



Jiwa Bio-Pharm Holdings Limited
積華生物醫藥控股有限公司
(incorporated in Bermuda with limited liability)

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Terms of reference of the Audit Committee

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Constitution

The board of directors (the “**Board**”) of Jiwa Bio-Pharm Holdings Limited (the “**Company**”) hereby resolves to establish a committee of the Board to be known as the Audit Committee (the “**Committee**”).

Membership

1. Members of the Committee shall be appointed by the Board from amongst the non-executive directors of the Company and shall consist of not less than two members, the majority of whom shall be independent non-executive directors. A quorum shall be two members.
2. The chairman of the Committee (the “**Chairman**”) shall be appointed by the Board.

Attendance at meetings

3. The chief financial officer, the head of internal audit, and a representative of the external auditors shall normally attend meetings. Other Board members shall also have the right of attendance. However, at least once a year the Committee shall meet with the external auditors.

Frequency of meetings

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

Authority

5. The 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 Committee.

6. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Duties

7. The duties of the Committee shall be:
 - (a) to consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
 - (b) to discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
 - (c) to review the half-year and annual financial statements before submission to the Board, focusing 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 assumption;
 - (v) compliance with accounting standards; and
 - (vi) compliance with stock exchange and legal requirements.
 - (d) to discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary);
 - (e) to review the external auditor's management letter and management's response;
 - (f) to review the company's statement on internal control systems prior to endorsement by the Board;
 - (g) (where an internal audit function exists) to review the internal audit programme, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing with the company;
 - (h) to consider the major findings of internal investigations and management's response; and
 - (i) to consider other topics, as defined by the Board.

Report procedures

8. The secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

Powers of the Board

9. The Board may, subject to compliance with the articles of association of the Company and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (including the Code of Best Practice), amend, supplement and revoke the terms of reference contained herein and any resolution passed by the Committee provided that no amendments to and revocation of these terms of reference and the resolutions passed by the Audit Committee shall invalidate any prior act and resolution of the Committee which would have been valid if the terms of reference contained herein or resolution had not been amended or revoked.

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