



**中國民航信息網絡股份有限公司**  
**TravelSky Technology Limited**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability on 18 October, 2000.)*

**Board of Directors of TravelSky Technology Limited**  
**Rules of the Audit and Risk Management Committee**

This English version is a translation of the Chinese version. In case of inconsistencies, the Chinese version shall prevail.

## Chapter 1 General Provisions

- Article 1 In accordance with the *Company Law of the People's Republic of China*, Appendix 14 *Corporate Governance Code* (hereinafter referred to as the “**Code**”) to the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (hereinafter referred to as the “**Listing Rules**”), *A Guide for Effective Audit Committees*, *Corporate Governance Standards for Listed Companies*, the *Articles of Association* of Travelsky Technology Limited (hereinafter referred to as the “**Company**”) and other relevant regulations, the Company has established an audit and risk management committee by resolution of the board of directors and has formulated these rules.
- Article 2 The audit and risk management committee is a special body established under the board of directors. The committee is mainly responsible for monitoring the Company's financial reporting procedures, internal control and risk management, as well as maintaining good communication with the management, internal audit organizations and external auditors.

## Chapter 2 Composition

- Article 3 The audit and risk management committee shall comprise independent non-executive directors and shall have at least three (3) committee members (“**members**”), including at least one (1) independent non-executive director who has suitable professional qualifications or suitable accounting or relevant financial management expertise.
- Article 4 Members of the audit and risk management committee shall be nominated by the chairman of the board of directors, more than half (1/2) of the independent non-executive directors or one-third (1/3) of all the directors and shall be elected at the board of directors.
- Article 5 The audit and risk management committee shall have one (1) senior member (i.e. chairman) who is responsible to preside over the work of the committee. The senior member shall be elected amongst the members (independent non-executive directors) and shall be appointed by the entire board of directors.
- Article 6 The audit and risk management committee shall have one (1) secretary which shall be appointed by the committee.
- Article 7 Any former partner of the audit firm which is currently responsible for the audit of the Company's accounts shall not become a member of the Company's audit and risk management committee within one (1) year starting from the following date (whichever is later):
- (1) the date on which he/she ceases to be a partner of the audit firm referred to above; or
  - (2) the date on which he/she no longer enjoys the financial benefits of the audit firm referred to above.

Article 8 The audit and risk management committee shall have a term of office consistent with that of the board of directors. The term of office of a member of the audit and risk management committee is renewable upon re-election. If a member no longer assumes the position of director in the Company during the term of office, he/she shall automatically lose his/her membership. The audit and risk management committee shall call a by-election to fill the vacancy in accordance with the aforesaid provisions of Article 3 to Article 7.

Article 9 The audit and risk management committee may establish its working group, which shall comprise members who are persons responsible for internal audit, internal control, risk management and financial reporting in the Company, and appoint one (1) working group person-in-charge (i.e. group leader) who is responsible for the preparation of meetings of the audit and risk management committee and coordination and liaison matters.

### **Chapter 3 Responsibilities and Limits of Authority**

Article 10 Responsibilities of the audit and risk management committee:

#### **(1) Relationship with the Company's auditors**

- (i) The audit and risk management committee shall have a clear understanding of the roles and responsibilities of all parties involved, including the management, internal auditors, external auditors and the relationship among them, in the course of financial reporting and audit, and shall ensure that effective procedures and protective measures have been adopted by all relevant parties and that all relevant parties have coordinated with each other and have carried out their work in an effective manner.
- (ii) The audit and risk management committee shall make recommendation to the board of directors on the appointment, re-appointment and removal of external auditors, approve the remuneration and terms of appointment of external auditors, and handle any issue of resignation or dismissal of the auditors concerned.
- (iii) The audit and risk management committee shall review correspondence submitted by the external auditors to the management and the reply of the management.
- (iv) The audit and risk management committee shall review and monitor the independence and objectivity of external auditors and the effectiveness of the audit process according to applicable standards, and shall discuss with the auditors on the nature and scope of audit and related reporting obligations prior to the commencement of audit.

- (v) The audit and risk management committee shall formulate and implement policies concerning the provision of non-audit services by external auditors. For this purpose, an external auditor shall include any entity which 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 of directors on any matters in respect of which it considers that action or improvement is needed and shall make recommendation as to the steps to be taken.
- (vi) The audit and risk management committee shall act as the key representative body between the Company and the external auditors and shall be responsible for monitoring the relations between the two.

**(2) Supervision over the Company's financial reporting system, risk management and internal control systems**

The audit and risk management committee shall:

- (i) examine and review the financial controls, risk management and internal control systems of the Company;
- (ii) discuss with the management the risk management and internal control systems so as to ensure that the management has performed its duty to establish effective risk management and internal control systems. 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;
- (iii) examine major investigation findings relating to risk management and internal control matters and the response of the management on its own initiative or as delegated by the board of directors;
- (iv) ensure coordination between internal and external auditors and 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;
- (v) examine the financial and accounting policies and practices of the Company and its subsidiaries (hereinafter referred to as the "**Group**");

- (vi) examine the external auditors' letter to the management, any major queries raised by the auditors to the management in respect of accounting records, financial accounts or systems of control and the management's response;
- (vii) ensure that the board of directors will respond to the matters raised in the external auditors' letter to the management in a timely manner;
- (viii) report to the board of directors matters contained in the Code (as amended from time to time);
- (ix) consider and examine any other issues as determined by the board of directors; and
- (x) evaluate the financial reporting procedures and the risk management and internal control systems of the Company and report the findings to the board of directors, including the assessment of the Company's internal audit departments and external auditors, the effectiveness of the implementation of the Company's risk management and internal control systems, the Company's compliance with laws in respect of connected transactions, the comprehensiveness and reliability of the Company's financial information and the objectivity and authenticity of the Company's financial information disclosure.

**(3) Review of the Company's financial information**

- (i) The audit and risk management committee shall monitor the integrity of the Company's financial statements, annual reports and accounts, half-yearly and (if prepared for publication) quarterly reports, review significant financial reporting judgements contained in the statements and reports. Prior to the submission to the board of directors, review the Company's annual reports and accounts, half-yearly and (if prepared for publication) quarterly reports and shall pay particular attention to the following items:
  - 1. any changes in accounting policies and practices;
  - 2. significant decisions made in financial reporting items;
  - 3. significant adjustments resulting from audit;
  - 4. the going concern assumptions and any qualifications;
  - 5. extent of the compliance with accounting standards;

6. extent of the compliance with the provisions in relation to financial reporting in the Listing Rules and relevant laws; and
7. statements contained in the annual report in relation to the Company's risk management and internal control systems.

(ii) With regard to item (i) referred to above:

1. the audit and risk management committee must liaise with the board of directors, senior management personnel and persons appointed as the Company's chief financial officer (chief accountant), the person in charge of finance, and persons responsible for the internal control, internet audit and risk management department, and hold a meeting with the Company's auditors at least twice a year; and
2. the audit and risk management committee shall consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts referred to above and must give due consideration to any matters that have been raised by the chief financial officer (chief accountant), the person in charge of finance, and persons responsible for the internal control, internet audit and risk management department or auditors of the Company.

(iii) The audit and risk management committee shall review the Company's financial information disclosure and connected transactions, discuss with the auditors on issues and doubts arising from the review of interim and full-year accounts and other matters which the auditors wish to discuss.

**(4) Examination and monitoring of the Company's existing and potential risks**

Review the following arrangement made by the Company: the Company's employees may express concerns towards possible misconduct in respect of financial reporting, internal control or other aspects. The audit and risk management committee shall ensure that appropriate arrangements have been made to enable a fair and independent investigation of such matters and appropriate actions are to be taken.

**(5) In reviewing quarterly reports (if any), half-yearly and annual results, examining the responsibilities of risk management and internal control systems and performing other responsibilities provided in the Code, the audit and risk management committee shall prepare relevant work reports and submit them to the board of directors for consideration and approval.**

- (6) **(If applicable) The audit and risk management committee shall ensure that declarations in respect of its recommendation on the selection, appointment, resignation or dismissal of external auditors and the reasons for the board of directors to hold a different opinion are stated in the Corporate Governance Report.**
- (7) **The audit and risk management committee shall make recommendation on the Company's failure to comply with the provisions of the Listing Rules in relation to the establishment of audit and risk management committee and ensure that effective remedial steps are to be taken by the board of directors.**
- (8) **The audit and risk management committee shall deal with other tasks delegated by the board of directors.**

Article 11 Powers of the audit and risk management committee, including but not limited to:

- (1) the audit and risk management committee may, under circumstances which are not subject to the control of the management, meet with internal auditors and/or external auditors or listen to their report on a regular basis;
- (2) the audit and risk management committee may require any employee and professional adviser (including the auditor) of the Company to submit reports and attend meetings of the committee and provide necessary information and to answer queries;
- (3) the audit and risk management committee may carry out any investigations according to the scope of its functions and powers and shall have the right to seek for any necessary information from any employee and all employees shall be instructed to cooperate with the committee;
- (4) the audit and risk management committee may monitor the compliance by the Group's management personnel, when performing their duties with policies set by the board of directors or applicable laws and rules (including the Listing Rules and regulations set by the board of directors);
- (5) the audit and risk management committee may investigate all suspected frauds and require the management to carry out investigation of such matters and to submit reports;
- (6) the audit and risk management committee may review the Group's risk management and internal control measures and systems;

- (7) the audit and risk management committee may review the performance of staff in the Group's accounting and internal audit departments;
- (8) the audit and risk management committee may recommend the board of directors to consider the improvement of the Group's risk management and internal control measures and systems;
- (9) where there is evidence or suspicion that relevant staff is guilty of dereliction of duty, the audit and risk management committee may require the board of directors to convene a general meeting of shareholders to remove the duties of directors and other employees of the Group;
- (10) the audit and risk management committee may require the board of directors to take any necessary actions, including the convening of an extraordinary general meeting of shareholders, to replace and dismiss auditors of the Group;
- (11) the audit and risk management committee may seek for external legal advice or other independent professional opinion and the expenses incurred shall be borne by the Company; if necessary, it may invite outsiders who have relevant experience and professional knowledge to attend meetings of the audit and risk management committee;
- (12) the audit and risk management committee may exercise any power which it considers to be necessary for the purpose of implementing the responsibilities specified under Chapter 3 of these rules in a reasonable manner; and
- (13) other powers granted by the board of directors.

Article 12 If a major shareholder or director of the Company is considered by the board of directors to have a significant conflict of interests in the items to be considered at the board of directors, the audit and risk management committee shall not deal with the relevant item.

Article 13 The audit and risk management committee shall report its decisions or recommendations to the board of directors unless the committee is unable to do so due to legal or regulatory restrictions (such as the restriction on disclosure due to regulatory requirements).

Article 14 The audit and risk management committee shall receive adequate resources to perform its responsibilities.

Article 15 The audit and risk management committee shall make public the scope of its functions and powers and shall explain its roles and powers delegated by the board of directors.

#### **Chapter 4 Provision and Usage of Information at the Audit and Risk Management Committee**

Article 16 The agenda of meetings of the audit and risk management committee and relevant meeting documents shall be delivered to all members in a timely manner and at least three (3) days in advance of the date of the committee meeting to be held (or within other period as agreed). All other meetings of the committee shall also adopt the arrangements referred to above in practical circumstances.

Article 17 (1) The management has the responsibility to provide adequate and timely information to the audit and risk management committee so that the committee can make well-informed decisions. Information provided by the management must be complete and reliable. Members shall discharge their duties appropriately and shall not rely on the information provided by the management alone under all circumstances. Occasionally, they shall also be required to make further inquiry on their own. If any member needs other additional information from the management (other than that provided by the management on its own initiative), he/she shall make further inquiry as needed. The audit and risk management committee and each member shall have access to the Company's senior management personnel on their own separate ways.

(2) Information provided by the management to the audit and risk management committee referred to in paragraph (1) above shall include the background of the relevant items to be submitted for consideration at the audit and risk management committee or explanatory notes, disclosure documents, budgets, forecasts, monthly financial statements and other relevant internal financial statements (if necessary). As for budgets, any significant difference between the forecasts and the actual figures must be disclosed and explained as well.

Article 18 All members shall have the right to review documents and relevant materials of the audit and risk management committee. The way of compilation and quality of such documents and relevant materials shall enable the audit and risk management committee to make informed decisions on items submitted for consideration at the committee. If an issue is raised by a member, the Company must take steps to make the fastest response as fully as possible.

#### **Chapter 5 Rules and Procedures**

Article 19 The audit and risk management committee shall convene a meeting at least twice a year. The meeting shall be held prior to the consideration of the Company's interim or annual results by the board of directors.

The audit and risk management committee may also convene an extraordinary meeting as needed.

Article 20 The convening of meeting of the audit and risk management committee shall be proposed by the senior member (chairman) or two (2) or more members of the audit and risk management committee. The meeting shall be presided over by the senior member or other member appointed by him/her and shall be held when more than half (1/2) of the members of the audit and risk management committee are present in person.

An extraordinary meeting may be convened by means of communication facilities.

Article 21 Except with the approval of all members of the audit and risk management committee, the committee shall give notice of the relevant meeting to all members seven (7) days before the date of the meeting or earlier. The notice of meeting may be delivered to all members of the audit and risk management committee (based upon the latest phone number, fax number or address provided to the secretary by the member) in person or in writing, or by way of telephone, telegraph, fax or other means as agreed by the members from time to time. The time, venue and agenda of the meeting must be indicated in the notice of meeting and relevant documents must be provided to all members and the secretary for perusal. The documents shall be delivered together with the agenda which shall be delivered together with the notice of meeting (or the confirmation of notification).

Article 22 All members of the audit and risk management committee shall have the right to submit items for consideration at the committee. The senior member/secretary of the audit and risk management committee shall have the responsibility to ensure that the items submitted by members for consideration will be included into the agenda of the audit and risk management committee's meeting in a timely manner.

Article 23 Executive directors, senior management personnel and external auditors of the Company may be invited to attend the meeting. Persons responsible for the internal audit department and the financial department and persons responsible for the internal control and risk management department within the Company shall attend the meeting. Outsiders with relevant experience who receive invitation from the audit and risk management committee may attend the meeting. Members of the audit and risk management committee's working groups shall attend the meeting.

Article 24 The secretary of the audit and risk management committee shall be responsible for the following work:

- (1) assist the committee's working group to coordinate the preliminary and preparatory work of meetings of the audit and risk management committee and obtain adequate information, including financial reports and statements and auditors' audit and review reports etc., from the management, the financial department, the internal control and internal audit department, the risk management department and auditors of the

Company at least three (3) days before the date of the meeting so as to provide the relevant information to the attending parties;

- (2) keep minutes of meetings of the audit and risk management committee;
- (3) make relevant minutes available to any member who has given reasonable notice for his/her inspection at any reasonable time; and
- (4) ensure that all members will be able to obtain the opinion of the secretary of the audit and risk management committee and to enjoy his/her service with the aim of ensuring compliance with the procedures of the committee and all applicable regulations and rules.

Article 25 Minutes of the audit and risk management committee shall be taken in respect of all items considered and resolutions made at the meetings in a sufficient and detailed manner, which shall include any doubts raised or opposing opinions expressed by the members. Full minutes of the audit and risk management committee meetings shall be kept by the secretary of the audit and risk management committee. The secretary of the committee shall deliver the draft and final version of the minutes successively to all members of the audit and risk management committee within a reasonable time after the meeting. The draft is for the members' comments and the final version is for their records.

Article 26 Resolutions of the audit and risk management committee shall be passed by a show of hands or by voting. Each member shall have one (1) vote. Resolutions of the committee must be passed by a majority of all the attending members. A member who is unable to attend the meeting may appoint another member to attend the meeting on his/her behalf and may make comments and cast a vote in writing or by means of communication facilities.

Article 27 The audit and risk management committee shall submit the minutes of meeting or a written report to the board of directors which shall be kept by the secretary of the board of directors.

Article 28 There should be a procedure agreed by the audit and risk management committee allowing members to seek independent professional opinion in appropriate circumstances upon reasonable request. The expenses incurred shall be borne by the Company. Upon request by committee member, the committee shall resolve to seek for and provide independent professional opinion for the members in order to assist the relevant members to fulfill their responsibilities to the Company.

Article 29 All members attending meetings of the audit and risk management committee shall be obliged to keep the items discussed at the meetings confidential and shall not disclose the relevant information to any third parties outside the Company, except in the following circumstances: (i) information approved by resolution of the audit and risk management committee for announcement;

(ii) speeches of the spokesman appointed by resolution of the audit and risk management committee made on behalf of the committee; (iii) relevant information provided to the Company's professional advisers (who are generally subject to the duty of confidentiality); or (iv) requirements stipulated by laws, regulations or the authorities and agencies.

## **Chapter 6 Supplementary Provisions**

Article 30 These rules shall come into effect on the date of approval by the board of directors.

Article 31 Items that have not been mentioned in these rules shall be implemented in accordance with applicable laws and regulations and the provisions of the Company's *Articles of Association*. These rules may be amended in accordance with applicable laws and regulations and the amendments to the Company's *Articles of Association* and the amendments to these rules must be submitted to the board of directors for approval.

Article 32 The right to interpret these rules vests with the board of directors of the Company.