Muyuan Foods Co., Ltd.

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

(Applicable after listing of H Shares)

Chapter 1 General Provisions

Article 1 In order to further improve the corporate governance structure, in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Corporate Governance Code for Listed Companies, the Rules Governing the Listing of Shares on the Shenzhen Stock Exchange, "Guidelines for Self-Regulatory Supervision of Companies Listed on Shenzhen Stock Exchange No.1 – Standardized Operation of Companies Listed on the Main Board", the Measures for the Management of Independent Directors of Listed Companies, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Articles of Association of Muyuan Foods Co., Ltd. (hereinafter referred to as the "Articles of Association") and other relevant regulations, the Board of Directors has established the Audit Committee and formulated these Terms of Reference.

Article 2 The Audit Committee is a professional working body established by the Board of Directors in accordance with the Articles of Association, and is mainly responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audit work and internal control. The main functions of the Audit Committee are to assist the Board of Directors in independently reviewing the effectiveness of the Company's consolidated financial results, reporting procedures, internal control and risk management systems. It promotes and strengthens economic management by examining and evaluating the authenticity, legality, security and efficiency of the Company's business activities, financial revenues and expenditures, and operation and management activities. The Audit Committee is accountable to the Board of Directors.

Chapter 2 Composition

Article 3 The Audit Committee shall comprise at least three Directors. All members of the Committee shall be non-executive Directors who do not serve as senior management of the Company, and more than half of the members shall be independent non-executive Directors. At least one independent non-executive Director of the Committee shall possess appropriate professional qualifications or expertise in accounting or related financial management, meeting the qualification requirements for financial professionals of the Audit Committee set by the stock exchange where the shares of the Company are listed. The convener shall be a financial professional among the independent non-executive Directors. Employee representatives of the Company's Board of Directors may serve as members of the Audit Committee.

Members of the Audit Committee shall be diligent and conscientious, and shall supervise and evaluate the internal and external audit work of the Company effectively, so as to promote the establishment of effective internal control of the Company and ensure the provision of authentic, accurate and complete financial reports.

Article 4 The Audit Committee shall have one chairman (the convener), who shall be an independent non-executive Director that is an accounting professional and shall be elected by the Committee. The chairman of the Committee is responsible for convening and presiding over the work of the Committee.

The members of the Audit Committee shall possess the professional knowledge and experience to perform the duties of the Audit Committee.

Article 5 The members of the Audit Committee shall be nominated by the Chairman of the Board of Directors, more than half of the independent non-executive Directors, or more than one-third of all Directors, and elected by the Board of Directors.

Article 6 The term of office of the members of the Audit Committee shall be consistent with that of the members of the Board of Directors. Members of the Committee are eligible for re-election and re-appointment upon completion of the term. During the term, if a member resigns or ceases to serve as a Director of the Company or is no longer suitable to serve as a member for other reasons (for example, a member who should be an independent non-executive Director no longer meets the requirements of independence under the Hong Kong Listing Rules), his/her membership in the Committee shall lapse automatically. The position(s) vacated shall be filled by the Board of Directors according to provisions of Articles 3 to 5 in the above.

Where the resignation of the members of the Audit Committee results in the number of the Audit Committee members falling below the statutory minimum, or in the absence of financial professionals, the existing members shall continue to perform their duties until the appointment of new members.

Chapter 3 Duties and Powers

Article 7 The Audit Committee exercises the duties and powers of the Board of Supervisors as stipulated in the Company Law. The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audit work and internal control. The main duties and powers of the Audit Committee are:

(I) to supervise and evaluate the external audit work, mainly including:

1. proposing to the Board of Directors the appointment, dismissal or replacement of the external auditors, advising the Board of Directors on the remuneration and terms of engagement of the external auditors, and dealing with any issues related to the resignation or dismissal of the external auditors;

2. reviewing and examining whether the external auditor is independent and objective and whether the audit procedures are effective in accordance with applicable standards; the Audit Committee shall discuss the nature and scope of the audit and the relevant reporting responsibilities with the auditor before the commencement of audit work;

3. formulating and implementing policies regarding the provision of non-audit services by external auditors. For the purpose of this provision, an external auditor includes any entity under the same control, ownership or management with the entity responsible for the audit, or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit entity's domestic or international business. The Audit Committee shall report any matters requiring actions or improvements to the Board of Directors and make recommendations.

(II) to act as the primary representative between the Company and external auditors, responsible for overseeing and coordinating internal and external audits, and reviewing the following arrangements set by the Company: employees of the Company can raise concerns about potential misconduct in financial reporting, internal control, or other matters. The Audit Committee shall ensure there are appropriate arrangements for independent and fair investigation of such matters and for taking appropriate actions by the Company.

(III) to review the Company's financial information and its disclosure, including its completeness, and to review significant opinions on financial reporting contained in statements and reports. The Committee shall, before submitting the reports and statements to the Board of Directors, particularly review the following matters:

1. any changes to accounting policies and practices;

2. areas involving significant judgments;

3. significant adjustments arising from the audit;

4. going concern assumptions of the enterprise and any qualified opinions;

5. compliance with the accounting standards; and

6. compliance with the laws and regulations on financial reporting and the securities regulatory rules of the place where the shares of the Company are listed;

Members of the Audit Committee shall liaise with the Board of Directors and senior management and meet with the Company's auditors at least twice a year; the Audit Committee shall also consider any material or irregular matters reflected or required to be reflected in such reports and accounts, and shall give due consideration to matters raised by the Company's accounting and finance department reporting staff, compliance department or auditors.

(IV) to oversee and evaluate the Company's financial reporting system, risk management and internal control, mainly including:

1. reviewing the Company's financial controls, and unless expressly addressed by a separate board risk committee, or by the Board of Directors itself, reviewing the Company's risk management and internal control systems;

2. discussing with the management the risk management and internal control systems, to ensure that the management has performed its duties in establishing effective systems. Discussions shall include the adequacy of resources, staff qualifications and experience, training programmes received by the staff and related budgets in respect of the Company's accounting and financial reporting functions;

3. examining major investigation findings on risk management and internal control matters and management's response to these findings on its own initiative or as delegated by the Board of Directors;

4. ensuring co-ordination between the internal and external auditors if the Company has an internal audit function; ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company; and reviewing and monitoring its effectiveness;

5. reviewing the financial and accounting policies and practices of the Group;

6. examining the external auditors' audit status letters to management, any significant questions raised by the auditors to management regarding accounting records, financial accounts or monitoring systems, and management's responses;

7. ensuring that the Board of Directors responds in a timely manner to the matters raised in the audit status letters to the management from the external auditor;

8. reporting to the Board of Directors on matters relating to the duties of the Audit Committee; and

9. considering other topics defined by the Board of Directors.

(V) Responsible for laws and regulations, securities regulatory rules of the place where the shares of the Company are listed, the Articles of Association and other matters authorized by the Board of Directors.

Article 8 The following matters shall be approved by more than half of all the members of the Audit Committee before being submitted to the Board of Directors for consideration:

(I) disclosing the financial information in the financial and accounting reports and periodic reports and internal control evaluation reports;

(II) appointing or dismissing the accounting firm responsible for the Company's audit business;

(III) appointing or dismissing the Company's person-in-charge of finance;

(IV) making changes to accounting policies and accounting estimates or corrections to major accounting errors for reasons other than changes in accounting standards;

(V) relevant provisions of laws and regulations, securities regulatory authorities and the stock exchange of the place where the Company's shares are listed, and other matters as required by the Articles of Association and authorized by the Board of Directors.

Article 9 The Audit Committee shall review the Company's financial position in accordance with the law, supervise the compliance of the Directors and senior management of the Company with laws and regulations, the relevant provisions of the securities regulatory authorities and the stock exchange of the place where the shares of the Company are listed, and the Articles of Association, and their performance of the Company's duties. It may request the Directors and senior management to submit reports on the performance of their duties. Directors and senior management shall provide relevant information and materials to the Audit Committee in a truthful manner, and shall not obstruct the Audit Committee in exercising its duties and powers.

If the Audit Committee discovers that a Director or senior management has violated laws and regulations, the relevant provisions of the securities regulatory authorities and the stock exchange of the place where the shares of the Company are listed, or the Articles of Association, it shall notify the Board of Directors or report to the shareholders' meeting, and disclose the matter in a timely manner, or directly report to the regulatory authorities.

The expenses necessary for the Audit Committee to exercise its duties and powers shall be borne by the Company.

Article 10 The Audit Committee shall review the financial and accounting reports of the Company, provide opinions on the authenticity, accuracy and completeness of the financial and accounting reports, focus on significant accounting and auditing issues in the financial and accounting reports, pay particular attention to the possibility of fraud, malpractice, or material misstatement related to the financial and accounting reports, and oversee the rectification of issues identified in the financial and accounting reports.

The Audit Committee shall make recommendations to the Board of Directors on the appointment or replacement of external auditors, review the audit fees and terms of engagement of external auditors, and avoid undue influence by the Company's substantial shareholders, actual controllers, or Directors and senior management.

The Audit Committee shall urge the external auditors to be honest, trustworthy, diligent and conscientious, strictly abide by the business rules and industry self-discipline standards, strictly implement the internal control system, review and verify the Company's financial and accounting reports, perform special care obligations, and prudently express professional opinions.

Article 11 If the Company's Directors and senior management discover any false representations, misleading statements or material omissions in the financial and accounting reports issued by the Company and report them to the Audit Committee and the Board of Directors, or if the sponsors, independent financial advisers or external auditors point out to the Audit Committee and the Board of Directors any false representations, misleading statements or material omissions in the Company's financial and accounting reports, the Board of Directors shall promptly report to the stock exchange and make disclosure.

Where the Company discloses relevant information in accordance with the preceding provisions, it shall disclose in the announcement the major issues existing in the financial and accounting reports, the consequences already caused or that may be caused, and the measures already taken or to be taken.

The Audit Committee shall urge the relevant responsible departments of the Company to formulate rectification measures and rectification timelines, conduct follow-up reviews, supervise the implementation of the rectification measures, and promptly disclose the status of the rectification.

Article 12 The Audit Committee, in the course of performing its supervisory duties, may propose the removal of Directors or senior management who violate laws and regulations, relevant provisions of the securities regulatory authorities and the stock exchange of the place where the shares of the Company are listed, the Articles of Association, or resolutions of the shareholders' meeting.

Article 13 The Company shall disclose in its annual report the annual performance of the Audit Committee, mainly including its specific performance of duties and the convening of the Audit Committee meetings.

The Audit Committee shall submit review opinions to the Board of Directors on matters within its scope of duties, and where the Board of Directors does not adopt such opinions, the Company shall disclose such matters and fully explain the reasons.

Article 14 The Company shall set up an internal audit department to inspect and supervise the establishment and implementation of the Company's internal control system, the authenticity and completeness of the Company's financial information, etc.

The internal audit department is accountable to the Audit Committee and shall report its work to the Audit Committee. It is responsible for the daily work of the Audit Committee, such as liaison, meeting organization, material preparation, and file management. When the Audit Committee performs its duties, the Company's management and relevant departments shall provide cooperation.

Article 15 When supervising and evaluating the work of the internal audit department, the Audit Committee shall perform the following main duties:

(I) to guide and supervise the establishment and implementation of the internal audit system;

(II) to review the Company's annual internal audit work plan;

(III) to supervise and promote the implementation of the Company's internal audit plan;

(IV) to direct the effective operation of the internal audit department. The Company's internal audit department shall report to the Audit Committee. All audit reports along with rectification plans and progress on audit issues submitted by the internal audit department to management, shall be submitted to the Audit Committee at the same time;

(V) to report the progress and quality of the internal audit work as well as any significant problems identified to the Board of Directors;

(VI) to coordinate the relationship between the internal audit department and external audit entities such as accounting firms and national audit institutions.

Article 16 When the Audit Committee discovers any irregularities in the Company's operation, it may conduct investigations; it may engage intermediary agencies to assist in its work when necessary, with relevant expenses borne by the Company.

Chapter 4 Convening and Notices of Meetings

Article 17 The meetings of the Audit Committee comprise regular meetings and extraordinary meetings. The meetings shall be convened and chaired by the convener (chairman) of the Audit Committee.

In the event that the convener of the Audit Committee is unable or refuses to perform his/her duties, the meeting is to be presided over by an independent non-executive Director jointly elected by more than a half of the members of the Audit Committee.

Article 18 The Audit Committee shall hold a meeting at least once every quarter. An extraordinary meeting may be held upon the proposal of two or more members, or when the convener deems it necessary. A meeting of the Audit Committee shall be held only if more than two-thirds of the members are present.

The convener shall notify all members three days before the meeting via telephone, fax, postal service, e-mail or direct delivery. In urgent circumstances requiring an emergency meeting, the meeting may be convened at any time, but the convener shall provide an explanation at the meeting.

Chapter 5 Consideration and Voting Procedures

Article 19 Directors of the Company who are not members of the Committee may attend the meetings of the Audit Committee but shall not have voting rights on proposals tabled at the meeting.

Article 20 Members of the Audit Committee may attend the meeting in person or appoint another member to attend and vote at the meeting on his/her behalf.

A member of the Audit Committee can only appoint one other member at a time to exercise the voting rights on his/her behalf.

Article 21 Members of the Audit Committee shall in principle attend meetings in person. If a member is unable to attend the meeting for any reason, he/she shall review the meeting materials in advance, formulate a clear opinion, and appoint another member in writing to attend the meeting on his/her behalf.

A letter of authorization shall indicate:

(I) the names of the appointing party and his/her proxy;

(II) brief opinions on every proposal made by the appointing party;

(III) the scope of authorization of the appointing party and his/her instructions on voting intention in respect of the proposals;

(IV) the signature of the appointing party and the date, etc.

The member so appointed shall submit a letter of authorization to the convener of the meeting, stating the details of such appointment in the meeting sign-in book. When an independent non-executive Director fails to attend the meeting in person, he/she shall entrust another independent non-executive Director among the Audit Committee to attend the meeting on his/her behalf.

Article 22 A member of the Audit Committee who does not attend a meeting in person or appoint another member to attend on his/her behalf shall be considered to be absent from such meeting.

If a member of the Audit Committee fails to attend the meeting for two consecutive times, such member shall be deemed to have failed to perform his/her duties properly, and may be removed from his/her office as a member of the Committee by the Board of Directors.

Article 23 The meetings of the Audit Committee may be held in the form of on-site meetings or off-site meetings by way of communication voting.

Article 24 Resolutions made by the Audit Committee shall not be valid unless passed by more than half of all members (including those who are not present) voting thereon. A member of the Audit Committee shall abstain from voting if he/she has a conflict of interest in the matters considered at the meeting. When a valid opinion cannot be formed by deliberation due to the withdrawal of a member of the Audit Committee, the Audit Committee shall submit such matter to the Board of Directors for consideration.

Resolutions of the Audit Committee are voted on by way of poll with each member having one vote.

Article 25 Matters proposed at the Audit Committee meeting are subject to collective consideration and voting on a case-by-case basis, i.e. all the proposals are considered by all members present and then are put to a vote one by one according to the order of consideration.

Article 26 The Audit Committee may, if considered necessary, invite other persons in connection with the proposals to attend the meeting to provide detailed information or express their opinions. Those who are not members of the Audit Committee, however, do not have voting rights on the proposals.

Article 27 Voting in both regular meetings and extraordinary meetings of the Audit Committee shall be conducted by way of registered ballot, and the voting options include for, against or abstain.

Chapter 6 Resolutions and Minutes of Meetings

Article 28 Each proposal on which a prescribed number of valid votes are cast shall become a resolution of the Audit Committee upon announcement by the chairman of the meeting.

The resolutions of the Audit Committee come into effect after being signed by the members present at the meeting. No modification or alteration shall be made to the resolutions of the Audit Committee that have become effective without going through the legitimate procedures as required by laws, regulations, the Articles of Association and these Terms of Reference.

Article 29 The resolutions of the Audit Committee shall be recorded in minutes as required. The minutes of the Audit Committee should be true, accurate and complete, and fully reflect the opinions of attendees on the matters considered. Members of the Audit Committee present at the meetings and the minute-taker shall sign the minutes. The minutes of the Audit Committee shall be properly kept. When requested by the Shenzhen Stock Exchange, the Company shall provide the minutes of the Audit Committee.

Article 30 The proposals and voting results passed at the meetings of the Audit Committee shall be submitted to the Board of Directors in writing.

Article 31 The meeting minutes and written documents of the resolutions of the Audit Committee shall be kept by the Company as the Company's archives. During the period of continued existence of the Company, the retention period shall not be less than 10 years. The draft minutes (for members to express opinions) and the final version (for record) shall be sent to all Committee members within a reasonable time after the meeting. Directors of the Company may review the minutes with reasonable notice within a reasonable timeframe.

Article 32 All members attending the meetings and relevant personnel present at the meetings are bound by confidentiality regarding the matters discussed at the meetings and must not disclose any related information without authorization.

Chapter 7 Supplementary Provisions

Article 33 In case of matters not covered in these Terms of Reference, relevant laws, regulations, rules, normative documents, securities regulatory rules of the place where the Company's shares are listed, the Articles of Association and other relevant provisions shall apply. In the event of any conflict between these Terms of Reference and any laws, regulations, rules and normative documents promulgated hereafter, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association as amended under lawful procedures, the relevant laws, regulations, rules, normative documents, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association shall prevail, and these Terms of Reference shall be amended in a timely manner.

Article 34 These Terms of Reference are a part of the internal policies of the Company. No one may claim any rights or obtain any benefits or compensation from the Company or any Directors, senior management or other employees of the Company in accordance with these Terms of Reference.

Article 35 These Terms of Reference shall be interpreted by the Board of Directors of the Company.

Article 36 These Terms of Reference shall come into effect and be implemented upon resolutions being passed by the Board of Directors and from the date of listing of the Company's H Shares issued by the Company on The Stock Exchange of Hong Kong Limited.

Muyuan Foods Co., Ltd.