

SING TAO NEWS CORPORATION LIMITED
(Incorporated in Bermuda with limited liability)
(the “**Company**” , together with its subsidiaries, the “**Group**”)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE
(the “**Committee**”)

1. Membership

- 1.1 The Committee shall consist of not less than three (3) members, all of whom shall be non-executive directors of the Company (the “**Directors**”) and a majority of whom should be independent non-executive Directors. At least one (1) member of the Committee must possess appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).
- 1.2 The chairman of the Committee shall be an independent non-executive Director.
- 1.3 A former partner of the Company’s existing auditing firm should be prohibited from acting as a member of the Committee for a period of two years from the date of the person ceasing (a) to be a partner of the firm; or (b) to have any financial interest in the firm, whichever is later.

2. Attendance at meetings

- 2.1 The finance director and/or the financial controller of the Company, the department head of internal audit of the Company, and representatives of the external auditors of the Company shall attend meetings of the Committee. Other members of the board of Directors (the “**Board**”) shall also have the right of attendance. Only members of the Committee are entitled to vote at the Committee meetings.
- 2.2 The company secretary of the Company or his/her nominee shall be the secretary of the Committee.

3. Meetings

- 3.1 Meetings shall be held not less than twice a year. The external auditors may request a meeting if they consider that one is necessary.
- 3.2 The quorum necessary for the transaction of the business of the Committee may be fixed by the Board and, unless so fixed at any other number, shall be two (2) members of the Committee and at least one (1) shall be independent non-executive Director. Questions arising at any meeting of the Committee shall be decided by a majority of votes of the members of the Committee present. In case of an equality of votes, the chairman of the Committee shall have a second or casting vote.

- 3.3 Notice of any Committee meeting shall be given at least five (5) days prior to any such meeting, unless all members of the Committee unanimously waive such notice. Irrespective of the length of notice being given, attendance of a Committee meeting by a member of the Committee shall be deemed waiver of the requisite length of notice by the member of the Committee.
- 3.4 Agenda and Committee papers shall be sent to members of the Committee at least three (3) days before the intended Committee meeting.
- 3.5 Meetings could be held in person, by telephone or by video conference. Members of the Committee may participate in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.
- 3.6 A resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a Committee meeting duly convened and held.
- 3.7 Minutes shall be kept by the secretary of the Committee. Draft and final versions of minutes of the Committee meetings shall be circulated to all members for their comment and records respectively, in both cases within a reasonable time after the Committee meeting is held. Such minutes shall be open for inspection by any Director.

4. Authority

- 4.1 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 director of the Group, and all employees and directors are directed to co-operate with any request by the Committee.
- 4.2 The Committee is authorized by the Board to obtain at the Company's expense outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.
- 4.3 The Committee is authorized to perform its duties in accordance with these Terms of Reference and any material amendments to these Terms of Reference shall be approved by the Board.

5. Duties

The Committee shall:

Relationship with the Group's auditors

- 5.1 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;

- 5.2 to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- 5.3 to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditors" 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 Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- 5.4 to act as the key representative body for overseeing the Group's relations with the external auditor;

Review of financial information of the Group

- 5.5 to monitor integrity of financial statements of the Group and the Group's annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Committee should focus particularly on:
 - 5.5.1 any changes in accounting policies and practices;
 - 5.5.2 major judgmental areas;
 - 5.5.3 significant adjustments resulting from audit;
 - 5.5.4 the going concern assumptions and any qualifications;
 - 5.5.5 compliance with accounting standards; and
 - 5.5.6 compliance with the Listing Rules and legal requirements in relation to financial reporting;
- 5.6 Regarding 5.5 above:
 - 5.6.1 members of the Committee should liaise with the Board and senior management and the Committee must meet, at least twice a year, with the Group's auditors; and
 - 5.6.2 the Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, it should give due consideration to any matters that have been raised by the Group's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

Oversight of the Group's financial reporting system, risk management and internal control systems

- 5.7 to review the Group's financial controls, and unless expressly addressed by a separate Board risk committee, or by the Board itself, to review the Group's risk management and internal control systems;

- 5.8 to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function;
- 5.9 to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- 5.10 where an internal audit function exists, to ensure coordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Group, and to review and monitor its effectiveness;
- 5.11 to review the Group's financial and accounting policies and practices;
- 5.12 to review the external auditor's management letter, any material queries raised by the auditor to management about the accounting records, financial accounts or systems of control and management's response;
- 5.13 to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- 5.14 to review arrangements employees of the Group can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- 5.15 to report to the Board on the above matters;
- 5.16 to consider other topics, as defined by the Board; and
- 5.17 to consider and implement other matters, as defined or assigned by the Board or otherwise required by the Listing Rules from time to time.

6. Reporting procedures

The Committee should report to the Board at the next meeting of the Board following a meeting of the Committee on the work, significant decisions, findings and recommendations.