Xinhua Winshare Publishing and Media Co., Ltd.

Working Rules for the Audit Committee of the Board

(Third amendment approved at the fourth meeting of the third session of Board of Directors of the Company on 23 March 2012)

CHAPTER 1 GENERAL PROVISIONS

Article 1 To further standardize and strengthen the financial information management of Xinhua Winshare Publishing and Media Co., Ltd. (the “Company”) and the monitoring of its internal control, the Company established the Audit Committee (the “Committee”) under the board of directors and formulated these rules in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Guidelines for the Governance of Listed Companies of tChina Securities Regulatory Commission, the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Articles of Association of the Company (the “Articles of Association”) and other relevant provisions.

Capitalised terms used herein shall have the same meanings as those defined in Listing Rules unless the context requires otherwise and shall be construed in accordance with the Listing Rules.

Article 2 The Audit Committee is a special organ established by the board of directors which shall report to and hold responsibility for the board of directors.

Article 3 The Audit Committee shall have one secretary which is to be served by the secretary to the Board, who shall be responsible for daily contact, organization of meetings and all preparatory works to facilitate the decision-making of the Audit Committee.

CHAPTER 2 MEMBERSHIP

Article 4 The Audit Committee shall be appointed by the board (the “Board”) of directors (the “Directors”) of the Company from the non-executive Directors and shall consist of not less than three members, a majority of whom shall be independent non-executive Directors (the “INED(s)”). At least one member must be an INED with appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules. The constitution of the Committee shall comply with the requirements of the Listing Rules from time to time.

Article 5 The convener (the "Convener") of the Committee shall be appointed by the Board who shall also be a member of the Committee and an INED.

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 one year 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 Chapter 2 under these rules and the Company Law, Listing Rules and Articles of Association, etc, members of the Committee shall be nominated by the Chairman and elected by the Board.

Article 8 The term of office of the Committee shall be identical to that of the Board and shall be eligible for re-election for successive terms. During the period, any member of the Committee who no longer holds office as a Director shall automatically cease to be a member of the Committee and the vacancy shall be filled by the Board as soon as possible in accordance with the provisions of Article 4 to Article 7 of these rules.

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 ATTENDANCE AT MEETINGS

Article 11 The quorum for a meeting of the Committee shall be at least two members, both of whom must be INEDs.

Article 12 Under normal circumstances, the chief financial officer, internal audit and control officer (the "Auditing Officer") of the Company shall attend meetings of the Committee, and representative(s) of external auditor(s) shall also be invited to attend 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 (the "Committee Secretary") who shall attend all meetings of the Committee.

Article 14 Members of the Committee may 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.

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 members of the Committee can receive notice within a reasonable time before the meeting, which shall be presided over by the Convener. In case of absence of the Convener, another member may be delegated to preside over the meeting.

Article 17 Voting at the Committee meeting may be taken by way of poll or by show of hands. Extraordinary meetings may be convened by way of telecommunications.

Article 18 All Committee 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 19 Committee 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 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 20 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 21 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 22 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 23 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 24 The Committee is authorized to approve the internal audit system and whistle-blowing system of the Company.

Article 25 The Committee is authorized to appoint, replace or remove the Auditing Officer of the Company.

Article 26 The Auditing Officer shall report to the Committee in the form as required by the Committee.

Article 27 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 28 The Committee shall report to the Board in a timely manner any suspected frauds or irregularities, non-compliances with the internal control or suspected infringements of laws, rules, regulations, Listing Rules and Articles of Association which come to its attention and are of sufficient importance to warrant the attention of the Board.

Article 29 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 the Committee’s view and the reasons why the Board has taken a different view, and include the same in the Corporate Governance Report of the Company in accordance with the relevant requirements under the Listing Rules.

Article 30 The Committee shall be provided with sufficient resources to discharge its duties.

CHAPTER 8 GENERAL RESPONSIBILITIES

Article 31 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, internal controls, external and internal audits and such other matters as the Board determines from time to time.

Article 32 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 the internal controls of the Company and its subsidiaries (the “Group”), and as to the adequacy of the external and internal audits.

Article 33 The Committee shall fulfill other responsibilities as required by the Listing Rules amended from time to time.

CHAPTER 9 DUTIES

Article 34 Subject to the laws and regulations applicable to the Company (including but not limited to the Listing Rules), the duties of the Committee shall be:

(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 approve the remuneration and terms of engagement of the external auditors, 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 Committee meeting if necessary;

3. to review and monitor the external auditors’ independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. 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, including 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 (or may result in 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;

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, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations.

(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 reviewing the relevant financial statements and regular reports before submission 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 and internal control procedures

1. to review the Company’s financial controls, internal controls and risk management systems;

2. to discuss with the management the system of internal control and ensure that the management has discharged its duty to have an effective internal control system including the sufficiencies 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 internal control matters as delegated by the Board or on its own initiative and management’s response;

4. to ensure employees of the Company can, in secrecy, raise concerns about possible improprieties in financial reporting, 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;

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;

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; and

5. to review the Company's compliance with the Corporate Governance Code under Appendix 14 to the Listing Rules and the disclosure in the Corporate Governance Report.

(v) Effective communications

The 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.

(vi) Other duties

Notwithstanding Clauses (i) to (v) 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 exchange views on financial reporting issues, the effectiveness of risk assessment and misconduct behaviours etc;

2. when necessary, the Board shall exchange views on potential misconduct with the Committee and audit department and external auditors;

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 35 The Committee shall report to the Board (including but not limited to matters under the provisions of Article 34). At the next Board meeting following the Committee meeting, the Convener shall report the findings and recommendations of the Committee to the Board.

Article 36 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 37 Copies of the minutes of meetings of the Committee shall be provided by of the Committee Secretary to the Board.

Article 38 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 39 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 effectiveness on the implementation of the Company's internal control and risk management systems;

(v) whether the Company's material connected transactions are in compliance with the disclosure requirements in financial statements under the relevant laws and regulations (including but not limited to the Listing Rules) and the Articles of Association;

(vi) work appraisal on the audit department (including the persons in charge) of the Company;

(vii) due diligence of the members of the Committee;

(vii) other relevant matters and issues to be reported in accordance with the requirements of the relevant laws and regulations and the Listing Rules.

Article 40 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 AVAILABILITY OF AND UPDATE ON THE TERMS OF REFERENCE

Article 41 These rules shall be updated and revised as and when necessary in light of specific circumstances and the requirements of the laws and regulations (including but not limited to the Listing Rules) of the places and countries where the Company’s shares and securities are listed. These rules shall be made available by publishing them on the websites of the Stock Exchange and the Company pursuant to the relevant requirements of the Listing Rules with a view to disclosing the terms of reference of the Company's Audit Committee and explaining its role and the powers delegated to it by the Board.

CHAPTER 12 SUPPLEMENTARY PROVISIONS

Article 42 These rules shall be implemented from the date on which the Board resolution is adopted, and shall be interpreted and revised by the Committee, which are to be published on the websites of the Stock Exchange and the Company in accordance with the relevant requirements of the Listing Rules.

The Committee shall review and evaluate the reasonableness of these rules annually and submit the amendments (if any) to the Board for consideration and approval, and disclose the same in accordance with the Listing Rules and the requirements of laws and regulations (if applicable).

Article 43 For matters which are not covered by these rules, they shall be executed in accordance with the relevant laws and regulations, the Listing Rules, other applicable laws, rules, regulations and codes in Hong Kong and the Articles of Association. For avoidance of doubt, in the event that these rules are more lenient than the relevant laws and regulations, the Listing Rules, other applicable laws, rules, regulations and codes in Hong Kong and the Articles of Association, the latter shall prevail. In the event that these rules are not in congruence with the relevant laws and regulations, the Listing Rules, other applicable laws, rules, regulations and codes in Hong Kong to be promulgated and the Articles of Association amended in accordance with legal procedures, the latter shall prevail and these rules shall be revised accordingly and reported to the Board for consideration and approval.

Article 44 The English version of these rules is only the translation of its Chinese version. For any inconsistency between the English and Chinese versions, the Chinese version shall prevail.