

**TERMS OF REFERENCE OF THE
AUDIT COMMITTEE OF
VITAL MOBILE HOLDINGS LIMITED
維太移動控股有限公司
(the “Company”)**

1. Composition

- 1.1 Members of the Audit Committee shall be appointed by the board of directors (the “Board”) of the Company and shall comprise non-executive directors only. The Audit Committee must comprise a minimum of three members, at least one of whom shall be an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under the provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) (as amended from time to time).
- 1.2 The majority of the Audit Committee members must be independent non-executive directors. The chairman of the Audit Committee must also be an independent nonexecutive director.
- 1.3 Members of the Audit Committee shall be nominated by the chairman of the Board, more than half of the independent non-executive directors or one-third or above of all directors, and shall be appointed by the Board.
- 1.4 A former partner of the Company’s incumbent auditing firm should be prohibited from acting as a member of the Audit Committee for a period of one year from the date of his ceasing: (a) to be a partner of the firm; or (b) to have any financial interest in the firm (whichever is later).
- 1.5 The term of office of the Audit Committee shall be concurrent with that of the Board. A member of the Audit Committee may serve further terms if re-elected upon conclusion of his/her current term. If any member ceases to be a director of the Company during his/her term of office, he/she shall automatically cease to be a member of the Audit Committee. The vacancy shall be filled by the Audit Committee in accordance with Articles 1.1 to 1.4 above.

2. Duties and Powers

- 2.1 The primary duties and powers of the Audit Committee shall include the following:

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 dealing with any matters relating to 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 and make recommendations to the Board on any matters where any action or improvement is needed;

Review of the Company’s financial information

- (d) 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 opinions on financial reporting contained in such statements and reports. In reviewing the relevant statements and reports (the Company’s annual report and accounts, half-year report and (if prepared for publication) quarterly reports) before submission to the board, the Audit Committee should focus particularly on the following:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from audit;
 - (iv) assumptions on the going concern of the Group and any qualifications;
 - (v) compliance with accounting standards;
 - (vi) compliance with the Listing Rules and legal requirements pertaining to financial reporting;
 - (vii) whether the connected transaction or arrangement is fair and reasonable and its impact on the Group’s profit, and whether such connected transaction, if any, has been conducted in accordance with the relevant agreement;
 - (viii) whether the format in which the financial statements are presented and the information disclosed in such financial statements enhance the transparency of the Group and sufficiently allow investors to have a fair understanding of the financial conditions of the Group and the Company;
 - (ix) consideration of any material or unusual items reflected in such report and accounts; and
 - (x) cash flow conditions of the Group;
- (e) Regarding 2.1 (d) above:
 - (i) members of the Audit Committee should liaise with the Board and senior management of the Group. The Audit Committee shall meet, at least twice a year, with the Company’s auditors;

- (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, risk management and internal control systems

- (f) to review the Company's financial controls, and unless expressly addressed by a separate board risk committee, or by the Board itself, to review the Company's risk management and internal control systems;
- (g) 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 Company's accounting and financial reporting function;
- (h) to consider major investigation findings on risk management and internal control matters and management's response to these findings, as delegated by the Board or on its own initiative;
- (i) 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;
- (j) to review the Group's financial and accounting policies and practices;
- (k) to inspect the "Explanatory Letter on the Audit" issued to the management by the external auditor, 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 matters raised in the "Explanatory Letter on the Audit" issued to the management by the external auditor;
- (m) to report to the Board on the aforesaid matters;
- (n) to review arrangements made by the Company through which employees of the Company can raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigations of these matters and for appropriate follow-up actions;
- (o) to act as the key representative body of the Company with regard to the external auditor for overseeing the Company's relations with the external auditor;
- (p) to conduct other matters delegated by the Board of the Company;

Corporate Governance functions

- (q) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (r) to review and monitor the training and continuous professional development of directors and senior management of the Company;
- (s) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (t) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Company; and
- (u) to review the Company's compliance with the Corporate Governance Code of the Listing Rules and disclosure in the Corporate Governance Report.

3. Procedures for Decision-making

3.1 The Company shall provide sufficient resources and the following materials in writing to the Audit Committee to facilitate its decision-making and the performance of its duties:

- (a) relevant financial reports of the Company;
- (b) work reports of the internal audit department/external audit firm;
- (c) external audit contract and related work reports;
- (d) public disclosure of information by the Company;
- (e) audit report on the Company's material connected transactions; and
- (f) other pertinent matters.

3.2 The Audit Committee shall review the reports provided by relevant departments of the Company at its meeting and submit relevant written resolutions to the Board for discussion:

- (a) evaluation of the work of the external audit firm and appointment and replacement of the external audit firm;
- (b) whether the internal audit system of the Company has been effectively implemented and whether the financial report of the Company is true in all aspects;
- (c) whether publicly disclosed information of the Company, such as the financial report, is objective and true, and whether material connected transactions of the Company is in compliance with pertinent laws and regulations;
- (d) evaluation of the work of the financial department and audit department of the Company, including that of the personnel in charge; and
- (e) other pertinent matters.

3.3 The working rules of the Audit Committee in respect of the annual report are as follows:

- (a) to determine the schedule for the audit of the annual financial report in consultation with the accounting firm;
- (b) to procure the accounting firm to submit the audit report within the agreed timeframe and record the manner, frequency and result of procuring in the form of an opinion in writing signed and endorsed by the relevant personnel in charge;
- (c) to review the financial and accounting statements prepared by the Company and furnish a written opinion prior to the commencement of the annual audit by the certified public accountant;
- (d) to enhance communication with the certified public accountant in charge of the annual audit after its commencement, and shall review the financial and accounting statements of the Company once again and furnish an opinion in writing after a preliminary audit opinion has been issued by the certified public accountant in charge of the annual audit;
- (e) to put the annual financial and accounting statements to vote and submit the resulting resolution to the Board for examination; and
- (f) to submit to the Board a review report on the audit of the Company for the year performed by the accounting firm and a resolution on the reappointment of the accounting firm or appointment of another accounting firm for the following year.

4. Rules of Proceedings

- 4.1 The Audit Committee shall meet at least twice each year. The attendance of the majority of the members of the Audit Committee shall be required to form the quorum for a meeting. Each member shall have one vote and any resolution of the meeting shall be passed by more than one half of all members. In case of a tie in votes, the chairman conducting the proceedings of the meeting may cast the deciding vote.
- 4.2 The meeting of the Audit Committee may be convened by any one of its members or the company secretary. The external auditor may request the convening of a meeting if they deem necessary.
- 4.3 The notice and agenda of a meeting shall be given to the Board/all members of the Audit Committee at least seven (7) days prior to the meeting.
- 4.4 A member of the Audit Committee may attend a meeting of the Audit Committee in person, or participate in the meeting through other electronic communication means or other manners agreed by the members.
- 4.5 A resolution in writing signed by all members of the Audit Committee then incumbent, albeit respectively at different times and locations, shall be equally valid and carry the same effect as a resolution duly passed at a duly convened and held meeting of the Audit Committee.

- 4.6 The financial controller, head of the internal audit department and representative of the external auditor shall generally be required to attend the meeting. However, the Audit Committee shall hold a meeting with the external auditor and internal auditor without the presence of the executive directors of the Board at least annually. Where necessary, the Audit Committee may also invite directors and other senior management members of the Company to attend the meeting.
- 4.7 If a member of the Audit Committee is interested in any way, directly or indirectly, in the contracts entered into or contracts or arrangements proposed to be entered into by the Company, he/she must declare the nature of his/her interests at the meeting of the Audit Committee.
- 4.8 If a member of the Audit Committee has material personal interests, whether directly or indirectly, in the contracts entered into or contracts or arrangements proposed to be entered into by the Company, he/she shall abstain from voting in respect thereof, otherwise his/her vote shall not be counted towards the total number of votes.
- 4.9 The Audit Committee shall have the authority granted by the Board to conduct any investigation in accordance with its terms of reference. The Audit Committee shall have the authority to retrieve any required information from any employees, and all employees have been given instructions to work with the Audit Committee and fulfill its any requirements.
- 4.10 Where necessary, the Audit Committee may engage agencies at the cost of the Company to provide professional advice in relation to its decisions.
- 4.11 The company secretary shall act as the secretary to the Audit Committee. The company secretary (or the representative appointed by the company secretary or the person appointed by the Audit Committee at the meeting if the company secretary is unable to attend) shall attend the meeting of the Audit Committee and take minutes for the meeting.
- 4.12 The first draft and finalized version of the minutes of a meeting of the Audit Committee shall be circulated to all members of the Audit Committee within a reasonable period of time after the meeting for their comment and record, respectively.
- 4.13 The Audit Committee shall cause all agenda and minutes of meetings of the Audit Committee to be included in the meeting minutes of the Company, and such meeting minutes shall be signed by the chairman of the meeting at which such agenda is conducted or the chairman of the immediate next meeting.
- 4.14 The secretary to the Audit Committee shall circulate the minutes and reports of the meetings of the Audit Committee to all members of the Board for their review.

5. Miscellaneous

- 5.1 These terms of reference shall be implemented from the date on which they are approved by the Board of the Company by way of a resolution.

BOARD OF DIRECTORS
VITAL MOBILE HOLDINGS LIMITED
維太移動控股有限公司
30 December 2015

Effective as from 30 December 2015