

JIANGXI QIYUNSHAN FOOD CO., LTD.
TERMS OF REFERENCE OF THE AUDIT COMMITTEE OF
THE BOARD OF DIRECTORS

CHAPTER I GENERAL RULES

Article 1 To improve the corporate governance structure of Jiangxi Qiyunshan Food Co., Ltd. (hereinafter referred to as the “Company”), the Board of Directors of the Company has established an Audit Committee (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 (hereinafter referred to as the “Company Law”) and other relevant laws, regulations, and normative documents, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”), and the Articles of Association of Jiangxi Qiyunshan Food Co., Ltd. (hereinafter referred to as the “Articles of Association”).

Article 2 The Audit Committee is responsible for reviewing the financial information of the Company and its disclosure, supervising and evaluating internal and external audit work and internal control, and exercising the powers and functions of the board of supervisors as prescribed by the Company Law.

CHAPTER II COMPOSITION

Article 3 The Audit Committee shall consist of no less than three members, all of whom shall be non-executive directors, with independent directors comprising a majority and an accounting professional among the independent directors serving as the convener. A former partner of the Company’s existing external auditing firm shall be prohibited from acting as a member of the Audit Committee for a period of two years from the date of (1) his ceasing to be a partner of the auditing firm; or (2) his ceasing to have any financial interest in the existing external auditing firm, whichever is later.

Article 4 The members of the Audit Committee shall be nominated by the Chairman, not less than one-half of the independent Directors or not less than one-third of all Directors, and shall be elected by the Board of Directors.

Article 5 The Audit Committee shall have one chairman acting as the convener of the Committee, who shall be an independent director with accounting professional expertise and shall be responsible for convening and presiding over the work of the Committee. The chairman shall be elected from among the members and shall be appointed upon the approval of the Board of Directors.

Article 6 Members of the Audit Committee shall possess the professional knowledge and business experience required to perform the duties of the Audit Committee, effectively supervise and evaluate the internal and external audit work of the Company, and promote the establishment of effective internal control by the Company and the provision of true, accurate and complete financial reports.

Article 7 The term of office of the Audit Committee shall be the same as that of the Board of Directors, and members are eligible for re-election upon the expiration of their term of office. During the term, if any member no longer serves as a director of the Company, such member shall automatically lose his/her qualification as a member, and the Board of Directors shall fill the vacancy in the number of members in accordance with the provisions of Articles 3 to 6 of these Terms of Reference. In the event that the proportion of non-executive directors or independent non-executive directors in a special committee fails to comply with the requirements of the preceding paragraph or the requirements of the stock exchange where the Company's shares are listed or the Articles of Association, or there is a lack of accounting professionals among the independent non-executive directors, due to the resignation or removal from office of a non-executive director or an independent non-executive director, the Company shall complete the by-election within sixty days from the date of occurrence of the aforementioned facts.

Article 8 The Audit Committee has an Internal Audit Department established under it, and may establish an audit working group as a daily administrative body, which shall work jointly with the Internal Audit Department of the Company and be responsible for daily work liaison and meeting organization.

CHAPTER III DUTIES AND AUTHORITIES

Article 9 The Audit Committee shall exercise the powers and functions of the board of supervisors as provided for in the Company Law, which shall at least include the following:

- (1) to examine the financial affairs of the Company in accordance with the law;
- (2) to supervise Directors and senior management members in performing their duties and to propose dismissal of Directors and senior management members who violate any laws, administrative regulations, the Articles of Association or resolutions of shareholders' meetings;
- (3) to demand rectification from a director or any other senior management member when the acts of such persons are harmful to the interests of the Company;
- (4) to propose the convening of an extraordinary general meeting, and to convene and preside over shareholders' meetings if the Board of Directors fails to perform such duties of convening and presiding over shareholders' meetings as stipulated in the Company Law;
- (5) to propose motions to shareholders' meetings;
- (6) to initiate actions against directors or senior management members in accordance with Article 189 of the Company Law;
- (7) other powers and functions specified in the Articles of Association.

Where the Audit Committee discovers that any director or senior management member has violated relevant laws and regulations or the Articles of Association, it shall report such violation to the Board of Directors or the shareholders' meeting.

Article 10 The primary responsibilities of the Audit Committee shall also include:

- (1) to supervise and evaluate the work of the external auditing firm;
- (2) to supervise and evaluate the internal audit work;
- (3) to coordinate the communication between the management, internal audit department, relevant departments and the external audit institution;
- (4) to review the financial information of the Company and its disclosure, to review the financial reports of the Company and to provide opinions thereon;
- (5) to review and monitor the internal control system of the Company, and to evaluate the effectiveness of internal controls and compliance with relevant laws and regulatory provisions;
- (6) to confirm the list of connected persons, and to review material connected transactions and material investment activities such as acquisitions and mergers of the Company;
- (7) to be primarily responsible for making recommendations to the Board of Directors on the appointment, re-appointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor, and to handle any questions of its resignation or dismissal;
- (8) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; the Audit Committee should discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences; where more than one external audit firm is involved, the Audit Committee should ensure coordination between them;

- (9) to develop and implement a policy on engaging an external auditor to supply non-audit services. For the purpose of this provision, “external auditor” includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board of Directors, identifying and making recommendations on any matters where action or improvement is needed;
- (10) to monitor the integrity of the Company’s financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting opinions contained in them. In reviewing these reports and accounts before submission to the Board of Directors, the Audit Committee shall focus particularly on:
1. any changes in accounting policies and practises;
 2. areas involving material judgement;
 3. significant adjustments arising from the audit;
 4. the going concern assumption and any qualified opinions;
 5. whether the accounting standards have been complied with;
 6. significant accounting and financial reporting matters raised by internal audit personnel and external auditors; and
 7. compliance with the Hong Kong Listing Rules and legal requirements in relation to financial reporting;

(11) Regarding (10) above:

1. members of the Audit Committee should liaise with the Board of Directors and senior management. The Audit Committee must meet, at least twice a year, with the Company's external auditors; and
2. the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts, and 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 officer or external auditors;

(12) to review the financial controls of the Company and its subsidiaries, to conduct annual audit planning reviews with and provide guidance to the internal auditors, and to review the adequacy of the Company's accounting system, risk management and internal control systems;

(13) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems, and to provide opinions and recommendations on the improvement of the risk management and internal control systems of the Group. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

(14) to conduct research, on its own initiative or as delegated by the Board of Directors, into major investigation findings on risk management and internal control matters and management's response to these findings;

(15) to review the internal audit plan of the Company, to ensure coordination between the internal audit function and the external auditors; to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

- (16) to review the Group's financial and accounting policies and practises;
- (17) to review the management letter submitted by the external auditors to the management, any material queries raised by the external auditors to management about accounting records, financial accounts or monitoring systems and the management's responses thereto;
- (18) to ensure that the Board of Directors will provide a timely response to the issues raised in the external auditor's management letter;
- (19) to report to the Board of Directors on matters relating to the code provisions of the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules;
- (20) to review the following arrangements set by the Company: Company employees may, in confidence, 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 action; to act as the key representative body for overseeing the Company's relations with the external auditor; and
- (21) other matters as stipulated by laws, regulations, normative documents, the Hong Kong Listing Rules, securities regulatory authorities, the Articles of Association, and the Rules of Procedure for Meetings of the Board of Directors of the Company, as well as other matters authorized by the Board of Directors.

The Audit Committee shall report to the Board of Directors on the measures or improvements that it believes must be taken or made, and make relevant recommendations.

Article 11 The Audit Committee of the Board of Directors of the Company is responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audits and internal control. The following matters shall be submitted to the Board of Directors for consideration after approval by more than half of all members of the Audit Committee:

- (1) disclosure of financial information in financial and accounting reports and the internal control evaluation report;
- (2) engagement or dismissal of an accounting firm that undertakes the audit work of the Company;
- (3) appointment or dismissal of the person in charge of financial affairs of the Company;
- (4) changes in accounting policies or accounting estimates, or correction of material accounting errors, for reasons other than changes in accounting standards;
- (5) other matters required by laws, administrative regulations, the China Securities Regulatory Commission and the Articles of Association.

Article 12 The Audit Committee shall supervise and assess the work of the external audit institution, and shall perform the following duties:

- (1) assessing the independence and professionalism of the external audit institution, in particular the impact on its independence of non-audit services provided by such external audit institution;
- (2) to make recommendations to the Board of Directors on the appointment or replacement of external auditing institutions;
- (3) Reviewing the audit fees and terms of engagement of the external auditor;
- (4) discussing and communicating with the external audit institution on the audit scope, audit plan, audit methodology and major issues found in the audit;
- (5) to supervise and evaluate whether the external auditing firm has performed its duties with due diligence.

Article 13 The Audit Committee of the Company shall supervise and assess internal audit work, and shall perform the following duties:

- (1) reviewing the Company's annual internal audit plan;
- (2) supervising the implementation of the Company's internal audit plan;
- (3) to review the internal audit work reports, assess the results of internal audit work and prompt the rectification of significant issues;
- (4) guiding the effective functioning of the internal audit department.

The internal audit department of the Company shall report to the Audit Committee. Various audit reports and the plan and status of rectification of the issues identified during an audit submitted by the internal audit department to the management shall be simultaneously submitted to the Audit Committee.

The Audit Committee shall participate in the performance appraisal of the person in charge of internal audit.

Article 14 When reviewing the financial reports of the Company and expressing opinions thereon, the Audit Committee shall perform the following duties:

- (1) reviewing the Company's financial reports and providing opinions on the truthfulness, completeness and accuracy of the financial reports;
- (2) to focus on significant accounting and auditing issues in the financial reports of the Company, including adjustments for material accounting errors, changes in significant accounting policies and estimates, matters involving significant accounting judgments, and matters leading to a non-standard unqualified audit report;
- (3) paying special attention to the possibility of fraud, corrupt practises and material misstatement related to the financial reports;
- (4) overseeing the rectification of problems with the financial reports.

Article 15 The Audit Committee shall supervise and assess the internal control of the Company, and shall perform the following duties:

- (1) evaluating the appropriateness of the design of the internal control system of the Company;
- (2) reviewing the self-assessment report on internal control;
- (3) to review the internal control audit report issued by the external audit institution, and to communicate with the external audit institution regarding identified issues and improvement methods;
- (4) Evaluating the results of internal control assessment and audit, and supervising and urging the rectification of internal control defects.

Article 16 The Audit Committee shall coordinate the communication between the management, the internal audit department and relevant departments, and the external audit institution, and shall perform the following duties:

- (1) coordinating the communication on major audit issues between the management and the external audit institution;
- (2) coordinating the communication between the internal audit department and the external audit institution and the cooperation with the external audit work.

When the Audit Committee communicates with external audit units such as accounting firms and national audit institutions, the internal audit institution shall actively cooperate and provide necessary support and collaboration.

Article 17 The Audit Committee shall urge the relevant functional departments to disclose in the Corporate Governance Report how the Company has complied with the code provisions on risk management and internal control during the reporting period. Specific relevant content shall include:

- (1) the procedures used by the Company to identify, assess and manage significant risks;
- (2) the main features of the Company's risk management and internal control systems;
- (3) the procedures used by the Company to review the effectiveness of the risk management and internal control systems;
- (4) the Company's procedures and internal control measures for the handling and dissemination of inside information;
- (5) the frequency of the Board of Directors' review of the risk management and internal control systems, and a statement as to whether the Company considers such systems effective and adequate.

Article 18 The Audit Committee shall also urge the Board of Directors to disclose in the Corporate Governance Report whether it has received confirmation from management on the effectiveness of the Company's risk management and internal control systems, and urge the Board of Directors to disclose details of other significant areas of concern.

Article 19 Before the Audit Committee submits the half-year and annual financial statements to the Board of Directors, it shall review and monitor the integrity, accuracy, and fairness of such statements, focusing particularly on changes in accounting policies and practises, areas involving significant judgments, the adequacy of disclosures, the consistency of information in the financial statements with previously disclosed information, significant adjustments resulting from the audit, the going concern assumption and any qualified opinions, all applicable laws and accounting standards, and compliance with financial reporting requirements under the Hong Kong Listing Rules and other legal requirements.

Article 20 After the end of the year, the Audit Committee shall submit to the Board of Directors a special report on the Company's annual connected transactions and the implementation of the management system for connected transactions, providing a detailed report on the overall status, risk level, and structural distribution of the connected transactions that occurred during the year.

Article 21 The Audit Committee shall study other topics as defined by the Board of Directors, ensure that the Board of Directors is aware of events that may have a material impact on the financial position or business development of the Group, and make appropriate recommendations to the Board of Directors.

Article 22 The Audit Committee shall be accountable to the Board of Directors. The Audit Committee shall submit proposals to the Board of Directors for consideration and decision.

Article 23 The Audit Committee is responsible for the selection and appointment of the accounting firm and for supervising the conduct of its audit work. The Audit Committee shall effectively perform the following duties:

- (1) to formulate policies, procedures and relevant internal control systems for the selection and appointment of accounting firms in accordance with the authorization of the Board of Directors;
- (2) to propose the commencement of work related to the selection and appointment of an accounting firm;
- (3) to deliberate on the selection and appointment documents, determine the evaluation factors and specific scoring criteria, and supervise the selection and appointment process;
- (4) to make recommendations on the proposed appointment of the accounting firm and the audit fees, and submit the same to the decision-making body for determination;
- (5) to supervise and evaluate the audit work of the accounting firm;

- (6) to submit to the Board of Directors, on a regular basis (at least annually), an assessment report on the performance of the engaged accounting firm and a report on the discharge of supervisory duties by the Audit Committee;
- (7) to be responsible for other matters related to the selection and appointment of accounting firms as stipulated by laws and regulations, the Articles of Association, and as authorised by the Board of Directors.

The Audit Committee shall make recommendations to the Board of Directors on the appointment or replacement of the external auditing institution and review the audit fees and engagement terms of the external auditing institution without undue influence from the substantial shareholders, de facto controllers, directors or senior management of the Company.

The Audit Committee shall supervise the external auditing institution to be honest and credible, diligent and responsible, strictly compliant with business rules and industry self-discipline rules, and to strictly implement the internal control system, to review and verify the financial accounting reports of the Company, to perform obligations of special attention, and to prudently express professional opinions.

Article 24 Where the directors or senior management of the Company discover that the financial and accounting reports released by the Company contain false records, misleading statements, or material omissions and report the same to the Board of Directors, or where the sponsor or external auditing institution points out to the Board of Directors that the financial and accounting reports of the Company contain false records, misleading statements, or material omissions, the Audit Committee shall urge the relevant responsible departments of the Company to formulate rectification measures and a rectification timeline, conduct follow-up reviews, supervise the implementation of the rectification measures, and timely disclose the completion of the rectification.

Article 25 The Audit Committee is responsible for directing the internal audit department to specifically implement periodic inspections; it may engage intermediary institutions to provide professional opinions when necessary.

Where the Audit Committee discovers through inspection that there is any misappropriation of funds by the controlling shareholder, actual controller of the Company and their related parties, it shall urge the Board of Directors of the Company to promptly take recovery measures;

During the annual report audit period, the Audit Committee shall communicate fully with the annual audit accountants and urge the annual audit accountants to perform their duties with due diligence.

Article 26 The chairman of the Audit Committee shall attend the annual general meeting of the Company and be prepared to respond to any shareholder questions on matters relating to the duties of the Audit Committee. If the chairman of the Audit Committee is unable to attend, he must arrange for another member of the Audit Committee (who must be an independent non-executive director) to attend the general meeting. Such person shall be available to answer questions from shareholders at the annual general meeting regarding the work of the Committee.

Article 27 The Audit Committee shall continuously monitor the provision of guarantees by the Company, supervise and evaluate the Company's internal control matters related to guarantees, and maintain proper communication with the accounting firm regarding relevant matters. Where any abnormality is identified, the Board of Directors of the Company shall be promptly requested to take corresponding measures.

CHAPTER IV RULES OF PROCEDURE

Article 28 Audit Committee meetings consist of regular meetings and extraordinary meetings. The Audit Committee shall convene at least one meeting every quarter. An extraordinary meeting may be convened when proposed by two or more members, or when the convener deems it necessary. A meeting of the Audit Committee shall be held only when more than two-thirds of the members are present.

When a meeting of the Audit Committee is convened, notice shall be given to all members three days prior to the meeting, and the meeting notice shall be accompanied by the full text of the proposals. Prior to the convening of a meeting, members shall fully read the meeting materials. Notice of meetings may be given by facsimile, telephone, email, delivery by hand, mail, or other expeditious means. In the event of special circumstances requiring an immediate resolution by the Audit Committee, the aforementioned notice period shall not apply if all members agree to waive the notice period; where notice has not been given in accordance with the aforementioned notice period, but all members attend and vote, it shall be deemed that all members have agreed to waive the notice period.

Resolutions of the Audit Committee meetings may be passed by a show of hands or by poll. As a general rule, the meeting of the audit committee shall be held in person. Provided that all participating members can fully communicate and express their opinions, meetings may be convened by way of video, telephone, or other means in accordance with procedures if necessary. If a meeting is held by way of video, telephone or other means, any member of the Audit Committee who signs the resolutions of the meeting shall be deemed to have attended such meeting and agreed to the content of the resolutions of the meeting.

Article 29 Meetings of the Audit Committee shall be convened and chaired by the convener of the Audit Committee. Where the convener of the Audit Committee is unable or refuses to perform his/her duties, he/she shall designate an independent director member to perform the duties on his/her behalf.

Article 30 Resolutions of the Audit Committee shall be adopted by more than half of the members of the Audit Committee. Voting on resolutions of the Audit Committee shall follow the “one-person, one-vote” principle. Any member of the Audit Committee who has a conflict of interest in a matter to be discussed at a meeting shall abstain from voting. Where no effective deliberative opinion can be formed due to recusal, the relevant matters shall be submitted directly to the Board of Directors for consideration.

Article 31 Full minutes shall be kept for meetings of the Audit Committee. The minutes of the Committee shall record in sufficient detail the matters considered and decisions reached by the Audit Committee, including any concerns raised or dissenting views expressed by the members. The opinions of the independent directors shall be recorded in the minutes of the meeting, and the members attending the meeting shall sign the minutes for confirmation. Minutes of meetings shall be kept by the office of the board of directors of the Company for a period of at least ten years.

Article 32 The deliberative opinions passed at the meetings of the Audit Committee shall be submitted to the Board of Directors of the Company in writing, and relevant personnel shall not disclose relevant information without authorization.

Article 33 Members of the Audit Committee shall attend meetings of the Audit Committee in person and express explicit opinions on the matters under consideration. If a member is genuinely unable to attend a meeting in person, they may submit a power of attorney signed by such member to delegate another member to attend and express opinions on their behalf. The power of attorney shall specify the extent of authorization and its time limit. Each member may accept the proxy of at most one other member, provided that an independent director shall appoint another independent director in writing to attend on his or her behalf. Where a member of the Audit Committee appoints another member to attend a meeting and exercise voting rights on his or her behalf, a power of attorney shall be submitted to the chairman of the meeting. The power of attorney shall be submitted to the chairman of the meeting no later than before the voting at the meeting.

Article 34 The Audit Committee may, if it considers necessary, invite representatives of the external auditing firm, internal audit personnel, financial personnel, legal advisers and other relevant personnel of the Company to attend committee meetings and provide necessary information.

Article 35 The convening procedures, voting methods of a meeting of the Audit Committee and the resolutions passed at such meetings must comply with the requirements of the relevant laws, regulations, the Articles of Association and these Terms of Reference.

CHAPTER V SUPPLEMENTARY PROVISIONS

Article 36 In these Terms of Reference, the term “more than” shall include the given figure, and “over” shall not include the given figure.

Article 37 For matters not covered by these Terms of Reference, the relevant provisions of national laws and regulations, departmental rules, normative documents, the Hong Kong Listing Rules and the Articles of Association shall apply. In the event of any conflict between these Terms of Reference and the provisions of the laws, regulations, departmental rules, normative documents, the Hong Kong Listing Rules and the Articles of Association effective from time to time, the provisions of the laws, regulations, departmental rules, normative documents, the Hong Kong Listing Rules and the Articles of Association effective from time to time shall prevail.

Article 38 Upon consideration and approval by the Board of Directors, these Rules shall come into effect and be implemented from the date on which the H shares publicly offered by the Company are listed and traded on the Main Board of the Hong Kong Stock Exchange. From the date on which these Rules come into effect, the Company’s original “Terms of Reference of the Audit Committee of the Board of Directors” shall automatically lapse. Where these Rules require revision due to changes in actual circumstances, the Audit Committee shall propose a draught of amendments and submit it to the Board of Directors for examination and approval.