Liuliumei Co., Ltd.
溜溜梅股份有限公司

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

(Stock code: 6658)

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to strengthen the decision-making capacity of the Board of Directors of Liuliumei Co., Ltd. (hereinafter referred to as the "**Company**"), achieve pre-audit and professional audit, realize effective supervision over the Company's financial revenues and expenditures and various operating activities, and enhance the corporate governance structure, the Board of Directors of the Company hereby establishes the Audit Committee and formulates these Terms of Reference in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "**Company Law**"), the Articles of Association of Liuliumei Co., Ltd. (hereinafter referred to as the "**Articles of Association**"), 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 other relevant provisions.

Article 2 The Audit Committee is a specialized working body of the Board of Directors. Within the scope of responsibilities stipulated in these Terms of Reference, it assists the Board of Directors in carrying out relevant work and is accountable to the Board of Directors.

CHAPTER 2 COMPOSITION

Article 3 The Audit Committee shall consist of three (3) directors. All members must be non-executive directors, with the majority being independent non-executive directors, and the chairman shall be an independent non-executive director. At least one member of the Audit Committee shall be an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Hong Kong Listing Rules. A former partner of the auditing firm currently responsible for auditing the Company's accounts shall be prohibited from acting as a member of the Audit Committee of the Company for a period of two (2) years from the following date (whichever is later): (i) the date on which such person ceases to be a partner of such firm; or (ii) the date on which such person no longer has any financial interest in such firm.

Article 4 Members of the Audit Committee shall be nominated by the chairman of the Board of Directors, by more than half of the independent non-executive directors, or by one-third of all directors, and shall be elected by the Board of Directors.

Article 5 The Audit Committee shall have a chairman, who shall be an independent non-executive director member and shall be responsible for convening and presiding over meetings of the Audit Committee. The chairman of the Audit Committee shall be elected from among the members of the Audit Committee and submitted to the Board of Directors for approval. When the chairman of the Audit Committee is unable or fails to perform his/her duties, he/she shall designate another member to act on his/her behalf. If the chairman of the Audit Committee neither performs his/her duties nor designates another member to act on his/her behalf, any member may report the relevant circumstances to the Company's Board of Directors, and the Board of Directors shall designate a member to perform the duties of the chairman of the Audit Committee.

Article 6 The term of office of the members of the Audit Committee shall be consistent with that of the directors of the same session of the Board of Directors. Members may serve consecutive terms if re-elected. Prior to the expiry of the term of office of a member, he/she shall not be removed without cause unless a situation arises which disqualifies him/her from holding office as stipulated in the Company Law, the Articles of Association, the Hong Kong Listing Rules or these Terms of Reference. If any member ceases to be a director of the Company during his/her term, he/she shall automatically lose his/her membership qualification.

Article 7 If the number of members of the Audit Committee falls below two-thirds of the required number due to resignation, removal or any other reason, Board of Directors of the Company shall timely appoint new member(s) to fill the vacancy within three (3) months.

Before the number of members of the Audit Committee reaches two-thirds of the required number, the Audit Committee shall suspend the exercise of the authorities stipulated in these Terms of Reference.

Article 8 The provisions regarding directors' duties in the Company Law, the Articles of Association and the Hong Kong Listing Rules shall apply to the members of the Audit Committee.

CHAPTER 3 DUTIES AND AUTHORITIES

Article 9 The primary duties and authorities of the Audit Committee are:

Relationship with the Company's Auditor

(I) To be primarily responsible for making recommendations to the Board of Directors on the appointment, reappointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and dealing with any issues concerning the resignation or dismissal of that auditor;

(II) To review and monitor the independence and objectivity of the external auditor and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and related reporting responsibilities before the audit work begins;

(III) To develop and implement policies regarding the provision of non-audit services by the external auditor. For the purpose of this provision, "external auditor" includes any entity under the same control, ownership or management as the audit firm, or any entity which a reasonable third party, aware of all relevant information, would reasonably conclude to be part of the national or international business of the responsible audit firm. The Audit Committee should report to the Board of Directors and make recommendations on any matters requiring action or improvement;

Review of the Company's Financial Information

(IV) To monitor the integrity of the Company's financial statements and the annual report and accounts, interim reports, and (if prepared for publication) quarterly reports, and to review the significant financial reporting judgements contained therein. Before submitting such statements and reports to the Board of Directors, the Committee should particularly review the following:

i. Any changes in accounting policies and practices;

ii. Areas involving significant judgement;

iii. Significant adjustments resulting from the audit;

iv. The going concern assumption and any qualified opinions;

v. Compliance with accounting standards; and

vi. Compliance with the Hong Kong Listing Rules and legal requirements concerning financial reporting;

(V) In relation to the matters under item (III) above: (i) Committee members should liaise with the Board of Directors and the senior management. The Committee shall meet with the Company's auditor at least twice a year; and (ii) The Committee should consider any significant or unusual items reflected or to be reflected in such reports and accounts, and should give due consideration to any matters raised by the Company's accounting and financial reporting staff, compliance officer or auditor;

Supervision of the Company's Financial Reporting System, Risk Management and Internal Control Systems

(VI) To review the Company's financial controls and, unless addressed by a separate board risk committee or by the board itself, to review the Company's risk management and internal control systems;

(VII) To discuss the risk management and internal control systems with the management, ensuring that the management has fulfilled its responsibilities to establish effective systems. The discussions shall include whether the resources, qualifications and experience of the staff in the Company's accounting and financial reporting functions are adequate, and whether the training programs and related budget for the staff are sufficient;

(VIII) To investigate significant findings regarding risk management and internal control matters, and the management's response to such findings, on its own initiative or as assigned by the Board of Directors;

(IX) If the Company has an internal audit function, to ensure the coordination of the work of the internal and external auditors; to also ensure that the internal audit function has adequate resources and appropriate standing within the Company; and to review and monitor its effectiveness;

(X) To review the Group's financial and accounting policies and practices;

(XI) To examine the "Letter of Explanation on Audit" issued by the external auditor to the management, any significant questions raised by the auditor to the management regarding the accounting records, financial accounts or control systems, and the management's responses;

(XII) To ensure that the Board of Directors responds promptly to issues raised in the" Letter of Explanation on Audit" issued by the external auditor to the management;

(XIII) To report to the Board of Directors on matters concerning the provisions of this Code;

(XIV) To review the arrangements established by the Company allowing employees to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action by the Company; to act as the primary representative responsible for overseeing the relationship between the Company and the external auditor; and

(XV) To study other topics defined by the Board of Directors.

Article 10 The Audit Committee may submit proposals to the Board of Directors for its deliberation and decision. In accordance with the needs of performing its duties, the Audit Committee shall provide materials and information to the Board of Directors in various forms such as reports, recommendations, and summaries for the Board of Directors to study and make decisions.

Article 11 The exercise of authority by the Audit Committee must comply with the relevant provisions of the Company Law, the Articles of Association, the Hong Kong Listing Rules, and these Terms of Reference, and shall not harm the interests of the Company and its shareholders.

Article 12 When the Audit Committee performs its duties, the relevant departments of the Company shall provide cooperation to ensure the Audit Committee has sufficient resources to fulfill its responsibilities; if necessary, the Audit Committee may engage intermediary institutions to provide professional advice, the relevant costs of which shall be borne by the Company.

CHAPTER 4 DECISION-MAKING PROCEDURES

Article 13 The Company's audit department shall be responsible for the preparatory work for the Audit Committee's decision-making, including collecting and providing written materials related to audit matters:

(I) Relevant financial reports and other related information of the Company;

(II) Work reports of internal and external audit institutions;

(III) External audit contracts and related work reports;

(IV) Information regarding the Company's disclosure of financial information;

(V) Audit reports on the Company's major connected transactions, independent financial adviser reports, asset appraisal reports, and other related reports;

(VI) Other related matters.

Article 14 The Audit Committee shall deliberate on and sign and express comments on the reports submitted by the audit department during its meetings, and shall submit the relevant written resolution materials to the Board of Directors for discussion:

(I) Evaluation of the work of the external audit institution, and the appointment and change of the external audit institution;

(II) Whether the Company's internal audit system has been effectively implemented and whether the Company's financial reports are comprehensive and truthful;

(III) Whether the financial reports and other information disclosed by the Company are objective and truthful, and whether the Company's major connected transactions comply with relevant laws and regulations;

(IV) Evaluation of the work of the Company's finance department and audit department, including their responsible persons;

(V) Other related matters.

CHAPTER 5 CONVENING AND NOTICE OF MEETINGS

Article 15 Meetings of the Audit Committee shall be divided into regular meetings and extraordinary meetings.

The Audit Committee shall hold at least four regular meetings every year, once every quarter. At these meetings, the audit department shall report to the Audit Committee on the Company's internal audit work and any issues identified, and shall submit an internal audit report to the Audit Committee quarterly.

An extraordinary meeting may be convened upon the proposal of the Company's chairman of the Board, the external auditor, the chairman of the Audit Committee, or two (2) or more members of the Audit Committee.

Article 16 Meetings of the Audit Committee may be convened either as on-site meetings or by means of communication for non-on-site meetings.

Article 17 Notice for a regular meeting of the Audit Committee shall be given at least 5 days prior to the meeting, and notice for an extraordinary meeting shall be given at least 3 days prior to the meeting. However, in case of urgent matters, the aforementioned notice period for convening an extraordinary meeting of the Audit Committee may be waived, provided reasonable notice is given.

Article 18 The notice for Audit Committee meeting shall include at least the following content:

(I) The time and venue 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 information for the meeting;

(V) The date of the notice of meeting.

The notice of meeting shall be accompanied by complete proposals.

Article 19 Notice of an Audit Committee meeting shall be given to each member by means such as fax, email, telephone, or personal delivery.

When expedited notification methods such as email or telephone are used, if no written objection is received within 2 days from the date the notice is sent, it shall be deemed that the notified person has received the notice.

CHAPTER 6 DELIBERATION AND VOTING PROCEDURES

Article 20 A meeting of the Audit Committee shall be held only if two-thirds or more of its members are present.

Article 21 Each member of the Audit Committee shall have one vote. Resolutions made at a meeting shall only be effective if passed by more than half of all members.

Article 22 Members of the Audit Committee may attend meetings in person or may delegate another member to attend the meeting and exercise voting rights on their behalf. A member delegating another member to attend and vote 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 no later than before the vote is taken.

Article 23 The voting method for Audit Committee meetings shall be by ballot. Extraordinary meetings may be conducted by fax or telephone, provided that members are given full opportunity to express their opinions, and resolutions may be made by fax and signed by the attending members.

Article 24 Members of the audit department may attend Audit Committee meetings as non-voting participants; non-member directors of the Company may attend Audit Committee meetings as non-voting participants upon invitation; if the Audit Committee deems it necessary, it may also summon other personnel related to the meeting's proposals to attend the meeting, provide information, or express opinions, but such non-members of the Audit Committee shall have no voting rights on the proposals.

Article 25 The convening procedures, voting methods, and proposals passed at meetings of the Audit Committee must comply with the provisions of relevant laws and regulations, the Hong Kong Listing Rules, the Articles of Association, and these Terms of Reference.

Article 26 Written minutes shall be kept for Audit Committee meetings, and members present at the meeting shall sign the minutes;

The minutes shall be kept by the Company's Board Secretary for a period of not less than 10 years.

Article 27 Proposals passed and voting results of Audit Committee meetings, or any assessment opinions issued on the effectiveness of the Company's internal controls, shall be reported to the Company's Board of Directors in writing.

Article 28 Members present at a meeting have a duty of confidentiality regarding the matters discussed at the meeting and shall not disclose relevant information without authorization.

CHAPTER 7 AVOIDANCE SYSTEM

Article 29 Where a member of the Audit Committee, his/her immediate family members, or any other enterprise controlled by the member or his/her immediate family members has a direct or indirect interest in the matters discussed at a meeting, such member shall disclose the nature and extent of such interest to the Audit Committee as soon as practicable.

Article 30 In the event of the circumstance described in the preceding article, the interested member shall provide detailed explanation of the relevant situation at the Audit Committee meeting and expressly abstain from voting. However, if all other members of the Audit Committee, after discussion, unanimously agree that such interest will not have a material effect on the matter to be voted upon, the interested member may participate in the vote.

If the Company's Board of Directors considers it inappropriate for the interested member described in the preceding paragraph to participate in the vote, it may invalidate the voting result of the relevant proposal and require the disinterested members to revote on the relevant proposal.

Article 31 The Audit Committee meeting shall deliberate on and make resolutions regarding proposals without counting the interested member(s) towards the quorum. If, after the interested member(s) abstain, the Audit Committee lacks the minimum quorum required for holding the meeting, all members (including the interested member(s)) shall resolve on procedural matters such as submitting such proposal to the Company's Board of Directors for deliberation, and the Company's Board of Directors shall deliberate on such proposal.

Article 32 The minutes and resolutions of the Audit Committee meeting shall record the information that the interested member(s) were not counted in the quorum and did not participate in the voting.

CHAPTER 8 INFORMATION DISCLOSURE

Article 33 The Company shall disclose information regarding the composition of the Audit Committee, including its membership structure, professional background and experience, the scope of authority of the Audit Committee, and any changes in its membership.

Article 34 The Company shall disclose the annual performance report of the Audit Committee on the Stock Exchange's website concurrently with the disclosure of the annual report, which shall primarily include the performance of its duties and the convening of Audit Committee meetings.

Article 35 If any material issues identified by the Audit Committee in the course of performing its duties reach the information disclosure thresholds stipulated in the Hong Kong Listing Rules, the Company shall promptly disclose such matters and their rectification status.

Article 36 If the Board of Directors does not adopt the deliberation opinions proposed by the Audit Committee on matters within its scope of duties, the Company shall disclose such matters and provide full explanation of the reasons.

Article 37 The Company shall disclose any special opinions issued by the Audit Committee on significant matters of the Company in accordance with the provisions of laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, and relevant normative documents.

CHAPTER 9 SUPPLEMENTARY PROVISIONS

Article 38 Unless otherwise specified, the terms used in these Terms of Reference shall have the same meanings as those defined in the Articles of Association.

Article 39 These Terms of Reference shall take effect upon approval by the Board of Directors and the listing and trading of the Company's overseas listed foreign shares (H Shares) from its initial public offering on The Stock Exchange of Hong Kong Limited. The same applies to any amendments thereto.

Article 40 Matters not covered herein shall be handled in accordance with the provisions of relevant national laws, regulations, normative documents, the Hong Kong Listing Rules, and the Articles of Association.

Article 41 The power of interpretation of these Terms of Reference resides with the Company's Board of Directors.