



JBM (Healthcare) Limited

健倍苗苗 (保健) 有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2161)

(the “**Company**” together with its subsidiaries, the “**Group**”)

Terms of Reference for Audit Committee

of the board of directors of the Company

Revised and adopted pursuant to a resolution of the board of directors on 18 June 2024

PURPOSE

1. The Audit Committee is formed to assist the board (the “**Board**”) of directors (the “**Directors**”) of the Company to establish formal and transparent arrangements for considering how the Board will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the Company’s auditors.

MEMBERSHIP

2. Members of the Audit Committee shall be appointed by the Board of the Company.
3. The Audit Committee must comprise a minimum of three (3) members who must be non-executive Directors. The majority of the Audit Committee must be independent non-executive Directors (the “**INEDs**”, each an “**INED**”) of the Company who should meet the independence requirements set out in Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). In addition, at least one INED of the Audit Committee members shall possess appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.
4. The chairman of the Audit Committee (the “**Chairman**”) shall be appointed by the Board and must be an INED.
5. 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 (2) 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 later.

FREQUENCY AND PROCEEDINGS AT MEETINGS

6. The company secretary of the Company (the “**Company Secretary**”) shall be the secretary of the Audit Committee. In the absence of the Company 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. Meetings of the Audit Committee shall be summoned by the Company Secretary at the request of the Chairman/members.
7. 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 deem fit.
8. Members of the Board, the chief financial officer, Company Secretary (or his/her delegate(s)), the head of internal audit, relevant senior management and person(s) invited by an Audit Committee member and representative(s) of the external auditors shall normally attend meetings of the Audit Committee.
9. The Audit Committee shall meet at least twice annually to review and discuss the interim and annual financial statements of the Company. The Board, any Audit Committee member and the external auditors may request a meeting if they consider it necessary.
10. The Audit Committee shall meet with external auditors at least twice a year.
11. For regular meetings and as far as practicable in all other cases, an agenda and accompanying committee papers should be sent, in full, to all committee members of the Audit Committee. These should be sent in a timely manner and at least three (3) days before the intended date of meeting (or such other agreed period as agreed).
12. The quorum necessary for the transaction of business shall be two (2), both of whom must be INED, including one which has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

REPORTING PROCEDURES

13. On an annual basis, the Audit Committee shall evaluate and assess the effectiveness of the Audit Committee and the adequacy of the Audit Committee Terms of Reference and if necessary, recommend any proposed changes to the Board.
14. The Audit Committee should report back to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements).

MINUTES OF MEETINGS

15. Full minutes of the Audit Committee meetings should be kept by the duly appointed Company Secretary. Draft and final versions of meeting minutes should be sent to all committee members of the Audit Committee for their comment and records respectively, in both cases within a reasonable time after the meeting.
16. Minutes of meetings of the Audit Committee and the record of individual attendance at such meetings shall be prepared by the Company Secretary (or his/her delegate(s)). Those minutes should record in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft and final versions of minutes should be sent to all members of the Audit Committee for comment and records, respectively, in both cases as soon as practicable after the conclusion of any meeting of the Audit Committee. Minutes of meetings of the Audit Committee should be open for inspection at any reasonable time on reasonable notice by any member of the Board.

WRITTEN RESOLUTIONS

17. Without prejudice to any requirement under the Listing Rules, written resolution may be passed and adopted by all members of the Audit Committee.

AUTHORITIES

18. 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, including the Company's chief financial officer, are directed to cooperate as requested by members of the Audit Committee.
19. The Audit Committee is authorised by the Board to obtain, as the Audit Committee deems appropriate, outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at meetings of the Audit Committee.
20. The Audit Committee shall report to the Board any suspected frauds and irregularities, failures of internal control or suspected infringements of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board.
21. The Audit Committee shall be provided with sufficient resources to perform its duties.

ANNUAL GENERAL MEETING

22. The Chairman should, as far as practicable, attend the annual general meeting of the Company and make himself available to answer any shareholders' questions on the Audit Committee's activities. In his absence, one other member of the Audit Committee or failing this his duly appointed delegate should attend.

RESPONSIBILITIES AND DUTIES

23. The duties of the Audit Committee as stated by the Board are the following:

Relationship with external auditor

- (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 policy on engaging an external auditor to supply non-audit services. For this purpose, "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 as 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;

Review of financial information

- (d) to monitor the integrity of the Company's financial statements and annual reports and accounts, half-year 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) in relation to paragraph (d) above:
 - (i) members of the Audit Committee should liaise with the Board and the 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 such reports 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;

Oversight of financial reporting system, risk management and internal control systems

- (f) to review the Company's financial controls, and unless expressly addressed by a separate board risk committee, or by the board itself, to review the issuer's risk management and internal control systems;
- (g) to discuss with the risk management and internal control systems with the 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 programmes 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 auditor, and to ensure that the internal audit function is adequately resourced and has the appropriate standing within the Company, and to review and monitor its effectiveness;
- (j) to review the Group's 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 in the code provision D.3.3 as set out in Part 2 of Appendix C1 to the Listing Rules;

- (n) to review arrangements by which 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; and
- (o) to act as the key representative body for overseeing the Company's relations with the external auditor;

Others

- (p) to review ongoing connected transactions of the Company and ensure compliance with terms of approval by shareholders of the Company;
- (q) to review the draft representation letter issued to the external auditors prior to approval by the Board;
- (r) to recommend to the Board any appropriate extensions to, or changes, in the duties of the Audit Committee;
- (s) to review the findings of internal investigations and management's response into any suspected frauds or irregularities or failures of internal controls or infringements of laws, rules and regulations;
- (t) to review and monitor the training and continuous professional development of the Directors and senior management;
- (u) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (v) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and the Directors;
- (w) to apprise the Board of significant developments in the course of performing the above duties;
- (x) to consider such other matters as the Board may from time to time determine; and
- (aa) to establish a whistleblowing policy and system for employees and those who deal with the Company to raise concerns, in confidence, with the Committee about possible improprieties in any matter related to the Company.

GENERAL

24. The Audit Committee should make available these Terms of Reference, 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.jbmhealthcare.com.hk).

25. 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.
26. For the purpose of these Terms of Reference, "senior management" shall include such persons as referred to in the Company's annual report and is required to be disclosed under paragraph 12 of Appendix D2 to the Listing Rules.

Note: If there is any inconsistency between the English and Chinese versions of these terms of reference, the English version shall prevail.