

# XINHUA WINSHARE PUBLISHING AND MEDIA CO., LTD.

## Working Rules for the Audit Committee of the Board

(Approval and implementation at the fourth meeting in 2006 of the First Session of the Board of the Company on 14 September 2006, the seventh amendment approval at the eighth meeting in 2021 of the Fourth Session of the Board of the Company on 27 October 2021)

### CHAPTER 1 GENERAL PROVISIONS

**Article 1** To improve the corporate governance structure, enhance the efficiency and decision-making of the board of directors, and establish and standardize the audit and risk management systems and procedures of Xinhua Winshare Publishing and Media Co., Ltd. (the “Company”), the Company formulated these rules in accordance with laws and regulations including the Company Law of the People’s Republic of China, the Guidelines for the Governance of Listed Companies, the Shanghai Stock Exchange Listing Rules and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter collectively referred to as the “Listing Rules”), and relevant requirements of the Articles of Association of Xinhua Winshare Publishing and Media Co., Ltd. (the “Articles of Association”).

**Article 2** The Audit Committee (the “Committee”) is a special organ established by the board of directors which shall provide advice or recommendation for the decision-making of the board of directors, and hold responsibility for and report to the board of directors.

**Article 3** These rules shall be applicable to the Committee and the relevant personnel and departments mentioned in these rules.

### CHAPTER 2 MEMBERSHIP

**Article 4** The Committee shall be appointed by the board of directors (the “Board”) of the Company from the non-executive Directors. The Committee shall consist of not less than three members, a majority of whom shall be independent non-executive Directors (the “INED(s)”). At least one INED must be an accounting professional who meets the requirements of the listed stock exchange(s). The constitution of the Committee shall comply with the requirements of the Listing Rules from time to time.

**Article 5** The Committee Convener (also referred to as the “Committee Chairman”) shall be appointed by the Board who shall also be a member of the Committee and an INED of the Company.

**Article 6** A former partner of the Company’s existing auditing firm shall be prohibited from acting as a member of the Committee for a period of two years commencing on the date of his ceasing:

- (i) to be a partner of the firm; or
- (ii) to have any financial interest in the firm, whichever is later.

**Article 7** Subject to all other conditions under these rules, members of the Committee shall be nominated by the Chairman or by one-third of all Directors and elected by a majority of all Directors.

**Article 8** The term of office of a Committee member shall be identical to his/her term of office as the Director of the Company. Upon the expiry of the term, the re-elected Directors shall be eligible for re-election for successive terms. If any member ceases to be a Director during his/her term, his/her term of office as the Committee member shall cease automatically. The Board shall as soon as possible elect a successor.

Upon the proposal by the Chairman and after the discussion and approval by the Board, the Committee members may be adjusted during the term of office.

**Article 9** In the event that the resignation of any Committee member will result in the number of the Committee members to be less than three or the quorum (whichever is lesser), the resignation of such member shall become effective after the vacancy arising due to his resignation is filled by another member, unless the Committee member resigns for the reason that his serving on the Committee during his tenure is non-compliance with these rules, the Listing Rules, Articles of Association or other applicable laws and regulations. However, under all circumstances, the Board shall elect new Committee member as soon as possible.

**Article 10** Where the number of Committee members is less than the quorum for any reasons such as resignation, removal of a Committee member or otherwise, the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules.

### **CHAPTER 3 MEETING SYSTEM**

**Article 11** The Committee meetings shall be attended by more than two-thirds of its members, and the quorum for a meeting of the Committee shall be at least two members, both of whom shall be INEDs.

**Article 12** Save for Article 11 of these rules, under normal circumstances, the chief financial officer (if any), or financial controller and internal audit and control officer (the “Auditing Officer”) shall be present at meetings of the Committee. Representative(s) of external auditor(s), Director(s), supervisor(s) and member(s) of the senior management shall also be invited to be present at the meetings, if necessary. Other employees who are responsible for the scope to be reviewed may also be invited.

**Article 13** The secretary to the Board shall be the secretary of the Committee who shall attend all meetings of the Committee.

**Article 14** Meetings of the Committee shall be held by way of physical meeting, and members of the Committee may also participate in a meeting of the Committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting pursuant to this Article shall constitute presence in person at such meeting. The extraordinary meetings of the Committee may be held by means of communications.

**Article 15** The secretary to the Board, the audit department and other relevant departments shall conduct the preparatory work of the Committee meeting and provide the Committee with information necessary for performance of its duties.

**Article 16** The time of the Committee meeting shall be determined in such a way that all its members can receive notice within a reasonable time before the meeting, which shall be presided over by the Committee Convener. In case of absence of the Committee Convener, another member may be delegated to preside over the meeting.

**Article 17** The members of the Committee shall attend the meeting in person. When a member of the Committee fails to attend the meeting in person, he/she shall review the meeting materials in advance, give definite opinions and entrust another member to attend the meeting on his/her behalf in writing.

**Article 18** If any member of the Committee fails to attend in person or entrust other member of the Committee as his/her representative to attend the meeting for two consecutive times, the Board may remove or replace the member.

**Article 19** Voting at the Committee meeting may be taken by show of hands or by way of poll. Each member may cast one vote. All members attending the meeting must express their opinions in favor of, against or abstain. Members of the Committee shall choose one of the above intentions. If no choice is made or two or more intentions are selected at the same time, the convener of the Committee shall request the relevant member to re-select. If he/she refuses to select, he/she shall be deemed as abstaining; if a member leaves the venue during the meeting and does not return, therefore fails to make a choice, he/she shall be deemed as abstaining. Resolutions of Committee meetings shall be passed by the majority of all members.

**Article 20** If a member has a relationship with the resolutions of the Committee meeting (as defined by the Listing Rules as amended from time to time), his/her voting right shall not be exercised on the resolution, and he/she shall not exercise any voting right on behalf of other members.

**Article 21** All the members present at a meeting shall be obliged to keep confidential as to all matters discussed at the meeting and shall not disclose such information without authorisation.

#### **CHAPTER 4 FREQUENCY OF MEETINGS**

**Article 22** The meetings shall be held not less than three times a year. The external auditors or any members of the Committee may request a meeting if they consider necessary and upon receipt of such request, the Committee Secretary shall, as per the instructions of the Committee Convener, convene such a meeting as soon as reasonably practicable and having regard to the convenience of all members with priority given to the INEDs.

#### **CHAPTER 5 PRIVATE MEETINGS**

**Article 23** If the Committee considers appropriate and expedient, the Committee may meet privately with the Auditing Officer and/or the external auditors in the absence of executive Directors or senior management.

## CHAPTER 6 COMMITTEE'S RESOLUTIONS

**Article 24** A resolution in writing signed by all members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee. Such resolution may be signed in counterparts consisting of several documents in the same form each signed by one or more of the members of Committee, all of which shall be deemed as the only and same written resolution. Such resolution may be signed and circulated by fax or other electronic communications. For the avoidance of doubt, this Article is without prejudice to any requirement under the laws, regulations, Listing Rules and Articles of Association for a Board or Committee meeting to be held.

## CHAPTER 7 AUTHORITIES

**Article 25** The Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee or executive Directors and such persons are directed to co-operate with any request made by the Committee.

**Article 26** The Committee is authorized by the Board, and at the reasonable expense of the Company, to obtain external legal or other independent professional advice and to secure attendance of outsiders with relevant experience and expertise if it considers necessary.

**Article 27** The Committee is authorized to approve the internal audit system of the Company.

**Article 28** The Committee is authorized to appoint, replace or remove the Auditing Officer of the Company.

**Article 29** The Committee is authorized by the Board to be responsible for the Company's environmental, social and governance ("ESG") management and report to the Board.

**Article 30** The Committee is specifically responsible for the Company's risk management and the Board, and provides support for the Board to perform the risk management duties.

**Article 31** The Auditing Officer shall report to the Committee in the form as required by the Committee.

**Article 32** The audit plan, scope and results of the Company's audit department shall be reported to by the Committee and the Committee shall review and approve such audit plan and scope.

**Article 33** The Committee shall report to the Board in a timely manner any suspected frauds or irregularities, non-compliances with risk management or internal control or suspected infringements of laws, rules, regulations, Listing Rules or Articles of Association which come to its attention and are of sufficient importance to warrant the attention of the Board.

**Article 34** Where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Committee shall provide an explanation of its view and the reasons why it has taken a view different from the Board, and include the same in the Corporate Governance Report of the Company in accordance with the relevant requirements under the Listing Rules.

The Committee shall be provided with sufficient resources to discharge its duties.

## **CHAPTER 8 GENERAL RESPONSIBILITIES**

**Article 35** The Committee shall serve as a focal point for communication among other Directors, the external auditors and the internal auditors as regards their duties relating to financial and other reporting, risk management, internal control, external and internal audits and such other matters as the Board determines from time to time.

**Article 36** The Committee shall assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting system, by satisfying themselves as to the effectiveness of risk management and internal control of the Company and its subsidiaries (the “Group”), and as to the adequacy of the external and internal audits.

**Article 37** The Committee shall fulfill other responsibilities as required by the Listing Rules amended from time to time.

## **CHAPTER 9 DUTIES**

**Article 38** The Committee shall be mainly responsible for monitoring and evaluating the external audit work, and making proposal on the appointment and removal of external audit firm; monitoring and evaluating the Company’s internal audit work, and the coordination of internal and external audits; review of the financial information of the Company and its disclosure; monitoring and evaluating the Company’s internal control and risk management; supervision and review of the Company’s operation and report to the Board thereon; the control and daily management of the related party transactions; ESG management. Meanwhile, the Committee shall work closely with the supervisors of the Supervisory Committee on the work of audit.

The specific duties of the Committee are:

(i) Relationship with the Company’s external auditors

1. to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditors, to review the remuneration and terms of engagement of the external auditors and make written recommendations to the Board, and to handle any questions of resignation or dismissal of the external auditors;
2. to consider the plan for each year’s audit submitted by the external auditors and discuss the same at the meeting when necessary;
3. to review and monitor the external auditors’ independence and objectivity. In this connection, the Committee shall:
  - (1) seek from the external auditors, on an annual basis, information about policies and process for maintaining their independence and monitoring compliance with relevant requirements; the relevant rules include provision of non-audit services and rotation of audit partners and staff;
  - (2) conduct annual review of all non-audit services performed by the external auditors and the related fee levels, and to ensure that such services do not impair the independence of the external auditors; and

- (3) review the policies relating to the employment of any staff or partners of the external auditors and consider whether such employment will result in any impairment of the auditors' judgment or independence in respect of the audit.
4. to discuss with the external auditors the nature and scope of the audit and reporting obligations before the audit commences; and
5. to formulate policy on the engagement of the external auditors to supply non-audit services and monitor its implementation.

External auditors shall include any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally. The Committee shall report to the Board the matters in respect of which it considers that action or improvement is needed, and recommend the actions that can be taken.

(ii) Review of financial information of the Company

1. to monitor integrity of the financial statements of the Company and the Company's annual reports and accounts and interim reports, and to review significant financial reporting judgments contained therein. In this connection, in reviewing the annual reports, accounts and interim reports of the Company before submitting the same to the Board, the Committee shall focus particularly on:
  - (1) any changes to 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; and
  - (6) compliance with requirements under the Listing Rules and other regulatory and legal requirements in relation to financial reporting.
2. in regard to (ii) above:
  - (1) members of the Committee shall liaise with the Board, senior management and key management personnel (the "Management") and the Committee shall meet, at least twice a year, with the Company's external auditors;
  - (2) the Committee shall meet the auditors, at least once annually, in the absence of management, to discuss matters relating to its audit fees, any issues arising from the audit and any other matters the auditors may wish to raise; and

- (3) the Committee shall consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts, and must give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting functions, the Auditing Officer or external auditors.
- (iii) Overseeing the Company's financial reporting system, risk management and internal control procedures
  1. to review the Company's financial reporting, financial control, internal control and risk management mechanism;
  2. to discuss with the management the system of risk management and internal control and ensure that the management has discharged its duty to establish an effective risk management and internal control system, including taking into consideration the sufficiency in resources, qualification and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budgets;
  3. to study any findings of major investigations of risk management and internal control matters and management's response on its own initiative or as delegated by the Board;
  4. to ensure employees of the Company can, in secrecy, raise concerns about possible improprieties in financial reporting, risk management, internal control or other matters. The Committee shall ensure that proper arrangements are in place for fair and independent investigation on these matters and for appropriate follow-up actions. The Committee shall act as the principal representative of the Company between the external auditor and the Company and monitor the relationship between the two parties;
  5. to develop the whistle-blowing policy and system to enable employees and other related parties of the Company (such as customers and suppliers) to report to the Committee in secrecy for any matters related to any irregularities of the Company;
  6. to act as the key representative body for overseeing the Company's relations with the external auditors;
  7. to ensure co-ordination between the internal and external auditors of the Company, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function;
  8. to review the Group's financial and accounting policies and practices;
  9. to discuss any problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss (where necessary, in the absence of management) and to assist in the resolution of any disagreements between the external auditors and management;

10. to review the external auditor's letter to the management, any material queries raised by the auditors to the management in respect of the accounting records, financial accounts or systems of control and management's response;
11. to ensure that the Board will provide a timely response to the issues raised in the external auditor's letter to the management;
12. to report to the Board on the above matters;
13. to consider other topics, as defined by the Board; and
14. to raise concerns over the management's business plan, decision-making and budget.

(iv) Corporate governance

1. to formulate and review the corporate governance policy and practice of the Company and make recommendations to the Board;
2. to review and monitor the trainings and continuing professional development of the Directors and Management;
3. to review and monitor whether the Company's policy and practice are in compliance with legal and regulatory requirements;
4. to formulate, review and monitor the Code of Conduct and Compliance Manual, if any, of the employees and Directors;
5. to report to the Board in respect of the matters set out in the Code on Corporate Governance and the Corporate Governance Report as set out in Appendix 14 to the Listing Rules, and the Board will review the effectiveness of the risk management and internal control system of the issuers each year, and make disclosure in the Corporate Governance Report; and
6. the Board has the responsibility to constantly monitor the risk management and internal control system.

(v) Related party transaction

1. The Committee shall confirm the name list of the related parties of the Company and make report to the Board and the Supervisory Committee on a timely manner;
2. In case the Company intends to undertake material related party transaction with a related party of the Company, the Committee shall review such related party transaction and provide written opinion to the Board for review and consideration and report to the Supervisory Committee. The Committee may engage an independent financial adviser to issue report as the basis of its judgement. The standard for the material related party transactions shall be formulated with Rules on related party transaction;

3. With respect to the material related party transaction where the Company intends to purchase assets with the price exceeding 100% of the carrying amount from a related party, the Committee shall issue opinion on such related party transaction and the opinion shall include the followings:
  - (1) the reasons supporting its opinion and the factors considered;
  - (2) whether the consideration of the transaction is fair and reasonable and in the interests of the Company and its shareholders as a whole; and
  - (3) to make recommendation to the non-related directors and non-related shareholders on agreeing or disagreeing the related party transaction.

The Committee, before making the judgement, may engage an independent financial advisor to issue report as the basis of its judgement.

(vi) ESG management

1. Reviewing the Company's ESG performance, policy implementation and target achievement on a regular basis;
2. Reviewing and evaluating ESG reports;
3. Providing professional advice on ESG decision-making to the Board.

(vii) Effective communications

The Committee Convener or (in case of the absence of the Convener) another Committee member on his behalf or (in case of the absence of such Committee member) an authorized representative of the Committee shall attend the annual general meeting of the Company to answer questions.

(viii) Other duties

Notwithstanding Clauses (i) to (vi) of this Article, the Committee shall also perform the following duties:

1. the Committee shall have regular meetings with the chief financial officer, audit department and external auditors of the Company to make analysis and independent assessment on the issues relating to the financial reports, and the sufficiency and effectiveness of the risk management and internal control system, and exchange views on such effectiveness and any fraudulent act;
2. when necessary, the Board shall exchange views on potential misconduct with the Committee, audit department and external auditors; and
3. other duties under the requirements of laws and regulations (including but not limited to the Listing Rules) applicable to the Company or other matters assigned to by the Board.

## CHAPTER 10 REPORTING PROCEDURES

**Article 39** The Committee shall report to the Board. At the next Board meeting following the Committee meeting, the Committee Convener shall report the findings and recommendations of the Committee to the Board.

**Article 40** Full minutes of Committee meetings shall be kept by the Committee Secretary. Draft and final versions of minutes of Committee meetings shall be sent to all members of the Committee for their comments and records respectively, in both cases within a reasonable time after the meeting.

**Article 41** Copies of the minutes of meetings of the Committee shall be provided by of the Committee Secretary to the Board.

**Article 42** In addition to information required to be given according to the requirements of the Listing Rules, the Company shall also disclose the following information to the shareholders in its annual reports: membership list of the Committee, independence, scope of work, number of meetings held during the reporting period and the attendance of each member.

**Article 43** The Committee shall submit an annual working report to the Board one month prior to the annual general meeting every year, which shall set out the followings:

- (i) audit results on quarterly, interim and annual financial statements;
- (ii) work appraisal on the external auditors, including the assessment of independence, service quality, whether the fees are reasonable and recommendations on re-appointment or replacement;
- (iii) evaluation of the Company's internal audit, the effectiveness on the implementation of the internal audit system and whether the Company's financial report is complete and accurate;
- (iv) evaluation of the establishment and effectiveness on the implementation of the Company's internal control and risk management mechanism;
- (v) whether the Company's material related party transactions are in compliance with the disclosure requirements in financial statements under the relevant laws and regulations and the Articles of Association;
- (vi) work appraisal on the audit department (including the persons in charge) of the Company;
- (vii) ESG management;
- (viii) due diligence of the members of the Committee; and
- (ix) other relevant matters.

**Article 44** The Committee shall circulate the minutes of its meetings to the Board in a timely manner so as to keep the Board abreast of the work conducted by the Committee. Reports and minutes of meetings submitted to the Board shall be duly approved by the Committee before submitting to the Board.

## **CHAPTER 11 RULES FOR ANNUAL REPORTING WORK**

**Article 45** Upon the end of each accounting year, the Committee shall, prior to the commencement of the annual audit work, be responsible to discuss with the certified public accountant engaged in the annual audit work to ascertain the schedule of the audit work for the annual financial reporting.

The Committee shall supervise the certified public accountant to submit the audit report within the time agreed and the manner, frequency and the result of the supervision shall be recorded in writing with confirmation signed by the relevant person-in-charge.

**Article 46** The Committee shall, after the commencement of work of the Certified Public Accountant for Annual Audit, strengthen the communication with the Certified Public Accountant for Annual Audit and review the Company's financial statements and formulate written opinion after the issue of initial audit opinions by the Certified Public Accountant for Annual Audit.

**Article 47** The Committee shall vote on the annual financial report and submit the resolution to the Board for review; meanwhile, it shall also submit to the Board the summary report for the Company's annual audit work undertaken by the certified public accountant and the proposal for re-appointment or new appointment of certified public accountant for the subsequent year.

The Committee's documents prepared for the Company's annual audit work and the summary report for the performance of duties of the Audit Committee shall be disclosed in the Company's annual report.

## **CHAPTER 12 AVAILABILITY OF AND UPDATE ON THE TERMS OF REFERENCE**

**Article 48** These rules shall be updated and revised as and when necessary in light of specific circumstances and the requirements of the laws and regulations (such as the Listing Rules) of the places and countries where the Company's shares and securities are listed. These rules shall be made available to public by publishing them on the websites of the Company.

## **CHAPTER 13 OTHERS**

**Article 49** These rules shall be effective and implemented from the date of approval by the Board.

**Article 50** For matters not mentioned in the Rules, or for any inconsistencies between the Rules and the requirements of the relevant laws, regulations, Listing Rules or Articles of Association and the Rules of Procedures of the Board, the relevant laws, regulations, Listing Rules, Articles of Association and the Rules of Procedures of the Board shall prevail. Meanwhile, the Rules shall be amended correspondingly and such amendments shall be reported to the Board of Directors for consideration and approval.

**Article 51** These rules shall be interpreted and amended by the Board. The Committee shall review and evaluate the reasonableness of these rules annually and submit the amendments to the Board for consideration and approval, and disclose the same in accordance with the Listing Rules and the requirements of laws and regulations.