Suzhou Dongshan Precision Manufacturing Co., Ltd.

Terms of Reference for the Audit Committee of the Board of Directors

(Applicable after the issuance and listing of H shares)

Chapter 1 General Provisions

Article 1 To strengthen the decision-making function of the Board of Directors, ensure effective oversight of management by the Board, and improve the corporate governance structure of Suzhou Dongshan Precision Manufacturing Co., Ltd. (the Company), the Company has established the Audit Committee of the Board of Directors and formulated these Rules 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 Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange, the Shenzhen Stock Exchange Self-Regulatory Guidance No. 1 — Standardized Operations of Main Board Listed Companies, 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 Suzhou Dongshan Precision Manufacturing Co., Ltd. (the Articles of Association) and other relevant provisions.

Article 2 The Audit Committee is a specialized working body established by the Board of Directors. It exercises the functions and powers of the Board of Supervisors as stipulated in the Company Law and is primarily responsible for the Company's financial information and its disclosure, as well as for supervising and evaluating internal and external audit work and internal controls.

Chapter 2 Composition

Article 3 The Audit Committee shall consist of three to five non-executive directors who do not serve as senior management of the Company, a majority of whom shall be independent directors (at least one of whom shall be an accounting professional possessing professional qualifications that meet the requirements of the securities regulatory rules of the place where the Company's shares are listed), and who shall not have any relationship with the Company that could impair their independent and objective judgment. The Audit Committee shall include at least one independent director who possesses appropriate professional qualifications in accordance with the securities regulatory rules of the place where the Company's shares are listed, or who has appropriate expertise in accounting or related financial management.

Article 4 The Audit Committee shall have one Chairperson (Convener), who shall be an independent director with expertise in accounting and shall be responsible for presiding over the Committee's work.

Article 5 Members of the Audit Committee shall meet the following requirements:

(I) not falling under any of the circumstances specified in the Company Law or the Articles of Association that would disqualify a person from serving as a director or senior management of the Company;

(II) not having been publicly reprimanded by a securities exchange or declared an unsuitable person within the past three years;

(III) not having been subject to administrative penalties by the CSRC for any material violations of laws or regulations in the past three years;

(IV) possessing good moral character, as well as the professional knowledge and business experience necessary to fulfill the duties of the Audit Committee;

(V) meeting other conditions set forth in relevant laws, regulations, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

A former partner of an external audit firm responsible for auditing the Company's accounts shall not serve as a member of the Audit Committee for a period of two years beginning on the later of the following dates:

(I) the date on which he/she ceases to be the partner of the external audit firm;

(II) the date on which he/she ceases to be financially interested in the external audit firm.

Article 6 No person who does not meet the eligibility requirements set forth in the preceding article shall be elected as a member of the Audit Committee. If a member of the Audit Committee becomes subject to any of the circumstances specified in the preceding article that render him or her unfit to serve during his or her term of office, such member shall resign voluntarily or be removed by the Board of Directors.

Article 7 The Audit Committee shall have the same tenure as the Board of Directors. The members can be re-elected upon the expiration of the term of office. If, during this period, a committee member ceases to serve as a director of the Company, such member shall automatically lose his/her committee membership, and the Company shall fill the vacancy in accordance with the relevant legal procedures.

Article 8 The Audit Committee member may resign by submitting resignation report to the Board prior to the expiry of his/her term of office, provided that the resignation report shall state clearly the reason for resignation and the matters requiring the attention of the Board.

Chapter 3 Duties and Authorities

Article 9 The main duties and authorities of the Audit Committee are as follows:

(I) overseeing and evaluating external audits

1. the Audit Committee shall be responsible for making recommendations to the Board of Directors regarding the appointment, reappointment and removal of the external audit firm, approving the compensation and terms of engagement of external audit firm, and considering any matters relating to the resignation or termination of external audit firm;

2. the Audit Committee shall be responsible for reviewing and monitoring, in accordance with applicable standards, whether external audit firms are independent and objective and whether their audit procedures are effective;

3. the Audit Committee shall be responsible for formulating and implementing policies regarding the engagement of external audit firms to provide non-audit services and reporting to the Board of Directors, identifying areas where it believes action is needed or improvements should be made and making recommendations; and

4. the Audit Committee shall be responsible for discussing the nature and scope of the audit, as well as reporting responsibilities, with the external audit firm prior to the start of the audit, and for ensuring coordination when more than one audit firm is involved.

(II) reviewing the financial information of the Group

5. the Audit Committee shall be responsible for reviewing the Group's financial statements, as well as its annual report and accounts, semiannual reports, and quarterly reports (if to be published), for completeness, and reviewing the significant financial reporting judgments contained in the aforementioned financial statements and reports. Before submitting the relevant statements and reports to the Board of Directors, the Audit Committee shall review the following matters in particular:

   i. any change in the accounting policies and practices;

ii. any issue involving important judgment;

iii. any major adjustment resulting from audit;

iv. assumptions of going concern and any qualified opinions;

v. compliance with accounting standards; and

vi. compliance with the Listing Rules and other legal provisions regarding financial reporting

6. for the purpose of Item (5) above, the Audit Committee shall:

i. liaise with the Board of Directors and senior management;

ii. meet with the external audit firm of the Company at least twice a year; and

iii. deliberate any material or unusual items reflected or that may need to be reflected in the reports and financial statements, and give due consideration to any matters raised by the Company's personnel responsible for accounting and financial reporting functions, the compliance officer (if any), or the external audit firm;

(III) overseeing the financial reporting system, risk management, and internal control system of the Group

7. the Audit Committee shall be responsible for reviewing the Group's financial control system and (unless otherwise specifically addressed by a separate risk committee under the Board of Directors or by the Board of Directors itself) and reviewing the Group's risk management and internal control systems;

8. the Audit Committee shall be responsible for discussing the risk management and internal control system with the management to ensure that the management has fulfilled its duties to establish an effective system. The discussion shall include the adequacy of the issuer's resources, staff qualifications and experience in accounting and financial reporting functions, and the adequacy of the training courses for the staff and the relevant budget;

9. the Audit Committee shall be responsible for studying, on its own initiative or as delegated by the Board, the important findings relating to risk management and internal control and the management's response to the findings;

10. the Audit Committee shall be responsible for ensuring that the work of internal and external audit bodies is coordinated and that the internal audit function has sufficient resources to operate within the Group and enjoys an appropriate standing; and for reviewing and monitoring the effectiveness of the internal audit function;

11. the Audit Committee shall be responsible for reviewing the financial and accounting policies and practices of the Group;

12. the Audit Committee shall be responsible for reviewing the external audit firm's management letters, any significant inquiries raised by the external audit firm to the management regarding accounting records, financial accounts, or control systems, and the management's responses;

13. the Audit Committee shall be responsible for ensuring that the Board of Directors responds in a timely manner to the issues raised in the external audit firm's management letters;

14. the Audit Committee shall be responsible for reporting to the Board of Directors on matters within the scope of its authority;

15. the Audit Committee shall be responsible for considering the following arrangements: The Group's employees may confidentially raise concerns regarding potential misconduct in financial reporting, internal controls, or other areas, and ensure that appropriate arrangements are in place to conduct fair and independent investigations into such matters and take appropriate follow-up actions;

16. the Audit Committee shall serve as the primary liaison between the Group and the external audit firm, and be responsible for overseeing the relationship between the two;

17. the Audit Committee shall be responsible for establishing a whistleblower policy and system to enable employees and others who have dealings with the Group (such as customers and suppliers) to confidentially and anonymously report to the Audit Committee any concerns they may have regarding potential misconduct within the Group; and

18. the Audit Committee shall be responsible for studying other subjects as defined by the Board.

(IV) other matters authorized by the Board of Directors, as well as other matters provided for in laws and regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

The Audit Committee shall report to the Board of Directors on any measures or improvements it deems necessary and make recommendations.

Article 10 The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audit work and internal control. The following matters shall be submitted to the Board of Directors for consideration upon the consent of more than half of all members of the Audit Committee:

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

(II) engagement or removal of accounting firm that provides audit services for the Company;

(III) appointment or termination of the chief financial officer;

(IV) changes in accounting policies and estimates or correcting significant accounting errors for reasons other than changes in accounting standards;

(V) other matters specified in laws, administrative regulations, requirements of the CSRC, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

Article 11 When the Company employs or replaces an external audit firm, the Board may only consider the relevant proposals after the Audit Committee has formulated its deliberation opinions and made recommendations to the Board.

Article 12 The Audit Committee shall review the Company's financial accounting reports, and provide opinions on the authenticity, accuracy and completeness of the reports, focusing on major accounting and auditing issues in the financial accounting reports, particularly on whether there are fraud, malpractices or the possibility of significant misstatements related to the financial accounting reports, and supervise the rectification of issues in the financial accounting reports.

The Audit Committee shall submit recommendations to the Board of Directors regarding the appointment or replacement of external audit firms and review the auditing fees and employment terms of external audit firms, free from any improper influences from the major shareholders, actual controllers, directors, or senior management of the listed company.

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

Article 13 The Audit Committee shall be accountable to the Board of Directors. Its proposals shall be submitted to the Board of Directors for deliberation and decision.

Article 14 When supervising and evaluating the work of the internal audit department, the Audit Committee shall fulfill the following main responsibilities:

(I) guiding and supervising the establishment and implementation of the internal audit system;

(II) reviewing the annual internal audit work plan of the Company;

(III) supervising the implementation of the internal audit plan of the Company;

(IV) guiding the effective operation of the internal audit department; The internal audit department shall report its work to the Audit Committee. All types of audit reports, rectification plans and rectification status for audit issues submitted by the internal audit department to the management shall be simultaneously submitted to the Audit Committee;

(V) reporting to the Board of Directors on the progress, quality of the internal audit work, as well as any significant issues discovered;

(VI) coordinating the relationships between the internal audit department and external auditing entities such as accounting firms and national auditing institutions.

Article 15 The Company shall disclose the annual performance of the Audit Committee in the annual report, including the performance of its duties and the convening of meetings of the Audit Committee. If the Audit Committee proposes to the Board for deliberation on a matter within the scope of its duties and the Board fails to adopt the proposal, the Company shall disclose the matter and fully explain the reasons.

Article 16 The internal audit department shall hold a meeting with the Audit Committee once every quarter to report on the status of internal audit work and any issues identified, and submit an internal audit report to the Audit Committee at least once a year. The Audit Committee shall, based on the internal audit report and related materials submitted by the internal audit department, issue a written assessment opinion on the effectiveness of the Company's internal controls, and report it to the Board of Directors. If the Audit Committee determines that there are material deficiencies or risks in the Company's internal controls, the Board of Directors shall promptly report such matters to the securities regulatory authority of the place where the Company's shares are listed and disclose them. The Company shall disclose in its announcement any material deficiencies or material risks in its internal controls, the consequences that have already occurred or may occur, and the measures that have been or will be taken.

Article 17 When the Audit Committee performs its duties, the management and the relevant departments of the Company shall cooperate. If the Audit Committee deems it necessary, it may engage intermediary institutions to provide professional advice, with the related expenses borne by the Company.

Chapter 4 Working Procedures

Article 18 The internal audit department shall complete the preparations for the decision-making of the Audit Committee and provide the relevant written materials of the Company:

(I) the relevant financial reports and statements of the Company;

(II) the work reports of the internal audit department and external audit firm;

(III) the external audit contracts and the relevant work reports;

(IV) the external information disclosure of the Company;

(V) the audit reports on the company's major related transactions and major investments;

(VI) other relevant matters.

Article 19 The Audit Committee shall review the aforementioned reports at its meetings and submit the following relevant written resolutions to the Board of Directors for discussion:

(I) the evaluation on the performance of the external audit firm, and the recommendation on the appointment and replacement of the external audit firm;

(II) whether the internal audit system of the Company has been effectively implemented, and whether the financial reports of the Company are true and complete;

(III) whether the financial reports and other information disclosed by the Company are objective and accurate; whether the Company's major related transactions comply with the relevant laws and regulations; and the reasonableness and economic viability of major investments;

(IV) an evaluation of the work of the Company's finance and audit departments, including their heads;

(V) other relevant matters.

Chapter 5 Working Rules

Article 20 The Audit Committee shall meet at least once every quarter. It may hold extraordinary meetings at the request of two or more members, or when the convener deems it necessary.

Article 21 Notice of Audit Committee meetings shall be provided to all members five days prior to the meeting. The aforementioned notice period may be waived if all members unanimously agree.

Article 22 Meetings of the Audit Committee shall be presided over by the convener; if the convener is unable to attend a meeting, he or she may delegate another member to preside.

Article 23 Meetings of the Audit Committee can be held only when more than 2/3 of the members are present. If a committee member has a conflict of interest regarding a matter under discussion at the meeting, he or she shall recuse himself or herself; if a valid deliberation cannot be reached due to such recusal, the relevant matter shall be deliberated directly by the Board of Directors.

Article 24 If a member of the Audit Committee authorizes another member to attend a meeting on his or her behalf and exercise voting rights, he or she shall submit a letter of authorization to the meeting convener; such letter of authorization shall be submitted to the meeting convener no later than before the vote is taken at the meeting.

Article 25 If a member of the Audit Committee neither attends the meeting in person nor delegates another member to attend on his or her behalf, it shall be regarded as absence from the relevant meeting. A member who fails to attend two consecutive meetings shall be deemed unable to properly perform his or her duties, and the Board of Directors shall have the right to remove him or her from office.

Article 26 Meetings of the Audit Committee may be held in person, via communications, or by other means. Voting at meetings of the Audit Committee may be conducted by a show of hands or by ballot. Each member shall have the voting right of one vote. The meeting resolutions shall be adopted by more than half of all the members.

Article 27 The Audit Committee meeting shall have meeting minutes, which shall be signed by the members attending the meeting. The meeting minutes shall be maintained by the Secretary of the Board in the Company for a period of not less than ten years.

Article 28 The resolutions passed by the Audit Committee meeting and the voting results shall be reported to the Board of directors in written form.

Article 29 The committee members present shall have the obligation of maintaining the confidentiality of the matters discussed at the meeting and shall not disclose any relevant information without authorization.

Chapter 6 Supplementary Provisions

Article 30 Unless otherwise expressly provided for in the relevant laws, regulations, normative documents, or the securities regulatory rules of the place where the Company's shares are listed, the term "independent director" as used in these Rules shall include the meaning of "independent non-executive director" as defined in the Hong Kong Listing Rules; the term "related transaction" shall include the meaning of "connected transaction" as defined in the Hong Kong Listing Rules; the term "external audit firm" shall include the meaning of "auditor" as defined in the Hong Kong Listing Rules.

Article 31 Any matters not covered by these Rules shall be handled in accordance with the relevant laws, regulations, normative documents, securities regulatory rules of the place where the Company's shares are listed, and the relevant provisions of the Articles of Association. In the event of any inconsistency between these Rules and the relevant laws, regulations, other normative documents, securities regulatory rules of the place where the Company's shares are listed, or the relevant provisions of the Articles of Association, the provisions of the relevant laws, regulations, other normative documents, and the Articles of Association shall prevail.

Article 32 These Rules shall be interpreted and amended by the Board.

Article 33 These Rules shall take effect on the date the Company's H shares are listed on The Stock Exchange of Hong Kong Limited, following their approval by the Board of Directors.