Lianhua Supermarket Holdings Co., Ltd. (the "Company")
Terms of Reference of Audit Committee (the "Committee")

Chapter I General Provisions

Article 1 The Company set up the Audit Committee and formulate this Terms of References in accordance with the Company Law of the People's Republic of China (the "**Company Law**"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the Articles of Association of the Company and other relevant regulations in order to refine the corporate governance structure.

Article 2 The Committee is set up by the board of directors (the "**Board**"), and is responsible for establishing a sound financial report system and internal control principles for the Company and maintaining appropriate relationship with auditors of the Company. The Committee exercises the powers of the supervisory committee as stipulated by the Company Law and other relevant laws and administrative regulations.

Chapter II Composition

Article 3 The Committee shall consist of a minimum of three directors of the Company, comprising non-executive directors only, the majority of whom must be independent non-executive directors. At least one of such independent non-executive director shall have appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. The employee representatives among the members of the Board may become members of the Committee.

Article 4 The Committee members shall be nominated by the chairman of the Board or more than half of the total number of independent non-executive directors or one-third of all directors, and shall be elected by the Board.

Article 5 The Committee shall have one Chairman/convener, who shall be an accounting professional among the independent non-executive directors and responsible for presiding over the work of the Committee. The Chairman shall be elected among the Committee members and his/her appointment shall be approved by the Board.

Article 6 The term of office of the Committee shall be consistent with the term of office of the Board. The Committee members shall be reappointed upon being re-elected as the members of the Committee at the expiration of their term of office. The Committee members shall be automatically disqualified from being members of the Committee if they cease to be directors within their term of office. The Committee shall fill the vacancy(ies) according to the requirements of Articles 3 to 5 above.

Article 7 A former partner of the Company's existing auditing firm should not act as a member of the Committee for a period of one year from the date of his termination: (a) to be a partner of the firm; or (b) to have any financial interest in the firm, whichever is later.

Chapter III Authority, Responsibility and Duties, Powers and Functions

Article 8 The Committee is granted the authority to investigate any activity in relation to the Company and its subsidiaries (the "**Group**") within these Terms of Reference. All employees of the Group shall cooperate with the Committee. The Committee is authorized by the Board to obtain outside legal opinion or to seek other independent professional advice and to invite the attendance of outsiders with relevant experience and expertise if it considers necessary.

Article 9 The Committee shall report to the Board any suspected frauds and irregularities, failures of internal control or suspected infringements of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board.

Article 10 Where the Board disagrees with the Committee's view on the selection, appointment, resignation or removal of the external auditors, the Company should include in the Corporate Governance Report a statement from the Committee explaining its recommendation and also the reason(s) why the Board has taken a different view.

Article 11 The Committee should be provided with sufficient resources to perform its duties.

Article 12 The Committee is to serve as a bridge for communication among other directors, external auditors and internal auditors with regards to their duties relating to financial and other reporting, internal controls, external and internal audits and such other matters as the Board may determine from time to time.

Article 13 The Committee is to assist the Board in fulfilling its responsibilities by providing independent review and supervision of financial reporting, satisfying itself as to the effectiveness of the Group's internal controls, and as to the adequacy of the external and internal audits.

Article 14 The Committee is to perform the following duties:

(a) to review the Company's finances affairs;

(b) to supervise the performance of duties by directors and senior management personnel, and make recommendations for the dismissal of directors and senior management personnel who violate laws, administrative regulations, the Articles of Association of the Company, or shareholder resolutions;

(c) to require directors or senior management personnel to rectify any behavior that damages the interests of the Company;

(d) to verify the financial reports, business reports, profit distribution plans, and other financial information that the Board intends to submit to the shareholders' meeting. If any doubts are found, the company may entrust the external auditor to assist in the review in the name of the Company;

(e) to propose to convene an extraordinary shareholders' meeting, and convene and preside over the shareholders' meeting when the Board fails to fulfill its duties of convening and presiding over the shareholders' meeting as stipulated by the Company Law;

(f) to submit proposals to the shareholders' meeting;

(g) to file lawsuits against directors and senior management personnel according to Article 189 of the Company Law;

(h) to be responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and ratifying the remuneration and terms of engagement of the external auditor, as well as settling any questions raised by the resignation or dismissal of such auditor;

(i) 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 scope of the audit including the engagement letter. The Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences. The external audit fees are to be negotiated by management, and presented to the Committee for review and approval annually;

(j) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, 'external auditor' includes any entity that is under common control, ownership or management with the audit firm, or any entity as to 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 should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

(k) to monitor the integrity of the Company's financial statements and annual report and accounts, interim report and, if prepared for publication, quarterly reports, and to review financial statements and significant financial reporting judgements contained above mentioned reports. In reviewing the reports before submission to the Board, the Committee should focus particularly on:

(1) any changes in accounting policies and practices;

(2) major judgmental areas;

(3) significant adjustments resulting from the audit;

(4) the on-going concern assumptions and any qualifications;

(5) compliance with accounting and auditing standards; and

(6) compliance with the Listing Rules and legal requirements;

(l) with regard to (k) above:

(1) members of the Committee should liaise with the Board and senior management, and the Committee must meet, at least twice a year, with the external auditor; and

(2) the 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 staff responsible for the accounting and financial reporting function, compliance officer or auditors;

(m) to review with the Group's management, external auditors and internal auditors, the adequacy of the Group's policies and procedures regarding internal controls (including financial, operational and compliance controls), risk management system and any statement by the directors to be included in the annual accounts prior to endorsement by the Board;

(n) to discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system. 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;

(o) to review the findings of internal investigations and management's response in any suspected frauds or irregularities or failures of internal controls or infringements of laws, rules and regulations and to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(p) to review and monitor the scope, effectiveness and results of internal audit function, ensure co-ordination between the internal and external auditor and ensure that the internal audit function is adequately resourced and has appropriate standing within the group;

(q) to review the Group's financial and accounting policies and practices and be familiar with the financial reporting principles and practices applied by the Group in preparing its financial statements;

(r) to discuss with external auditors any recommendations arising from the audit (if necessary in the absence of management); and review the draft management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control including management's response to the points raised;

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

(t) to report to the Board on any matters in relation to the code provision relating to the Committee set out in the Corporate Governance Code of the Listing Rules;

(u) 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 ensure proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(v) to act as the key representative body for overseeing the Company's relations with the external auditor;

(w) to review the draft representation letter prior to submission to the Board for approval;

(x) to evaluate the cooperation received by the external auditors from the management, including the external auditors' access to all requested records, data and information; obtain the comments from management regarding the responsiveness of the external auditor to the Group's needs; inquire into whether there have been any disagreements between external auditors and management which, if not satisfactorily resolved, would result in the issuance of a qualified report with reservation on the group's financial statements;

(y) to seek from external auditors, on an annual basis, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including provision of non-audit services and requirements regarding rotation of audit partners and staff;

(z) to the engagement of the external auditor to perform non-audit services is in general prohibited except for tax-related services. If a compelling reason exists to engage the external auditor due to their unique expertise in a particular area, prior approval from the Committee is required;

(aa) to apprise the Board of significant progresses in the course of performing the above duties;

(ab) to recommend to the Board any appropriate extensions to, or changes in, the duties of the Committee;

(ac) to reach agreement with the Board on the Company's policy relating to the hiring of employees or former employees of the external auditor and monitor the applications of such policy. The Committee will consider whether such hiring will bring any impairment to the auditor's judgment or independence in respect of an audit;

(ad) to make available this Terms of Reference, explaining its role and the authority delegated to it by the Board by including them on the website of The Stock Exchange of Hong Kong Limited and the Company; and

(ae) to consider other topics, as requested and delegated by the Board.

Article 15 The reasonable expenses incurred by the Committee in hiring lawyers, auditors and other professionals when exercising the functions and powers of the supervisory committee shall be borne by the Company.

Article 16 After making resolutions on the following matters, the Committee shall submit them to the Board for decision-making:

(a) Hiring or dismissing auditors that undertake the Company's audit services;

(b) Appointment and dismissal of financial managers;

(c) Disclose financial accounting reports;

(d) Other matters stipulated by the regulatory agencies which have the authority to supervise and manage.

Chapter IV Proceedings of Meetings

Article 17 The Committee shall hold at least one meeting every quarter, and an extraordinary meeting may be convened upon the proposal of two or more members or when deemed necessary by the convener. Notice of each meeting shall be given to all members of the Committee seven days prior to the date of the meeting. The Chairman, shall preside over the meeting, failing him, any other member of the Committee (who must be an independent non-executive director) may be appointed by him to preside over the meeting.

Article 18 The quorum for a meeting shall be at least two-thirds of members of the Committee. Each member has one vote in the meeting and the resolution(s) proposed by the Committee should be passed by more than half of all Committee members.

Article 19 Voting methods of the Committee meeting shall be voting by show of hand or voting by poll. Extraordinary meeting(s) could be held by way of voting by means of written communication.

Article 20 The Committee could invite directors, supervisors or other senior management of the Company to attend its meetings when necessary.

Article 21 Each meeting of the Committee shall have minutes with signatures of all attending members. Full minutes of each meeting of the Committee should be kept by the duly appointed secretary of the Committee, who should normally be the Company secretary. Draft and final versions of minutes of the meetings should be sent to all Committee members for their comments and records, within a reasonable period of time after the meeting.

Article 22 The Committee should report the voting results and recommendations of the Committee to the Board in written form at the next meeting of the Board following a meeting of the Committee.

Article 23 The members present at the meeting should keep all materials in the meeting confidential and must not disclose to others.

Chapter V Supplementary Provisions

Article 24 These Terms of Reference should come into effect since the date of approval by the Board.

Article 25 Any matters not specified in these Terms of Reference should be implemented in accordance with relevant laws, regulations and the Articles of Association of the Company. May this Terms of Reference found in conflict with relevant laws or regulations issued later or with amended Articles of Association of the Company, the Company should amend this Terms of Reference immediately, subject to the approval of the Board.

Article 26 The Board retains the interpretation power of these Terms of Reference.

Article 27 These Terms of Reference are written in both Chinese and English. Should there be any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

Board of Lianhua Supermarket Holdings Co., Ltd
December, 2025