

Eastroc Beverage (Group) Co., Ltd.

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



东鹏饮料

(Applicable upon issuance and listing of H Shares)

July 2025

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Chapter 1 General Provisions

Article 1 In order to strengthen the decision-making function of the Board of Directors, perform pre-audit and professional audit, ensure effective supervision over the management by the Board of Directors, and enhance its corporate governance structure, the Company has established an audit committee of the Board of Directors (hereinafter referred to as the “**Audit Committee**”) and formulated these terms of reference, in accordance with the Company Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, the relevant regulatory rules of the stock exchanges where the shares of the Company are listed (including the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited, hereinafter collectively referred to as the “**Stock Exchanges**”), the relevant rules of the securities regulatory authorities where the shares of the Company are listed (hereinafter referred to as the “**Securities Regulatory Authorities**”), and the Articles of Association of Eastroc Beverage (Group) Co., Ltd. (hereinafter referred to as the “**Articles of Association**”) and other relevant rules.

Article 2 As a special committee set up by the Board of Directors, the Audit Committee is accountable to the Board of Directors. The Audit Committee reports its work to the Board of Directors, exercises the powers of the supervisory board as stipulated in the Company Law, and is responsible for supervising, reviewing, communicating, coordinating and verifying the internal and external audit work of the Company.

Article 3 Members of the Audit Committee shall ensure that they have sufficient time and attention to perform the work responsibilities of the Audit Committee, perform their duties diligently, effectively supervise the external audit of the Company, guide the internal audit work of the Company, and promote the Company to establish effective internal controls as well as provide true, accurate and complete financial reports.

Article 4 The Company shall provide necessary working conditions for the Audit Committee and assign specialized personnel or institutions to undertake daily work such as work communications, meeting organization, material preparation, and file management of the Audit Committee. The management and the relevant departments of the Company shall cooperate with the Audit Committee and provide sufficient resources when the Audit Committee performs its duties.

Chapter 2 Composition

Article 5 The Audit Committee shall consist of three non-executive Directors. The members of the Audit Committee shall be Directors who do not hold office as senior management members in listed companies, with a majority of them being independent Directors, and at least one of the independent Directors being an independent non-executive Director who has appropriate professional qualifications, or has relevant financial management expertise that meets the qualification requirements of the rules of the Stock Exchanges for the financial professionals of the Audit Committee. The members of the Audit Committee shall possess the professional knowledge and experience to be competent for the duties of the Audit Committee.

Article 6 The Audit Committee shall be chaired by a member who shall be an accounting professional among the above independent non-executive Directors with relevant professional experience in accounting or financial management and shall be responsible for presiding over the work of the Audit Committee. The chairperson of the Audit Committee shall be directly elected by the Board of Directors from among the committee members and submitted to the Board of Directors for approval.

Article 7 Chairperson and members of the Audit Committee shall be nominated by the chairman of the Board of Directors, more than half of the independent non-executive Directors or more than one-third of all Directors for election and appointment by the Board of Directors.

Article 8 The term of office of the members of the Audit Committee shall be the same as that of the Directors. A member shall be eligible for re-election upon the expiry of his/her term of office. If any member no longer holds the position as a non-executive Director of the Company during his/her term of office, he/she shall automatically lose his/her position as a member. In order that the composition of members of the Audit Committee satisfy the requirements of these terms of reference, the vacancy shall be filled by the Board of Directors in a timely manner in accordance with the provisions of Articles 5 to 7 above. The term of office for the member filling the vacancy shall expire upon the expiration of his/her term of office as a Director or an independent non-executive Director.

Article 9 If an independent non-executive Director resigns or is relieved of his/her duties due to the circumstances under the legal provisions which prohibit him/her from acting as an independent non-executive Director, resulting in the proportion of independent non-executive Directors in the committee not complying with laws and regulations or the Articles of Association, the Company shall complete the by-election within sixty days from the date of the occurrence of the foregoing event.

Article 10 The daily working body of the Audit Committee is established under the audit department of the Company. The audit department is responsible for implementation of resolutions, while the office of the Board of Directors is responsible for the daily work communications and organization of meetings.

Chapter 3 Duties and Authorities

Article 11 The principal duties and authorities of the Audit Committee are as follows:

- (I) Relationship with the external auditors of the Company, including:
 - (i) to supervise and evaluate external audit work, propose recommendations to the Board of Directors on the appointment, re-appointment, replacement and removal of external auditors, approve the remuneration and terms of engagement of external auditors, and handle any issues in relation to resignation or dismissal of such auditors;
 - (ii) to review and monitor whether the external auditors are independent and objective and whether the audit procedures are effective according to applicable standards; the Audit Committee should discuss with the auditors about the nature, scope, and relevant reporting responsibilities before the audit work begins;
 - (iii) to formulate and implement policies regarding the provision of non-audit services by external auditors. For the purpose of this provision, an external auditor includes any organization that is under the same control, ownership or management with the company responsible for the audit, or a third party who is reasonably aware of all relevant information and any organization that shall be concluded as constituting a part of the local or international operations of the company responsible for the audit work under reasonable circumstances. The Audit Committee shall report and propose recommendations to the Board of Directors on any matters requiring action or improvement;
 - (iv) to serve as the primary representative between the Company and the external auditors to monitor their relationship;
- (II) To be responsible for the communication between the internal audit and the external audit;

(III) To review financial information of the Company and its disclosure, including: monitoring the integrity of the financial statements and annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and reviewing significant opinions on financial reporting contained therein. In reviewing these statements and reports before submission to the Board of Directors, the Audit Committee shall focus particularly on:

- (i) any changes in accounting policies and practices;
- (ii) major judgmental areas;
- (iii) significant adjustments resulting from audit;
- (iv) the going concern assumptions and any qualifications;
- (v) compliance with accounting standards; and
- (vi) compliance with the Hong Kong Listing Rules and legal requirements in relation to financial reporting;

(IV) Regarding item (III) above:

- (i) members of the Audit Committee shall liaise with the Board of Directors and senior management members. The Audit Committee must meet, at least twice a year, with the auditors of the Company; and
- (ii) the Audit Committee shall consider any significant or unusual items that are, or need to be, reflected in such reports and accounts, and shall give due consideration to any matters that have been raised by the Company's staff responsible for accounting and financial reporting, compliance officer or auditors;

- (V) To oversee of the financial reporting system, risk management and internal control systems of the Company and assess the effectiveness of internal control, including:
- (i) to review the financial controls of the Company, and unless expressly addressed by a separate risk committee under the Board of Directors, or by the Board of Directors itself, to review its risk management and internal control systems;
 - (ii) to discuss the risk management and internal control systems with the management to ensure that the management has performed its duties to establish effective systems. This discussion shall include the adequacy of resources, staff qualifications and experience in the Company's accounting and financial reporting functions, as well as the adequacy of training programs for staff and the relevant budget;
 - (iii) to consider, on its own initiative or as delegated by the Board of Directors, major investigation findings on risk management and internal control matters and the management's response to these findings;
 - (iv) to be responsible for the communication between the internal audit and the external audit; to ensure coordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company; to guide and supervise the internal audit system of the Company and its implementation; as well as to review and monitor its effectiveness;
 - (v) to review the financial and accounting policies and practices of the Group;
 - (vi) to review the Explanatory Statement on Audit from external auditor to the management, any material queries raised by the auditors to the management about accounting records, financial accounts or control system and the management's response;
 - (vii) to ensure that the Board of Directors will provide a timely response to the matters raised in the Explanatory Statement on Audit from external auditor to the management;
 - (viii) to review arrangements by which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, risk management, internal control or other matters. The Audit Committee shall ensure that proper arrangements are in place to allow the Company to carry out fair and independent investigations and take appropriate actions on such matters;

- (ix) to report to the Board of Directors on the relevant matters in the code provisions under the Corporate Governance Code in Appendix C1 of the Hong Kong Listing Rules; and
 - (x) to consider other topics as defined by the Board of Directors;
- (VI) To perform the Company's corporate governance procedures:
- (i) to formulate and review the policies and practices on corporate governance of the Company and propose recommendations to the Board of Directors;
 - (ii) to review and monitor the training and continuous professional development of Directors and senior management members of the Company;
 - (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
 - (iv) to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors of the Company; and
 - (v) to review the Company's compliance with the code provisions of Corporate Governance Code in Appendix C1 of the Hong Kong Listing Rules and disclosure in its Corporate Governance Report.
- (VIII) To monitor the performance of duties in the Company by Directors and senior management members and propose dismissal of Directors and senior management members who have violated laws, administrative regulations, the Articles of Association or the resolutions of Shareholders' meeting;
- (IX) To require Directors and senior management members to make corrections if their conduct has damaged the interests of the Company;
- (X) To propose the convening of extraordinary Shareholders' meetings and, in the event that the Board of Directors fails to fulfill the obligations to convene and preside over the Shareholders' meeting, to convene and preside over the Shareholders' meeting;

- (XI) To submit proposals to the Shareholders' meetings;
- (XII) Where the Company incurs loss as a result of violation of the laws, administrative regulations or the Articles of Association by Directors and senior management members other than members of the Audit Committee in the course of performing their duties of the Company, Shareholders individually or jointly holding more than 1% of shares of the Company for over 180 consecutive days shall have the right to request the Audit Committee in writing to initiate legal proceedings in the people's court.
- (VII) Other matters required by laws, regulations, rules, normative documents and the securities regulatory rules of the place where the shares of the Company are listed and authorized by the Board of Directors, as well as relevant power of the supervisory committee stipulated in the Company Law, other power stipulated in the Articles of Association, and other matters as conferred by the Board of Directors of the Company and other issues involved in the relevant laws and regulations;

Article 12 The Audit Committee of the Board of Directors of listed company is responsible for reviewing financial information of the Company and its disclosure, supervising and assessing internal and external audit work and internal control. The following matters shall be submitted to the Board of Directors for consideration upon being approved by more than half of all members of the Audit Committee:

- (I) disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports;
- (II) appointment or dismissal of the accounting firm that undertakes the auditing services of the listed company;
- (III) appointment or dismissal of the chief financial officer of the listed company;
- (IV) making changes in accounting policies, accounting estimates, or correction of significant accounting errors for reasons other than changes in accounting standards;
- (V) other matters as stipulated by laws, administrative regulations, the provisions of the China Securities Regulatory Commission, the relevant rules of the securities regulatory authorities, the rules of the Stock Exchanges, and the Articles of Association.

Article 13 Members of the Audit Committee who cannot ensure the truthfulness, accuracy, or completeness of the financial information in the periodic reports shall vote against the reports or abstain from voting when the Audit Committee is reviewing them.

Article 14 The proposals of the Audit Committee shall be submitted to the Board of Directors for review and approval.

Article 15 The Audit Committee shall report and propose recommendations to the Board of Directors on any matters where it deems action or improvement necessary.

Article 16 When the Company engages, re-appoints, or replaces an external auditor, the Audit Committee must produce deliberation opinions and propose recommendations to the Board of Directors for its further consideration of the relevant resolutions. Where the Board of Directors disagrees with the Audit Committee on the selection, appointment, resignation or dismissal 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 of Directors has taken a different view.

Chapter 4 Decision-making Procedures

Article 17 The audit department shall be responsible for the preliminary preparation for decision-making of the Audit Committee and provide relevant information from the following written materials of the Company in accordance with the meeting resolutions for its decision:

- (I) relevant financial reports of the Company;
- (II) work reports of internal and external auditors;
- (III) external audit contracts and relevant work reports;
- (IV) external disclosure of financial information by the Company;
- (V) audit reports on material connected transactions of the Company;
- (VI) relevant materials of internal control system of the Company;
- (VII) other relevant matters.

Article 18 The meetings of the Audit Committee shall discuss and consider the reports mentioned above, and shall submit the following written resolutions to the Board of Directors for its discussion:

- (I) appraisal on the work performance of external auditors, and the appointment, re-appointment and replacement of external auditors;
- (II) whether the internal audit system of the Company has been effectively implemented and whether the financial reports of the Company are true in all aspects;
- (III) whether the information including financial reports disclosed publicly by the Company is objective and true, and whether the material connected transactions of the Company are in compliance with the relevant laws and regulations;
- (IV) appraisal on the work performance of the internal finance department and audit department (including the persons-in-charge thereof) of the Company;
- (V) other relevant matters.

Chapter 5 Rules of Procedures

Article 19 The Audit committee shall hold at least one meeting quarterly. An extraordinary meeting can be convened as proposed by two or more members, or when the convenor deems it necessary. The meeting shall be presided over by the chairperson of the committee. Where the chairperson of the committee is unable to attend, he/she may delegate another member to preside over the meeting. The Audit Committee shall convene a meeting and, in principle, shall deliver the meeting notices and relevant materials and information to each member and relevant persons invited to attend the meeting no later than three days prior to the committee meeting.

Article 20 A meeting of the Audit Committee shall be held only when more than two-thirds of the members are present; each member shall have one vote; resolutions made at the meeting must be passed by a majority of all members. If a member of the Audit Committee is interested in any matter being considered at the meeting, such member shall refrain from the consideration of such matter. If abstention from voting leads to failure to produce an effective consideration opinion of the Audit Committee, the matter shall be submitted directly to the Board of Directors for consideration.

Article 21 The independent non-executive Directors shall attend the meeting of the Audit Committee in person. If an independent non-executive Director is unable to attend the meeting in person for any reason, he/she shall review the meeting materials in advance, produce specific opinions, and delegate another member of the Audit Committee who is an independent Director in writing to attend the meeting on his/her behalf. When an independent non-executive Director identifies any material matter of the Company which falls within the scope of duties of the Audit Committee when performing his/her duties, he/she may request the Audit Committee to discuss and consider thereon in a timely manner under the relevant procedures.

Article 22 In principle, meetings of the Audit Committee shall be held in person. Where all participating Directors are guaranteed to be able to communicate fully and express their views, meetings may also be held via video, telephone, or other means in accordance with the procedures when necessary.

Article 23 The Audit Committee may require the persons-in-charge of audit department to attend the meetings and may invite representatives of external auditors, internal auditors, financial officers, legal advisors, Directors and other senior management members of the Company to attend the meetings when necessary.

Article 24 The Audit Committee may engage intermediary institutions, when necessary, to provide professional advice for its decision-making. The expenses shall be borne by the Company.

Article 25 The convening procedures and voting methods of the meetings of the Audit Committee and the resolutions passed at the meetings shall comply with the requirements under relevant laws, regulations, the relevant rules of the securities regulatory authorities, the rules of the Stock Exchanges, the Articles of Association and these terms of reference.

Article 26 Minutes shall be kept for the meetings of the Audit Committee, which shall record in sufficient details of the matters considered and the decision reached at meetings, including any concerns raised by the Directors or dissenting views expressed. The opinions of the independent non-executive Directors shall be stated in the minutes. The members and other persons attending the meeting shall sign the minutes of the committee, which shall be properly kept by the persons or institutions being responsible for daily operation. The Company shall keep the above meeting materials for at least ten years.

Article 27 The resolutions and poll results passed at the meetings of the Audit Committee shall be reported to the Board of Directors of the Company in writing.

Article 28 Committee members attending the meeting shall be obligated to keep the matters discussed thereat confidential and shall not disclose relevant information without authorization.

Chapter 6 Supplementary Provisions

Article 29 These terms of reference have been approved by the Board of Directors and shall take effect and be implemented from the date when the H shares issued by the Company are filed with the China Securities Regulatory Commission and listed on The Stock Exchange of Hong Kong Limited. The original Terms of Reference for the Audit Committee of the Board of Directors shall become invalid automatically from the date on which these rules of procedures come into effect.

Article 30 For matters not provided in these terms of reference, the relevant provisions of national laws, regulations, rules of the Stock Exchanges, and the Articles of Association shall apply. In the event of any inconsistency between these terms of reference and any future national laws, regulations, the rules of the Stock Exchanges and the Articles of Association as legally amended, such laws, regulations rules of the Stock Exchanges. and the Articles of Association shall prevail, and these terms of reference shall be amended immediately and submitted to the Board of Directors of the Company for consideration and approval.

Article 31 The terms “over”, “within” and “under” in these terms of reference shall include the stated number, while “other than”, “lower than” and “more than” shall exclude the stated number.

Article 32 The right to formulate, amend and interpret these terms of reference shall be vested in the Board of Directors.

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