Guangzhou Xiao Noodles Catering Management Co., Ltd.

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

Chapter 1 General Provisions

Article 1 The Company has established the Audit Committee of the Board of Directors and formulated the Terms of Reference of the Audit Committee of the Board of Directors of Guangzhou Xiao Noodles Catering Management Co., Ltd. (hereinafter referred to as the "**Terms of Reference**") in accordance with the provisions set out in the Company Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "**Hong Kong Listing Rules**"), the Articles of Association of Guangzhou Xiao Noodles Catering Management Co., Ltd. (hereinafter referred to as the "**Articles of Association**"), and other relevant laws, regulations and normative documents, in order to enhance the decision-making capability of the Board, achieve pre-audit and professional audit, ensure effective supervision of the management by the Board, and improve the corporate governance structure of the Company.

Article 2 The Audit Committee of the Board is a specialized working body of the Board. The Audit Committee shall be accountable to the Board and its proposals shall be submitted to the Board for consideration and approval.

Chapter 2 Composition

Article 3 The Audit Committee shall consist of three directors, all of whom shall be non-executive directors, with the majority being independent non-executive directors. Members of the Audit Committee shall neither hold positions within the Company other than as directors, nor have any relationships with the Company that may affect their independent and objective judgment. At least one member shall be an independent director with appropriate professional qualifications or appropriate accounting or related financial management expertise as required by the Hong Kong Listing Rules. The chairperson shall be an accounting professional from among the independent non-executive directors.

Article 4 Members of the Audit Committee (hereinafter referred to as the "**Members**") shall be elected by the Board.

Article 5 The Audit Committee shall have one chairperson, who shall be an accounting professional from among the independent non-executive directors and be responsible for presiding over the work of the committee. The chairperson shall be elected by the Board within the committee.

Article 6 The term of office of the members of the Audit Committee shall be equivalent to that of the directors of the Board of the same term. Each member shall be eligible for re-election upon the expiry of his/her term of office. A member shall automatically cease to be a member of the Audit Committee if, during his/her term of office, he/she ceases to serve as a director of the Company, or a member who should have the status as an independent non-executive director cease to have his/her independence as required by the Hong Kong Listing Rules, and the Board shall fill the vacancy in accordance with these Terms of Reference.

Article 7 A member of the Audit Committee may resign before the expiry of his/her term of office, and shall submit a written resignation report to the Board, which shall not take effect unless such written resignation report is approved by the Board. Additionally, if the number of committee members falls below the minimum required by these Terms of Reference, the original member shall perform his/her duties in accordance with these Terms of Reference before the newly elected member takes office.

Chapter 3 Duties and Authorities

Article 8 The main duties and authorities of the Audit Committee are as follows:

(I) to be primarily responsible for making recommendations to the Board on the appointment, reappointment, and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and to handle matters of its resignation or dismissal;

(II) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The committee should discuss with the auditor the nature, scope of the audit and reporting obligations before the audit commences;

(III) to develop and implement policies on engaging the external auditor to supply non-audit services. For this purpose, the "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 committee shall report, confirm and make recommendations to the Board on any matters requiring action or improvements;

(IV) to monitor the integrity of the Company's financial statements, annual reports, accounts, half-year reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained therein. In reviewing these reports before submission to the Board, the committee should 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 assumption and any qualifications;

(v) compliance with accounting standards; and

(vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;

(V) regarding (IV) above:

(i) members of the committee should liaise with the Board and senior management, and the committee must meet at least twice a year with the auditor of the Company; and

(ii) the committee shall 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 raised by the Company's accounting and financial reporting staff, compliance officers, or the audit firm;

(VI) to review the Company's financial controls, risk management and internal control systems;

(VII) to discuss the risk management and internal control systems with the management to ensure that the management has fulfilled its duty to establish effective systems. Such discussion should include the adequacy of resources, staff qualifications and experience, training programmes provided to employees and relevant budgets in respect of the Company's accounting and financial reporting function;

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

(IX) where an internal audit function exists, to ensure the coordination between the internal audit department and the external auditor if the Company has an internal audit function, and that the internal audit function has been adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(X) to review the financial and accounting policies and practices of the Company and its subsidiaries;

(XI) to review the external auditor's management letters, any material queries raised by the auditor to the management regarding accounting records, financial accounts or systems of control, and the management's responses;

(XII) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letters;

(XIII) to report to the Board on the matters set out in the Corporate Governance Code;

(XIV) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters, and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up actions;

(XV) to formulate whistleblowing policies and systems to enable employees and others who have dealings with the Company or its subsidiaries (such as customers and suppliers) to confidentially and anonymously raise concerns about any potential misconduct related to the Company or its subsidiaries;

(XVI) to act as the main representative between the Company and the external audit firm, and responsible for overseeing the relationship between the two;

(XVII) to review the Company's continuing connected transactions and ensure their compliance with the terms approved by the Company's shareholders;

(XVIII) other matters authorized by the Board and other matters specified in relevant National Laws and Regulations; and

(XIX) other relevant requirements pertaining to the duties and authorities of the committee, as amended from time to time, under the Hong Kong Listing Rules.

Chapter 4 Decision-Making Process

Article 9 The persons in charge of the internal audit and relevant financial department of the Company are responsible for providing the Audit Committee with written information of the Company in relation to:

(I) the Company's relevant financial systems;

(II) internal significant audit reports and external audit reports;

(III) contracts with external audit firms, special audits and relevant audit reports;

(IV) the Company's quarterly, interim and annual financial reports and relevant interim reports;

(V) audit reports on the Company's major connected transactions;

(VI) other relevant matters.

Article 10 The materials mentioned in Article 9 shall be reviewed at the meetings of the Audit Committee and the relevant proposals shall be formed in writing and submitted to the Board for discussion:

(I) evaluation on the work of, and engagement and replacement of the external auditor;

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

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

(IV) evaluation on the work of the audit department of the Company, including its persons-in-charge;

(V) other relevant matters.

Chapter 5 Rules of Procedure

Article 11 Meetings of the Audit Committee shall be convened and presided over by the chairperson of the Audit Committee. A meeting of the Audit Committee shall be convened prior to the publication of the Company's interim financial reports and annual financial reports, with a notice sent to all committee members three days before the meeting. If the chairperson is unable to attend such meeting, he/she may appoint any other member to preside over the meeting. Upon the unanimous consent of all members, the aforementioned notice period may be waived.

If any of the following circumstances occur, a committee member may propose to convene an extraordinary meeting, and the chairperson shall convene such extraordinary meeting within ten days upon receipt of the proposal:

(I) when the Board deems it necessary;

(II) when the chairperson of the Audit Committee deems it necessary;

(III) when it is proposed by two or more committee members.

Article 12 The meetings of the Audit Committee shall only be held when two-thirds or more of its members are present. Each member of the Audit Committee shall have one vote. Resolutions made at the meeting must be passed by more than half of all members.

Article 13 Decisions in the meetings of the Audit Committee may be made by a show of hands or by poll. Extraordinary meetings may also be conducted with voting by means of correspondence, provided that members are ensured full opportunity to express their opinions.

Article 14 The secretary to the Board may sit in on the meetings of the Audit Committee. Other directors, supervisors, senior management members, or members of the audit working group may be invited to sit in on the meetings when necessary. However, those who are not committee members have no voting rights over proposals at the meetings.

Article 15 Members of the Audit Committee and persons sitting in on the meetings of the Audit Committee shall be obliged to keep unpublished information confidential, and must not use inside information to seek benefits for themselves or others.

Article 16 Members of the Audit Committee shall attend the meetings of the Audit Committee in person. If a member is unable to attend for any reason, he/she may appoint another member in writing to attend the meeting on his/her behalf. If a member neither attends a meeting of the Audit Committee nor authorizes a representative to attend on his/her behalf, nor submits written opinions prior to the meeting, he/she shall be deemed to have waived his/her voting rights at the meeting.

Article 17 If necessary, the Audit Committee may engage intermediary institutions to provide advice for its decision-making at the Company's expense.

Article 18 The procedures for convening meetings of the Audit Committee, voting methods, and the resolutions adopted at the meeting must comply with applicable laws and administrative regulations, the Articles of Association, and these Terms of Reference.

Article 19 The Audit Committee shall maintain minutes or memoranda of its meetings. Members present at a meeting and the minute-taker shall sign on the minutes or memoranda. The minutes of meetings shall be kept by the office of the Board. The retention period shall be at least ten years.

Article 20 Resolutions adopted at the meetings of the Audit Committee and the voting results shall be reported to the Board in writing.

Article 21 When a member of the Audit Committee has a direct or indirect interest in the matter discussed at the meetings, such member shall abstain from voting.

Chapter 6 Supplementary Provisions

Article 22 In these Terms of Reference, the term "or more" shall be inclusive of the number itself, while the terms "lower than" and "more than" shall be exclusive of the number itself.

Article 23 Matters not covered in these Terms of Reference or any provision herein that is inconsistent with national laws, administrative regulations, normative documents, relevant regulatory rules of the place where the Company's shares are listed, or the Articles of Association as amended through legal procedures, shall be dealt with in accordance with relevant laws, administrative regulations, normative documents, relevant regulatory rules of the place where the Company's shares are listed, and the Articles of Association. These Terms of Reference shall be promptly amended accordingly.

Article 24 The authority of interpretation of these Terms of Reference shall be vested with the Board.

Article 25 As considered and approved by the Board, these Terms of Reference shall take effect and come into force on the date when the Company's publicly issued H shares are listed and traded on the Main Board of the Hong Kong Stock Exchange.