

Shenzhen Camsense Technologies Co., Ltd.

Terms of Reference and Rules of Procedure of the Audit Committee

Chapter 1 General Provisions

Article 1 In order to establish and regulate the audit systems and procedures of Shenzhen Camsense Technologies Co., Ltd. (hereinafter referred to as the “**Company**”), enhance the decision-making function of the board of directors (hereinafter referred to as the “**Board**”), ensure the effective supervision of the Board over the management and improve the corporate governance structure, the audit committee under the board of directors (hereinafter referred to as the “**Board**”) of the Company (hereinafter referred to as the “**Committee**”) is established with the Terms of Reference and Rules of Procedure of the Audit Committee of Shenzhen Camsense Technologies Co., Ltd. (《深圳市歡創科技股份有限公司審計委員會職責和議事規則》) (hereinafter referred to as these “**Rules**”) in accordance with the Company Law of the People’s Republic of China and other relevant laws, administrative regulations and normative documents (collectively referred to as the “**National Laws and Regulations**”), 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 the Articles of Association of Shenzhen Camsense Technologies Co., Ltd. (hereinafter referred to as the “**Articles of Association**”).

Article 2 The Committee is a specific executive body under the Board, mainly responsible for the communication between internal and external auditors, supervision and inspection of their works as well as the risk management and internal control of the Company.

Article 3 The Committee shall be accountable for and report to the Board.

Article 4 These Rules shall apply to the Committee and the persons and departments governed by these Rules.

Chapter 2 Composition of the Committee

Article 5 The Committee shall consist of no less than three directors. All members shall be non-executive directors, with a majority of independent non-executive directors. Members of the Committee shall possess professional financial or legal knowledge and commercial experience that are commensurate with their duties. At least one of the members shall be an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise, meeting the qualification requirements for financial professionals of the audit committee as stipulated in the Hong Kong Listing Rules.

The so-called “appropriate accounting or related financial management expertise” means that the relevant person has experience in internal control, preparation or auditing of comparable financial statements, or experience in analysing audited financial statements of public companies through his/her experience as a practicing certified public accountant or auditor, or as financial director or chief accounting officer of a public company, or performing similar functions. The Board is responsible for determining on a case-by-case basis whether an individual is competent for a position. In making its decision, the Board must generally evaluate the education and experience of the individual.

The Board shall evaluate the independence and performance of the members of the Committee on a regular basis, and replace any member who is not suitable to remain in the position when necessary. Former partners of the existing external auditor of the Company shall be prohibited from acting as members of the Committee for a period of two years from the date of their departure from the existing external auditor or the date when they no longer enjoy the financial interests of the external auditor (whichever is later).

Article 6 Members of the Committee shall be nominated by the chairman of the Board, more than half of independent non-executive directors or more than one-third of all directors, appointed by the Board upon approval by a majority of all directors.

Article 7 The Committee shall have a chairman, who shall be an independent non-executive director and responsible for presiding over the work of the Committee. The chairman shall be nominated by the chairman of the Board of the Company and approved by the Board after deliberation. The chairman of the Committee shall have appropriate accounting or related financial accounting expertise.

Article 8 The term of office of the Committee shall be consistent with that of the Board of the same session, and the terms of office of the members shall be consistent with those of their directorships. Committee members may be re-elected upon expiration of their terms of office. If any Committee member ceases to be a director of the Company or any member who shall have the status of an independent non-executive director no longer meets the independence requirements under the Hong Kong Listing Rules during his/her term of office, his/her qualification as a Committee member shall be automatically revoked, and the vacancy shall be filled by a person elected by the Board in accordance with the above provisions.

Article 9 A Committee member may tender his/her resignation to the Board before the expiration of his/her term of office. The resignation report shall contain necessary explanations on the reasons for resignation and matters that need to be brought to the attention of the Board of the Company. If the number of members falls below the minimum number as provided herein, the resigning member shall continue to perform relevant duties before the alternate member appointed by the Board takes office.

Article 10 The Committee members may be changed during their terms of office provided that such change is proposed by the chairman of the Board and approved by the Board after discussion.

Article 11 If the composition of the Committee fails to satisfy the requirements of these Rules, the Board shall promptly announce the details of and reasons for the non-compliance in the form of an announcement in accordance with the requirements of the Hong Kong Listing Rules, and fill the vacancy in accordance with the provisions of these Rules within three months from the date on which the relevant requirements fail to be satisfied. The term of office of the member so appointed shall terminate at the end of his/her term of office as a director.

Article 12 With the coordination of the Board office, the audit department of the Company shall act as the executive body of the Committee to provide support and services for the work of the Committee and undertake relevant work assigned by the Committee.

Chapter 3 Responsibilities of the Committee and the Members

Article 13 The Committee, on behalf of the Board, shall independently evaluate and monitor the compliance, legality and efficiency of the business operations of the Company, mainly undertaking the following responsibilities:

- (I) to make recommendations to the Board on the appointment, re-appointment and removal of external auditor, approve the remuneration and terms of engagement of the external auditor, and handle any issue related to the resignation or dismissal of such auditor;
- (II) to review and monitor the external auditor's independence and objectivity and effectiveness of the audit procedures in accordance with applicable standards. The Committee shall discuss with the auditor the nature, scope and method of the audit and relevant reporting responsibilities before the audit commences.

To investigate the independence of external auditor, the Committee shall complete the following work:

- 1. to consider the relationships between the Company and the institutions under consideration (including non-audit services);
 - 2. to obtain from the auditor annually information about maintaining its independence and monitoring compliance with relevant requirements, including those for rotation of audit partners and staff;
 - 3. to meet with the external auditor at least once a year without the presence of the management for the discussion of audit fees, any issues arising from the audit and any other matters that the auditor may wish to raise;
- (III) to formulate and implement policies relating to the engagement of external auditors for non-audit services. For this purpose, external auditors include any institution under common control, ownership or management with the auditing company, or any institution that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the local or international operation of the auditing company. The Committee shall report to the Board, identify and make recommendations on matters that require action or improvement;

(IV) to monitor the integrity of the financial statements, annual reports and accounts, half-year reports and quarterly reports (if any) of the Company, and review the material opinions on financial reporting contained in such statements and reports. Special attention shall be paid to the existence of any frauds, malpractices and material misstatement in relation to the financial statements and reports. When reviewing the annual reports and accounts, half-year reports and quarterly reports of the Company before submission to the Board, the Committee shall focus on the following matters:

1. any changes in accounting policies and practices;
2. areas involving material judgment;
3. significant adjustments arising from audit;
4. the going concern assumptions of the Company and any qualified opinions;
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 paragraph (IV) of this article:

1. the Committee members shall liaise with the Board and the senior management of the Company. The Committee shall have meetings with the external auditor of the Company at least twice a year;
2. the Committee shall consider any material or unusual items reflected or required to be reflected in such reports and accounts, and shall give due consideration to any matters raised by the subordinate accounting and financial reporting staff, compliance supervisors or the auditor of the Company;

(VI) to monitor the financial control, internal control and risk management system of the Company;

(VII) to discuss with the management on risk management and internal control system to ensure that the management has performed its duty to establish an effective risk management and internal control system. Considerations shall be given to, among others, the adequacy of resources, qualifications, experience and training of staff and budgets pertaining to the accounting and financial reporting functions;

(VIII) to consider major investigation findings on risk management and internal control matters and the management's responses to these findings, either on its own initiative or as entrusted by the Board;

- (IX) to monitor the internal audit system of the Company, to ensure that the internal audit system is implemented with sufficient resources and has appropriate standing in the Company, and to review and supervise the effectiveness of internal audit system;
- (X) to facilitate communication between the internal audit department and the external auditors to ensure the coordination of their work;
- (XI) to review the financial and accounting policies and practices of the Company;
- (XII) to review the external auditor's audit letter to the management, major queries raised by the external auditor in respect of accounting records, financial accounts or control systems and the response of the management;
- (XIII) to ensure that the Board gives timely feedback on the issues raised in the external auditor's audit letter to the management;
- (XIV) to supervise the following arrangements established by the Company: the employees of the Company can, on a confidential basis, raise concerns about possible misconduct in financial reporting, internal control or other matters. The Committee shall ensure that proper arrangements are in place for the Company to conduct fair and independent investigations and to take appropriate follow-up actions;
- (XV) to act as the main representative between the Company and the external auditor, and be responsible for monitoring the relationship between the two parties;
- (XVI) to deliberate on the risk management strategies and major risk management solutions of the Company;
- (XVII) to be responsible for the verification of the list of connected persons (as defined in the Hong Kong Listing Rules) of the Company, general review of connected transactions, and regular review of the overall situation of the Company's connected transactions, including a review of the decisions on connected transactions of the whole Company and their implementation within ten days following the end of each half year, and a general review of all connected transactions of the Company within thirty days following the end of each year; and to report the results of such review to the Board of the Company;
- (XVIII) to be responsible for evaluating and determining the environmental, social and governance risks of the Company, and to ensure that the Company establishes appropriate and effective environmental, social and governance risk and internal control systems;
- (XIX) to report to the Board on matters contained in these Rules and the code provisions under Appendix C1 to the Hong Kong Listing Rules;

- (XX) to deal with other issues authorised by the Board of the Company and other matters stipulated in the National Laws and Regulations;
- (XXI) to perform other duties of the Committee as required by the Hong Kong Listing Rules, as amended from time to time.

Article 14 The chairman of the Committee assumes the following responsibilities:

- (I) to convene and preside over meetings of the Committee;
- (II) to supervise and examine the performance and implementation of the resolutions of the Committee;
- (III) to sign the relevant documents of the Committee;
- (IV) to report the work of the Committee to the Board of the Company;
- (V) to attend the Company's annual general meeting and answer shareholders' questions about the Committee's responsibilities.

If the chairman of the Committee is unable to attend the annual general meeting, any other member or duly appointed representative shall attend the meeting on his/her behalf;

- (VI) to perform other duties as required or delegated by the National Laws and Regulations, the Hong Kong Listing Rules, these Rules and the Board.

Article 15 A Committee member primarily assumes the following responsibilities:

- (I) to attend scheduled meetings of the Committee, and express opinions on the matters discussed and exercise voting rights at the meetings;
- (II) to submit proposals for discussion at the meetings of the Committee;
- (III) to attend or observe relevant meetings of the Company, conduct studies and research, and obtain reports, documents, materials and other relevant information necessary for the performance of his/her responsibilities;
- (IV) to fully understand the responsibilities of the Committee and his/her role as a member thereof, and acquaint himself/herself with the Company's operations, business activities and development relevant to his/her responsibilities, so as to ensure his/her capability to perform such responsibilities;
- (V) to ensure that he/she has devoted sufficient time and attention to fulfil his/her responsibilities;
- (VI) to perform other powers as delegated by the National Laws and Regulations, the Hong Kong Listing Rules, these Rules and the Board.

Article 16 The Committee shall be provided with sufficient resources to perform its duties.

Article 17 The Committee shall make available its terms of reference explaining its role and the authority delegated to it by the Board on the websites of The Stock Exchange of Hong Kong Limited and the Company.

Chapter 4 Meetings of the Committee

Article 18 Meetings of the Committee shall be classified as regular meetings and extraordinary meetings.

Article 19 The Committee shall hold at least two regular meetings each year, and written notice (by e-mail, text messages, or other electronic means) shall be served on all members three days prior to such meeting. One of the regular meetings shall be held before the review of the annual report by the Board every year.

Article 20 The Committee may convene extraordinary meetings when necessary. The chairman of the Committee shall issue a notice to convene a meeting within three days from the date of the actual occurrence of any of the following circumstances:

- (I) where the Board deems it necessary;
- (II) where the chairman of the Committee deems it necessary;
- (III) where it is proposed by two or more members of the Committee.

The external auditor of the Company may request the holding of an extraordinary meeting if it deems necessary.

Article 21 The audit department shall serve the notice of the meeting in written form (by e-mail, text messages, or other electronic means) on each of the Committee members and relevant persons being invited to attend the meeting as observers three days prior to the date of the meeting (except under special circumstances where the requirement of prior notice is exempted, provided that the chairman of the meeting shall explain thereon at the meeting). The notice of the meeting shall contain information on the form, time, venue, duration and agenda of the meeting, time of issuance of the notice, name and contact information of the contact person of the meeting and other relevant information.

The audit, finance, and legal departments of the Company, along with the Board office, shall prepare and provide the Committee with relevant materials for discussion, and liaise with all involved parties, including the Company's experts, external specialists, scholars, and intermediaries engaged by the Committee during the meeting.

Article 22 Upon receipt of the notice of the meeting, all Committee members shall promptly provide confirmation and relevant replies (including but not limited to their availability and travel arrangements) through appropriate means.

Article 23 All members of the Committee shall attend the meeting in person. If a member is unable to attend the meeting in person for any reason, such member shall, by signing and submitting a proxy form, authorise another member of the Committee to attend and express opinions at the meeting on his/her behalf. Such proxy form shall expressly state the scope and term of the authorisation. Each member may appoint only one other member as his/her proxy to exercise the voting right on his/her behalf for each meeting. Where a member authorises two or more other members to exercise the voting right on his/her behalf, such authorisation shall be invalid. In addition, no member shall accept any such authorisation from two or more other members concurrently.

A member attending a meeting on behalf of another member shall exercise the rights within the scope of authorisation. If a member does not attend a meeting in person or authorise another member of the Committee to exercise the rights on his/her behalf, nor does he/she submit any opinion in writing prior to the meeting, he/she shall be deemed to have waived his/her rights.

A member who is unable to attend a meeting in person may also exercise his/her rights by submitting his/her opinions in writing with respect to any matter on the meeting agenda, provided that such written opinions shall be submitted to the audit department in any event no later than the commencement of the meeting.

Article 24 If a member fails to attend meetings of the Committee in person or authorise another member to attend such meetings on his/her behalf, nor does he/she submit any opinion in writing prior to the meetings on two consecutive occasions, or if such member fails to attend in person at least three-fourths of all meetings of the Committee held within a year, such member shall be deemed incapable of performing the duties of the Committee, and the Board may replace him/her in accordance with these Rules.

Article 25 The quorum of a Committee meeting shall be two-thirds or more of the Committee members. Meetings of the Committee shall be presided over by the chairman of the Committee, who may appoint another member to act on his/her behalf when he/she is unable to attend the meeting. If the chairman of the Committee neither performs his/her duties nor designates another member to act on his/her behalf, any member may report the same to the Board of the Company, which shall appoint another member who is an independent non-executive director to perform the duties of the chairman of the Committee.

Chapter 5 Procedures of Meetings

Article 26 Each member of the Committee shall have one vote. A resolution of the meeting shall be passed by a majority of the votes of all members. In the event that the meeting fails to reach a valid resolution due to the abstention of any member, the relevant matter shall be considered directly by the Board.

Article 27 Meetings of the Committee shall be held by physical meeting, video conference or teleconference in principle, and where it is impracticable to hold an physical meeting, video conference or teleconference in case of emergency, force majeure or other special circumstances, an extraordinary meeting may be held by written communication. Where a meeting is conducted by written communication, the Committee members shall submit to the Board their written opinions with respect to the matters to be discussed within the period specified in the notice of the meeting.

Article 28 Voting at Committee meetings shall be conducted by show of hands or by poll. Where any member cannot sign the resolutions from a teleconference or video conference in real time, he/she may first express his/her opinions orally and provide his/her written signature to that effect as soon as possible, provided that there is no discrepancy between the opinions expressed orally at the meeting and those later signed in writing.

Article 29 All matters on the agenda shall be discussed at the meeting of the Committee, and the Committee members shall express their opinions explicitly, independently and fully based on their own judgment. Any disagreement shall be recorded in the meeting summary to be presented to the Board.

Article 30 The Committee may invite directors, relevant senior management and relevant experts of the Company, external experts, scholars, intermediary agencies and relevant persons to attend the meeting as observers. Those invited shall give explanations and elaborations on any matters as requested by any Committee member.

Article 31 Where it deems necessary, the Committee may, upon approval of the Board, seek professional advice from external professionals or organisations. Any reasonable cost so incurred shall be at the expense of the Company.

Article 32 If a member of the Committee is interested in any matter being considered by the Committee, such member shall abstain from the discussion and voting of such matter.

Article 33 All persons attending the Committee meetings shall keep all matters discussed at the meetings confidential and shall not disclose any such information without authorisation.

Chapter 6 Minutes and Summary of the Committee Meetings

Article 34 Minutes shall be kept for all meetings of the Committee, which shall be prepared by the audit department and shall contain the following:

- (I) serial number, form, date, venue and name of the chairman of the meeting;
- (II) attendance and absence of members in person and by proxy;
- (III) name and title of each attendee;
- (IV) agenda of the meeting;

(V) main points made by the Committee members and other relevant attendees;

(VI) name of the minutes taker;

(VII) abstention of any interested member (if any), which shall be specified in the minutes or the relevant resolutions.

All Committee members present at the meeting shall sign the minutes, which shall be delivered to all members of the Committee within a reasonable period of time after the meeting for their comments.

Article 35 After each meeting of the Committee, the audit department shall prepare a meeting summary recording the considerations and discussions at the meeting.

Copies of the meeting summary shall be submitted to the Board of the Company and sent to all Committee members, the secretary to the Board, the audit, finance and legal departments of the Company and other relevant departments and persons.

Article 36 Meeting minutes, meeting summary, proxy forms, written opinions of the members of the Committee and other materials of the Committee meetings shall be kept by the Board Office in accordance with the relevant filing system of the Company.

Chapter 7 Supplementary Provisions

Article 37 Unless otherwise stated, terms used herein shall have the same meanings ascribed to them in the Articles of Association.

Article 38 The terms “or more” and “within” mentioned in these Rules are inclusive of the number mentioned; “over” is exclusive of the number mentioned.

Article 39 For any matter not covered by these Rules, or in the event of any contradiction with any national laws, administrative regulations, normative documents, relevant regulatory rules of the place where the Company’s shares are listed or the Articles of Association as amended through lawful procedures promulgated after these Rules become effective, such laws, administrative regulations, normative documents, relevant regulatory rules of the listing place where the Company’s shares are listed and the Articles of Association shall prevail and these Rules shall be amended in a timely manner.

Article 40 The rights of interpretation of and amendment to these Rules shall be vested in the Board of the Company.

Article 41 These Rules shall take effect from the date of the initial public offering and listing of the Company’s H shares on The Stock Exchange of Hong Kong Limited upon being considered and approved by the Board.

Article 42 These Rules are available in both Chinese and English. In case of any discrepancy, the Chinese version shall prevail.