

SHENZHEN LDROBOT CO., LTD

Terms of Reference of the Audit Committee of the Board

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to enhance the decision-making functions of the board of directors (hereinafter referred to as the “Board”) of SHENZHEN LDROBOT CO., LTD (hereinafter referred to as the “Company”), improve the internal control capabilities, and further perfect the corporate governance structure, the Board of the Company, in accordance with the provisions of the Company Law of the People’s Republic of China (《中華人民共和國公司法》) (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (《中華人民共和國證券法》), the Listing Rules Governing the Securities Listed on the Stock Exchange of Hong Kong (hereinafter referred to as the “Listing Rules”), and other relevant laws, regulations and normative documents, as well as the articles of association of SHENZHEN LDROBOT CO., LTD (hereinafter referred to as the “Articles of Association”), hereby formulates these terms of reference.

Article 2 The audit committee (hereinafter referred to as the “Audit Committee”) is a special working body under the Board, primarily responsible for the communication, supervision, and inspection of internal and external audits of the Company. The Audit Committee is responsible to the Board, reports its work to the Board and exercises the authorities of supervisory committee required by the Company Law.

Article 3 The resolutions made by the Audit Committee shall comply with the provisions of the Articles of Association, these terms of reference, the Listing Rules, and other relevant laws, regulations and normative documents.

Article 4 The Audit Committee shall perform its duties within the scope of responsibilities stipulated by the Articles of Association, the Listing Rules and these terms of reference, and shall work independently without interference from other departments of the Company.

CHAPTER 2 FORMATION AND COMPOSITION

Article 5 The Audit Committee shall consist of not less than three non-executive directors, all being non-executive directors, a majority of which shall be independent non-executive directors, and members of the committee shall be, in principle, independent of the Company’s daily management and operation affairs. At least one member of the Audit Committee which shall be an independent non-executive director shall have appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules (amended from time to time).

Article 6 Members of the Audit Committee shall be nominated by the chairman of the Board, more than half of the independent non-executive directors, or more than one-third of all directors, and shall be elected by the Board.

Article 7 The Audit Committee shall be chaired (convened) by an independent non-executive director, who shall be appointed by the Board. The convener shall possess appropriate professional qualifications or expertise in accounting or related financial management required by the Listing Rules.

Article 8 The convener shall be responsible for convening and presiding over the meetings of the Audit Committee. If the convener is unable or fails to perform his/her duties, he/she shall designate another member to exercise his/her powers on his/her behalf. If the convener neither performs his/her duties nor designates another member to exercise his/her powers, any member may report the situation to the Board of the Company, and the Board shall designate a member to perform the duties of the convener.

Article 9 All members of the Audit Committee shall be directors of the Company, and their term of office on the Audit Committee shall be the same as their term of office as directors. Members may be re-elected for consecutive terms upon expiration of their term.

Unless otherwise provided by the Company Law, the Articles of Association, the Listing Rules, or these terms of reference, members shall not be removed from office without cause before the expiration of their term. If a member resigns or ceases to be a director of the Company for any reason, his/her membership on the Audit Committee shall automatically terminate at the time he/she ceases to be a director. The Board shall appoint a new member in accordance with the Articles of Association, the Listing Rules and these terms of reference.

Article 10 A former partner of the Company's existing auditing firm shall be prohibited from acting as a member of the Audit Committee for a period of two years from the date of his ceasing:

- (a) to be a partner of the firm; or
- (b) to have any financial interest in the firm, whichever is the later.

Article 11 If the number of members of the Audit Committee falls below the required number, the Board of the Company shall comply with the notification and announcement requirements of the Listing Rules and promptly appoint new members.

Until the number of members of the Audit Committee reaches the required number, the Audit Committee shall suspend the exercise of its powers as stipulated in these terms of reference.

Article 12 The Audit Committee shall have an audit department as its daily office, which shall be responsible for routine communication and meeting organization. The Board secretary shall be responsible for the specific coordination between the Audit Committee and the Board.

CHAPTER 3 DUTIES AND AUTHORITIES

Article 13 The authorities and duties of the Audit Committee shall include such authorities and duties and set out in the laws, administrative regulations, the requirements of the CSRC, the Article of Association and relevant code provisions of the Corporate Governance Code (the “CG Code”) as contained in Appendix C1 to the Listing Rules (as amended from time to time).

Article 14 Where the Board disagrees with the Audit Committee’s view on the selection, appointment, resignation or dismissal of the external auditors, the Company should include in the corporate governance report a statement from the Audit Committee explaining its recommendation and also the reason(s) why the Board has taken a different view.

Article 15 Without violating any requirements under the laws, administrative regulations, the CSRC, the CG Code and the Article of Association, the duties of the Audit Committee shall include the following:

- (I) to propose the appointment, re-appointment, removal or replacement of the external auditor (for the purposes of these terms of reference, the external auditor is defined as such under the Listing Rules), to approve the audit fees and terms of engagement of the external auditor, and to address any issues related to the resignation or dismissal of the external auditor;
- (II) to review and monitor the independence and objectivity of the external auditor and the effectiveness of the audit procedures in accordance with applicable standards, and to discuss the nature and scope of the audit and relevant reporting responsibilities with the external auditor before the audit work commences;
- (III) to formulate and implement policies regarding the provision of non-audit services by the external auditor. For this purpose, the external auditor includes any entity that is under the same control, ownership or management as the audit firm, or any entity that a reasonable third party, informed of all relevant facts, would consider to be part of the audit firm’s domestic or international practice;
- (IV) to report to the Board on any matters requiring action or improvement in relation to the relationship with the external auditor, and to make recommendations;
- (V) to oversee the Company’s internal audit system and its implementation;
- (VI) to be responsible for communication between the Company’s internal audit and external audit;
- (VII) to be responsible for making recommendations to the Board regarding the appointment and dismissal of the chief financial officer;

- (VIII) to review the Company's financial information and its disclosure, to monitor the integrity of the Company's financial statements and the annual report and accounts, semi-annual report, and quarterly report (if to be published), and to review financial information, internal control report and significant matters relating to financial reporting contained therein and issue written review opinion. Before submitting these reports and statements to the Board, the Audit Committee shall pay particular attention to the following matters:
- (a) any changes in accounting policies and practices;
 - (b) areas involving significant judgments;
 - (c) significant adjustments arising from the audit;
 - (d) the assumptions regarding the going concern of the business and any qualifications;
 - (e) compliance with accounting standards;
 - (f) compliance with the Listing Rules and legal requirements relating to financial reporting;
- (IX) with regard to the matters mentioned in paragraph (VII) above:
- (a) members of the Audit Committee shall communicate with the Company's Board and senior management. The Audit Committee shall meet with the Company's external auditors at least twice a year; and
 - (b) the Audit Committee shall consider any significant or unusual matters reflected or to be reflected in these reports and accounts, and shall appropriately take into account any matters raised by the Company's accounting and financial reporting staff, the audit director or the external auditors;
- (X) to review the Company's financial risk management and internal control systems, to assess the implementation of internal audit systems in various departments, to review the Company's financial monitoring, and (unless there is a separate risk committee under the Board or the Board itself explicitly deals with it) to review the Company's risk management and internal control systems;
- (XI) to discuss risk management and internal control systems with management to ensure that management has fulfilled its responsibilities to establish an effective system. The discussions shall include whether the Company has sufficient resources, staff qualifications and experience in accounting and financial reporting functions, and whether the employee training programs and relevant budgets are adequate;
- (XII) to proactively or at the Board's request, investigate significant findings regarding risk management and internal control and management's responses to these findings;

- (XIII) where there is an internal audit department, to ensure coordination between the work of internal and external audit functions; to ensure that the internal audit function has sufficient resources and appropriate status within the Company; and to review and monitor its effectiveness;
- (XIV) to examine the Company's financial and accounting policies, financial position, and financial reporting procedures and practices;
- (XV) to review the "audit report letter" provided by the external auditor to the management, any significant questions raised by the external auditor to the management regarding accounting records, financial accounts or risk management and control systems, and management's responses;
- (XVI) to ensure that the Board responds in a timely manner to matters raised in the "audit report letter" provided by the external auditor to the management;
- (XVII) to act as the primary representative of the Company in dealings with the external auditor, responsible for monitoring the relationship between the two parties;
- (XVIII) to review the arrangements set by the Company that allow employees and any associates of the Company and its subsidiaries (such as clients and suppliers) to raise concerns anonymously regarding possible improprieties on financial reporting, risk management, internal control or other aspects. The Audit Committee shall formulate reporting policy and system when needed, to ensure that there are appropriate arrangements for the Company to conduct a fair and independent investigation and take appropriate action on such matters;
- (XIX) to review significant related-party transactions, continuing connected transactions and asset disposition matters of the Company, and significant investments and external guarantees of the Company, and subject to the terms approved by shareholders of the Company;
- (XX) to guide the work of the Company's internal audit working group and assess the implementation of internal audit systems in various departments;
- (XXI) to report to the Board on matters related to the code provisions under the Corporate Governance Code; to study other topics defined by the Board;
- (XXII) if the Board disagrees with the Audit Committee's views on the selection, appointment, resignation or removal of the external auditor, the Company shall include in the Corporate Governance Report a statement from the Audit Committee explaining its recommendations and the reasons why the Board holds a different opinion;

(XXIII) to implement the Company's corporate governance procedures:

- (a) to formulate and review the Company's corporate governance policies and practices, and to make recommendations to the Board; including but not limited to, to formulate reporting policy and system when needed to support arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (b) to formulate, review, approve and update, at its discretion, policies and systems that promote and support anti-corruption laws and regulations;
- (c) to propose to the Board changes in accounting policies, accounting estimates, or corrections of significant accounting errors for reasons other than changes in accounting standards;
- (d) if abnormal business conditions are discovered, investigations can be conducted; when necessary, professional institutions such as accounting firms or law firms may be hired to assist with work, with expenses borne by the Company;
- (e) to review and monitor the training and continuing professional development of the Company's directors and senior management;
- (f) to supervise the performance by the directors and senior management of their duties to the Company and propose the dismissal of the directors and senior management who violates laws, administrative regulations, the Articles of Association or the resolutions of the shareholders' meeting; to demand rectification from the directors and senior management when the acts of such persons are harmful to the Company's interests;
- (g) to review and monitor the Company's policies and practices regarding compliance with legal and regulatory requirements;
- (h) to formulate, review and monitor the Company's code of conduct and compliance manual (if any) for employees and directors; and
- (i) to review the Company's compliance with the code provisions and the disclosures in the Corporate Governance Report;

(XXIV) other matters authorized by Company Law, other laws and administrative regulations, the provisions of the CSRC, the CG Code, the Articles of Association and the Board. Regarding the measures or improvements that the Audit Committee deems necessary to take, the Audit Committee shall, after obtaining the consent of more than half of all its members, submit the matter to the Board for review.

Article 16 The Audit Committee is accountable to the Board, and its proposals shall be submitted to the Board for review and decision.

Article 17 If the Audit Committee believes that there are significant defects or significant risks in the Company's internal control, the Board shall report and disclose them in a timely manner according to the regulatory rules of the place where the Company's shares are listed (if required).

Article 18 When performing its duties, the Audit Committee shall be supported by the relevant departments of the Company. If necessary, the Audit Committee may engage intermediary agencies to provide professional opinions, and the related expenses shall be borne by the Company.

CHAPTER 4 NOTIFICATION AND CONVENING

Article 19 The Audit Committee shall hold regular meetings and interim meetings.

The Audit Committee shall hold at least two regular meetings per year. If the Company's external auditor deems it necessary, they may request the convening of an interim meeting.

The Board of the Company, the convener of the Audit Committee, or two or more (including two) members jointly may request the convening of an interim meeting of the Audit Committee. The meeting of Audit Committee may only be convened with the presence of more than two thirds of the members.

Article 20 Regular meetings of the Audit Committee may be held on site, by telephone, or via video conference. Interim meetings may be held either on site or through non-face-to-face means such as telephone conferences. Unless otherwise stipulated by the Articles of Association, the Listing Rules or these terms of reference, an interim meeting of the Audit Committee may adopt resolutions by fax, provided that members are able to fully express their opinions, and such resolutions shall be signed by the attending members.

If a communication voting method is adopted, a member of the Audit Committee who signs on the meeting resolution shall be deemed to have attended the relevant meeting and agreed to the content of the resolution.

Article 21 Notification for regular meetings of the Audit Committee shall be issued at least 5 days (excluding the day of the meeting) in advance, and notification for interim meetings shall be issued at least 3 days (excluding the day of the meeting) in advance.

Article 22 The Board secretary shall be responsible for issuing notifications for Audit Committee's meetings and shall issue the notifications within the time limits stipulated in the preceding article.

Article 23 Notifications for Audit Committee's meetings shall include at least the following contents:

- (I) the time and place of the meeting;
- (II) the duration of the meeting;
- (III) the agenda items to be discussed at the meeting;
- (IV) the contact person and contact details for the meeting;
- (V) the date of the meeting notification.

Article 24 Notifications for meetings issued by the Board secretary shall be accompanied by complete proposals.

Article 25 Regular meetings of the Audit Committee shall be notified in writing, while interim meetings may be notified by telephone, email or other convenient means.

If no written objection is received within 2 days from the date of issuance of the notification through telephone, email or other convenient means, it shall be deemed that the notified person has received the meeting notification.

Regardless of the notice period provided, the attendance of Audit Committee's members at the meeting shall be deemed as their waiver of the required notice period.

CHAPTER 5 DECISION-MAKING PROCEDURES

Article 26 A meeting of the Audit Committee shall be convened only if more than two-thirds of its members are present. Other directors of the Company may attend the Audit Committee's meetings, but non-member directors shall have no voting rights on the agenda items.

Article 27 Members of the Audit Committee may attend the meeting in person or appoint another member to attend and exercise their voting rights on their behalf. Each member of the Audit Committee may appoint only one other member to exercise their voting rights on their behalf. Any appointment of two or more members to exercise voting rights on their behalf shall be invalid.

Article 28 If a member of the Audit Committee appoints another member to attend the meeting and exercise voting rights on their behalf, they shall submit a power of attorney to the chairperson of the meeting. The power of attorney shall be submitted to the chairperson of the meeting at the latest before the commencement of the meeting.

Article 29 The power of attorney shall include at least the following contents:

- (I) the name of the appointor;
- (II) the name of the appointee;
- (III) the matters of the proxy;
- (IV) instructions for exercising voting rights on the agenda items (in favor, against or abstain), and an explanation of whether the appointee may exercise their own discretion in the absence of specific instructions;
- (V) the duration of the power of attorney;
- (VI) the date of signing the power of attorney.

The power of attorney shall be signed by both the appointor and the appointee.

Article 30 If a member of the Audit Committee neither attends the meeting in person nor appoints another member to attend on their behalf, it shall be deemed that they have not attended the relevant meeting. If a member of the Audit Committee fails to attend two consecutive meetings, it shall be deemed that they are unable to properly perform their duties. The Board may revoke their membership.

Article 31 Resolutions made by the Audit Committee shall be effective only if they are passed by a majority of all members (including those who are not present). Each member of the Audit Committee shall have one vote.

Article 32 After the chairperson of the Audit Committee's meeting announces the commencement of the meeting, the contents of each agenda item shall be reviewed in sequence.

Article 33 The Audit Committee may discuss the agenda items in an open-ended manner, but the order of the meeting should be maintained. Speakers shall not use language of a personal attack nature or that is otherwise insulting and threatening. The chairperson of the meeting has the right to determine the duration of the discussion.

Article 34 The Audit Committee's meeting shall follow the rule of centralized review and sequential voting on the matters under discussion, that is, after all proposals have been reviewed by all attending members, the proposals shall be voted one by one in the order of review.

Article 35 If necessary, the Audit Committee may invite other personnel related to the agenda items to attend the meeting to introduce the situation or express their opinions, but non-members of the Audit Committee shall have no voting rights on the proposals.

Article 36 The Company's finance department and audit department shall be responsible for the preparatory work for the decision-making of the Audit Committee and provide written materials on relevant aspects of the Company:

- (I) relevant financial reports of the Company;
- (II) work reports of internal and external audit institutions;
- (III) external audit contracts and related work reports;
- (IV) the Company's information disclosure to the outside;
- (V) audit reports on the Company's significant related party/connected transactions;
- (VI) other related matters.

Article 37 The Audit Committee's meeting shall review the reports provided by the Company's finance department and audit department and submit relevant written resolution materials to the Board for discussion:

- (I) evaluation of the work of external audit institutions, appointment and replacement of external audit institutions;
- (II) whether the Company's internal audit system has been effectively implemented and whether the Company's financial reports are comprehensive and true;
- (III) whether the financial reports and other information disclosed by the Company are objective and true, and whether the Company's significant connected transactions comply with relevant laws and regulations;
- (IV) evaluation of the work of the Company's finance department, audit department and their respective heads;
- (V) evaluation of the development and implementation of the Company's internal control system;
- (VI) other related matters.

Article 38 Members attending the meeting shall carefully review the proposals and fully express their personal opinions; members shall be responsible for their individual voting decisions.

Article 39 Vote-by-ballot shall be adopted in both regular and interim meetings of the Audit Committee, and the voting options include for, against or abstain. For the same proposal, each attending member may only choose for, against or abstain. Multiple choices or failure to choose shall be deemed abstention.

If the Audit Committee's meeting adopts a resolution by fax, the voting method shall be by signature.

The chairperson of the meeting shall count the votes in respect of each proposal and announce the result on the spot, and the result shall be recorded in the meeting minutes by the person who recorded the minutes.

Article 40 The Audit Committee's meeting shall be recorded. The Audit Committee shall appoint a secretary to the committee (the "Meeting Secretary") to take minutes (such minutes shall be conclusive evidence of any such proceedings if they purport to be signed by the chairman or the secretary of the committee meeting or committee). The minutes of the Audit Committee's meeting shall be recorded and kept by the Meeting Secretary. In the absence of the Meeting Secretary, his or her delegate(s) or any person elected by the members present at the meeting of the committee, shall attend the meeting of the committee and take minutes. The draft and final versions of the minutes shall be sent to all members of the Audit Committee within a reasonable time after the meeting. The draft is for members to express their opinions, and the final version is for their records.

CHAPTER 6 MEETING RESOLUTIONS AND MINUTES

Article 41 After each proposal receives the required number of valid votes, the resolution of the Audit Committee shall be formed upon announcement by the chairperson of the meeting. The resolution(s) of the Audit Committee shall take effect after being signed by the attending members. No modifications or changes to the effective resolution(s) of the Audit Committee shall be made without following the legal procedures stipulated by laws, regulations, the Articles of Association and these terms of reference.

Article 42 The members of the Audit Committee or the Company's Board secretary shall notify the Board of the Company the relevant circumstances of the resolution(s) within the next day after the resolution takes effect at the latest.

The written resolution(s) of the Audit Committee shall be kept as the Company's archives, and the retention period shall not be less than ten years during the existence of the Company.

Article 43 If the resolution of the Audit Committee violates laws, regulations or the Articles of Association, resulting in serious losses to the Company, the members who participated in the resolution shall bear joint liability for compensation. However, a member who can prove that he/she expressed dissent during the voting and that it was recorded in the meeting minutes may be exempt from liability.

Article 44 The Audit Committee's meeting shall have written records, and the attending members and the recorder of the meeting shall sign on the minutes. The attending members have the right to request that their statements at the meeting be recorded in the minutes.

The minutes of the Audit Committee shall be kept as the Company's archives, and the retention period shall not be less than ten years during the existence of the Company.

Article 45 The minutes of the Audit Committee shall include at least the following contents:

- (I) the date, place, and name of the convener of the meeting;
- (II) the names of the attendees, and if attending on behalf of others, it should be specifically noted;
- (III) the agenda of the meeting;
- (IV) the main points of the members' speeches;
- (V) the voting method and results for each resolution item or proposal (the voting results should indicate the number of for, against or abstain votes);
- (VI) other matters that should be explained and recorded in the minutes.

Article 46 The members of the Audit Committee shall have an obligation to keep confidential any information about the Company that they become aware of until such information is publicly disclosed.

CHAPTER 7 SUPPLEMENTARY PROVISIONS

Article 47 The chairman or in his/her absence, another member of the Audit Committee or in the absence of both of them, his or her duly appointed delegate, shall attend the annual general meeting (“AGM”) of the Company and be prepared to address questions regarding the Audit Committee’s work and responsibilities at the AGM.

Article 48 Any matters not covered in these terms of reference shall be handled in accordance with relevant national laws, regulations, regulatory documents, the Listing Rules and the Articles of Association.

Article 49 These terms of reference shall come into effect from the date of approval by the Board and the listing and trading of H shares publicly issued by the Company on the main board of The Stock Exchange of Hong Kong Limited.

If these terms of reference are in conflict with national laws, regulations, regulatory documents, the Listing Rules or the Articles of Association amended through legal procedures in the future, such laws, regulations, regulatory documents, the Listing Rules and the Articles of Association shall prevail. After being revised pursuant thereto, these terms of reference shall be submitted to the Board for consideration and approval.

Article 50 The Board of the Company shall be responsible for the interpretation of these terms of reference.

(No text below)

SHENZHEN LDROBOT CO., LTD