Luxshare Precision Industry Co., Ltd.
立訊精密工業股份有限公司

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

Terms of Reference for
the Audit Committee of the Board
(Applicable upon issuance and listing of H shares)

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to clarify the responsibilities of the audit committee (hereinafter referred to as the "**Audit Committee**" or the "**Committee**") of the board of Luxshare Precision Industry Co., Ltd. (hereinafter referred to as the "**Company**") and to standardize its working procedures, the Company has established these Rules in accordance with relevant requirements including the Company Law of the People's Republic of China (hereinafter referred to as the "**Company Law**"), the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association of Luxshare Precision Industry Co., Ltd. (hereinafter referred to as the "**Articles of Association**") and Rules and Procedures for Meetings of the Board.

Article 2 The Committee is a standing regulatory organization established by the Board. The Committee shall report to and be responsible to the Board, and under the leadership of the Board, responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audits and internal controls.

CHAPTER 2 ORGANIZATIONAL STRUCTURE OF THE COMMITTEE

Article 3 The Committee shall comprise of 3 members who are not senior management of the Company, a majority of whom shall be independent directors. At least one of the independent directors shall satisfy the regulatory requirements of the place where the Company's Shares are listed, have appropriate professional qualifications or accounting or related financial management expertise, who meet the qualification requirements for accounting or financial professionals on the audit committee of the stock exchange where the Company's shares are listed. Committee members are nominated by the chairman, more than half of the independent directors or one-third of all directors, and elected by a majority vote of all directors of the Board. Members of the Audit Committee shall be non-executive directors who are not senior management of listed companies and shall not have any relationship with the Company that could affect his/her independent and objective judgment. The Committee shall have a chairperson (convener), whom shall be an independent director and an accounting professional. The chairperson shall be elected by a majority vote of all Committee members.

A former partner of the external auditor which is currently in charge of auditing the accounts of the Company shall not be a member of the Audit Committee within two years from the following dates, whichever is the later:

1. the date on which the former partner ceases to be a partner of the external auditor;

2. the date on which the former partner ceases to be entitled to financial interest in the external auditor.

Article 4 A Committee member shall satisfy the following conditions:

1. are familiar with relevant laws and regulations of the State, possess relevant professional knowledge on finance, accounting and audit, possess professional knowledge and experience to perform the duties of the Audit Committee, and are familiar with the Company's operation and management;

2. comply with the principles of honesty and good faith, with integrity and self-discipline, perform duties with loyalty and diligence, protect the interests of the Company and the shareholders through working actively;

3. have relatively strong comprehensive analysis and judgement abilities, able to handle complicated financial and operating issues, possess the ability to work independently.

Article 5 A Committee member shall be appointed by the Board. Their term of office shall be the same as the term of office of the Board. Before expiration of the term of office of a member, he/she may resign. Upon expiration of the term of office of a member, he/she may be re-elected for re-appointment.

Before the expiration of the term of office of a member, unless the circumstances unfit for appointment as stipulated in the Company Law, the Articles of Association, these Rules or the regulatory requirements of the place where the Company's Shares are listed occur, such member shall not be dismissed without a reason. Where any member resigns or no longer holds the office of director for other reasons during his/her term of office, the Committee membership of such member shall automatically be revoked. The Board shall supplement a new member pursuant to these Rules at a timely manner.

If the proportion of independent directors on the Committee does not meet the requirements under the Administrative Measures for Independent Directors of Listed Companies, the Articles of Associations or regulatory requirements of the place where the Company's Shares are listed due to the resignation or removal of independent directors, or there is a lack of accounting professionals among independent directors, the Company shall complete the supplement within 60 days from the occurrence of the aforementioned matters.

In the event that the number of the committee member shall fall below two-thirds of the required number due to resignation by or removal of members or such other reasons, the Board shall promptly supplement new candidates. The Audit Committee shall suspend performance of its duties pursuant to these Rules until the number of the Committee member is restored back to two-thirds of the required number.

Article 6 The Company has established an internal audit department. The internal audit department shall report to and responsible to the Audit Committee.

CHAPTER 3 RIGHTS AND OBLIGATIONS OF THE COMMITTEE

Article 7 Responsibilities of the Committee shall include:

1. Relationship with the external auditor of the Company:

    (1) to be responsible for making recommendations to the Board on the appointment, reappointment and change of the external auditing firm, provide suggestion to the Board on the remuneration and terms of engagement of the external auditing firm, to handle any matters in relation to the resignation or dismissal of such auditing firm;

    (2) to review and monitor the independence and objectivity of the external auditing firm and the effectiveness of the audit process in accordance with applicable standards. The Committee should discuss with the auditing firm the nature and scope of the audit and the relevant reporting obligations before the audit commences;

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

2. To monitor internal audit

    (1) supervise and evaluate internal audit functions of the Company;

    (2) act as the key representative body for overseeing the Company's relations with the external auditing firm; responsible for the communication and coordination between the management, internal audit and relevant departments and the external auditing firm;

3. To review financial information of the Company

    To audit the Company's financial information and its disclosures, review the Company's financial reports and express an opinion, including to monitor integrity of the Company's financial statements and annual reports and accounts, half-year reports and quarterly reports (if intend to issue), and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee should focus primarily on:

    (1) any changes in accounting policies and practices;

    (2) major judgmental areas;

    (3) significant adjustments resulting from audit;

    (4) the going concern assumptions and any qualifications;

    (5) compliance with accounting standards;

    (6) compliance with the regulatory requirements, laws and regulations of the place where the Company's Shares are listed.

Regarding item 3 of these Rules, members of the Audit Committee should liaise with the Board and senior management. The Committee must meet, at least twice a year, with the external auditing firm of the Company. The Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance department or external auditing firm;

4. To supervise the financial reporting system, risk management and internal control system of the Company

   (1) to review the Company's financial controls and to review the Company's risk management and internal control system;

   (2) to inspect the internal control system of the Company and to audit the major connected transactions;

   (3) to discuss the risk management and internal control system with management to ensure that management has performed its duty to have an effective system. This discussion should include the adequacy of resources, staff qualifications and experience, training programs received by the staff and budget of the Company's accounting and financial reporting function;

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

   (5) if the Company has established an internal audit function, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(6) to review the financial and accounting policies and practices of the Company and its subsidiaries; to provide suggestions to the Board in relation to change in accounting policies or accounting estimates or correction of material accounting error for a reason other than change in accounting standards;

(7) to review the external auditing firm's management letter, any material queries raised by the external auditing firm to management about accounting records, financial accounts or systems of control and management's response;

(8) to ensure that the Board will provide a timely response to the issues raised in the external auditing firm's management letter;

(9) to report to the Board on the matter herein.

5. To review the following arrangements of the Company: employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up actions by the issuer. In case of any irregularities are found in the Company's operations, an investigation can be conducted; if necessary, professional organizations such as accounting firms and law firms can be appointed to assist in the investigation, with the costs borne by the Company;

6. to exercise other powers of the supervisory committee as delegated by the Company Law;

7. to consider other topics, as defined by the Board;

8. to complete other audit-related matters authorized or assigned by the Board, and other matters referred to in the laws, regulations, normative documents, and regulatory requirements of the place where the Company's Shares are listed;

9. other matters required by the law, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed, Articles of Associations and these Rules, as well as other matters authorized by the Board. The Audit Committee shall report to the Board on any measures or improvements it deems necessary and make recommendations.

Article 8 The following matters shall be put forward to the Board for consideration upon consent from more than half of all members of the Audit Committee:

1. disclosure of financial information in financial accounting reports and regular reports and evaluation report on internal control;

2. appointment or dismissal of accounting firms engaged for auditing matters of the Company;

3. appointment or dismissal of financial controller of the Company;

4. changes in accounting policies and accounting estimates or correction of significant accounting errors due to reasons other than changes in accounting standards;

5. other matters stipulated by laws, administrative regulations, requirements of the CSRC, the securities regulatory rules of the place where the Company's shares are listed and requirements of the Articles of Association.

Article 9 Audit Committee of the Board shall review the Company's financial accounting reports and express an opinion on the truthfulness, accuracy and completeness of the financial accounting reports, focusing on significant accounting and auditing issues in the Company's financial accounting reports, with particular attention to the possibility of fraud, fraudulent acts and material misstatements related to the financial accounting reports, and to oversee the rectification of problems in the financial accounting reports. If the Audit Committee of the Board discover that there are false entries, misleading statements or material omissions in the financial accounting reports of the Company, the Committee shall immediately report to the Board and urge the relevant responsible departments of the Company to formulate rectification measures and the timing of rectification, conduct follow-up reviews, supervise the implementation of the rectification measures and disclose the completion of the rectification in a timely manner.

Article 10 When the Audit Committee makes recommendations to the Board for the appointment or replacement of the external auditing firm, reviews the audit fees and terms of engagement of the external auditing firm, it should not be unduly influenced by the Company's substantial shareholders, actual controllers or directors and senior management.

Article 11 The Audit Committee shall urge the external auditing body to be honest, trustworthy, diligent and responsible, strictly abide by the business rules and discipline regulations, strictly implement the internal control system, check and verify the Company's financial accounting reports, perform the special care obligations, and prudently express its professional opinions.

Article 12 To establish a work report system of the Audit Committee to the Board, the work report shall at least contain:

1. to provide analysis and evaluation opinions on the Company's financial reports and the audit report issued by the accounting firm;

2. to assess whether the Company adheres to the principle of fair and just in related-party transactions and asset acquisitions and disposals, and whether there have been any instances that the interests of the Company and its shareholders has been harmed; and the use of the Company's proceed raised;

3. to provide suggestion on the appointment and dismissal of an accounting firm; to evaluate the service quality and reasonableness of the fees charged by such accounting firm;

4. other matters as required by the Board.

Article 13 When supervising and evaluating the work of the internal audit department, the Audit Committee shall perform the following main duties:

1. to guide and supervise the establishment and implementation of the internal audit system;

2. to review the Company's annual internal audit work plan;

3. to supervise the implementation of the Company's internal audit plan;

4. to guide the effective operation of the internal audit department;

5. to report to the Board on the progress, quality, and major problems found;

6. to coordinate the relationship between the internal audit department and external audit units such as accounting firms and state audit institutions.

Article 14 The Audit Committee shall supervise the internal audit department to conduct inspections on the following matters at least once every six months, issue an inspection report, and submit it to the Audit Committee. If the inspection finds that the Company has violations of laws and regulations, irregular operations, etc., it shall report to the Shenzhen Stock Exchange in a timely manner:

1. The implementation of major events such as the use of funds raised by the Company, the provision of guarantees, related party transactions, securities investment and derivatives transactions, the provision of financial assistance, the purchase or sale of assets, and foreign investment;

2. The Company's large capital transactions and capital transactions with Directors, senior management, controlling shareholders, actual controllers and their related parties.

The Audit Committee shall issue a written evaluation opinion on the effectiveness of the Company's internal control based on the internal audit report and relevant information submitted by the internal audit department, and report to the Board.

Where the Audit Committee identifies any non-compliance in the management of the Company's proceeds, material risks, or failure by the internal audit department to submit the examination report as required in the preceding paragraph, it shall promptly report such matters to the Board. The Board shall, on the second trading day upon receipt of such report, submit the same to the Shenzhen Stock Exchange and make an announcement in accordance with the laws and regulations and information disclosure rules.

Article 15 The Audit Committee shall issue an annual internal control evaluation report based on the evaluation report and relevant materials issued by the internal audit department. The internal control evaluation report shall include at least the following contents:

1. the statement of the Board on the authenticity of the internal control report;

2. the overall situation of internal control evaluation;

3. the basis, scope, procedures and methods of internal control evaluation;

4. internal control deficiencies and their identification;

5. rectification of internal control deficiencies in the previous year;

6. rectification measures to be taken for internal control deficiencies this year;

7. conclusions on the effectiveness of internal control.

Article 16 The expenditure of the Committee shall be included in the Company's budget, the reasonable cost of the Committee for the employment of advisory organs and professionals when executing its functions and powers shall be borne by the Company.

The reasonable expenses for members of the Committee to attend meetings of the Committee shall be paid by the Company.

Article 17 Chairperson of the Committee shall perform the following duties in accordance with law:

1. to convene and preside over meetings of the Committee;

2. to approve and sign reports of the Committee;

3. to examine the implementation of the resolutions and suggestions of the Committee;

4. to report the work of the Committee to the Board on behalf of the Committee;

5. other duties that should be performed by chairperson of the Committee.

If chairperson of the Committee is unable to perform his/her duties for some reasons, another member appointed by the chairperson or elected by more than half of all the Committee members shall execute his/her functions and powers.

Article 18 When executing its functions and powers, the Committee may take the following measures as to the problems it discovers:

1. to issue oral or written notification, requiring rectification;

2. to require functional departments of the Company to make verification;

3. to put forward suggestions to the Board on the removal or dismissal of senior management of the Company who has materially violated related requirements.

Article 19 Members of the Committee shall fulfil the following obligations:

1. to perform their duties in a faithful manner in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, and to protect the interests of the Company;

2. not to disclose the Company's secrets unless in accordance with the provisions of laws or with the consent of the shareholders' meeting or the Board;

3. to be responsible for the trueness and compliance of the reports submitted or documents produced to the Board.

CHAPTER 4 WORKING MODE AND PROCEDURES OF THE COMMITTEE

Article 20 The Committee is comprised of the chairperson and its members. The chairperson is responsible for the overall work of the Committee. The Committee adheres to the principles of scientific and democratic decision-making, and major matters and important issues are decided through collective discussion.

Article 21 The Committee adopts the system of regular meetings and extraordinary meetings. The Committee meeting is primarily held on site and, when necessary, may be held by way of electronic correspondence including video call, telephone, online meeting, e-mail, text messages, fax and weChat, provided that the members are able to fully express their opinions. The Committee meeting may also be held by a combination of onsite meeting and electronic correspondence including video call, telephone, online meeting, e-mail, text messages, fax and weChat. If electronic correspondence is adopted, corresponding record shall be kept.

Article 22 Regular meetings are held four times a year, i.e. prior to the finalisation of the first quarter, interim, third quarter and year end financial reports.

Article 23 Extraordinary meetings are held according to work requirements without any fixed schedule. An extraordinary meeting may be convened when it is proposed by two or more members, or when the convener considers it as necessary. An extraordinary meeting may be convened under any of the following circumstances:

1. when senior management of the Company violates laws, regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, and interests of the Company is severely compromised;

2. the Committee considers necessary to appoint certified public accountant, professional auditor or solicitors to provide professional opinions on certain material issues;

3. chairperson of the Committee deems necessary.

Article 24 The Committee shall despatch a notice of meeting to all members within 5 to 10 days before convening a regular meeting stating the time, venue and proposed resolutions to be discussed on the meeting. For extraordinary meetings, the notification period shall be 3 days before the meeting. Yet in case of emergency, a notice of meeting can be made by way of telephone or other verbal means. Aforementioned notification period shall not apply but the convener of the meeting shall explain the situation at the meeting.

Meetings of the Committee shall only be held when over two-thirds (including two-thirds) of members are present.

Article 25 Members of the Committee should attend the meeting as scheduled, fully express their opinions on the matters to be discussed or deliberated, and make clear statements. When unable to attend the meeting for any reason, one could entrust another Committee member in writing to exercise the powers on their behalf. The power of attorney should specify the name of the proxy, the entrusted matters, the authority and the validity period, and signed or sealed by the principal. If a Committee member fails to attend the meeting twice consecutively and does not entrust another member to exercise his or her powers on his or her behalf, the Committee may request the Board to replace him or her.

Article 26 At a Committee meeting, voting on the resolution shall be taken by open ballot or a show of hands. In case of Committee meeting held by electronic correspondence, if a member is unable to sign a resolution immediately at the meeting, he/she shall vote orally/in writing and sign the resolution in writing as soon as possible within the prescribed period and submit a written confirmation confirming the attendance at the meeting. An oral vote by a member shall have the same effect as a written signature, provided that the subsequent written signature shall be consistent with the oral vote at the meeting. If such written signature is inconsistent with the oral vote, the oral vote shall prevail. For meetings not held onsite, the number of members present shall be calculated based on the valid voting votes of members with video presentation, members who express their opinions in the conference call, and actual receipts of faxes or e-mails within the specified time limit, or the written confirmation letters submitted by the members afterwards stating that they have attended the meeting. In order to be valid, all resolutions must be passed by majority of all members of the Committee.

Article 27 The Committee shall keep clear meeting minutes. The contents of the minutes shall include the time and place of the meeting, host, participants, subject under discussion, discussion process and voting result (the number of affirmative votes, dissenting votes and abstention shall be specified in the voting result). Members attending the meeting shall sign the minutes.

Article 28 The meeting minutes and resolution of the Committee shall be kept for 10 years as the Company's documentation.

CHAPTER 5 SUPPLEMENTARY PROVISIONS

Article 29 These Rules shall be construed by the Board. Upon approval by vote, these Rules shall become effective on the same date as H Shares issued by the Company are listed on the Stock Exchange of Hong Kong Limited.

Article 30 The provisions of relevant laws and regulations of the State, normative documents, regulatory requirements of the place where the Company's Shares are listed and the Articles of Association shall apply to the matters not covered in these Rules. In case of any contradiction between these Rules and relevant laws and regulations, normative documents, regulatory requirements of the place where the Company's Shares are listed and the Articles of Association, the relevant laws and regulations of the State, normative documents, regulatory requirements of the place where the Company's Shares are listed and the Articles of Association shall prevail.

The Board of Directors
Luxshare Precision Industry Co., Ltd.

July 8, 2026