TransThera Sciences (Nanjing), Inc.
Terms of Reference of the Audit Committee of the Board of Directors

Chapter 1 General Provisions

Article 1 In order to strengthen the decision-making functions of the board of directors (the "Board") of TransThera Sciences (Nanjing), Inc. (the "Company"), constantly improve the internal control systems of the Company, ensure the effective supervision on the management by the Board and continually enhance the corporate governance structure of the Company, the Company has established an audit committee (the "Audit Committee") of the Board and formulated the Terms of Reference of the Audit Committee of the Board of TransThera Sciences (Nanjing), Inc. (the "Terms of Reference") in accordance with the Company Law of the People's Republic of China (the "Company Law"), the Securities Law of the People's Republic of China, the Measures on the Administration of Independent Directors of Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), Appendix C1 to the Listing Rules (the "Corporate Governance Code"), the relevant regulatory rules of the securities regulatory authorities and stock exchanges in the places where the Company's shares are listed and other relevant laws and regulations, as well as the Articles of Association of TransThera Sciences (Nanjing), Inc. (the "Articles of Association").

Article 2 The Audit Committee is a working body under the Board, which is primarily responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audit work and internal control.

Article 3 Senior management (the "seniors") shall mean the general manager, deputy general managers, Board secretary, chief financial officer appointed by the Board, as well as other senior management as stipulated in the laws and regulations, relevant regulatory rules of the securities regulatory authorities and stock exchanges in the places where the Company's shares are listed, as well as the Articles of Association.

Chapter 2 Composition

Article 4 The Audit Committee shall consist of three or more directors, the total number of members of the Audit Committee shall be an odd number. All members shall be non-executive directors, and the majority of the members shall be independent non-executive directors. The chairman of the Audit Committee shall be an independent non-executive director.

Members of the Audit Committee shall have certain work experience in the financial, accounting, auditing and legal industry, and be equipped with relevant professional knowledge or work experience. At least one member shall be an independent non-executive director with appropriate professional qualifications or with appropriate accounting or related financial management expertise as stipulated by Rule 3.10(2) of the Listing Rules.

A partner of the current external audit firm engaged by the Company shall be prohibited from serving as a member of the Audit Committee within two years from the date of such person ceasing to be a partner of the audit firm or to have any financial interest in the current external audit firm, whichever is later.

Article 5 The members of the Audit Committee shall be nominated by the chairman of the Board or the Nomination Committee, and shall be elected by more than half of all directors of the Board. After the proposal for the election of members is adopted, the new members shall take office immediately after the conclusion of the meeting of the Board.

Article 6 The Audit Committee shall have a convener/committee chairperson, who shall be an independent non-executive director of an accounting professional. The chairman of the committee shall be appointed by the Board and take charge of the work of the committee. Where the chairman of the committee is unable or fails to fulfill his/her duty, an independent non-executive director shall be elected by at least half of the members of the committee to act in his/her stead.

Article 7 The term of office of the members of the Audit Committee shall be consistent with that of the members of the Board. Each member shall be eligible for re-election upon the expiry of his/her term of office. During his/her term of office, if any member ceases to be a director of the Company, or any member with the capacity of an independent non-executive director ceases to have the independence as stated in the Company Law, the Articles of Association and the Listing Rules, his/her membership in the Audit Committee shall lapse automatically. A member of the Audit Committee may submit his/her resignation report in writing to the Board prior to the expiry of his/her term of office to resign from his/her position in the Audit Committee. The resignation report shall contain such reasons for resignation and matters which require the attention of the Board of the Company as necessary. Upon the loss of qualification or permission to resign, the position(s) vacated by such member(s) shall be filled by the Board according to applicable laws, regulations, normative documents, and the provisions of Articles 4 to 6 above. The term of office for the member filling the vacancy shall expire upon the expiration of his/her term of office as a director or an independent non-executive director. A member of the Audit Committee shall not, before the expiry of his/her term of office, be relieved of his/her duties without causes except for the situations that prevent such member from holding office as specified in the Company Law, the Articles of Association or the Listing Rules.

Article 8 Apart from directors' remuneration and disbursement, the members of the Audit Committee shall not directly or indirectly charge the Company in terms of consulting fee, advisory fee or other kinds of rewards for such membership.

Chapter 3 Duties and Authorities

Article 9 The Audit Committee under the Board of the Company shall be responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating the internal and external audit work and internal control. The following matters shall be submitted to the Board for consideration after being approved by more than half of all members of the Audit Committee:

(I) to disclose financial information in financial and accounting reports and periodic reports, as well as internal control evaluation reports;

(II) to appoint or dismiss accounting firms engaged to conduct the Company's audit;

(III) to appoint or dismiss the chief financial officer of the Company;

(IV) to change accounting policy or accounting estimate or amend significant accounting error for reasons other than a change in accounting standards;

(V) other matters as prescribed by laws, administrative regulations, the Hong Kong Stock Exchange and the Securities and Futures Commission of Hong Kong, the relevant regulatory rules of the securities regulatory authorities and stock exchanges in the places where the shares of the Company are listed, and the Articles of Association.

The Audit Committee shall perform the duties as below:

(I) to review annually the performance of the external audit firm, submit a summary of the audit work conducted by the external audit firm during the year to the Board, and make recommendation to the Board in respect of the appointment, re-appointment and dismissal of the external audit firm next year, as well as the remuneration for auditing service, terms of engagement etc., and deal with any matters related to the resignation or dismissal of the external audit firm. Where the Board of the Company disagrees with the opinion of the Audit Committee on the selection, appointment, resignation or dismissal of the external audit firm, the Company should include in the Corporate Governance Report a statement from the Audit Committee explaining its recommendation and the reasons why the Board of the Company holds different opinions;

(II) to act as the Company's representative in liaising with the external audit firm, communicate between the Company's internal risk control department and external audit firm, including review and examination of the independence and objectivity of the external audit firm and the effectiveness of the auditing procedures in accordance with applicable standards; and, prior to the commencement of any auditing procedures, discuss with the external audit firm about the nature, scope and method of audit and the reporting obligations during the year, and negotiate with the external audit firm to determine the schedule of auditing the financial report of the year, as well as oversee the external audit firm to submit audit reports within the predetermined timelines and so forth. If more than one external audit firm is involved in the audit, the committee shall make sure they coordinate with each other;

(III) to develop and implement, based on the work demand, policies on the external audit firm (including its affiliates) to supply non-audit services. The Audit Committee shall report and make recommendations to the Board if any actions or remedial measures it deems necessary;

For this purpose, the affiliates of the external audit firm shall include any entity that is under common control, management or ownership with the external audit firm engaged by the Company or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the external audit firm engaged by the Company nationally or internationally. The Audit Committee shall ensure that the provision of non-audit services by the external audit firm will not compromise its independence or objectivity. In terms of non-audit services, the Audit Committee shall take into account the following matters:

1. whether the skills and experience of the external audit firm make it a suitable supplier of the non-audit services;

2. whether pre-cautions are taken to ensure that the external audit firm's objectivity and independence in auditing shall not be influenced by providing such services;

3. the nature and relevant fee level of the non-audit services, as well as separate and lump sum fee of the services provided by such external audit firm; and

4. the standard for determining auditors' remuneration.

The Audit Committee shall, as it thinks fit, report to the Board, identifying any matters where action or improvement is needed and making recommendations as to the steps to be taken;

(IV) to review the Company's accounting policies, financial condition, financial reporting procedures and financial control; to review the completeness, accuracy and fairness of the financial statements, the quarterly (if any), interim and annual reports and the accounts of the Company and review significant financial reporting opinions contained therein, as well as the disclosure of the Company's financial information. Prior to submitting the relevant statements and reports to the Board, the review shall focus particularly on the following matters: any changes in accounting policies, practices and estimates of the Company during the reporting period; any issues involving significant judgment; such significant adjustments to be made as shall be requested by the external audit firm upon its completion of auditing the accounts; the going concern assumptions of the Company and any qualified opinions; whether the accounting is in compliance with accounting standards and provisions relating to financial reporting under the Company Law, the Listing Rules and other applicable laws, regulations;

Regarding the above items which require particular focus in the review process, members of the Audit Committee shall communicate with the Board, senior management and internal and external auditors in a timely manner. Members of the Audit Committee shall meet, at least twice a year, with the external audit firm without the attendance of any executive directors (except for the one invited by the Audit Committee). Members of the Audit Committee shall consider any material or unusual matters reflected or required to be reflected in the Company's reports and accounts, and give due consideration to matters raised by the accounting and financial department, regulatory department or auditors of the Company;

(V) to discuss questions and doubts raised by the external audit firm upon its completion of reviewing the interim accounts and auditing the annual accounts of the Company and any other matters that the external audit firm may wish to discuss (in the absence of management, if necessary);

(VI) to examine the financial control, financial policies, internal audit systems, internal control systems and risk management systems of the Company and provide opinions and recommendations for improvements, and also:

1. to examine the Company's financial and accounting policies and practices and any changes thereof;

2. to monitor the preparation process of the periodic financial reports, including quarterly reports (if any), interim financial reports and annual financial reports, and review the periodic financial reports, financial results announcements and other relevant information;

3. to discuss and assess the effectiveness of the financial control, internal control and risk management systems with the management, so as to ensure that the management has performed its duties in establishing an effective financial control, internal control and risk management systems; such discussions shall cover the adequacy of resources, employees' qualifications and experience in relation to the Company's accounting and financial reporting function, as well as the training program received by the aforementioned employees and the sufficiency of such budget. If the annual report contains any statement about the internal control systems of the Company, the Audit Committee shall review the statement before submitting to the Board for approval;

4. to study the important findings of the investigation regarding risk management and internal control matters on its own initiative or as instructed by the Board and the measures adopted by the management in response to these findings;

5. to ensure coordination between the risk control department of the Company and the external audit firm; and to ensure that the risk control department of the Company is adequately resourced and has appropriate authorities and standing within the Company, and to review and monitor its effectiveness;

6. to review the operating, financial and accounting policies and practices of the Company and its subsidiaries;

7. to review the external audit firm's letter of examination or management proposals, material queries raised by the external audit firm on accounting records, financial accounts or control systems, and the management's responses to such queries;

8. to set up, jointly with the Board, the Company's policies relating to the engagement of employees and former employees of the external audit firm and monitor the implementation of such policies. The Audit Committee shall consider whether the relevant circumstances would impair or seem to impair the external audit firm's judgment or independence regarding the audit;

9. to act as the key representative between the Company and the external audit firm and oversee their relationship;

10. to ensure the Board's timely response to the letter of audit or management proposals issued by the external audit firm to the management;

11. to supervise the work of the internal risk control department of the Company and provide opinions and recommendations on the appraisal and change of persons in charge of the internal risk control department of the Company;

12. to supervise the staff of the Company as to potential or possible improprieties in financial reporting, internal control or other matters;

13. to report matters related to the above to the Board and to study other matters as arranged by the Board; and

14. to report to the Board on the matters specified in Code Provision D.3.3 of the Corporate Governance Code.

(VII) the Audit Committee shall establish relevant procedures to ensure fair and independent investigation and resolution of the following matters:

1. to receive and deal with known complaints on accounting, internal control or audit of the Company, and guarantee confidentiality of such complaints;

2. to receive and handle the complaints or anonymous whistle-blowing by employees concerning the irregularities in the accounting, auditing, internal control or any possible improprieties in other aspects, and ensure its confidentiality. To review the procedures that the Company's employees 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 by the Company;

(VIII) to advise and ensure that the Board takes effective remedial measures for the Company's failure to comply with the requirements of the Listing Rules regarding the establishment of an Audit Committee.

(IX) to complete other tasks assigned by the Board.

The senior management and relevant departments of the Company shall be cooperative and supportive to the Audit Committee and shall take the initiative in providing relevant information. The finance department shall regularly and faithfully provide financial and accounting information including financial reports and capital operation reports to the Audit Committee, report significant business operating activities in a timely manner, actively cooperate with the Audit Committee in its work, and listen carefully to the recommendations provided, and requests made, by the Audit Committee.

Article 10 The Audit Committee shall be accountable to the Board and proposals of the Audit Committee shall be submitted to the Board for its consideration and decision. The Audit Committee shall cooperate with the supervisory committee in supervising audit activities.

Article 11 The Audit Committee should make available its Terms of Reference explaining its role and the authority delegated to it by the Board on the websites of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and the Company.

Article 12 The primary duties of the convener/chairman of the committee are:

(I) to convene and preside over meetings of the committee;

(II) to supervise and inspect the work of the committee;

(III) to sign relevant documents of the committee;

(IV) to report to the Board of Directors on the work of the committee;

(V) to perform other duties and responsibilities as required or conferred by the laws, administrative regulations, the Listing Rules, the relevant regulatory rules of the securities regulatory authorities and the stock exchanges in the places where the shares of the Company are listed, the rules of procedures and the Board of Directors.

Article 13 The primary duties of the committee members are:

(I) to attend meetings of the committee as scheduled, express opinions on matters for discussion at the meetings, and exercise voting rights;

(II) to suggest topics for discussion at the meetings of the committee;

(III) to attend or sit-in the relevant meetings of the Company as audience and conduct investigative studies and obtain the required relevant information, such as reports, documents and information, for the purpose of performing duties;

(IV) to fully understand the duties and responsibilities of the committee and his/her own duties as a member of the committee, familiarize with the operation and management conditions, business activities and development status of the Company relating to his/her duties, ensure his/her capabilities in performing his/her duties;

(V) to provide full assurance for the working time and efforts required to perform his/her duties;

(VI) to perform other duties and responsibilities as required or conferred by laws, administrative regulations, the Listing Rules, the relevant regulatory rules of the securities regulatory authorities and the stock exchanges in the places where the shares of the Company are listed, the rules of procedures and the Board of Directors.

Article 14 The audit department of the Company is the daily working body of the Audit Committee. The audit department is responsible for the daily communication, the preliminary preparation for the decision-making of the Audit Committee and the collection and provision of the information about the Company, which includes:

(I) relevant financial reports of the Company;

(II) the work reports of internal and external audit firms;

(III) external audit contracts and relevant work reports;

(IV) internal control evaluation reports;

(V) disclosure of information to the public by the Company;

(VI) the Company's related (connected) transactions agreements, audit reports on major related (connected) transactions and feedback on the investigation of related (connected) persons;

(VII) financial and legal information about major investment projects;

(VIII) other relevant information.

Article 15 The working manner of the Audit Committee:

(I) During the meetings of the Audit Committee, the Audit Committee discusses the work plans for proceeding with internal audit, listens to the work reports made by the Company's finance department, comments on the reports provided by the audit department, and reviews the quarterly (if any), interim and annual financial reports of the Company, etc. The Audit Committee may make decisions based on the opinions of experts from the professional institutions and submit the matters that require to be decided by the Board to the Board for discussion, which mainly include:

1. evaluation of the work conducted by the external audit firm, the appointment and removal of the external audit firm, approval of the remuneration and appointment terms applicable to the external audit firm;

2. whether the Company's internal control systems and internal audit systems have been effectively implemented, and whether its financial reports are complete and true;

3. whether the information disclosed to the public by the Company (including the financial reports) is objective and true, and whether the substantial connected transactions of the Company are in compliance with the relevant laws and rules;

4. evaluation of the work of the Company's financial department, the audit department and the respective persons in charge;

5. other relevant matters;

(II) In the preparation and the disclosure of the Company's annual financial report, the Audit Committee shall comply with the following working rules and procedures:

1. to negotiate and determine the schedule of the audit work of the financial year with the external audit firm which is responsible for the audit of the Company's financial report of that year (the "Annual Audit CPA") in a timely manner after the end of the financial year;

2. to procure the submission of the audit reports by the Annual Audit CPA within the predetermined time limit;

3. to review the financial and accounting statements prepared by the Company before the Annual Audit CPA commences its work;

4. to review the financial and accounting statements of the Company after the Annual Audit CPA has issued its preliminary audit opinion;

5. to convene meetings of the Audit Committee to review the financial reports, make recommendations for the re-appointment or replacement of the Annual Audit CPA for the following year, and compile a report summarizing the audit work engaged by the Annual Audit CPA for the current year.

The chairman of the Audit Committee or (if absent) another member of the Audit Committee (who must be an independent non-executive director) shall attend the annual general meeting of the Company and respond to the shareholders' enquiry on the activities and responsibilities related to the Audit Committee.

Article 16 The internal audit department shall convene a meeting with the Audit Committee twice a year to report on the work of internal audit and problems discovered, and shall submit a work report on internal audit annually and an internal control evaluation report at least once a year to the Audit Committee. The Audit Committee shall issue the self-evaluation report of annual internal control on the establishment and implementation of the internal control systems in connection with financial reporting and information disclosure based on the reports and relevant information submitted by the internal audit department.

Chapter 4 Rules of Procedure

Article 17 Meetings of the Audit Committee are classified as regular meetings and extraordinary meetings.

Article 18 Regular meetings of the Audit Committee shall be held at least twice a year. The interim and annual financial statements of the Company shall be reviewed and discussed at the meetings of the Audit Committee. The chairman of the Audit Committee may convene the extraordinary meetings at his/her own discretion or at the request of the independent accountant or internal auditor. An extraordinary meeting may also be convened upon the proposal submitted by two or more members, where the convener deems necessary or according to the recommendation made by the chairman of the Board.

Article 19 Notice of meeting and materials for meeting shall be delivered to all members of the Committee three days prior to the meeting. Upon unanimous consent of all members of the Committee, the requirement on such prior notice period may be exempted. Meetings shall be presided over by the convener. The convener may, when unable to attend the meeting, authorize another committee member who is an independent non-executive director to preside over the meeting in his/her stead.

Article 20 The quorum for meetings of the Audit Committee shall be at least two-thirds of the total members of the committee, one of whom shall be an independent non-executive director. Members who cannot attend a meeting may authorize, in writing, other members to attend and vote on his/her behalf. The power of attorney, containing the name of the proxy, the matters delegated, the scope of authorization and the validity period of such authorization, and signed or stamped by the appointer, shall be submitted to the presider of the meeting no later than the time when voting takes place. If a committee member does not attend a meeting of the Audit Committee in person and does not appoint a proxy to attend the meeting, he/she shall be deemed to have waived the voting rights at the meeting.

The resolutions made at the meetings shall be approved by a majority of all members. The meetings of the Audit Committee shall vote by a show of hands or by poll and may also vote through telecommunication when necessary. Each member shall have one vote. Where the respective votes for and against a resolution are equal in number, the chairman of the Audit Committee shall be entitled to have a casting vote.

Article 21 Meetings of the Audit Committee may be held by on-site meetings, teleconferences, video conferences, circulation of documents, facsimile, email or other appropriate means.

Article 22 The person-in-charge of the internal audit department may attend the meetings of the Audit Committee, and where necessary, directors, supervisors and seniors of the Company may be invited to attend such meetings, but have no right to vote if he/she is not a member of the committee.

Article 23 The Audit Committee may, where necessary, engage intermediaries to provide professional opinions on its decision-making with the reasonable cost borne by the Company.

Article 24 The convening procedures, voting method and resolutions passed on the meetings of the Audit Committee shall comply with the provisions of relevant laws and regulations, the Listing Rules, the Articles of Association and the Terms of Reference.

Article 25 The minutes of the meetings of the Audit Committee shall be prepared, on which members present at the meetings shall sign. Minutes of meetings of the committee shall be kept by the secretary to the Board of the Company.

Article 26 The minutes of the Audit Committee meetings shall at least include the followings: the date, venue and name of convener of the meeting; the names of the attendees with specific notes on whether a proxy is entrusted for the meeting; the meeting agenda; the key points of the members' speeches; the voting method and poll results of each resolution or proposal; other matters need to be indicated and recorded in the meeting minutes.

Article 27 Members present at the meetings and persons attending such meetings shall perform a duty of confidentiality regarding matters discussed at such meetings. No unauthorized disclosure of such information shall be allowed, unless otherwise stipulated under relevant laws and regulations and/or rules of regulatory bodies.

Chapter 5 Supplementary Provisions

Article 28 The Terms of Reference shall be interpreted by the Board.

Article 29 The Terms of Reference shall become effective and be implemented upon consideration and approval by the Board. Matters herein relating to H shares shall be implemented from the date on which H shares are issued by the Company and listed on The Stock Exchange of Hong Kong Limited. The Company's original Terms of Reference of the Audit Committee of the Board shall be automatically invalidated since the implementation date of the Terms of Reference.

Article 30 Any matters not covered by the Terms of Reference or in any event that the Terms of Reference contravene relevant laws and regulations, the Listing Rules, the relevant regulatory rules of the securities regulatory authorities and stock exchanges in the places where the Company's shares are listed, as well as the Articles of Association, the latter shall prevail. In case of any inconsistency between the Terms of Reference and any future laws, regulations, the Listing Rules, relevant regulatory rules of the securities regulatory authorities and stock exchanges in the places where the Company's shares are listed, as well as the Articles of Association, the latter shall prevail.