



Jenscare Scientific Co., Ltd.
寧波健世科技股份有限公司
(the “Company”)

(A joint stock company incorporated in the People’s Republic of China with limited liability)
(Stock Code: 9877)

**Terms of Reference of the Audit Committee (the “Committee”)
of the Board of Directors (the “Board”) of the Company**

Chapter 1 General Provisions

Article 1 In order to improve the internal control and audit system of the Company, strengthen the audit and supervision functions of the Board on internal control and financial information and safeguard the interests of all shareholders, and pursuant to the Company Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the articles of association of the Company (the “**Articles of Association**”) and other relevant regulations, the Company has set up the Committee of the Board and formulated these terms of reference.

Article 2 The Committee is a specific working body set up by the Board in accordance with the Articles of Association, and is primarily responsible for reviewing the Company’s accounting policies, financial position and financial reporting procedures, inspecting the internal control system and supervising its implementation, carrying out inspection and supervision on the Company’s internal audit function, internal audit system and its implementation, guiding the work of the internal audit department, giving opinions on the appointment of an external audit firm, guiding and overseeing the work of the external audit firm, as well as carrying out annual audits for the Company and making judgements on the truthfulness, completeness and accuracy of financial information.

Article 3 The Committee shall be responsible to the Board and report its work to the Board.

Chapter 2 Composition

Article 4 Members of the Committee shall comprise non-executive directors only. The Committee must comprise a minimum of three members, at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. The majority of the Committee members must be independent non-executive directors of the Company. The Committee must be chaired by an independent non-executive director.

Article 5 The members of the Committee shall be elected by the Board after taking into comprehensive consideration the director's expertise and wishes as well as the needs of the Board. A former partner of the Company's existing auditing firm is prohibited from acting as a member of the Committee for a period of two years from the date of the person ceasing:

- (I) to be a partner of the said auditing firm; or
- (II) to have any financial interest in the said auditing firm,

whichever is later.

Article 6 The Committee shall be chaired by an independent non-executive director. The chairman of the Committee shall be responsible for leading the work of the Committee. Where the chairman cannot perform his/her duties, another member who is an independent non-executive director shall be appointed to perform duties on his/her behalf. If no such member is appointed by the chairman, an independent non-executive director shall be elected by more than half of the members of the Committee to act as a chairman. The chairman of the Committee shall be elected from the members and the election shall be reported to the Board for approval.

Article 7 The term of office of the Committee shall be the same as that of the Board. A member may serve consecutive terms if re-elected upon expiry of his/her term. If any member ceases to be a director of the Company, he/she shall automatically lose his/her position as a member of the Committee, and the vacancy shall be filled by a member elected by the Board in accordance with the provisions set forth above in Articles 4 to 6.

Article 8 The Committee could have a secretary to assist with the work of the Committee. The audit department of the Company and its department head or other departments or personnel of the Company designated by the Committee from time to time shall undertake the relevant work of the secretary of the Committee.

The secretary of the Committee shall mainly be responsible for collecting and providing information in relation to the regulatory policies of the People's Republic of China, the Company's financial information and its internal control, as well as providing the Committee with advice. The secretary shall also be responsible for the preparation of relevant meeting documents.

Chapter 3 Duties and Authorities

Article 9 The primary duties and authorities of the Committee are as follows:

- (I) *Oversight of the Company's financial reporting system, risk management and internal control systems*
 1. to review the Company's financial controls, risk management and internal control systems;
 2. 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 programmes and budget of the Company's accounting and financing reporting function;

3. 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;
4. 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;
5. to review the financial and accounting policies and practices of the Company and its subsidiaries;
6. 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;
7. to ensure that the Board will provide a timely response to the issues raised in the external auditor's letter of audit explanatory statement given to the management;
8. to report to the Board on the matters set out in the Corporate Governance Code (and as amended from time to time);
9. to consider other topics as defined by the Board; and
10. to discuss the Company's financial reporting procedures, internal control and risk management and report the results to the Board, including the appraisals of both internal accounting department and external auditors, the effective implementation of the internal control system of the Company, the compliance of the connected transactions of the Company with the requirements under laws, the completeness and accuracy of the financial reports of the Company and the objectivity and accuracy of the financial information disclosed by the Company to the public.

(II) Review of the Company's financial information

1. to be responsible for inspecting the accounting policies, financial position, financial reporting procedures and financial control of the Company;
2. to monitor integrity of the Company's financial statements and annual reports and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, the Committee should focus particularly on:
 - (1) any changes in accounting policies and practices;
 - (2) major judgmental areas;
 - (3) significant adjustments resulting from audit;
 - (4) the going concern assumptions and any qualifications;
 - (5) compliance with accounting standards;
 - (6) compliance with the Listing Rules and legal requirements in relation to financial reporting; and
 - (7) statements on the Company's internal control system set out in the annual reports.
3. regarding Article 9 (2) paragraph 2 above,
 - (1) members of the Committee should liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Company's auditors; and
 - (2) the Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, it 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.

(III) Relationship with the Company's auditors

1. 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;
2. to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
3. to review the letter to the Company's management from the external auditor and the management's response;
4. 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 to be part of the audit firm nationally or internationally. The Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed; and
5. to act as the key representative body for overseeing the Company's relations with the external auditor.

(IV) Others

1. where the Board disagrees with the 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 Committee explaining its recommendation and the reason(s) why the Board has taken a different view;
2. 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. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and appropriate follow-up action;
3. to prepare reports on the work performed by the Committee in its review of the quarterly (if any), interim and annual results and internal control system and its other duties set out in the Corporate Governance Code, and submit the same to the Board for review and approval; and
4. to make recommendations and ensure that effective remedial steps are to be taken by the Board where the Company fails to comply with the provisions of the Listing Rules in relation to the establishment of Committee.

Chapter 4 Rules of Procedures for Meetings

Article 10 Regular meetings of the Committee shall be held at least twice a year and in principle be held during the regular meetings convened by the Board. A notice of meeting shall be given to all members at least seven days prior to the meeting, but such notice period can be waived by unanimous consent of all members.

Article 11 The chairman or more than half of the members may propose to convene an extraordinary meeting. A notice of extraordinary meeting shall be given to all members at least five days prior to the meeting, but such notice period can be waived by unanimous consent of all members.

Article 12 The members of the Committee shall attend the meetings in a serious and responsible manner, and clearly express their views on the proposals considered at the meeting. In case a member is unable to attend the meeting of the Committee in person, he/she shall appoint another member in writing as a proxy to vote on his/her behalf and the member giving the proxy shall bear legal responsibility independently.

The proxy form shall state the name of such proxy, the relevant matters, scope of authorization and validity period, and shall be signed by the appointer or a chop shall be affixed. The member attending a meeting on behalf of other member shall produce such proxy form and exercise the rights within the scope of authorization.

Article 13 If a member of the Committee fails to attend meetings for two consecutive times where such member also fails to appoint other members to attend on his/her behalf, such member shall be deemed as failure to perform his/her duties. The Committee may propose to the Board to remove such member.

Article 14 The meetings of the Committee can only be held when at least half of its members are present. The meetings shall be held by way of physical meetings in principle, however may be held by way of telecommunication or by way of circulation of written resolutions provided that the members are able to freely express their views and the procedures are in compliance to relevant regulatory requirements.

By way of telecommunication means that more than half of the members attend the meeting via telephone, video or other means of communications; by way of circulation of written resolutions means that the members considering and approving the resolution sent to each member separately or circulated to each member.

Article 15 All meetings shall be convened and chaired by the chairman of the Committee. The chairman of the Committee may appoint another member who is an independent non-executive director to chair the meeting if he/she is not able to attend this meeting. If the chairman does not entrust such member, an independent non-executive director shall be elected jointly by more than half of the members to chair such meeting.

Article 16 The Committee shall vote by a show of hands or by a poll, and each member is entitled to one vote. Approval of any resolution at a committee meeting shall require one-half or more of the votes.

Article 17 Directors, supervisors and senior management of the Company who are not members of the Committee may be invited to attend such meetings if necessary.

Article 18 Minutes of Committee meetings shall be kept by the office of the Board or other departments designated by the Board to record in sufficient detail the matters considered and decisions reached, including any concerns raised by directors or dissenting views expressed. Attending members shall have rights to request to add explanatory notes to their speeches in the minutes. Draft versions of minutes shall be sent by the office of the Board or other departments designated by the Board to all members of the Committee for their comment within a reasonable time after the meeting is held, and final versions of minutes shall be sent to all directors thereafter for their records. Minutes shall be signed by members of the Committee attending the meeting. Full minutes of meetings shall be kept by a duly appointed secretary of the meeting (who shall normally be the company secretary) as an archive of the Company and should be open for inspection at any reasonable time on reasonable notice by any director of the Company.

Article 19 Resolutions and voting results passed at the meeting of the Committee shall be reported in writing to the Board. The Committee shall 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).

Article 20 Members of the Committee and other persons present at a meeting shall be obliged to keep all matters discussed at such meeting confidential, and shall not disclose any relevant information without authorization.

Article 21 The office of the Board or other department designated by the Board shall be responsible for submitting proposals, organizing meetings, overseeing the implementation and feedback of the resolutions of the Committee, liaising and coordinating with the Committee and the secretary. The Committee shall be provided with sufficient resources to perform its duties and the relevant departments of the Company shall cooperate accordingly.

Chapter 5 Supplementary Provisions

Article 22 In these terms of reference, the scope “above” a number shall include the number itself while the scope “more than” a number shall exclude the number itself.

Article 23 These terms of reference are passed by the Board and shall be valid and effective from the date on which the overseas listed foreign shares (H shares) of the Company were listed on The Stock Exchange of Hong Kong Limited; from the date these terms of reference become valid, the previous terms of reference expire automatically.

Article 24 Any matters not covered by these terms of reference or in any event that these terms of reference contravene any laws, regulations, rules, regulatory documents, the supervision rules of the place where the Company’s shares are listed or the Articles of Association, the laws, regulations, rules, regulatory documents, the supervision rules of the place where the Company’s shares are listed and the Articles of Association shall prevail.

Article 25 The right of interpretation of these terms of reference rests with the Board.