Akeso, Inc.
康方生物科技（開曼）有限公司

(the "**Company**")

(Incorporated in the Cayman Islands as an exempted company with limited liability)

(Stock Code: 9926)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The audit committee (the "**Audit Committee**") of the Company was established pursuant to a resolution passed by the board of directors of the Company (the "**Board**") on April 7, 2020. Set out below are the terms of reference (the "**Terms of Reference**") of the Audit Committee. The Terms of Reference are available for viewing in English and traditional Chinese. If there is any inconsistency between the English and the traditional Chinese versions of the Terms of Reference, the English version shall prevail over the traditional Chinese version.

1. PURPOSE

1.1 The purpose of the Audit Committee is to assist the Board in establishing formal and transparent arrangements to consider how the Board should apply financial reporting, risk management and internal control principles and maintaining an appropriate relationship with the Company's auditors.

2. COMPOSITION

2.1 The Audit Committee shall comprise a minimum of three members consisting of non-executive directors only and a majority of which must be independent non-executive directors of the Company. The Audit Committee must comprise of at least one independent non-executive director who has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") (as amended from time to time). Members of the Audit Committee shall be appointed by the Board.

2.2 The Board shall appoint one member of the Audit Committee as the chairman (the "**Chairman**"), who must be an independent non-executive director of the Company.

2.3 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: (i) to be a partner of the firm; or (ii) to have any financial interest in the firm, whichever is later.

3. MEETINGS

3.1 Unless otherwise specified hereunder, the provisions contained in the Company's articles of association (the "**Articles**") (as amended from time to time) for regulating meetings and proceedings of directors shall apply to the meetings and proceedings of the Audit Committee.

3.2 Members of the Audit Committee may attend meetings of the Audit Committee either in person or through other electronic means of communication or in such other manner as the members may agree.

3.3 The Audit Committee shall meet at least twice annually, or more frequently if circumstances require.

3.4 The Board, any member of the Audit Committee and the external auditors may request a meeting if they consider that one is necessary.

3.5 The chief financial officer of the Company and at least one representative of each of the internal auditors and the external auditors shall normally attend meetings of the Audit Committee. Other members of the Board shall also have the right of attendance. However, the Audit Committee shall meet with the external auditors at least twice a year. At least once a year, the Audit Committee shall meet with the external and internal auditors without executive directors present.

3.6 Members of the Audit Committee may be represented at a meeting of the Audit Committee by an alternate appointed by him or her.

3.7 The Chairman shall be responsible for leading the Audit Committee, including scheduling meetings, preparing agendas and making regular reports to the Board.

3.8 A meeting of the Audit Committee may be convened by any of its members.

3.9 A quorum shall be two members of the Audit Committee.

3.10 Unless otherwise agreed by all the members of the Audit Committee, notice of at least seven days shall be given for a regular meeting of the Audit Committee. For all other meetings of the Audit Committee, reasonable notice shall be given. The Chairman shall determine whether or not a meeting of the Audit Committee is a regular meeting.

3.11 The agenda and accompanying supporting papers shall be sent to all members of the Audit Committee and to other attendees as appropriate at least three days before the intended date of the meeting (or such other period as the members may agree).

3.12 Each member shall have one voting right. Subject to the Articles, questions arising at any meeting of the Audit Committee shall be decided by a majority of votes, and in case of an equality of votes, the Chairman shall have a second or casting vote.

3.13 The members of the Audit Committee shall appoint a secretary, who should normally be the Company Secretary(ies), of the Audit Committee (the "**Secretary**") to take minutes. In the absence of the Secretary, his/her delegate(s) or any person elected by the members present at the meeting of the Audit Committee, shall attend the meeting of the Audit Committee and take minutes. Any such minutes shall be conclusive evidence of any such proceedings if they purport to be signed by the Chairman or the Secretary of the meeting or succeeding meeting.

3.14 Full minutes of meeting of the Audit Committee shall be kept by the Secretary or the Company Secretary(ies) of the Company. They shall be open for inspection at any reasonable time on reasonable notice by any director.

3.15 Minutes of meetings of the Audit Committee and the record of individual attendance at such meetings shall be prepared by the Secretary which shall be sent to all members of the Audit Committee within a reasonable time after the conclusion of any meeting of the Audit Committee for their comment and records. For the purposes of recording attendance only, the attendance of an alternate of members of the Audit Committee will not be counted as attendance by the relevant member of the Audit Committee himself or herself. The minutes of meetings of the Audit Committee shall record details of the matters considered and decisions reached, including any concerns raised by directors or dissenting views expressed.

3.16 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.

3.17 Without prejudice to any requirement under the Listing Rules, a resolution in writing signed by all of the members of the Audit Committee (or their respective alternate) shall be as valid and effectual as if it had been passed at a meeting of the Audit Committee duly convened and held.

4. ACCESS

4.1 The Audit Committee shall have full access to management and may invite members of management or others to attend its meetings.

4.2 The Company should provide the Audit Committee with sufficient resources to perform its duties, including but not limited to obtaining independent professional advice and assistance from internal or external legal, accounting or other advisors at the expense of the Company if necessary.

4.3 Senior management of the Company (the "**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 Directors can contact the Senior Management individually and independently.

4.4 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 Audit 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.

5. REPORTING PROCEDURES

5.1 The Audit Committee shall evaluate and assess its effectiveness and the adequacy of these Terms of Reference from time to time and recommend any proposed changes to the Board.

5.2 The Audit Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

6. AUTHORITY

6.1 The authorities and responsibilities of the Audit Committee shall include such responsibilities and authorities set out in the relevant code provisions of the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 to the Listing Rules (as amended from time to time).

6.2 The Audit Committee is authorised by the Board to investigate any activity within these Terms of Reference. It is authorised to seek any information it requires from any employee and all employees will be directed to co-operate with any request made by the Audit Committee.

6.3 Where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Company should include in the corporate governance report a statement from the Audit Committee explaining its recommendation and also the reason(s) why the Board has taken a different view.

7. DUTIES

7.1 Without prejudice to any requirements under the CG Code, the duties of the Audit Committee shall include the following:

(a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

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

(c) to develop and implement policies on engaging an external auditor to supply non-audit services. For this purpose, an "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 Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

(d) to monitor the integrity of the Company's financial statements, annual reports, accounts, half yearly reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments 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 the audit;

(iv) the going concern assumptions and any qualifications;

(v) compliance with accounting standards; and

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

(e) regarding paragraph (d) above:

(i) members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet, at least twice a year, with the Company's auditors; and

(ii) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in report and accounts, and 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;

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

(g) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function;

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

(i) where an internal audit function exists, to ensure 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;

(j) to review the Company's and its subsidiaries' and consolidated affiliated entities' operating, financial and accounting policies and practices;

(k) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

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

(m) to report to the Board on the matters set out in this Terms of Reference;

(n) 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 action;

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

(p) 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;

(q) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(r) to review and monitor the training and continuous professional development of directors and senior management;

(s) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(t) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors;

(u) to review the Company's compliance with the corporate governance code from time to time adopted and disclosure in the corporate governance report;

(v) to review continuing connected transactions of the Company and ensure compliance with terms approved by shareholders of the Company; and

(w) to consider such other matters as the Board may from time to time determine.

8. ANNUAL GENERAL MEETING

8.1 The Chairman or in his absence, another member of the Audit Committee or failing this, his or her duly appointed delegate, shall attend the annual general meeting (the "**AGM**") of the Company and be prepared to respond to questions at the AGM on the Audit Committee's work and responsibilities.

9. GENERAL

9.1 These Terms of Reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements, including those under the Listing Rules.

9.2 The Audit Committee should make available these Terms of Reference to the public, 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 (www.hkexnews.hk) and the Company's website (www.akesobio.com).