



烟台北方安德利果汁股份有限公司

**Yantai North Andre Juice Co., Ltd.\***

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

**(Stock code : 02218)**

**Terms of Reference of Audit and Review Committee**

*(Passed on the Board of Directors' meeting dated 29 March 2012)*

*(Revised on the Board of Directors' meeting dated 21 May 2013,*

*19 January 2016, 30 August 2017, 22 March 2019 and 6 March 2024)*

**1. COMPOSITION OF THE AUDIT AND REVIEW COMMITTEE**

- 1.1. The Audit and Review Committee is a special committee set up under the board of directors of the Company (the “**Board**”); the members of the Audit and Review Committee, nominated by the chairman of the Board, more than half of independent non-executive directors or more than one-third of directors and elected by the Board, shall obtain the consent of over half of all directors; if the proposal concerning the re-election of the members is passed, the new members shall take office immediately after the Board's meeting;
- 1.2. The Audit and Review Committee shall be composed of at least three directors, and the members shall be non-executive directors who do not serve as senior executives in the Company, and independent non-executive directors shall constitute the majority;
- 1.3. At least one independent non-executive director among the members of the Audit and Review Committee is an accounting professional;
- 1.4. There shall be one Chairman in the Audit and Review Committee, who shall be an accounting professional among independent non-executive directors, leading the Audit and Review Committee and presiding over the meeting of Audit and Review Committee. A Deputy Chairman may be appointed as needed, and shall preside over the meeting of Audit and Review Committee when the Chairman is unable to attend;
- 1.5. The members of the Audit and Review Committee shall have a term of office consistent with that of the directors. After expiration of the term of office, the members may renew the tenure by re-election;
- 1.6. A former partner of the Company's existing auditing firm responsible for auditing the account of the Company should be prohibited from acting as a member of its Audit and Review Committee for a period of 2 year from the date of his ceasing: (a) to be a partner of the firm; or (b) to have any financial interest in the firm, whichever is later.

\* *For identification purpose only*

## **2. THE TERMS OF REFERENCE OF THE AUDIT AND REVIEW COMMITTEE**

2.1. The Audit and Review Committee of the Board of the Company is responsible for reviewing and disclosing the Company's financial information, and supervising and evaluating internal and external audit work and internal control. The following matters shall be submitted to the Board for deliberation after the consent of more than half of all members of the Audit and Review Committee:

- 2.1.1. Disclosure of financial information in financial reports and periodic reports, as well as internal control evaluation reports;
- 2.1.2. Appoint or dismiss Accounting Firm undertaking auditing services of the Company;
- 2.1.3. Appoint or dismiss Chief Financial Officer of the Company;
- 2.1.4. Changes in accounting policies, accounting estimates or corrections of major accounting errors for reasons other than changes in accounting standards;
- 2.1.5. Other matters as stipulated by laws, administrative regulations, provisions of the China Securities Regulatory Commission and Articles of Association.

2.2. Relationship with the external audit agency

- 2.2.1. To make recommendations to the Board on the appointment, reappointment and removal of the external audit agency, and to approve the remuneration and terms of engagement of the external audit agency, and any questions of its resignation or dismissal;
- 2.2.2. To assess the work of the external audit agency, and overview the independence, working procedures, quality and results of the external audit agency, including reviewing and monitoring the external audit agency's independence and objectivity and the effectiveness of the audit procedures in accordance with applicable standards, and discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- 2.2.3. To develop and implement policy on engaging an external audit agency for the provision of non-audit services. The Audit and Review Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- 2.2.4. To act as the key representative body for the communication between the Company and the external audit agency, and for overseeing the relations between the two parties.

2.3. Review of financial information of the Company

- 2.3.1. To monitor integrity of the Company's financial statements and annual reports and

accounts, interim reports and quarterly reports, and to review significant financial reporting opinion. In reviewing these reports before submission to the Board, the Audit and Review Committee should focus particularly on the following items:

- (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;
- (vi) compliance with the listing rules and legal requirements in relation to financial reporting of the place where the shares of the Company are listed.

2.3.2. Regarding the items in the above article:

- (i) members of the Audit and Review Committee should liaise with the Company's Board, senior management and the personnel employed to be the Company's qualified accountant. The Audit and Review Committee must meet, at least twice a year, with the Company's auditors; and
- (ii) the Audit and Review 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 qualified accountant, compliance officer or auditors.

2.4. Oversight of the Company's financial reporting system, risk management and internal control systems

- 2.4.1. To review the Company's financial controls, risk management and internal control systems;
- 2.4.2. To discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. 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;
- 2.4.3. 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;

- 2.4.4. Where an internal audit function exists, 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;
  - 2.4.5. To ensure that the Company establishes proper channels for staff, in confidence, to report or raise concerns about possible improprieties in financial reporting, risk management, internal control or other matter, and to review these arrangements from time to time, to ensure that the Company may make fair and independent investigations of these matters and take appropriate follow-up action;
  - 2.4.6. To review the Group's financial and accounting policies and practices;
  - 2.4.7. To review the external auditor's management letter, any material queries raised by the auditor to management about the accounting records, financial accounts or systems of control and management's response;
  - 2.4.8. To ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
  - 2.4.9. To report to the Board on the matters in this terms of reference;
  - 2.4.10. To consider other topics as defined by the Board.
- 2.5. To develop and review the Company's policies and practices on corporate governance and make recommendations to the Board.
  - 2.6. To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements.
  - 2.7. To develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors.
  - 2.8. To review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.
  - 2.9. Other requirements in respect of the working scope of the Audit and Review Committee governed by the listing rules where the shares of the Company are listed as amended from time to time.

### **3. MEETINGS OF THE AUDIT AND REVIEW COMMITTEE**

- 3.1. The Audit and Review Committee shall convene meetings according to the needs of performing the above-mentioned duties to discuss and determine relevant items;

- 3.2. The meetings of the Audit and Review Committee shall include regular meeting and interim meeting, and the regular meeting shall be convened at least once a quarter, which shall be informed to all members 7 days before the meeting in writing;
- 3.3. The interim meeting shall be convened within 7 days and notified to all members 3 days before the meeting under any of the following circumstances: (1) The Board thinks necessary; (2) The chairman of the Audit and Review Committee thinks necessary; and (3) Over two members of the Audit and Review Committee put forward a proposal;
- 3.4. The meeting notice and affairs of the Audit and Review Committee shall be arranged by the Board Secretary. The meeting notice shall include such information as time, place, period, agenda, topics and sending time;
- 3.5. The members of the Audit and Review Committee shall timely confirm and reply relevant messages (including but not limited to, whether to attend the meeting, agenda, etc.) after receiving the meeting notice in appropriate manners;
- 3.6. The meeting of the Audit and Review Committee shall be attended by more than two-thirds of the members, and the resolutions of the meeting shall be passed with over half of the members present at the meeting;
- 3.7. When necessary, the directors, supervisors and other senior managers of the Company may be invited to be present at the meeting as non-voting delegates by the Audit and Review Committee;
- 3.8. The members of the Audit and Review Committee shall attend the meeting personally (including present in person at the meeting or by teleconference). The one who cannot attend the meeting personally may submit a signed letter of authorization to entrust other members of the Audit and Review Committee to attend the meeting and exercise relevant authorities on behalf of that member. The letter of authorization shall include such information as the name of the consignor, name of the consignee, scope of authorization, authorized permission and period of authorization;
- 3.9. If any member of the Audit and Review Committee is absent from the meeting for three times successively without due cause, it will be deemed as failure to perform the duties of a member of the Audit and Review Committee. The Board may adjust the members of the Audit and Review Committee according to relevant provisions in the terms of reference;
- 3.10. Every member of the Audit and Review Committee has one voting power;
- 3.11. The regular meetings of the Audit and Review Committee shall be held onsite, and the voting can be performed by raising hands or ballot; while the interim meetings can be held by teleconference or examining written materials respectively;
- 3.12. The Audit and Review Committee shall keep meeting minutes, on which the members

present at the meeting shall sign. Draft and final versions of minutes of the meeting of the Audit and Review Committee should be delivered to all members of the Audit and Review Committee for their comments and records respectively, in both cases within a reasonable time after the meeting. The complete meeting minutes shall be kept by the Board Secretary;

- 3.13. The chairman of the Audit and Review Committee, or another member of the Audit and Review Committee or the authorized representative in the absence of the chairman of the Audit and Review Committee, shall attend the annual general meeting and answer questions at the annual general meeting upon the invitation of the chairman of the Board;
- 3.14. The Audit and Review Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so;
- 3.15. The Audit and Review Committee shall be provided with sufficient resources to perform its duties;
- 3.16. The Audit and Review Committee shall make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on the website of the Company and the website of the stock exchange where the shares of the Company are listed in accordance with relevant requirements of the listing rules of the place where the shares of the Company are listed.

#### **4. SUPPLEMENTARY PROVISIONS**

- 4.1. This terms of reference shall come into effect on the date of approval by the Board;
- 4.2. The terms of reference are subject to the interpretation, formulation and amendment by the Board; and
- 4.3. Any matter not covered by these provisions shall be implemented in accordance with relevant laws and regulations of the PRC, listing rules of the place where the shares of the Company are listed and the Company's Articles of Association. Where there is a conflict between these rules and future laws and regulations to be promulgated by the PRC, listing rules of the place where the shares of the Company are listed or the Company's Articles of Association as amended in accordance with legitimate procedures, these provisions shall be implemented in accordance with relevant laws and regulations of the PRC, listing rules of the place where the shares of the Company and the Company's Articles of Association and corresponding amendments to these provisions must be submitted to the Board of the Directors for consideration and approval in a timely manner. If there is any inconformity among the listing rules of different listing places, the strictest shall prevail.

# The original version of the Terms of Reference of the Audit and Review Committee (“**Rules**”) is in Chinese, and the English version of the Rules is the translation from the Chinese original. Should there be any discrepancy between the Chinese and English version of the Rules, the Chinese version shall prevail