上海拓璞数控科技股份有限公司

Shanghai Top Numerical Control Technology Co., Ltd.

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

(Stock Code: 7688)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

CHAPTER I GENERAL PROVISIONS

Article 1 To establish and standardize the audit system and procedures of Shanghai Top Numerical Control Technology Co., Ltd. (the "**Company**"), strengthen the decision-making functions of the board of directors (the "**Board**"), ensure effective supervision by the Board over the management, and improve the corporate governance structure, the Board has established the Audit Committee (the "**Committee**") pursuant to the Company Law of the People's Republic of China and other relevant laws, administrative regulations, and normative documents (collectively, the "**PRC Laws and Regulations**"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**"), and the Articles of Association of the Company (the "**Articles of Association**"). These rules of procedure for the Committee (the "**Rules**") are hereby formulated.

Article 2 The Committee is a specialized working body under the Board, primarily responsible for reviewing the Company's financial information and its disclosure, and supervising and evaluating internal and external audit work and internal control. The following matters shall be submitted to the Board for consideration after being approved by a majority of all members of the Audit Committee:

(I) disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports;

(II) appointment or dismissal of the accounting firm that undertakes the Company's audit business;

(III) appointment or dismissal of the Company's financial controller;

(IV) changes in accounting policies or accounting estimates or corrections of material accounting errors for reasons other than changes in accounting standards;

(V) other matters required by laws, administrative regulations, regulatory rules of the place where the Company's shares are listed, the Hong Kong Listing Rules and the Articles of Association.

Article 3 The Rules shall apply to the Committee and to the relevant personnel and departments referred to herein.

CHAPTER II COMPOSITION OF THE COMMITTEE

Article 4 The Committee shall comprise three directors, who shall be directors who do not hold senior management positions in the Company, of whom at least two shall be independent non-executive directors. The chairperson of the Committee shall be an accounting professional among the independent non-executive directors. Members of the Committee shall possess professional knowledge and business experience in finance, law, or other fields appropriate to their responsibilities. At least one member shall be an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise, satisfying the qualification requirements for financial professionals of the audit committee under the Hong Kong Listing Rules.

With regard to "appropriate accounting or related financial management expertise", the person is expected to have, through experience as a public accountant or auditor or as a chief financial officer or principal accounting officer of a public company or through the performance of similar functions, experience with internal controls and in preparing or auditing comparable financial statements or experience reviewing or analyzing audited financial statements of public companies. It is the responsibility of the Board to determine on a case-by-case basis whether the candidate is suitable for the position. In making its decision, the Board must evaluate the totality of the individual's education and experience.

The Board shall regularly evaluate the independence and performance of Committee members and, where necessary, replace any member unsuitable for continued service. A former partner of the Company's current external auditor shall not serve as a member of the Committee for a period of two years from the date of ceasing employment with the current external auditor, or the date of no longer holding any financial interest in the current external auditor, whichever is later.

Article 5 Committee members shall be nominated by the chairperson 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 with the approval by a majority of all directors.

Article 6 The Committee shall have one chairperson, who shall be an independent non-executive director and responsible for presiding over the work of the Committee. The chairperson shall be nominated by the chairperson of the Company and approved by the Board. The chairperson of the Committee shall possess appropriate accounting or related financial accounting expertise.

Article 7 The term of office of the Committee shall be the same as that of the Board. The term of office of a Committee member shall be the same as that of a director. Upon expiry of their term, Committee members may be re-elected. A member shall automatically cease to hold office if he/she ceases to be a director of the Company, or if an independent non-executive director member no longer satisfies the independence requirements under the Hong Kong Listing Rules. In such case, the Board shall appoint replacement members in accordance with the aforementioned provisions.

Article 8 Committee members may resign before the expiry of their term by submitting a written resignation to the Board, which shall include the reasons for resignation and necessary explanations for any matters that require the Board's attention. If the number of members falls below the minimum required under the Rules, the resigning member shall continue to perform relevant responsibilities until a replacement nominated by the Board assumes office.

Article 9 Upon proposal by the chairperson of the Board and approval by the Board, adjustments to Committee membership may be made during a member's term of office.

Article 10 If the composition of the Committee fails to meet the requirements of the Rules, the Board shall immediately disclose details and reasons by announcement in accordance with the Hong Kong Listing Rules, and shall make up the shortfall in accordance with the Rules within three months from the date of non-compliance. The term of office of a supplementary member shall expire at the end of the term of the director he/she serves as.

Article 11 With coordination by the securities department, the Company's internal audit department shall act as the working body of the Committee, providing support and services and undertaking relevant tasks assigned by the Committee.

CHAPTER III RESPONSIBILITIES OF THE COMMITTEE AND ITS MEMBERS

Article 12 The Committee shall, on behalf of the Board, independently evaluate and supervise the compliance, legality, and efficiency of the Company's business activities, and shall primarily undertake the following responsibilities:

(I) Make recommendations to the Board on the appointment, reappointment and removal of the external auditor, approve the remuneration and terms of engagement of the external auditor, and handle any questions of its resignation or dismissal;

(II) Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Committee should discuss with the auditor the nature and scope of the audit, audit methods and reporting obligations before the audit commences.

In order to conduct the investigation on the independence of the external auditor, the Committee shall complete the following tasks:

1. Review the relationship between the Company and the auditor (including non-audit services);

2. Obtain annually from the auditor a statement on its independence and compliance with relevant requirements, including those relating to rotation of audit partners and staff;

3. Meet with the external auditor at least once a year without management present, to discuss audit fees, any issues arising from the audit, and any other matters the auditor intends to raise;

(III) Develop and implement policies on engaging an external auditor to supply non-audit services. For this purpose, external auditor includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

(IV) Monitor the integrity of the Company's financial statements, annual reports and accounts, half-year and quarterly (if any) reports, and review material opinions on financial reporting contained therein, with particular attention to the possible fraud, misconduct, and material misstatements relating to the financial statements and reports. When reviewing such statements and reports before submission to the Board, the Committee shall particularly review:

1. any changes in accounting policies and practices;

2. major judgmental areas;

3. significant adjustments resulting from audit;

4. the going concern assumptions and any qualifications;

5. compliance with accounting standards;

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

(V) For the purpose of item (IV) of this Article above:

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

2. the Committee shall consider any significant or unusual matters that are, or may need to be, reflected in such reports and accounts, and shall give due consideration to any matters raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditor;

(VI) Monitor the Company's financial control, internal control, and risk management systems;

(VII) Discuss the risk management and internal control systems with management to ensure that management has performed its duty to establish effective risk management and internal control systems, including considering the adequacy of resources, staff qualifications and experience, training programmes, and related budgets of the Company in respect of the accounting and financial reporting function;

(VIII) Review major investigation findings on risk management and internal control matters on its own initiative or as delegated by the Board, and management's response to these findings;

(IX) Monitor the internal audit system of the Company; ensure that the internal audit system is adequately resourced and has appropriate standing within the Company; review and monitor its effectiveness;

(X) Facilitate communication between the internal audit department and the external auditor, and ensure that the work of the internal and external auditors is coordinated;

(XI) Review the Company's financial and accounting policies and practices;

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

(XIII) Ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(XIV) Monitor the Company's arrangements whereby employees of the Company may, in confidence, raise concerns about possible improprieties in financial reporting, internal controls, or other matters. The Committee shall ensure that appropriate arrangements are in place for the Company to conduct a fair and independent investigation of such matters and to take suitable follow-up actions;

(XV) Act as the primary representative between the Company and the external auditor and oversee their relationship;

(XVI) Review the Company's risk management strategy and significant risk management solutions;

(XVII) Be responsible for confirming the list of connected persons (as defined under the Hong Kong Listing Rules) of the Company, conducting an overall audit of connected transactions, and performing periodic reviews of the Company's connected transactions on an aggregate basis. Specifically, this includes verifying the decision-making and implementation of the Company's connected transactions within ten (10) days after the end of each half-year, and reviewing the Company's connected transactions on an aggregate basis within thirty (30) days after the end of each year, and reporting the review findings to the Board;

(XVIII) Be responsible for evaluating and determining the Company's risks relating to environmental, social and governance, and ensure appropriate and effective environmental, social and governance risk and internal control systems are established;

(XIX) Report to the Board on the matters set out in the Rules and the code provisions under Appendix C1 to the Hong Kong Listing Rules;

(XX) Other matters as authorized by the Board or required by the PRC Laws and Regulations;

(XXI) Powers of the supervisory board as provided in the Company Law of the People's Republic of China;

(XXII) Other relevant requirements regarding the duties and powers of the Committee as provided and amended from time to time by laws, administrative regulations, the China Securities Regulatory Commission, the regulatory rules of the place where the Company's shares are listed and the Hong Kong Listing Rules.

Article 13 The chairperson of the Committee shall perform the following responsibilities:

(I) Convene and preside over Committee meetings;

(II) Supervise and inspect the Committee's work and implementation of its resolutions;

(III) Sign Committee-related documents;

(IV) Report the Committee's work to the Board;

(V) Attend the Company's annual general meeting and respond to shareholders' questions relating to the Committee's responsibilities;

(VI) If the chairperson of the Committee is unable to attend the annual general meeting, another member or an appropriately appointed representative shall attend;

(VII) Other responsibilities as required or delegated under PRC Laws and Regulations, the Hong Kong Listing Rules, the Rules, or by the Board.

Article 14 Committee members shall primarily perform the following responsibilities:

(I) Attend Committee meetings on time, express views on matters under discussion, and exercise voting rights;

(II) Submit topics for discussion at Committee meetings;

(III) To perform their responsibilities, attend or sit in on relevant Company meetings, conduct investigations, and obtain necessary reports, documents, materials and other relevant information;

(IV) Fully understand the Committee's responsibilities and their own responsibilities as members, be familiar with the Company's operations, activities, and development related to their responsibilities, and ensure the ability to fulfill their responsibilities;

(V) Devote sufficient time and effort to performing their responsibilities;

(VI) Other responsibilities as delegated under PRC Laws and Regulations, the Hong Kong Listing Rules, the Rules, or by the Board.

Article 15 The Committee shall be provided with sufficient resources to fulfill its responsibilities.

Article 16 The Committee shall publish its terms of reference on the websites of The Stock Exchange of Hong Kong Limited and the Company, and shall explain its role and powers delegated by the Board.

CHAPTER IV COMMITTEE MEETINGS

Article 17 Committee meetings are divided into regular meetings and extraordinary meetings.

Article 18 The Committee shall hold at least one regular meeting every quarter, with notice sent in written form (via email, SMS, or other electronic means) to all members three days prior to the meeting. One of the regular meetings shall be held before the Board reviews the annual report each year.

Article 19 The Committee shall convene extraordinary meetings as needed. In any of the following circumstances, the chairperson of the Committee shall issue a meeting notice within three days from the date of occurrence:

(I) When the Board deems it necessary;

(II) When the chairperson of the Committee deems it necessary;

(III) When two or more Committee members propose it.

The Company's external auditor may request an extraordinary meeting if it deems necessary.

Article 20 The internal audit department shall be responsible for delivering the meeting notice in written form (via email, SMS, or other electronic means) to all Committee members and relevant individuals invited to attend the meeting three days prior to the meeting (except under special circumstances where advance notice may be exempted, in which case the meeting chair shall explain at the meeting). The notice shall specify the meeting format, time, venue, duration, agenda, issuance date, contact person, contact details, and relevant data.

The Company's audit, finance, and legal departments, together with the securities department, are responsible for preparing and providing the relevant materials required for the matters under discussion, and for liaising with the relevant parties (including internal experts, external experts, scholars and intermediaries engaged by the Committee during its deliberations).

Article 21 Upon receipt of the meeting notice, Committee members shall promptly confirm relevant information in an appropriate manner and provide feedback, including but not limited to whether they will attend the meeting, their travel arrangements, etc.

Article 22 Committee members shall attend meetings in person. If unable to do so, a member may issue a signed power of attorney authorizing another Committee member to attend and express opinions on his/her behalf. The power of attorney shall specify the scope and period of authorization. A member may only authorize one other member to exercise voting rights on his/her behalf per meeting; any authorization to two or more persons is invalid. In addition, no member may accept authorizations from two or more members at the same time.

The authorized member attending the meeting on behalf of another shall exercise rights within the scope of authorization. A member who neither attends in person, nor authorizes another member, nor submits written opinions prior to the meeting, shall be deemed to have waived his/her rights.

Members unable to attend the meeting in person may also exercise their rights by submitting written opinions on the matters under discussion. Such written opinions shall be submitted to the internal audit department prior to the meeting in any event.

Article 23 If a Committee member fails to attend in person for two consecutive meetings, without appointing a proxy or submitting written opinions in advance; or if a member attends less than three-fourths of all Committee meetings in person within a year, the member shall be deemed incapable of fulfilling his/her responsibilities. The Board may adjust the Committee membership according to the Rules.

Article 24 A Committee meeting may be held only with the attendance of at least two-thirds of the Committee members. Meetings shall be presided over by the chairperson of the Committee. If the chairperson of the Committee cannot attend, he/she may delegate another member to preside. If the chairperson of the Committee neither performs responsibilities nor delegates another member, any member may report the relevant situation to the Board, which shall designate an independent non-executive director to perform the responsibilities of the chairperson of the Committee.

CHAPTER V RULES OF PROCEDURE

Article 25 Each Committee member holds one vote. A resolution requires approval by a majority of all members. Where recusals prevent a valid resolution, the matter under discussion shall be submitted directly to the Board for deliberation.

Article 26 The Committee shall in principle hold meetings in person, by video conference, or by telephone conference. For extraordinary meetings where urgent circumstances or force majeure make these formats impossible, written communication may be used. In such cases, Committee members shall submit their written opinions on the matters under discussion to the Board within the time specified in the meeting notice.

Article 27 Voting at Committee meetings shall be conducted by a show of hands or by ballot. If members participating by telephone or video conference cannot sign resolutions in real time, they may first state their opinions orally and complete the written signature as soon as possible thereafter. The subsequent written signature must be consistent with the oral opinions expressed at the meeting.

Article 28 Committee members shall study and discuss the matters on the meeting agenda, and shall express clear, independent, and adequate opinions based on their own judgment. Where opinions differ, such differences shall be recorded in the meeting minutes submitted to the Board.

Article 29 The Committee may invite directors, senior management, internal experts, external experts, scholars, intermediaries, or other relevant personnel to sit in on Committee meetings. Such invitees shall provide explanations or clarifications as required by Committee members.

Article 30 Where deemed necessary, and subject to the approval of the Board, the Committee may engage external professionals or institutions to provide expert opinions, with reasonable expenses borne by the Company.

Article 31 Where a matter under discussion involves a conflict of interest with any Committee member, that member shall recuse himself/herself.

Article 32 All participants in Committee meetings are obligated to maintain confidentiality over the matters discussed and shall not disclose relevant information without authorization.

CHAPTER VI COMMITTEE MEETING MINUTES AND SUMMARIES

A**rticle 33** Minutes shall be prepared for all Committee meetings by the internal audit department, and shall include:

(I) Meeting number, format, date, venue, and name of the chairperson;

(II) Attendance, absence, and proxy attendance;

(III) Names and positions of non-voting attendees;

(IV) Agenda items;

(V) Key points of statements by Committee members and non-voting attendees;

(VI) Name of the recorder;

(VII) Meeting minutes or resolutions shall include notes on any recusals due to conflicts of interest (if applicable).

Attending members shall sign the minutes. The minutes shall be circulated to all Committee members within a reasonable time after the meeting for their comments.

Article 34 Following a Committee meeting, the internal audit department shall prepare the meeting summary based on the discussions.

The summary shall be submitted to the Board and circulated to Committee members, the secretary of the Board, and the Company's audit, finance, legal departments and other relevant departments and personnel.

Article 35 The minutes, summaries, powers of attorney, written opinions of members, and other meeting materials shall be kept by the securities department in accordance with the relevant archive management system of the Company.

CHAPTER VII SUPPLEMENTARY PROVISIONS

Article 36 Unless otherwise specified, the terms used herein shall have the same meaning as those defined in the Articles of Association.

Article 37 For the purpose of the Rules, "at least" and "within" include the number itself, while "more than" does not include the number itself.

Article 38 For matters not covered by the Rules, or in the event of any inconsistency with laws, administrative regulations, normative documents, or regulatory rules of the place where the Company's shares are listed, which are issued after the effective date of the Rules, or with the Articles of Association as amended by due process, the relevant national laws, administrative regulations, normative documents, regulatory rules of the place where the Company's shares are listed, and the Articles of Association shall prevail, and the Rules shall be amended accordingly in a timely manner.

Article 39 The right of interpretation and amendment of the Rules resides with the Board.

Article 40 The Rules, having been reviewed and approved by the general meeting, shall come into effect and be implemented from the date of the listing of the overseas listed foreign shares (H shares) issued by the Company for trading on The Stock Exchange of Hong Kong Limited. Upon the effective date of the Rules, the Company's original Rules of Procedure for the Audit Committee shall automatically lapse.

Article 41 The Rules are prepared in both Chinese and English. In case of discrepancies, the Chinese version shall prevail.