Circuit Fabology Microelectronics Equipment Co., Ltd.

Terms of Reference of the Audit Committee of the Board of Directors (Applicable after H-share issuance and listing)

CHAPTER I General Provisions

Article 1 To regulate the rules of procedure of the Audit Committee of the Board of Directors of the Company and to fully protect the legitimate rights and interests of the Company and its shareholders, these Terms of Reference are formulated in accordance with the Company Law of the People's Republic of China (the "**Company Law**"), the Securities Law of the People's Republic of China (the "**Securities Law**"), the Basic Norms for Enterprise Internal Control, the Guidelines for Articles of Association of Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange Listing Rules**"), and other relevant laws, regulations, rules, and normative documents, as well as the Articles of Association of Circuit Fabology Microelectronics Equipment Co., Ltd. (the "**Articles of Association**").

Article 2 The Audit Committee is a specialised committee established under the Board of Directors and shall exercise the powers of the board of supervisors as stipulated in the Company Law.

Article 3 Members of the Audit Committee must devote sufficient time and energy to fulfilling their duties, act diligently and responsibly, effectively supervise the Company's external audit, guide its internal audit work, promote the establishment of effective internal controls, and ensure that financial reports are true, accurate, and complete.

Article 4 The Company shall provide the Audit Committee with the necessary resources and assign dedicated personnel or a department to handle its daily administrative work, such as coordination, meeting organisation, material preparation, and file management. The Company's management and relevant departments must cooperate with the Audit Committee in the performance of its duties. If the Audit Committee deems it necessary, it may engage professional advisors to provide expert opinions, the costs of which shall be borne by the Company.

CHAPTER II Composition

Article 5 The Audit Committee shall be composed of at least 3 directors of the Company. Members of the Audit Committee shall be directors who do not hold senior management positions in the Company, among whom at least 2 shall be independent directors, and the convener shall be an independent director who is an accounting professional. Members of the Audit Committee shall possess the professional knowledge and experience required to perform the duties of the Audit Committee and at least one independent non-executive director shall have appropriate professional qualifications or accounting or related financial management expertise as required by the securities exchange on which the Company's shares are listed.

Article 6 Members of the Audit Committee shall be nominated by the Chairman of the Board, more than one-half of the independent directors, or more than one-third of all directors, and shall be elected by the Board of Directors. They shall be elected, appointed and dismissed by the Board of Directors.

The Audit Committee shall have one Chairman, who must be an independent director with professional accounting qualifications and relevant experience in accounting or financial management. The Chairman shall be appointed upon approval by the Board of Directors. The Chairman shall act as the convener and be responsible for presiding over the work of the Committee.

A former partner of the Company's existing external audit institution shall be prohibited from acting as a member of the Committee for two years from the later of:

(i) the date on which he/she ceased to be a partner of such accounting firm; or

(ii) the date on which he/she ceased to have any financial interest in such accounting firm.

Article 7 The Company's Board of Directors must periodically assess the independence and performance of the Audit Committee members and may, when necessary, replace members who are no longer suitable to serve.

Article 8 Members of the Audit Committee must meet the following conditions:

(i) Not being subject to any prohibitive circumstances stipulated in the Company Law or the Articles of Association that would disqualify them from serving as a director or senior management member of the Company;

(ii) Not having been publicly censured or declared an unsuitable person by a stock exchange within the last three years;

(iii) Not having been subject to administrative penalties by the CSRC or The Stock Exchange of Hong Kong Limited (hereinafter referred to as "**HKEX**") for major violations of laws and regulations within the last three years;

(iv) Possessing good moral character, having relevant professional knowledge or work experience in areas such as business management, finance, or law, and possessing financial knowledge recognized by the Company's Board of Directors.

(v) Meeting other conditions stipulated by relevant laws, regulations, relevant rules of the stock exchange, and the Articles of Association.

Article 9 Persons who do not meet the qualifications for office stipulated in the preceding article shall not be elected as members of the Audit Committee. If a member of the Audit Committee encounters circumstances during their term of office that make them unsuitable for the position as stipulated in the preceding article, the member shall voluntarily resign or be removed by the Company's Board of Directors.

Article 10 The term of office of an Audit Committee member shall be consistent with the term of office of a director. Upon the expiration of a member's term of office, they are eligible for re-election. Before the expiry of their term of office, members shall not be removed without cause unless circumstances arise under applicable laws, regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association which render them ineligible for office.

During the term, if a member ceases to be a director of the Company, they shall automatically lose their qualification as a member, and the Board of Directors shall promptly fill the vacancy in accordance with these Terms of Reference to ensure the composition of the Audit Committee complies with the requirements of these Terms of Reference. Until the Board of Directors promptly fills the vacancy in accordance with these Terms of Reference, the former member shall continue to perform the relevant powers and functions in accordance with these Terms of Reference.

Article 11 The provisions of the Company Law and the Articles of Association regarding the duties of directors shall apply to the members of the Audit Committee.

CHAPTER III Duties and Powers

Article 12 The Audit Committee is responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audit work and internal control. Its main duties and powers are as follows:

(1) To supervise and evaluate the work of the external audit institution, propose the appointment or replacement of the external audit institution, make recommendations on the proposed appointment of the external audit institution and audit fees, and submit to the Board of Directors on a regular basis (at least annually) as required an assessment report on the performance of the external audit institution and a report on the Audit Committee's performance of its supervisory duties;

(2) To supervise and guide the internal audit work and the implementation of the internal audit system;

(3) To review the Company's financial information and its disclosure, review the Company's financial reports and issue opinions thereon, and supervise the rectification of financial reporting issues;

(4) To evaluate the Company's internal control system and audit material connected transactions;

(5) To coordinate communication among the management, the internal audit department, relevant departments, and the external audit institution;

(6) To report to the Board of Directors on the matters set out above and on other matters set out in code provision D.3.3 of Appendix C1 to the Hong Kong Listing Rules (as amended from time to time), and to report to the Board on the decisions or recommendations of the Committee, unless there are legal or regulatory restrictions on its ability to do so;

(7) Other matters stipulated by applicable laws and regulations, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association, or authorized by the Board of Directors.

Article 13 The following matters shall be submitted to the Board of Directors for deliberation after being approved by more than half of all members of the Audit Committee:

(i) disclosure of the 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 chief financial officer;

(iv) changes to accounting policies or accounting estimates, or corrections of material accounting errors, for reasons other than a change in accounting standards;

(v) Other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

Article 14 The duties of the Audit Committee in supervising and evaluating the external audit institution shall include at least the following aspects:

(i) To evaluate the independence and professionalism of the external audit institution, especially the impact of its provision of non-audit services on its independence;

(ii) To make recommendations to the Board of Directors on the appointment or replacement of the external audit institution;

(iii) To review the audit fees and terms of engagement of the external audit institution;

(iv) To discuss and communicate with the external audit institution on the audit scope, audit plan, audit methodology, and any material matters discovered during the audit;

(v) To supervise and evaluate whether the external audit institution has been diligent and responsible.

The Audit Committee must hold a separate communication meeting with the external audit institution, without the presence of management, at least once a year. The Secretary to the Board may attend the meetings as a non-voting member.

Article 15 The duties of the Audit Committee in guiding the internal audit function shall include at least the following aspects:

(i) To review the Company's annual internal audit plan;

(ii) To oversee the implementation of the Company's internal audit plan;

(iii) To review internal audit reports, evaluate the results of internal audits, and oversee the rectification of material issues;

(iv) To guide the effective operation of the internal audit department.

The Company's internal audit department must report to the Audit Committee. All audit reports, rectification plans for audit issues, and rectification status reports submitted by the internal audit department to management must also be submitted concurrently to the Audit Committee.

Article 16 The duties of the Audit Committee in reviewing the Company's financial reports and issuing opinions thereon shall include at least the following aspects:

(i) To review the Company's financial accounting reports and issue opinions on their truthfulness, completeness, and accuracy;

(ii) To focus on material accounting and audit issues in the Company's financial accounting reports, including adjustments for material accounting errors, changes in material accounting policies and estimates, matters involving significant accounting judgments, and matters leading to a modified audit opinion, among others;

(iii) To pay special attention to the possibility of fraud, misconduct, and material misstatement related to financial reporting;

(iv) To supervise the rectification of issues in financial reports.

The Audit Committee's recommendations to the Board of Directors on appointing or replacing the external audit institution, and its review of the external audit institution's audit fees and terms of engagement, shall not be subject to undue influence from the Company's substantial shareholders, actual controllers, directors, or senior management.

The Audit Committee shall urge the external audit institution to be honest and trustworthy, diligent and responsible, strictly abide by business rules and industry self-regulatory norms, strictly implement internal control systems, verify the Company's financial accounting reports, fulfill its duty of special attention, and issue professional opinions with prudence.

Article 17 The duties of the Audit Committee in evaluating the effectiveness of internal control shall include at least the following aspects:

(i) To evaluate the appropriateness of the design of the Company's internal control system;

(ii) To review internal control self-assessment reports;

(iii) To review the internal control audit report issued by the external audit institution and communicate with the external audit institution about the issues identified and methods for improvement;

(iv) To evaluate the results of the internal control evaluation and audit, and urge the rectification of internal control deficiencies.

Article 18 The Audit Committee of the Company's Board of Directors shall, in accordance with the law, inspect the Company's finances, supervise the legality and compliance of directors and senior management in performing their duties, exercise other powers stipulated in the Articles of Association, and safeguard the legitimate rights and interests of the Company and its shareholders.

If the Audit Committee discovers that a director or senior management member has violated laws, regulations, rules, or the Articles of Association, it shall report to the Board of Directors or the general meeting and make a timely disclosure, and may also report directly to the regulatory authorities.

In the course of performing its supervisory duties, the Audit Committee may propose the removal of any director or senior management member who violates laws, regulations, rules, the Articles of Association, or resolutions of the general meeting.

Article 19 The duties of the Audit Committee in coordinating communication between the management, the internal audit department and relevant departments, and the external audit institution include:

(i) To coordinate communication between the management and the external audit institution on material audit issues;

(ii) To coordinate communication between the internal audit department and the external audit institution and cooperation in external audit work.

Article 20 The main duties and powers of the convener of the Audit Committee are as follows:

(i) To convene and preside over meetings of the Audit Committee;

(ii) To supervise and inspect the implementation of the Audit Committee's resolutions;

(iii) To sign important documents of the Audit Committee;

(iv) To report on its work to the Company's Board of Directors on a regular basis;

(v) other powers and functions granted by the Board of Directors.

Article 21 The Audit Committee has the right to engage independent consultants, legal counsel, and other advisors as necessary to perform its duties. The Company must provide the financial resources that the Audit Committee deems appropriate to pay for the remuneration of accounting firms for providing financial audit services and related services such as auditing, reviewing, and verification, as well as the remuneration of various advisors engaged by the Audit Committee. If the Audit Committee believes that there are irregularities or significant risks in the management of the Company's raised funds, or that the internal audit department has failed to submit a report on the inspection results as required by the preceding paragraph, it shall promptly report to the Board of Directors. The Board of Directors shall, upon receipt of the report, promptly report to the Shanghai Stock Exchange and make an announcement.

Article 22 The opinions for deliberation submitted by the Audit Committee to the Board of Directors must be passed by more than half of all members. Any member of the Audit Committee who has a conflict of interest with the matters under discussion at a meeting must abstain. If a valid opinion for deliberation cannot be formed due to abstention, the relevant matter shall be directly deliberated by the Board of Directors. The opinions for deliberation passed at the Audit Committee meeting must be submitted in writing to the Company's Board of Directors, and the relevant personnel shall not disclose the related information without authorization.

CHAPTER IV Rules of Procedure

Article 23 Meetings of the Audit Committee are divided into regular meetings and extraordinary meetings. Such meetings shall be convened and presided over by the convener of the Audit Committee.

Article 24 When the convener of the Audit Committee is unable or refuses to perform his/her duties, a member who is an independent director shall be designated to perform the duties on his/her behalf.

Article 25 The Audit Committee shall hold a meeting at least once every quarter, and shall notify all members three days before the meeting is held. The aforesaid notice period may be waived with the unanimous.

The Audit Committee may convene extraordinary meetings as needed. An extraordinary meeting may be convened upon the proposal of two or more members of the Audit Committee, or when the convener of the Audit Committee deems it necessary, and all members shall be notified three days before the meeting is held. However, in case of an emergency, an extraordinary meeting may be convened at any time after confirming that all persons who should attend the meeting have received the notice of the meeting.

Article 26 The notice of meeting shall include at least the following:

(i) The time, place, and method of the meeting;

(ii) the duration of the meeting;

(iii) The agenda items to be discussed at the meeting;

(iv) The liaison person for the meeting and their contact information;

(v) The date of the notice of meeting.

Article 27 A meeting of the Audit Committee may be held only when two-thirds or more of the members are present; Each Committee member shall have one vote. Resolutions made at the meeting must be passed by more than half of all members. If a valid opinion for deliberation cannot be formed due to the recusal of an Audit Committee member, the relevant matter shall be directly deliberated by the Board of Directors.

Article 28 Members of the Audit Committee must attend meetings in person and express a clear opinion on the matters under deliberation. If a member is unable to attend a meeting in person for any reason, he/she may submit a power of attorney signed by the said member to entrust another member to attend and express opinions on his/her behalf.

The power of attorney must clearly state the scope and duration of the authorization and shall be submitted to the chairman of the meeting no later than before the vote is taken at the meeting. Each member may act as a proxy for a maximum of one other member. If an independent director member is unable to attend a meeting in person for any reason, he/she shall entrust another independent director member to attend on his/her behalf.

When the Audit Committee deems it necessary, it may invite relevant personnel such as representatives of the external audit institution, internal audit personnel, finance personnel, and legal counsel to attend the Committee meetings as non-voting attendees and provide necessary information.

Article 29 The power of attorney shall be signed by the principal and the proxy, and shall include at least the following:

(i) Name of the principal;

(ii) Name of the proxy;

(iii) The matter entrusted to the proxy;

(iv) Instructions on exercising voting rights on agenda items (for, against, abstain);

(v) The term of the authorization;

(vi) The date of signing of the power of attorney.

Article 30 A member of the Audit Committee who neither attends a meeting in person nor entrusts another member to attend on his/her behalf shall be deemed absent from the relevant meeting. If a member is absent from two consecutive meetings, he/she shall be deemed unable to properly perform his/her powers and functions, and the Company's Board of Directors may remove him/her from the position of member.

Article 31 The voting method for Audit Committee meetings shall be by a show of hands or by ballot.

Article 32 Meetings of the Audit Committee may be held as on-site meetings or by means of communication. Meetings by means of communication include forms such as telephone conferences, video conferences, and meetings by way of written proposals.

Article 33 When an Audit Committee meeting is convened by way of written proposals, the written proposals shall be delivered to all members by fax, express courier, or personal delivery. After the members have voted on the proposals, the original copies shall be sent back to the Company for filing. If the number of members who have signed in agreement meets the number stipulated in these Terms of Reference, the proposal shall become a resolution of the Committee.

Article 34 When the Audit Committee holds a meeting, it may, if necessary, also invite other directors, the general manager and other senior management of the Company to attend the meeting.

Article 35 Minutes shall be kept for meetings of the Audit Committee. After each meeting, minutes and resolutions shall be prepared and submitted to the Board of Directors (unless such submission is prohibited by legal or regulatory restrictions). All members attending the meeting shall sign the minutes and resolutions. Any dissenting opinion of a member attending the meeting on a resolution shall be noted in the minutes. The meeting records shall be kept by the Secretary to the Board of the Company for a period of not less than ten years during the existence of the Company. The draft and final versions of the minutes shall be sent to all members of the Committee within a reasonable time after the meeting, the draft being for members' comment and the final version being the record thereof.

Article 36 The meeting records shall include at least the following:

(i) the date, place, manner and name of the convener of the meeting;

(ii) the names of the persons attending the meeting, with special notation for those attending on behalf of others;

(iii) the agenda of the meeting;

(iv) the main points of the members' speeches;

(v) the voting method and result for each resolution or proposal, specifying the number of votes for, against and abstentions;

(vi) Any other matters that should be stated and recorded in the meeting records.

Article 37 The proposals and voting results adopted at a meeting of the Audit Committee shall be reported to the Company's Board of Directors by a committee member or the Secretary to the Board of the Company no later than the day following the effective date of the meeting's resolutions (unless such reporting is prohibited by legal or regulatory restrictions).

Article 38 All persons attending the meeting shall have a duty of confidentiality regarding the matters discussed at the meeting and shall not disclose any related information without authorization.

Article 39 The Audit Committee shall report to the Board of Directors on any actions or improvements it deems necessary, and make recommendations on the steps that may be taken.

CHAPTER V Supplementary Provisions

Article 40 Unless otherwise specified, the term "above" used in these Terms of Reference is inclusive of the stated number.

Article 41 Unless otherwise specified, terms used in these Terms of Reference shall have the same meanings as defined in the Articles of Association.

Article 42 Matters not covered by these terms of reference shall be handled in accordance with the provisions of relevant national laws, administrative regulations, other normative documents the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association; Should these rules conflict with any subsequently promulgated national laws, administrative regulations, other normative documents, or the Articles of Association, the latter shall prevail, and these rules shall be amended in a timely manner.

Article 43 The Board of Directors shall be responsible for the formulation, amendment and interpretation of these Terms of Reference.

Article 44 These Terms of Reference shall be approved by the Board of Directors and shall take effect and be implemented from the date on which the H shares issued by the Company are listed on The Stock Exchange of Hong Kong Limited. Upon the implementation of these Terms of Reference, the existing Terms of Reference of the Audit Committee of the Company shall automatically lapse.

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