TERMS OF REFERENCE OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF BEIJING TONG REN TANG HEALTHCARE INVESTMENT CO., LTD.

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to enhance the decision-making function of the Board of Directors (the "**Board**") of Beijing Tong Ren Tang Healthcare Investment Co., Ltd. (the "**Company**"), continuously improve the construction of the Company's internal control system, ensure the effective supervision and management of the Board, and continuously improve the corporate governance structure, the Company has established the Audit Committee under the Board pursuant to the resolution of the Board and in accordance with the Company Law of the People's Republic of China (the "**Company Law**"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, Guidelines for Effective Audit Committees of the Hong Kong Institute of Certified Public Accountants, other relevant laws, regulations, regulatory documents and the Articles of Association of Beijing Tong Ren Tang Healthcare Investment Co., Ltd. (the "**Articles of Association**") applicable to the Company after the issuance of H-shares, and has prepared the Terms of Reference of the Audit Committee of the Board of Beijing Tong Ren Tang Healthcare Investment Co., Ltd. (the "**Terms of Reference**") based on the actual circumstances of the Company.

Article 2 The Audit Committee of the Board is a specialized working body under the Board of the Company. Its main functions include reviewing the financial condition of the Company, reviewing the financial information of the Company, making judgment on the truthfulness, completeness and accuracy of the financial information, and checking the implementation and effectiveness of the internal control systems. It is also mainly responsible for communicating with and supervising external auditors, supervising internal audit, evaluating and improving the internal control systems of the Company and making recommendations thereon, and performing risk analysis on major investment projects that the Company is currently operating. The Audit Committee of the Board shall report to the Board on its work.

CHAPTER 2 COMPOSITION

Article 3 The Audit Committee shall consist of three (inclusive) directors. All members of the Audit Committee shall be non-executive directors and the majority (over half) of members shall be independent non-executive directors, and the majority (over half) of members shall not hold any other positions in the Company other than their directorship, nor shall they have any relationship with the Company that could affect their independent and objective judgment. The chairperson of the Audit Committee must be an independent non-executive director who satisfies the requirements of appropriate professional qualifications or accounting or related financial management expertise as stipulated by Rule 3.10(2) of the Listing Rules.

A former partner of the current external audit agency 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 agency or to have any financial interest in the current external audit agency, whichever is later.

Article 4 Members of the Audit Committee shall be nominated by the chairperson of the Board or the Nomination Committee of the Board, and shall be elected by a majority of the directors of the Board. After the proposal for electing members of the Audit Committee has been approved, the new members of the Audit Committee shall take office immediately after the conclusion of the meeting of the Board.

Article 5 The Audit Committee shall have one convener, being the chairperson of the Audit Committee, who shall be an independent non-executive director. The chairperson of the Audit Committee shall be nominated by the chairperson of the Board of the Company and elected by the Board and shall be in charge of the work of the Audit Committee. When the chairperson of the Audit Committee is unable to or fails to perform his/her duties, an independent non-executive director shall be jointly elected by more than half of the members to perform the chairperson's duties.

Article 6 The term of office of the Audit Committee shall be the same as directors of the Board. A member may serve consecutive terms if re-elected upon 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 Articles of Association and the Listing Rules, he/she shall automatically be disqualified as a member of the Audit Committee. A member 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 include a statement of the reasons for such resignation and if necessary the matters that should be brought to the attention of the Board of the Company. In the event that members of the Audit Committee are disqualified or permitted to resign, the Board shall fill the vacancy in accordance with laws, regulations, regulatory documents and the provisions of Articles 3 to 5 above. When the number of committee members falls below the minimum number of members stipulated in the Terms of Reference, the original members shall continue to perform their duties until the replacement members take office. 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.

Changes to the members of the Audit Committee may be made during their terms of office as and when proposed by the chairperson of the Board and approved by the Board after discussion.

CHAPTER 3 DUTIES AND AUTHORITIES

Article 7 The Audit Committee shall 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. The specific duties of the Audit Committee include:

(1) to supervise the performance of duties of the directors and senior management, and propose the dismissal of any director or senior management who violates the laws, administrative regulations, the Articles of Association or the resolutions of the general meetings;

(2) to require the directors and senior management to make rectification when their acts prejudice the interests of the Company;

(3) to propose the convening of an extraordinary general meeting, and to convene and preside over the general meeting when the Board fails to fulfill its duty of convening and presiding over the general meeting under the laws;

(4) to submit proposals to the general meeting;

(5) to initiate litigation against directors or senior management in accordance with the relevant provisions of Article 189 of the Company Law;

(6) to conduct annual review of the performance of the external audit agency, submit a summary report of the audit work of the Company conducted by the external audit agency for the year to the Board; make proposals to the Board on appointment, renewal, and dismissal of the external audit agency next year, as well as its charges for auditing services, terms of engagement, and other issues; approve the external audit agency's remuneration and engagement terms; and deal with any matters in relation to resignation or dismissal of the external audit agency. If the Board of the Company disagrees with the opinion of the Audit Committee on the selection, engagement, resignation, or dismissal of the external audit agency, the Company shall set out the Audit Committee's statement elaborating on its proposal and the reasons why the Board holds different opinions in the Corporate Governance Report;

(7) to act as the primary representative between the Company and the external audit agency to oversee their relationship, including reviewing and monitoring the independence and objectivity of the external audit agency, and the effectiveness of the audit procedures in accordance with applicable standards; and prior to the commencement of the audit procedures, discuss with the external audit agency about the nature, scope and method of audit and the reporting obligations for the year;

(8) based on work needs, to develop and implement policies on the provision of non-audit services by the external audit agency (including its affiliates). The Audit Committee shall report to the Board and make recommendations on any matters that it believes action or improvement is needed;

The external audit agency as mentioned herein (including its affiliates) shall include any entities that are under common control, management, or ownership with the external audit firm engaged by the Company, or any third-party entity with reasonable knowledge of all relevant information that would under reasonable circumstances be regarded as forming part of the domestic or international practice of the external audit agency engaged by the Company. The Audit Committee shall ensure that the external audit agency's provision of any non-audit services will not impair its independence or objectivity.

(9) to inspect the Company's accounting policies, financial position, financial reporting procedures, and financial control; review the integrity of the Company's financial statements, annual reports and accounts, interim reports, and (if prepared for publication) quarterly report, and review auditor's opinions on financial reporting set out in the foregoing statements. Before submitting the relevant statements and reports to the Board, the Audit Committee shall specifically review the following: any changes in the Company's accounting policies, estimates and practices during the reporting period, matters involving substantial judgments, and significant adjustments made after the external audit agency reviews the accounts, assumptions or auditor's any qualified opinions on the Company's ability to continue as a going concern, and compliance of the accounting with the accounting standards and with any provisions on financial reporting of the Company Law, the Listing Rules, and other applicable laws and regulations;

Members of the Audit Committee shall communicate in a timely manner with the Board, senior management, as well as internal and external auditors on the aforesaid items requiring specific review. Members of the Audit Committee and the external audit agency shall meet at least twice a year. Members of the Audit Committee shall appropriately consider any significant or abnormal matters reflected or required to be reflected in the Company's reports and accounts, and shall duly consider any matters raised by the subordinated accounting and financial department, regulatory department, or auditor of the Company;

(10) to examine the Company' financial policies, internal audit systems, internal control systems, and risk management systems, and make comments and proposals on the improvement thereof, and:

1. to examine the Company's finance, accounting policies, practices, and any related changes;

2. to review the Company's financial controls, and review the effectiveness of the Company's risk management and internal control systems (at least once a year);

3. to discuss with the management on and evaluate the effectiveness of financial control, internal control, and risk management systems, to ensure that the management has performed its duty to establish effective financial control, internal control, and risk management systems; the discussion shall cover all significant monitoring measures, including financial, operational, and compliance monitoring measures, the sufficiency of the Company's resources and staff qualifications and experience in accounting and financial reporting functions, and the adequacy of budget for training courses received by the related employees and for accounting, internal audit and financial reporting functions;

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

5. to consider the Company's annual comprehensive risk management work report, and the Company's response plans or solutions for major risks;

6. to ensure the coordination between the Company's audit department and the external audit agency; and to ensure the Company's audit department has sufficient resources for operation and appropriate authority and status within the Company, and examine and monitor the efficiency of the Company's audit department;

7. to review the financial and accounting policies and practices of the Company and its subsidiaries;

8. to review the external audit agency's letter of examination or management proposals, material queries raised by the external audit agency on accounting records, financial accounts or control systems, and the management's responses to such queries; and to ensure the Board provides relevant responses in a timely manner;

9. to establish the Company's policies on hiring the external audit agency's employees and former employees together with the Board, and monitor the application of such policies. The Audit Committee shall consider whether such policies impair or appear to impair the judgment or independence of the external audit agency in audit;

10. to review and supervise the Company's policies and practices for compliance with laws and regulatory provisions;

11. to examine the Company's compliance with the Corporate Governance Code and its disclosures in the Corporate Governance Report. Specific details should include:

    (1) the procedures used by the Company to identify, evaluate and manage significant risks;

    (2) the main features of the Company's risk management and internal control;

    (3) the procedures used by the Company to review the effectiveness of risk management and internal control systems;

    (4) the procedures and internal control measures of the Company for handling and dissemination of inside information; and

    (5) the frequency of the Board for reviewing risk management and internal control systems and explanation on whether the systems are adequate and effective in the view of the Company.

    The Audit Committee shall also urge the Board to disclose, in the Corporate Governance Report, whether it has obtained the confirmation from the management on effectiveness of the Company's risk management and internal control systems and urge the Board to disclose details of other important concerns.

12. to report any matters in relation to any of the foregoing to the Board, and consider any other matters assigned by the Board; and

13. to report to the Board on the aforementioned matters as set out in the Corporate Governance Code.

The Securities Affairs Department, the Finance Center, the Audit Department, and other relevant departments shall assist and cooperate with the Audit Committee in fulfilling the above responsibilities.

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

To receive and deal with complaints or anonymous reporting about the misconduct of employees in accounting, audit matters, internal control, or other aspects and ensure the confidentiality thereof; to review the procedures for the Company's employees to confidentially raise concerns about any misconduct that may occur in financial reporting, internal control, or other aspects, and ensure appropriate arrangement for the Company to conduct fair and independent investigation on such matters and take appropriate follow-up actions.

(12) to fulfill other tasks assigned by the Board.

(13) The Audit Committee shall review and supervise the independence of the external audit agency in accordance with the following procedures:

1. to study all relationships between the Company and the external audit agency (including non-audit services);

2. to request information from the external audit agency on an annual basis to understand the policies and procedures adopted by the external audit agency in maintaining its independence and monitoring the implementation of the relevant rules, including the provisions for the replacement of partners and employees of the external audit agency;

3. to meet with the external audit agency at least twice a year in the absence of the management to discuss matters relating to audit fees, any issues arising from the audit, and other matters raised by the external audit agency.

(14) to perform other duties as required by laws and regulations, normative documents, the Hong Kong Stock Exchange and the Securities and Futures Commission of Hong Kong (the "**HKSFC**") and other regulatory authorities, the Articles of Association and the rules of procedure of the Board.

The Company's senior management and the relevant departments shall be cooperative and supportive toward the Audit Committee and proactively make available the relevant materials. The financial department shall regularly and truthfully make financial reports, capital operation reports, and other financial and accounting materials available to the Audit Committee, promptly report any information on the relevant significant business operations, proactively cooperate with the Audit Committee, and carefully consider the advice and requirements of the Audit Committee.

Article 8 The Audit Committee shall be accountable to the Board. Proposals of the Audit Committee shall be submitted to the Board on regular basis for consideration and decision.

Article 9 The functions and powers of the chairperson of the Audit Committee are as follows:

(1) to convene and preside over meetings of the Audit Committee;

(2) to oversee the daily operation of the Audit Committee;

(3) to confirm and sign the reports and other important documents of the Audit Committee;

(4) to review the implementation of the resolutions and recommendations of the Audit Committee;

(5) to report work to the Board on behalf of the Audit Committee;

(6) to perform other duties which should be performed by the chairperson of the Audit Committee.

CHAPTER 4 WORKING PROCEDURES

Article 10 The Company's finance center and audit department shall be under direct leadership of the Audit Committee. The Securities Affairs Department, the Finance Center and the Audit Department, as the executive offices of the Audit Committee, shall be responsible for organizing meetings of the Audit Committee, implementing its resolutions, and coordinating with relevant departments to provide necessary materials, as well as assisting and cooperating with the Audit Committee in fulfilling its duties.

Article 11 The department submitting the proposals for the meetings of the Audit Committee is responsible for the preliminary preparation for the committee's decision-making, including drafting the proposals, providing relevant materials, and responding to inquiries from the committee members. Relevant materials include but are not limited to:

(1) relevant financial reports of the Company;

(2) the work reports of internal audit department and external audit agency;

(3) external audit contracts and relevant work reports;

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

(5) the related party (connected) transaction agreements, audit reports on significant related party (connected) transactions, and feedback from investigations into related parties (connected persons);

(6) financial and statutory information related to significant investments;

(7) relevant work reports on the Company's internal control systems and their implementation;

(8) other relevant information.

The Audit Committee performs the main duties under Article 8 of the Terms of Reference based on the information provided by the executive offices.

Article 12 Working methods of the Audit Committee:

(1) During the meetings of the Audit Committee, to discuss the internal audit work plans, listen to the work reports made by the Company's finance department, consider and comment on the reports provided by the Audit Department, and review the Company's financial reports, including interim and annual financial reports. The Audit Committee may make decisions based on the opinions of experts from professional institutions, and report the matters that need to be submitted to the Board for decision to the Board for discussion, mainly including:

1. appraisal of the work of the external audit agency, engagement and replacement of the external audit agency, and approve the remuneration and engagement terms of external audit agency;

2. whether the internal control systems and internal audit systems of the Company have been effectively implemented, and whether the financial reports of the Company are complete and accurate;

3. whether information disclosed by the Company, including financial reports, is objective and true, and whether the Company's material related party (connected) transactions are in compliance with relevant laws and regulations;

4. evaluation on the work performance of the Company's financial department and its person-in-charge and the audit department and its person-in-charge; and

5. other relevant matters;

(2) In the course of preparation and disclosure of the annual financial report of the Company, the Audit Committee shall follow the working rules and procedures as set out below:

1. to negotiate with the external audit agency responsible for auditing the financial reports of the Company for the year (the "**Annual Audit CPA**") in a timely manner after the end of the financial year to determine the audit work schedule for the financial year;

2. to procure the Annual Audit CPA to submit the audit report within the agreed time limit;

3. to review the financial and accounting statements prepared by the Company before the commencement of audit work by the Annual Audit CPA;

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

5. to convene meetings of the Audit Committee to review the financial reports, propose the re-appointment or replacement of the Annual Audit CPA for the next year, and summarize the audit work done by the Annual Audit CPA for the year to issue a report;

6. other duties and procedures stipulated by regulatory authorities such as the China Securities Regulatory Commission, the Hong Kong Stock Exchange, and the HKSFC.

The chairperson of the Audit Committee or (in his/her absence) another member of the Audit Committee (who must be an independent non-executive director) is required to attend the annual general meeting of the Company or any general meeting to approve the connected transaction(s) or any other transaction(s) subject to approval by independent directors, and respond to enquiries from shareholders on the activities and responsibilities of the Audit Committee.

CHAPTER 5 RULES OF PROCEDURE

Article 13 Meetings of the Audit Committee are divided into regular meetings and extraordinary meetings.

Regular meetings of the Audit Committee are convened at least twice a year and in advance of the regular Board meetings of the Company to discuss comments and recommendations for submission to the Board. The interim and annual financial statements of the Company shall be reviewed and discussed by the Audit Committee in its two meetings convened during a year.

The chairperson of the Audit Committee may convene an extraordinary meeting on his/her own initiative or at the request of the independent accountants or internal auditors. An extraordinary meeting may be convened upon the proposal of more than half of the committee members, or at the suggestion of the chairperson of the Board.

Article 14 The chairperson of the Audit Committee shall convene the meeting. The notice of meeting and the meeting materials shall be delivered to all members three days in advance of the meeting. In the event of an emergency requiring the Audit Committee to convene a meeting promptly, a meeting notice may be issued on the same day by telephone, fax, or email, but the chairperson of the Audit Committee shall provide an explanation at the meeting. Meeting materials shall be dispatched together with the notice of meeting. Prior to the meeting, the committee members shall thoroughly read the meeting materials.

Article 15 The chairperson of the Audit Committee shall preside over the meeting of the committee, and in the event that the chairperson of the committee is unable to attend, another independent non-executive director may be appointed to preside over the meeting. If such appointment is not made, more than half of the members being present shall select a member (who is an independent non-executive director) to preside over the meeting.

Article 16 A meeting of the Audit Committee shall be held only when at least two-thirds of the members are present, and at least one of them must be an independent non-executive director. A member who is unable to attend may appoint another member by a written power of attorney to attend and vote on his/her behalf. The power of attorney shall specify the name of the proxy, the matters delegated, voting instructions for each meeting agenda item (e.g., for, against, or abstention), the scope of authorization, and the validity period, and shall be signed or stamped by the appointer and submitted to the presider of the meeting no later than the time when voting takes place in the meeting.

Resolutions made at the meeting shall be approved by more than half of all the members, and relevant resolutions or opinions shall be signed by the members of the Audit Committee attending the meeting. Each member is entitled to one vote, which is divided into three categories, namely "for", "against" and "abstention". Any committee member who is involved in any matters discussed at the meetings of the Audit Committee, along with any of his/her associates (as defined in the Listing Rules), shall recuse himself/herself from attending the meetings. If a valid resolution cannot be reached due to the recusal of any member, the relevant matter shall be considered directly by the Board.

Article 17 Meetings of the Audit Committee may be convened by appropriate methods and means such as on-site meeting, telephone conference, video conference, circulation of documents, fax and mail.

Article 18 The person-in-charge of the Audit Department may attend the meetings of the Audit Committee, and if necessary, may invite the Company's directors, senior management, experts and intermediaries to attend the meetings, but non-members of the Audit Committee shall have no voting rights on resolutions at the meetings.

Article 19 The Company shall provide the Audit Committee with sufficient resources to perform its duties. The work expenses of the Audit Committee are included in the budget of the Company. If necessary, in the course of performing its duties, the Audit Committee has the right to engage professionals such as lawyers, certified public accountants, and practicing auditors for its decision-making and providing professional opinions, and any reasonable expenses incurred shall be borne by the Company.

Article 20 The convening procedures, voting methods and resolutions passed at the meetings of the Audit Committee shall comply with the requirements of laws and regulations, the Articles of Association, the Listing Rules and the Terms of Reference.

Article 21 Detailed and complete minutes shall be maintained for the meetings of the Audit Committee, and the members present shall sign the minutes. The secretary to the Board shall properly keep the meeting minutes for a period of not less than 10 years during the existence of the Company. Draft and final versions of minutes should be circulated to all members of the Audit Committee within a reasonable time after the conclusion of each meeting of the Audit Committee, with the draft version for their comments and the final version will be kept for record purpose. The resolutions of the Audit Committee shall become effective upon being signed by the members present at the meeting, and no effective resolutions of the Audit Committee may be modified or altered without complying with the legal procedures as stipulated in the laws and regulations, the Articles of Association and the Terms of Reference. The resolutions passed and voting results at the meetings of the committee shall be reported to the Board in writing.

Article 22 Meeting minutes of the Audit Committee 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 delegated for the meeting; the meeting agenda; the key points of the members' speeches; the voting method and voting results of each resolution or proposal; the recusal of any interested members (if applicable); and other matters need to be indicated and recorded in the meeting minutes.

Article 23 Members present and attendees at the meeting are obliged to keep confidential the matters discussed at the meeting and are not allowed to disclose the relevant information without authorization, unless according to provisions otherwise required by relevant laws and regulations, and/or regulatory authorities.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

Article 24 Unless otherwise specified, the terms used herein shall have the same meanings as those in the Articles of Association. The phrases "more than" and "within"as referred to herein shall include the number itself, while "majority" shall exclude the number itself.

Article 25 The Terms of Reference shall become effective upon approval by the Board; provided, however, that provisions relating to the Listing Rules shall become effective and be implemented from the date on which the Company's initial public offering of overseas-listed foreign shares (H Shares) is listed and traded on the Hong Kong Stock Exchange. Any amendment to or interpretation of the Terms of Reference shall be done by the Board.

Article 26 Any matter not covered herein shall be implemented in accordance with the relevant laws and regulations, departmental rules, relevant regulatory provisions of the place(s) where the shares of the Company are listed including the Listing Rules and the Articles of Association. Where the Terms of Reference conflict with any relevant laws or regulations, departmental rules, relevant regulatory provisions of the place(s) where the shares of the Company are listed including the Listing Rules, or the Articles of Association, such relevant laws and regulations, departmental rules, relevant regulatory provisions of the place(s) where the shares of the Company are listed including the Listing Rules, and the Articles of Association shall prevail, in which case the Terms of Reference shall be amended accordingly as soon as practicable and submitted to the Board for consideration and approval.