



JW (Cayman) Therapeutics Co. Ltd



(the "Company")

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2126)

Terms of Reference of the Audit Committee

Definitions

1. For the purposes of these terms of reference (~~Terms~~ "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.

Chief Financial Officer means the senior officer of the Company responsible for financial management as appointed by the Board from time to time.

Company Secretary means the company secretary of the Company.

Directors means the directors of the Board.

Group means the Company and its subsidiaries 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).

* For identification purpose only

Senior Management means the chairperson, chief executive officer, chief medical officer, chief financial officer, chief technology officer and any other officers of the Company appointed by the Board from time to time; any other officers of the Company whose remuneration package is, or is proposed to be, more favorable than that of any officer appointed by the Board; and any other employees of the Company as may be determined by the Company's Remuneration Committee as part of senior management.

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 October 14, 2020.

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 an Audit Committee meeting shall be any two members of the Audit Committee one of whom must be 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 chairperson of the Audit Committee shall be appointed by the Board and must be an independent non-executive Director.

Attendance at meetings

6. The Chief Financial Officer, the head of internal audit 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.
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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 to review 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
 - (vi) compliance with any requirements from the Stock Exchange and any legal requirements in relation to financial reporting;
- (g) in regard to (f) above:
 - (i) liaising with the Board, Senior Management and the person appointed as the Company's qualified accountant;
 - (ii) meeting, at least twice a year, with the Company's auditors; and
 - (iii) considering any significant or unusual items that are, or may need to be, reflected in such financial statements, reports and accounts and giving due consideration to any matters that have been raised by the Company's qualified accountant, compliance officer or auditors;

Oversight of the Company's financial reporting system and internal control procedures

- (h) reviewing the Company's financial controls and, unless expressly addressed by a separate Board risk committee or by the Board itself, reviewing the Company's risk management and internal control systems;
- (i) discussing the risk management and internal control system with the Senior Management and to ensure that the Senior Management has performed its duties in establishing and maintaining effective systems, including adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function;

- (j) considering major investigations findings on risk management and internal control matters as delegated by the Board or on its own initiative and Senior Management's response to those findings;
- (k) where an internal audit function exists, ensuring 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;
- (l) reviewing the Group's financial and accounting policies and practices;
- (m) reviewing the external auditor's management letter, any material queries raised by the auditor to Senior Management about accounting records, financial accounts or systems of control and Senior Management's response;
- (n) ensuring that the board will provide a timely response to the issues raised in the external auditor's management letter;
- (o) reporting to the board on the matters set out in these Terms;
- (p) reviewing arrangements employees of the Company can use, in confidence, 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 following-up action;
- (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; and
- (s) 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