

# Neuedu

## 東軟教育科技有限公司

Neusoft Education Technology Co. Limited  
*(Incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 9616)

### TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The audit committee (“**Committee**”) of Neusoft Education Technology Co. Limited (“**Company**”) was established pursuant to a resolution passed by the board of directors of the Company (“**Board**”) on 11 September 2020. The terms of reference (“**Terms of Reference**”) of the Committee are set out below. The Terms of Reference are available for viewing in English and Chinese, and in the event of any inconsistency between the language versions, the English version shall prevail.

#### 1. PURPOSE

- 1.1 The purpose of the Committee is to assist and advise the Board in establishing formal and transparent arrangements to consider how the Board should apply financial reporting, risk management and internal control principles, and for maintaining an appropriate relationship with the Company’s auditors, and for approving connected transactions for the Company.

#### 2. COMPOSITION

- 2.1 The Committee shall be appointed by the Board from time to time and shall comprise: (a) a minimum of three members; (b) consisting of non-executive directors of the Company only; (c) a majority of which must be independent non-executive directors of the Company who shall meet the independence requirements from time to time as stipulated in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) (as amended from time to time); and (d) with at least one independent non-executive director of the Company who has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules (as amended from time to time). Committee members shall be appointed by the Board.
- 2.2 The Board shall appoint one Committee member as the chairperson (“**Chairperson**”) who is either the chairperson of the Board or an independent non-executive director of the Company.

- 2.3 A former partner of the Company's existing auditing firm shall be prohibited from acting as a Committee member for a period of two years from the date of his/her ceasing: (i) to be a partner of the firm; or (ii) to have any financial interest in the firm, whichever is later.

### **3. MEETINGS**

- 3.1 Unless otherwise specified hereunder, the provisions contained in the Company's articles of association ("**Articles**") (as amended from time to time) for regulating meetings and proceedings of directors shall apply to the Committee's meetings and proceedings.
- 3.2 Committee members may attend Committee meetings in person or through other electronic means of communication or in any other manner agreed by the Committee members.
- 3.3 The Committee shall meet at least twice annually, or more frequently if circumstances require.
- 3.4 The Board, any Committee member and the external auditor of the Company may request a meeting if they consider that one is necessary.
- 3.5 The chief financial officer of the Company and at least one representative of each of the internal auditors and the external auditor of the Company shall normally attend meetings. Other Board members shall also have the right of attendance. However, the Committee shall meet with the external auditor at least twice a year. At least once a year the Committee shall meet with the external and internal auditors without any executive director of the Company present.
- 3.6 A Committee member may be represented at a Committee meeting by an alternative appointed by that Committee member.
- 3.7 The Chairperson shall be responsible for leading the Committee, including scheduling meetings, preparing agendas and making regular reports to the Board.
- 3.8 A Committee meeting may be convened by any of its members.
- 3.9 A quorum shall be two Committee members.

- 3.10 Unless otherwise agreed by all of the Committee members, notice of at least seven days shall be given for a regular meeting of the Committee. For all other Committee meetings, reasonable notice shall be given. The Chairperson shall determine whether or not a Committee meeting is a regular meeting.
- 3.11 The agenda and accompanying supporting papers shall be sent to all Committee members and to other attendees as appropriate at least three days before the meeting date (or such other period as the Committee members may agree).
- 3.12 Each Committee member shall have one voting right. Subject to the Articles, questions arising at any Committee meeting shall be decided by a majority of the votes, and in case of an equality of votes, the Chairperson shall have a second or casting vote.
- 3.13 Committee members shall appoint a Committee secretary (“**Secretary**”) to take minutes. In the absence of the Secretary, his/her delegate(s) or any person elected by the Committee members present at the Committee meeting, shall attend the Committee meeting and take minutes. Any such minutes shall be conclusive evidence of any such proceedings if they purport to be signed by the Chairperson or the Secretary of the Committee meeting or succeeding meeting.
- 3.14 Full minutes of the Committee meeting shall be kept by the Secretary or the company secretary or any one of the joint company secretaries of the Company (as applicable from time to time). They shall be open for inspection at any reasonable time on reasonable notice by any director of the Company.
- 3.15 Minutes of Committee meetings and the record of individual attendance at such meetings shall be prepared by the Secretary that shall be sent to all Board members within a reasonable time after the conclusion of any Committee meeting for their comment and records. For the purposes of recording attendance only, the attendance of an alternate of Committee members will not be counted as attendance by the relevant Committee member himself/herself. The Committee meeting minutes shall record details of matters considered and decisions reached, including any concerns raised by the directors of the Company or dissenting views expressed.
- 3.16 Without prejudice to any requirement under the Listing Rules, a resolution in writing signed by all of the Committee members (or their respective alternate) shall be as valid and effectual as if it had been passed at a Committee meeting duly convened and held.

## **4. ACCESS**

- 4.1 The Committee shall have full access to management and may invite members of management or others to attend its meetings.
- 4.2 The Company should provide the Committee with sufficient resources to perform its duties, including but not limited to obtaining independent professional advice and assistance from internal or external legal, accounting or other advisors at the expense of the Company if necessary.

## **5. REPORTING PROCEDURES**

- 5.1 The Committee shall evaluate and assess its effectiveness and the adequacy of its Terms of Reference on an annual basis and recommend any proposed changes to the Board.
- 5.2 The Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

## **6. AUTHORITY**

- 6.1 The authorities and responsibilities of the Committee shall include such responsibilities and authorities set out in the relevant code provisions of the Corporate Governance Code (“**CG Code**”) as contained in Appendix 14 of the Listing Rules (as amended from time to time).
- 6.2 The Committee is authorised by the Board to investigate any activity within these Terms of Reference. It is authorised to seek any information it requires from any employee and all employees will be directed to co-operate with any request made by the Committee.
- 6.3 Where the Board disagrees with the Committee’s view on the selection, appointment, resignation or dismissal of the external auditor, the Company should include in its corporate governance report a statement from the Committee explaining its recommendation and also the reason(s) why the Board has taken a different view.

## 7. RESPONSIBILITIES AND DUTIES

7.1 Without prejudice to any requirements under the CG Code, the duties of the Committee shall include the following:

- (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 the external auditor's 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 Committee should discuss with the external auditor about the nature and scope of the audit and reporting obligations before the audit commences;
- (c) to develop and implement policies on engaging an external auditor to supply non-audit services. For this purpose, an "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 Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- (d) to monitor the integrity of the Company's financial statements, annual reports, accounts, half yearly reports 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 particularly focus on:
  - (i) any changes in accounting policies and practices;
  - (ii) major judgmental areas;
  - (iii) significant adjustments resulting from the audit;
  - (iv) the going concern assumptions and any qualifications;
  - (v) compliance with accounting standards; and
  - (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;

- (e) regarding paragraph (d) above:
  - (i) members of the Committee should liaise with the Board and senior management of the Company, and the Committee must meet, at least twice a year, with the Company's auditors; and
  - (ii) the Committee should consider any significant or unusual items that are, or may need to be, reflected in report and accounts, and 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;
- (f) to review the Company's financial controls, risk management and internal control systems;
- (g) to discuss the risk management and internal control systems with the 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 programs and budget of the Company's accounting and financial reporting function;
- (h) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on the Committee's own initiative and management's response to these findings;
- (i) where an internal audit function exists, to ensure co-ordination between the Company's 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;
- (j) to review the Company's and its subsidiaries' and consolidated affiliated entities' operating, financial and accounting policies and practices;
- (k) 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;
- (l) to ensure that the Board will provide a timely response to the issues raised by external auditor's management letter;
- (m) to report to the Board on the matters in the Terms of Reference and the CG Code;

- (n) to review arrangements that the Company's employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (o) to establish, review and update a whistleblowing policy and system for employees of the Company and those who have dealings with the Company and its subsidiaries to raise concerns, in confidence and anonymity, about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (p) to act as the key representative body for overseeing the Company's relations with the external auditor;
- (q) to review the Company's continuing connected transactions and ensure compliance with the terms approved by the Company's shareholders; and
- (r) to consider such other matters as the Board may from time to time determine.

## **8. ANNUAL GENERAL MEETING**

- 8.1 The Chairperson or in his/her absence, another Committee member or failing this, his/her duly appointed delegate, shall attend the Company's annual general meeting ("AGM") and be prepared to respond to questions at the AGM on the Committee's work and responsibilities.