



BIOCYTOGEN PHARMACEUTICALS (BEIJING) CO., LTD.

百奥赛图（北京）医药科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2315)

Rules of Procedure for the Audit Committee

CHAPTER 1 GENERAL PROVISIONS

Clause 1 In order to ensure the decision-making basis for the board of directors, achieve pre-audit and professional audit, guarantee the effective supervision of the board of directors over the management and optimize the corporate governance structure of Biocytogen Pharmaceuticals (Beijing) Co., Ltd. (the “**Company**”), the Audit Committee has been established under the board of directors with these rules of procedure in accordance with the Company Law of the People’s Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”), the Securities Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on the STAR Market of the Shanghai Stock Exchange (the “**STAR Market Listing Rules**”), the Guidelines No. 1 of Shanghai Stock Exchange for Self-regulation of Listed Companies – Standardized Operations (the “**Guidelines on Standardized Operations**”), the Measures for the Administration of Independent Directors of Listed Companies, the Articles of Association of Biocytogen Pharmaceuticals (Beijing) Co., Ltd. (the “**Articles**”) and other applicable regulations.

CHAPTER 2 TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Clause 2 The Audit Committee, a special committee under the board of directors and accountable to the board of directors, is primarily responsible for reviewing the Company’s financial information and its disclosure, supervising and evaluating internal and external audit work and internal controls. The internal audit department is accountable to the Audit Committee and reports its work to the Audit Committee.

Clause 3 The Company does not establish a board of supervisors or supervisors, and the Audit Committee shall exercise the powers of the board of supervisors as stipulated in the Company Law.

Clause 4 All members of the Audit Committee shall be non-executive directors. The Audit Committee shall consist of at least three members, with the majority being independent non-executive directors. Employee representatives on the board of directors may also serve as members of the Audit Committee. Audit Committee members shall possess the professional knowledge and experience necessary to perform their duties, effectively supervise and evaluate the Company’s internal and external audit work, and promote the establishment of effective internal controls and the provision of true, accurate, and complete financial reports.

Clause 5 The Audit Committee shall have a chairman (convener), who shall be an accounting professional from independent non-executive directors and shall meet the requirements of Article 3.10(2) of the Hong Kong Listing Rules, to preside over the Audit Committee. The chairman shall be elected from the members of the Audit Committee and is subject to the approval of the board of directors.

The accounting professional shall possess substantial accounting expertise and experience, and meet at least one of the following criteria:

- (I) With a practicing certificate of Certified Public Accountant (CPA);
- (II) With a senior title (e.g., senior accountant, associate professor or above) or a doctoral degree in accounting, auditing, or financial management;
- (III) With a senior title in economic management, with at least five years of full-time work experience in accounting, auditing, or financial management.

Clause 6 Members of the Audit Committee shall be nominated by the chairman of the board of directors, not less than half of the independent non-executive directors or one-third of all directors, and shall be elected by the board of directors. A former partner of the existing external auditor currently responsible for auditing the accounts of the Company shall be prohibited from acting as a member of the Audit Committee for a period of two years from the date of his/her ceasing to (whichever is later):

- (I) Be a partner of the external auditor; or
- (II) Have any financial interest in the external auditor.

Clause 7 The term of office of the Audit Committee shall coincide with that of the board of directors. A member may serve consecutive terms if re-elected upon the expiry of his/her term of office. A member shall cease to be a member when he/she is no longer a director of the Company, and the committee shall fill the resulting vacancy in accordance with Clauses 4-6 above.

Clause 8 Duties and responsibilities:

- (I) Primary responsibilities of the Audit Committee:
 - 1. According to the STAR Market Listing Rules and the Guidelines on Standardized Operations, the primary responsibilities of the Audit Committee include:
 - (1) supervising and evaluating the work of external auditors, and proposing the engagement or replacement of external auditors;
 - (2) supervising and evaluating the work of internal auditors, and coordinating between internal and external auditors;
 - (3) reviewing the Company's financial information and its disclosure;
 - (4) supervising and evaluating the Company's internal controls;
 - (5) facilitating communication between management, the internal audit department, relevant departments, and external auditors;
 - (6) exercising the powers of the board of supervisors as stipulated in the Company Law;
 - (7) dealing with other matters as stipulated by relevant laws, administrative regulations, the rules of the China Securities Regulatory Commission (the "CSRC"), the rules of the stock exchange where the shares are listed, and the Articles, and dealing with other matters authorized by the board of directors.

The Audit Committee shall review the Company's financial statements, express opinions on the authenticity, accuracy, and completeness of the financial statements, and focus on major accounting and audit issues in the financial statements, with particular attention to the possibility of fraud, irregularities, or material misstatements related to the financial statements. The Audit Committee shall supervise the rectification of issues identified in the financial statements.

The Audit Committee shall urge external auditors to act in good faith, diligently perform their duties, strictly adhere to business rules and self-regulatory industry standards, implement internal control systems, verify the Company's financial statements, fulfill their duty of special care, and exercise professional judgment prudently. The Audit Committee shall propose to the Board of Directors the engagement or replacement of external auditors, review the audit fees and terms of engagement of external auditors, and shall not be improperly influenced by the Company's major shareholders, actual controllers, directors, or senior management.

The Audit Committee shall report to the board of directors on matters it deems necessary to take action or improve, and make recommendations to the board of directors.

2. According to the Hong Kong Listing Rules, the primary responsibilities of the Audit Committee also include:

(1) relationship with the external auditor of the Company:

- ① mainly responsible for making recommendations to the board of directors on the appointment, re-appointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor, and dealing with any matters in relation to the resignation and dismissal of the external auditor;
- ② reviewing and monitoring the independence and objectivity of the external auditor and the effectiveness of audit procedures in accordance with the applicable standards. The Audit Committee shall discuss with the external auditor the nature and scope of the audit as well as the related reporting responsibilities before the audit commences;
- ③ developing and implementing policies on the provision of non-audit services by the external auditor. For the purpose of this clause, the "external auditor" shall include any entity that is under common control, ownership or management with an auditing firm or any entity that a third party having reasonable knowledge of all relevant information would reasonably conclude as part of the local or international business of the auditing firm. The Audit Committee shall report to the board of directors on any matters where action or improvement is required and put forward its proposals accordingly;
- ④ acting as the representative of the Company to deal with the external auditor and manage the relationship between the Company and the external auditor;

(2) review of financial information of the Company:

- ① supervising the integrity of the financial statements and annual reports and accounts, interim reports and quarterly reports of the Company, and reviewing material comments therein in respect of financial reporting. Before submitting the aforementioned statements and reports to the board of directors, the Audit Committee should particularly review:
 - a. any changes in accounting policies and practices;
 - b. matters involving material judgements;
 - c. significant audit adjustments;
 - d. assumptions and qualifications of going concern;
 - e. compliance with accounting standards; and
 - f. compliance with the listing rules and legal requirements in relation to financial reporting of the place where the Company's shares are listed;
- ② in relation to Item ① above:
 - a. members of the Audit Committee should liaise with the board of directors and senior management. The Audit Committee shall meet with the external auditor of the Company at least twice a year; and
 - b. the Audit Committee shall consider any significant or extraordinary items that are, or should be, reflected in such reports and accounts, and shall give due consideration to any matters raised by the staff responsible for accounting and financial reporting, compliance officer or external auditor of the Company;
- ③ supervising the financial reporting system, risk management and internal control systems of the Company:
 - a. reviewing and evaluating the financial control, risk management and internal control systems of the Company;
 - b. supervising the internal audit system and accounting policy of the Company and the implementation thereof;

- c. discussing the risk management and internal control systems with the management to ensure that the management has fulfilled its responsibilities to establish an effective internal control system. The content of the discussion should include the adequacy of resources, staff qualifications and experience, training programs and budgets thereof in relation to accounting and financial reporting of the Company;
- d. considering, on its own initiative or at the request of the board of directors, major investigation findings on risk management and internal control matters, and the management's response to those findings;
- e. liaising with the internal audit department and external auditor to ensure that their work is coordinated, ensuring that the internal audit department is adequately resourced and has appropriate standing within the Company; reviewing and supervising its effectiveness;
- f. reviewing the financial and accounting policies and practices of the Group;
- g. reviewing the external auditor's letter to the management, any material queries raised by the external auditor to the management about accounting records, financial accounts or control systems, and the management's response;
- h. ensuring that the board of directors provides a timely response to the issues raised in the external auditor's letter to the management;
- i. inspecting the internal control system and conducting audits of major connected (related-party) transactions of the Company;
- j. conducting regular reviews and evaluations of the Company's internal control system and providing comments accordingly;
- k. reviewing arrangements in which employees can raise their concerns about possible improprieties in financial reporting, internal control, or other matters of the Company in confidence. The Audit Committee shall ensure that proper arrangements are in place for the Company to conduct fair and independent investigations and to take appropriate actions accordingly;

④ corporate governance:

reviewing the Company's compliance with the Code of Corporate Governance set out in Appendix C1 to the Hong Kong Listing Rules and the disclosures in the corporate governance report contained in the annual report;

⑤ others:

- a. reporting to the board of directors on the matters specified in these terms of reference;
- b. dealing with other matters assigned by the board of directors and studying other topics as required by the board of directors.

(II) The Audit Committee shall supervise the legality and compliance of directors and senior management in performing their duties. If any director or senior management is found to have violated laws, regulations, the rules of the Shanghai Stock Exchange, or the Articles, the Audit Committee shall report to the board of directors or the general meeting, disclose the matter in a timely manner, and may directly report to relevant regulatory authorities.

In the course of performing its supervisory duties, the Audit Committee may propose the dismissal of directors or senior management who have violated laws, regulations, stock exchange rules, the Articles, or general meeting resolutions.

(III) The Audit Committee shall be accountable to the Board of Directors and perform its duties in accordance with the Articles and the authorization of the board of directors. The following matters shall be submitted to the board of directors for deliberation after obtaining the approval of more than half of the members of the Audit Committee:

1. disclosure of financial statements and financial information in periodic reports, as well as internal control evaluation reports;
2. engagement or dismissal of the accounting firm conducting the Company's audit;
3. appointment or dismissal of the Company's financial officer;
4. changes in accounting policies, accounting estimates, or material accounting corrections for reasons other than changes in accounting standards;
5. other matters as required by relevant laws, regulations, the CSRC rules, stock exchange rules, and the Articles.

Clause 9 Working procedures:

- (I) The board secretary shall coordinate with relevant departments and units of the Company to provide written materials as required by the Audit Committee, including but not limited to:
1. financial reports of the Company;
 2. work reports of the internal audit department and external auditor;
 3. external audit contracts and related work reports;
 4. the Company's disclosure of information to the public;
 5. the Company's internal control work report;
 6. audit reports on major connected (related-party) transactions of the Company;
 7. other relevant matters.
- (II) The Audit Committee shall review the reports prepared by the internal audit department and submit the relevant written resolutions to the board of directors for discussions on:
1. appraisal of the external auditor, and the appointment and replacement of the external auditor;
 2. whether the internal audit system of the Company has been effectively implemented and whether the financial reports of the Company are comprehensive and true;
 3. whether information, such as financial reports publicly disclosed by the Company, is objective and true, and whether the major connected (related-party) transactions of the Company are in compliance with the relevant laws and regulations;
 4. appraisal of the Company's internal finance department and audit department, including their persons-in-charge;
 5. other relevant matters.

Clause 10 Rules of procedure:

- (I) Meetings of the Audit Committee can be classified into regular meetings and extraordinary meetings. The Audit Committee shall hold at least four regular meetings every year on a quarterly basis. Extraordinary meetings shall be held if proposed by committee members. An extraordinary meeting may be convened upon the proposal of two or more members of the Audit Committee, or at the discretion of the convener of the Audit Committee. All committee members shall be notified of the agenda and provided with relevant materials at least three days prior to the meeting. In urgent cases where the meeting needs to be held as soon as possible, a notice of the meeting may be issued via telephone or other oral means at any time. The meeting shall be convened and presided over by the chairman, or if he/she is unable to attend, another member of the committee, who shall be an independent non-executive director, designated by him/her.

Independent non-executive directors may promptly request the Audit Committee in accordance with these rules of procedure to discuss and deliberate on significant matters within its scope of duties upon identifying such matters during their terms of office.

- (II) A meeting of the Audit Committee shall be attended by not less than two-thirds of its members, with each member having one vote. The resolution made at the meeting shall be approved by not less than half of all committee members. If any member of the Audit Committee has a conflict of interest in the matters to be discussed, such member shall recuse himself/herself. If the Audit Committee is unable to form a valid deliberation opinion due to the recusal of its members, the relevant matters shall be directly deliberated by the Board of Directors.
- (III) The meeting convening procedures, voting methods as well as the remuneration policy and distribution plans passed at the meetings of the Audit Committee shall be in compliance with the relevant laws, regulations, the Articles and these rules of procedure. Voting at the meetings of the Remuneration and Evaluation Committee shall be by a show of hands, by poll, or by means of communications. In principle, meetings shall be held offline at a venue. On the premise of ensuring all attending members can fully communicate and express their opinions, if necessary, the meetings may be convened via video, telephone, or other means in accordance with procedures.
- (IV) Members of the Audit Committee shall attend committee meetings in person, and express clear opinions on the matters to be deliberated. If a member is unable to attend the meeting for any reason, he/she may authorize another committee member in writing to attend the meeting and express opinions on his/her behalf. The power of attorney shall specify the scope of authority and validity period. Each member may delegate attendance to no more than one other member. If an independent non-executive director member is unable to attend a meeting in person, he/she shall review the meeting materials in advance, form a clear opinion, and authorize another independent non-executive director member to attend on his/her behalf in writing. A member who neither attends the meeting in person nor delegates attendance to another member shall be deemed to have waived their voting rights at that meeting. Any member of the Audit Committee who fails to attend two consecutive meetings may be dismissed by the board of directors for dereliction of duty.
- (V) The Audit Committee may, if necessary, invite representatives of the external auditor, internal auditors, financial personnel, legal counsel, and other relevant parties to attend its meetings and provide necessary information.

- (VI) The Audit Committee may, if necessary, engage intermediary firms to provide professional advice on its decisions at the expense of the Company.
- (VII) The meetings of the Audit Committee shall be arranged by the secretary to the board of directors of the Company. Minutes of meetings shall be kept with sufficient details of the matters considered and decisions reached at the meetings, including the opinions of independent non-executive directors.
- The minutes of the meetings shall be signed by members present at the meetings and shall be maintained by the secretary to the board of directors of the Company for not less than ten years.
- (VIII) The deliberation opinions passed by meetings of the Audit Committee shall be submitted in writing to the board of directors.
- (IX) All members of the committee and persons observing the meeting shall keep their discussions at the meetings confidential, and shall not disclose any relevant information without authorization.

CHAPTER 3 INFORMATION DISCLOSURE

Clause 11 The Company shall disclose the annual performance of the Audit Committee on the website of the stock exchange simultaneously with the annual report, primarily including its performance of duties and the convening of Audit Committee meetings.

Clause 12 The Audit Committee shall submit its review opinions to the board of directors on matters within its scope of responsibilities. If the board of directors does not adopt such opinions, the Company shall disclose the matter and provide a full explanation of the reasons.

CHAPTER 4 SUPPLEMENTARY PROVISIONS

Clause 13 The term “above” in these rules of procedure shall include the specific number, while the terms “over”, “below”, and “less than” shall not include the specific number.

Clause 14 For any matters not covered by these rules of procedure, or in case of any conflict between these rules of procedure and relevant laws, regulations, normative documents and the Articles, the relevant laws, regulations, normative documents and the Articles shall prevail.

Clause 15 These rules of procedure, after being approved by the board of directors, shall become effective and applicable from the date of the Company’s initial public offering of A shares and listing on the STAR Market of the Shanghai Stock Exchange. Upon the effective date of these rules of procedure, the Terms of Reference for the Audit Committee of the Company formulated previously shall be automatically revoked.

Clause 16 Unless otherwise specified, terms used herein shall have the same meanings ascribed to them in the Articles. These rules of procedure are formulated and may be amended by the board of directors of the Company which shall have the right to interpret the same.