Terms of Reference for the Audit Committee of CARsgen Therapeutics Holdings Limited

科濟藥業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(the "**Company**")

Definitions

1. For the purposes of these terms of reference (the "***Terms***"):

   Audit Committee means the audit committee established by the resolution of the Board in accordance with clause 2 of these Terms.

   Board means the board of directors of the Company.

   Senior Vice President of Finance means the senior officer of the Company responsible for financial management as appointed by the Board from time to time.

   Company Secretary means any one of the joint company secretaries of the Company.

   Directors means the directors of the Board.

   Group means the Company and its subsidiaries, consolidated affiliated entities and associated companies at the relevant time or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries and associated companies, the present subsidiaries and associated companies of the Company or the businesses operated by its present subsidiaries and associated companies or (as the case may be) its predecessor.

   Listing Rules mean the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time).

   Senior Management means the chairman, chief executive officer, chief scientific officer, chief operating officer, vice president and senior vice president and any other vice president of the Group determined by the Board from time to time as senior management of the Company.

   Shareholders means the shareholders of the Company.

   Stock Exchange means The Stock Exchange of Hong Kong Limited.

Constitution

2. The Audit Committee was established by resolutions of the Board on May 21, 2021.

Membership

3. The members of the Audit Committee shall be appointed by the Board from amongst the non-executive Directors and shall consist of not less than three members, a majority of whom should be independent non-executive Directors and at least one of whom should be an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules. The quorum of a Committee meeting shall be any two members of the Committee one of whom must be an independent non-executive Director.

4. A former partner of the Company's existing auditing firm shall be prohibited from acting as a member of the Audit Committee for a period of two years 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 the later.

5. The chairman of the Audit Committee shall be appointed by the Board and must be an independent non-executive Director.

Attendance at meetings

6. The Senior Vice President of Finance, internal auditors of the Company and a representative of the external auditors shall normally attend meetings. However, at least once a year the Audit Committee shall meet with the external and internal auditors without the executive Directors present.

Frequency and procedure of meetings

7. Unless otherwise stated herein, the meetings are governed by the provisions contained in the Company's Articles of Association for regulating the meeting and proceedings of Directors.

8. Meetings shall be held not less than twice a year. The external auditors may request a meeting if they consider that one is necessary.

9. The Company Secretary shall be the secretary of the Audit Committee.

10. An agenda and accompanying board papers should be sent in full to all Directors in a timely manner and at least 3 days before the intended date of a meeting of the Audit Committee (or other agreed period).

11. Senior Management should be responsible for providing sufficient information to the Audit Committee in a timely manner to facilitate the making of informed decision. Where more detailed and complete information is requested from the Senior Management, the respective Director shall make further inquiries if needed. The Board or individual Director(s) can contact the Senior Management individually and independently.

Annual General Meeting

12. The chairman of the Audit Committee shall attend the Company's annual general meeting and be prepared to respond to any Shareholders' question on the Audit Committee's activities.

13. If the Chairman of the Committee is unable to attend the annual general meeting of the Company, he/she shall arrange for another member of the Committee, or failing this, his/her duly appointed delegate, to attend in his/her place. Such person shall be prepared to respond to any shareholder questions on the Committee's activities.

Authority

14. The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee.

15. The Audit Committee is authorised by the Board to obtain external independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, at the Company's expense, if it considers this necessary. The Audit Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external auditors who advises the Audit Committee.

Duties

16. The duties of the Audit Committee shall include:

Relationship with the Company's auditors

(a) making recommendation to the Board on the appointment, reappointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and considering any questions of resignation or dismissal of that auditor;

(b) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(c) developing and implementing policy on the engagement of an external auditor to supply non-audit services and report to the Board, identifying and making recommendations on any matters in respect of which it considers that action or improvement is needed;

(d) discussing with the external auditor the nature and scope of the audit before the audit commences, and ensuring co-ordination where more than one audit firm is involved;

(e) discussing problems and reservations arising from the interim and final audits, and any matters the external auditor may wish to discuss (in the absence of Senior Management where necessary);

Review of financial information of the Company

(f) monitoring integrity of financial statements, annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, the Audit 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 assumptions and any qualifications;

(v) compliance with accounting standards; and

(q) acting as the key representative body for overseeing the Company's relation with the external auditor;

(r) establishing a whistle-blowing policy and system for employees of the Company and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company;

(s) assessing and considering the Company's ESG (Environmental, Social, and Governance) related risks, opportunities (including climate-related risks and opportunities) and corresponding importance, strategies and objectives; supervising and evaluating the Company's ESG management, performance and progress towards related objectives; reviewing public disclosure of the Company's ESG performance and related matters and making recommendations to the Board for approval; and

(t) considering any other topics, as defined by the Board.

Failure to reach an agreement regarding external auditors

17. Where the Board has taken a different view from the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditors, the Audit Committee shall submit a statement to the Company explaining its recommendation, which statement will be disclosed by the Company in the Corporate Governance Report in accordance with Appendix C1 of the Listing Rules.

Reporting procedures

18. Full minutes of the Audit Committee's meetings should be kept by a duly appointed secretary of the meeting (who should normally be the Company Secretary or the representative appointed by the Company Secretary). The minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.

    Minutes of meetings of the Audit Committee should record in sufficient detail the matters considered by the Audit Committee and decisions reached, including any concerns raised by the Directors, members or dissenting views expressed. Draft and final versions of minutes of such meetings should be sent to all members of the Audit Committee for their comment and records respectively, in both cases within a reasonable time after such meetings.

19. Without prejudice to the generality of the duties of the Audit Committee set out above, the Audit Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on it to do so.

20. The Audit Committee shall ensure that the Board as a whole and Directors individually have proper access to reports and other materials related to the Committee's work (having regarding to the Listing Rules requirement for separate and independent access for the Board and Directors respectively to the Senior Management). It shall also ensure that such materials are of a form and quality sufficient to enable the Board to make informed decisions on matters placed before it, and that Directors will receive a prompt and full response to their enquiries.

Provision of terms of reference

21. The Audit Committee should provide the terms of reference upon request and upload it to the Stock Exchange's website and the Company's website to explain the duties of the Audit Committee and the authority the Board granted to it.

(If there is any inconsistency between the English and Chinese version of this document, the English version shall prevail.)