re-appointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and dealing with any matters in relation to the resignation or dismissal of the external auditor;

(II) supervising and evaluating the work of the external auditor;

(III) developing and implementing policies on the provision of non-audit services by the external auditor. For the purpose of this provision, the external auditor shall include any entity that is under common control, ownership or management with the auditing firm or any entity that a third party having reasonable knowledge of all relevant information would reasonably conclude as part of the local or international business of the auditing firm. The Audit Committee shall report to the Board of Directors on any matters where action or improvement is required and put forward its proposals accordingly;

(IV) guiding internal audit work, ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company; and reviewing and monitoring its effectiveness;

(V) reviewing the Company's financial reports and expressing opinions thereon, including monitoring the integrity of the Company's financial statements, annual reports and accounts, interim reports and (if proposed to be published) quarterly reports, and reviewing material comments contained in such statements and reports regarding financial reporting. Before submitting the aforementioned statements and reports to the Board of Directors, the Audit Committee should particularly review:

1. any changes in accounting policies and practices;

2. matters involving material judgements;

3. significant adjustments resulting from the audit;

4. the going concern assumptions and any qualifications;

5. compliance with accounting standards; and

6. compliance with the Hong Kong Listing Rules and legal requirements in relation to financial reporting;

(VI) in relation to Item (V) above:

1. members of the Audit Committee should liaise with the Board of Directors and senior management. The Audit Committee shall meet with the external auditor of the Company at least twice a year; and

2. the Audit Committee shall consider any significant or extraordinary items that are, or should be, reflected in such reports and accounts, and shall give due consideration to any matters raised by the staff responsible for accounting and financial reporting, compliance officer or external auditor of the Company;

(VII) reviewing the financial controls of the Company, and (unless there is a separate risk committee under the Board of Directors or the Board of Directors itself explicitly deals with it) reviewing the risk management and internal control systems of the Company;

(VIII) evaluating the effectiveness of internal control, including discussing the risk management and internal control systems with the management to ensure that the management has fulfilled its duties to establish an effective system. The discussion should cover whether the Company has adequate resources, its staff are of sufficient qualification and experience in its accounting and financial reporting function, and their training programmes and relevant budget are adequate;

(IX) considering, on its own initiative or as delegated by the Board of Directors, major investigation findings on risk management and internal control matters, and the management's response to those findings;

(X) coordinating the communication and work among the management, internal audit department, relevant departments and the external auditor;

(XI) reviewing the financial and accounting policies and practices of the Company and each of its subsidiaries and branches;

(XII) checking the management letter from the external auditor, any material queries raised by the external auditor to the management about accounting records, financial accounts or control systems, and the management's response;

(XIII) ensuring that the Board of Directors provides a timely response to the issues raised in the management letter from the external auditor;

(XIV) reporting to the Board of Directors on matters in the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules;

(XV) reviewing the Company's following arrangements whereby employees can, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee shall ensure that there are proper arrangements for fair and independent investigation of these matters and for appropriate follow-up action;

(XVI) acting as the primary representative between the Company and the external auditor, responsible for monitoring the relationship between them;

(XVII) where the Board of Directors disagrees with the Audit Committee's recommendation on the selection, appointment, resignation or dismissal of the external auditors, the Company should include in the Corporate Governance Report a statement from the Audit Committee explaining its recommendation and the reason(s) why the Board of Directors has taken a different view;

(XVIII) studying other topics as defined by the Board of Directors;

(XIX) other matters as stipulated by laws, regulations, normative documents, the Hong Kong Listing Rules, the Hong Kong securities regulatory authorities, the Articles of Association, the rules of procedure for the Board of Directors of the Company, and other matters authorized by the Board of Directors.

Article 10 The duties of the Audit Committee to supervise and evaluate the work of the external auditor include but are not limited to the following aspects:

(I) evaluating, reviewing and monitoring the independence, objectivity and professionalism of the external auditor and the effectiveness of audit procedures in accordance with the applicable standards, especially the impact of non-audit services provided by the external auditor on its independence;

(II) making recommendations to the Board of Directors on the appointment or replacement of the external auditor;

(III) reviewing the audit fees and terms of engagement of the external auditor. The Audit Committee shall discuss with the external auditor the nature and scope of the audit and the related reporting responsibilities before the audit commences;

(IV) discussing and communicating with the external auditor on the scope of audit, audit plan, audit methods and major issues found in the audit;

(V) supervising and evaluating whether the external auditor is diligent and responsible.

Article 11 The duties of the Audit Committee to guide internal audit work include but are not limited to the following aspects:

(I) reviewing the Company's annual internal audit work plan;

(II) urging the implementation of the Company's internal audit plan;

(III) reviewing internal audit work reports, evaluating the results of internal audit work, and urging the rectification of major problems;

(IV) guiding the effective operation of the internal audit department.

The internal audit department of the Company shall report to the Audit Committee. Various audit reports, rectification plans for audit problems and rectification status submitted by the internal audit department to the management shall be submitted to the Audit Committee at the same time.

Article 12 The duties of the Audit Committee to review the Company's financial reports and express opinions thereon include but are not limited to the following aspects:

(I) reviewing the Company's financial reports and expressing opinions on the truthfulness, completeness and accuracy of the financial reports;

(II) focusing on major accounting and audit issues of the Company's financial reports, including major accounting error adjustments, changes in major accounting policies and estimates, matters involving important accounting judgments, and matters resulting in non-standard unqualified audit reports;

(III) paying special attention to the possibility of fraud and irregularities and material misstatements related to financial reports;

(IV) supervising the rectification of financial reporting problems.

Article 13 The duties of the Audit Committee to evaluate the effectiveness of internal control include but are not limited to the following aspects:

(I) evaluating the appropriateness of the design of the Company's internal control system;

(II) reviewing the internal control self-evaluation report;

(III) reviewing the internal control audit report issued by the external auditor, and communicating with the external auditor on problems found and improvement methods;

(IV) evaluating the results of internal control evaluation and audit, and urging the rectification of internal control defects.

Article 14 The duties of the Audit Committee to coordinate the communication among the management, internal audit department, relevant departments and the external auditor include:

(I) coordinating the communication between the management and the external auditor on major audit issues; and

(II) ensuring the communication between the internal audit department and the external auditor and that the external audit work is coordinated.

Article 15 The Audit Committee shall be accountable to the Board of Directors, and its proposals are submitted to the Board of Directors for consideration and decision.

Article 16 The Audit Committee shall report to the Board of Directors on measures it considers must be taken or matters for improvement, and make recommendations.

Article 17 If necessary, the Audit Committee may engage intermediary firms to provide professional advice for its decisions at the expense of the Company.

Article 18 The engagement or replacement of the external auditor by the Company requires the Audit Committee to form a deliberation opinion and make a recommendation to the Board of Directors before the Board of Directors can consider the relevant proposal.

Article 19 The Audit Committee should make available its terms of reference on the websites of the Hong Kong Stock Exchange and the Company, explaining its role and the authority delegated to it by the Board of Directors.

CHAPTER 4 DECISION-MAKING PROCEDURES

Article 20 The audit office is responsible for making preliminary preparations for the decision-making of the Audit Committee and providing written information related to the Company.

Article 21 The Audit Committee meeting shall review the reports provided by the audit office and submit the relevant written resolutions to the Board of Directors for discussion.

CHAPTER 5 RULES OF PROCEDURE

Article 22 Meetings of the Audit Committee are divided into regular meetings and extraordinary meetings. They shall be convened and presided over by the chairman of the Audit Committee.

When the chairman of the Audit Committee is unable or refuses to perform his/her duties, he/she shall designate an independent non-executive Director member to perform the duties on his/her behalf.

Article 23 The Audit Committee shall hold at least two regular meetings every year.

The Audit Committee may convene extraordinary meetings as needed. An extraordinary meeting may be convened when proposed by two or more members of the Audit Committee, or when the chairman of the Audit Committee or the external auditor deems it necessary.

Article 24 A meeting of the Audit Committee shall be attended by two-thirds or more of its members; each member has one vote.

Article 25 The deliberation opinions submitted by the Audit Committee to the Board of Directors must be passed by more than half of all members. If an effective deliberation opinion cannot be formed due to the abstention of members of the Audit Committee, the relevant matters shall be directly considered by the Board of Directors.

Article 26 Members of the Audit Committee must attend meetings in person and express clear opinions on the matters under consideration. If a member is unable to attend the meeting in person for any reason, he/she may submit a power of attorney signed by the member, entrusting another member to attend and express opinions on his/her behalf. The power of attorney must specify the scope and duration of the authorization. Each member may accept the entrustment of at most one member. If an independent non-executive Director member is unable to attend the meeting in person for any reason, he/she shall entrust another independent non-executive Director member to attend on his/her behalf.

Article 27 Voting at the meetings of the Audit Committee shall be by a show of hands or by poll; extraordinary meetings may be convened by means of communication.

Article 28 Members of the audit office may attend meetings of the Audit Committee as non-voting participants. When necessary, the Audit Committee may invite representatives of the external auditor, internal audit personnel, financial personnel, legal advisers and other relevant personnel of the Company as non-voting participants to attend committee meetings and provide necessary information.

If necessary, the Audit Committee may engage intermediary firms to provide professional advice for its decisions at the expense of the Company.

Article 29 The procedures for convening meetings of the Audit Committee, voting methods and contents of proposals must comply with the provisions of relevant laws, regulations and the Articles of Association. If any Director gives reasonable notice, the relevant minutes of meetings should be open for his/her inspection at any reasonable time.

Article 30 Minutes of meetings of the Audit Committee shall be kept. Members and other personnel present at the meeting must sign the minutes of the committee meeting. The minutes of meetings shall be kept by the secretary to the Board of Directors.

Article 31 The deliberation opinions passed by the meeting of the Audit Committee shall be submitted in writing to the Board of Directors.

Article 32 All personnel present at the meeting have a confidentiality obligation regarding the matters of the meeting and shall not disclose relevant information without authorization.

Article 33 If a member of the Audit Committee has a conflict of interest in the matters discussed at the meeting, he/she must abstain from voting.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

Article 34 These Rules of Procedure shall come into effect and be implemented after being reviewed and approved by the Board of Directors.

Article 35 The terms "more than" and "at least" in these Rules of Procedure include the number itself, while "more than half" does not include the number itself.

Article 36 Matters not covered in these Rules of Procedure shall be implemented in accordance with relevant national laws and regulations, the Hong Kong Listing Rules, the regulations and requirements of relevant securities regulatory authorities and the Articles of Association; In the event that these Rules of Procedure are in conflict with relevant national laws and regulations, the Hong Kong Listing Rules, the regulations and requirements of relevant securities regulatory authorities or the amended Articles of Association, the provisions of relevant national laws and regulations, the Hong Kong Listing Rules, the regulations and requirements of relevant securities regulatory authorities and the Articles of Association shall prevail.

Article 37 These Rules of Procedure shall be interpreted and amended by the Board of Directors of the Company.