

**CASI PHARMACEUTICALS, INC.**  
**Audit Committee Charter**

**Organization and Membership**

This charter governs the operations of the Audit Committee of the Board of Directors (the "Board") of CASI Pharmaceuticals, Inc. (the "Company"). The Audit Committee shall review and reassess the charter at least annually and recommend any necessary changes to the Board. The Audit Committee shall be appointed by the Board and shall be comprised of at least three directors, each of whom satisfies the independence, experience, and other requirements set forth from time to time by Nasdaq, the Securities and Exchange Commission (the "SEC") and any other applicable body (collectively, the "Applicable Rules"), except as otherwise permitted by the Applicable Rules.

Committee members will be appointed by the Board at the annual organizational meeting of the board to serve until their successors are elected. Unless a chair is elected by the full Board, the members of the Audit Committee may designate a chair by majority vote of the full Audit Committee membership.

All members of the Committee must comply with all financial-literacy requirements of the Applicable Rules. To help meet these requirements, the Audit Committee will provide its members with annual continuing education opportunities in financial reporting and other areas relevant to the Audit Committee. At least one member will qualify as an "audit committee financial expert" as defined by the SEC and determined by the Board.

**Purpose and authority**

The Audit Committee's primary purpose is to oversee:

- the integrity of the Company's financial statements and management's conduct of the Company's accounting and financial reporting processes;
- management's maintenance of the Company's internal control over financial reporting;
- the Company's compliance with applicable legal and regulatory requirements relating to financial controls and reporting;
- the registered public accounting firm's (independent auditor's) qualifications and independence; and
- the performance of the independent auditors, including the annual independent audit of the Company's financial statements and internal audit function, if applicable.
- the Company's systems of disclosure controls and procedures; internal controls over financial reporting and compliance with ethical standards adopted by the Company

In carrying out its purposes, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures, and practices at all levels. The Audit Committee should also provide for free and open communication between the Audit Committee, independent auditors, internal auditors, and management of the Company. In discharging its oversight role, the Audit Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company. All employees, officers, directors, or external parties will be directed to cooperate with respect thereto as requested by members of the Audit Committee.

The Audit Committee shall have the power to retain outside counsel or other experts and advisors as it

determines necessary to carry out its duties. The Company will provide appropriate funding to the Audit Committee to allow the Audit Committee to compensate the Company's independent auditors, to compensate any advisors retained by the Audit Committee and to pay for ordinary administrative expenses of the Audit Committee.

#### **Responsibilities and Processes**

It is not the duty of the Audit Committee to plan or conduct audits or to determine whether the Company's financial statements are complete and accurate and have been prepared in accordance with generally accepted accounting principles. Management is responsible for preparing the Company's financial statements, and the independent auditors are responsible for auditing those financial statements.

The Audit Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible in order to best react to changing conditions and circumstances. The following shall be the principal responsibilities and recurring processes of the Audit Committee in carrying out its oversight responsibilities. The processes are set forth as a guide with the understanding that the Audit Committee may supplement them as appropriate.

In performing his or her duties and responsibilities, each member of the Audit Committee is entitled to rely in good faith upon the records of the Company and upon information, opinions, reports or statements presented by any of the Company's officers or employees, or other committees of the Board of Directors, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company.

The chair of the Audit Committee may represent the entire Audit Committee with respect to functions of the Audit Committee undertaken between meetings and any of the Audit Committee's functions may be delegated to a subcommittee comprised of one or more members of the Audit Committee.

#### **Relationship with the Independent Auditors**

- The Audit Committee shall have a clear understanding with management and the independent auditors that the independent auditors are directly and ultimately accountable to the Audit Committee in its capacity as a committee of the Board of Directors, as representatives of the Company's shareholders. The Audit Committee shall have sole authority and responsibility to appoint, compensate, oversee, evaluate and, where appropriate, replace the independent auditors. The Audit Committee shall discuss with the auditors their independence from management and the Company and the matters included in the written disclosures required by the Independence Standards Board and ensure the independence of the independent auditors.
- Each year the Audit Committee shall review and recommend for shareholder ratification the selection of the Company's independent auditors.
- The Audit Committee shall pre-approve all audit and permitted non-audit services provided by the independent auditors. The authority to grant preapprovals may be delegated to one or more designated members of the Audit Committee, whose decisions will be presented to the full Audit Committee at its next regularly scheduled meeting
- The Audit Committee shall discuss with the independent auditors the overall scope and plans for their

audit including the adequacy of staffing and compensation. Also, the Audit Committee shall discuss with management and the independent auditors the adequacy and effectiveness of accounting and financial controls. Further, the Audit Committee shall meet with the independent auditors, with and without management present, to discuss the results of their examinations.

- The Audit Committee shall obtain from the independent auditors annually a formal written statement delineating all relationships between the independent auditors and the Company consistent with Independence Standards Board standard, discuss with the independent auditors any such disclosed relationships and their impact on the independent auditors' independence, and take or recommend that the Board take appropriate action regarding the independence of the independent auditors.

#### **Periodic Reviews**

- Prior to the filing of the Company's Quarterly Report on Form 10-Q, the Audit Committee shall review with management and the independent auditors the interim financial statements and other financial information, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A"), to be included in the Form 10-Q. Also, the Audit Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Audit Committee by the independent auditors under generally accepted accounting standards. The chair of the Audit Committee may represent the entire Audit Committee for the purposes of this review.

#### **Annual Reviews**

- The Audit Committee shall review with management and the independent auditors the financial statements and other financial information, including the Company's disclosure under MD&A, to be included in the Company's Annual Report on Form 10-K (or the annual report to shareholders if distributed prior to the filing of Form 10-K), including their judgment about the quality, not just acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements. Also, the Audit Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Audit Committee by the independent auditors under generally accepted auditing standards. Based on the review and discussions described above, the Audit Committee shall recommend to the Board of Directors whether the financial statements should be included in the Annual Report on Form 10-K. The Audit Committee shall prepare the Audit Committee report to be included in the Company's proxy statements when and as required by the Applicable Rules.

#### **Financial reporting processes and accounting policies**

- Receive and review any disclosure from the company's Chief Executive Officer and Principal Accounting officer made in connection with the certification of the company's quarterly and annual reports filed with the SEC of: a) significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize, and report financial data; and b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal controls.

#### Other

- Discuss earnings press releases, including the type and presentation of information, paying particular attention to any pro forma or adjusted non-GAAP information. Such discussions may be in general terms (i.e., discussion of the types of information to be disclosed and the type of presentations to be made).
- Discuss financial information and earnings guidance provided to analysts and ratings agencies, if any.
- The Audit Committee shall establish and maintain procedures for (i) receiving, retaining and addressing complaints regarding the Company's accounting, internal controls or auditing matters and (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, in accordance with the Applicable Rules.
- The Audit Committee or its chair shall report to the Board at least quarterly. Briefing materials will be provided to the committee as far in advance of meetings as practicable. If necessary, each regularly scheduled meeting will conclude with an executive session of the committee absent members of management. As part of its responsibility to foster open communication, the committee will meet periodically with management, and the independent auditor in separate executive sessions.