



**PHOENIX MEDIA INVESTMENT (HOLDINGS) LIMITED**  
(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 02008)

**TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

**COMPOSITION**

1. Members of the Audit Committee shall be appointed by the board (the “**Board**”) of directors of Phoenix Media Investment (Holdings) Limited (the “**Company**”) from amongst its Non-executive Directors and shall consist of not less than two Independent Non-executive Directors.
2. The Chairman of the Audit Committee shall be an Independent Non-executive Director and appointed by the Board.

**FREQUENCY OF MEETINGS**

Meetings shall be held prior to the finalisation of yearly, interim and if any, quarterly reports. The external auditor may request a meeting if it considers that one is necessary.

**AMENDMENTS**

Any changes to these terms of reference will require the approval of the Board.

**DUTIES**

The duties of the Audit Committee shall include:

**RELATIONSHIP WITH THE COMPANY’S AUDITORS**

- (a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (c) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- (d) to act as the key representative body for overseeing the Company's relations with the external auditor;

#### REVIEW OF THE COMPANY'S FINANCIAL INFORMATION

- (e) to monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, the Audit Committee should focus particularly on: –
  - (i) any changes in accounting policies and practices;
  - (ii) major judgmental areas;
  - (iii) significant adjustments resulting from audit;
  - (iv) the going concern assumptions and any qualifications;
  - (v) compliance with accounting standards; and
  - (vi) compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and legal requirements in relation to financial reporting;
- (f) Regarding (e) above: –
  - (i) members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet, at least twice a year, with the Company's auditors; and
  - (ii) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

## OVERSIGHT OF THE COMPANY'S FINANCIAL REPORTING SYSTEM AND INTERNAL CONTROL SYSTEM

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- (g) to review the Company's financial controls and internal control system;
- (h) to discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- (i) to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (j) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- (k) to review the group's financial and accounting policies and practices;
- (l) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;
- (m) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (n) to report to the Board on the matters set out in these terms of reference;
- (o) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for the fair and independent investigation of these matters and for appropriate follow-up action;
- (p) to review the Company's whistleblowing policy for employees and third parties who deal with the Company to raise concerns, in confidence, about possible improprieties in matters related to the Company; and
- (q) to consider other topics, as defined by the Board.

## **PROCEEDINGS OF THE AUDIT COMMITTEE MEETING**

1. At all meetings of the Audit Committee, any question shall be decided by a majority of votes cast by members of the Audit Committee on that question. The Chairman of the Audit Committee will not have a casting vote.
2. A majority in number of the members of the Audit Committee shall constitute a quorum for the transaction of business.
3. Notice of Audit Committee meeting must include the time and place of the meeting and if it is for the annual and interim regular meetings, it must be sent to all Audit Committee members at least 14 days before the meeting date and in case of other meetings, reasonable notice shall be given. Full agenda and accompanying Audit Committee papers shall be circulated to all Audit Committee members at least 3 days before the intended date of meeting unless any of the above notice and/or agenda/committee papers requirements is waived by all members of the Audit Committee in writing.
4. A resolution signed by all members of the Audit Committee is as valid as if it had been passed at a meeting of the Audit Committee provided that a resolution in writing shall not be passed in lieu of a meeting of the Audit Committee for the purposes of considering any matter or business in which an Audit Committee member has a conflict of interest and the Audit Committee has determined that such conflict of interest to be material. A notification of consent to such resolution given by an Audit Committee member in writing by any means (including by means of electronic communication) shall be deemed to be his signature to such resolution in writing for the purpose of this provision.
5. Any member of the Audit Committee may participate in a meeting of the Audit Committee either in person or through electronic means of communication that permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.
6. If the Chairman of the Audit Committee is not in attendance at any meeting of the Audit Committee, the members in attendance may appoint a chairman of the meeting amongst themselves.

## **REPORTING PROCEDURES**

Full minutes of Audit Committee meetings should be kept by a duly appointed secretary of the meeting (who should normally be the Company Secretary). Draft and final versions of minutes of the meetings should be sent to all committee members for their comment and records within a reasonable time after the meeting. The Audit Committee should report any of its resolutions and/or recommendations to the Board.

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