

FIRST MOBILE GROUP HOLDINGS LIMITED (the "Company")
Audit Committee - Terms of Reference

I. Objective

The Audit Committee of the Company (the "Committee") is established to assist the Board of Directors of the Company (the "Board") in:

- (i) ensuring that an effective system of internal control and compliance with the Company's obligations (including external financial reporting obligations) under stock exchange listing rules and applicable laws and regulations is in place; and
- (ii) overseeing the integrity of the financial statements of the Company.

The Committee shall also be directly responsible on behalf of the Board for:

- (i) the selection, oversight and remuneration of the Company's external auditor;
- (ii) the assessment of the independence and qualifications of the external auditor; and
- (iii) the oversight of the performance of the Company's internal audit function and external auditor.

II. Membership

The Committee shall be appointed by the Board and comprise solely of Non-executive Directors.

The Committee will comprise a minimum of three Non-executive Directors (the "Members"), the majority of whom must be Independent Non-executive Directors. From amongst these Independent Non-executive Directors, at least one shall 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").

The chairman of the Committee shall be appointed by the Board and must be an Independent Non-executive Director.

Members of the Committee are appointed to serve for a term of one year and subject to re-appointment annually thereafter. There is no requirement for the Members to retire by rotation. Upon their resignation from the Board, the member is automatically deemed to have resigned from the Committee.

A former partner of the existing auditing firm of the Company is prohibited from acting as a member of the Committee for a period of one year commencing on the later of (a) the date of his ceasing to be a partner of the firm; and (b) the date of his ceasing to have any financial interest in the firm.

The Company Secretary of the Company shall be the secretary of the Committee.

III. Authority

The Committee shall report directly to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements).

The Committee is authorised to inspect all accounts, books and records of the Company and the Committee shall have the right to require the management of the Company to furnish all information requested by the Committee as may be required for the purposes of discharging its duties.

The Committee is authorised to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary. The Committee shall have sole authority to approve related fees and retention terms.

The Committee shall be provided with sufficient resources to discharge its duties.

IV. Duties

The duties of the Committee shall include the following aspects:

A. Relationship with the Company's external auditor

1. to be primarily responsible for making recommendation 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 resignation or dismissal of the external auditor;
2. to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard. The Committee shall discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
3. to develop and implement policy on the engagement of external auditor to supply non-audit services. For this purpose, external auditor shall include any entity that 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, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
4. where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditor, the Committee should prepare a statement explaining its recommendation for the Board to include the same in the Corporate Governance Report (the "CGR") and the Board should also give the reason(s) why it has taken a different view from the Committee in the CGR.

B. Review of financial information of the Company

1. to monitor the integrity of financial statements of the Company and the annual report and accounts, half-year report and quarterly reports of the Company, and to review significant financial reporting judgments contained in them. In this regard, in reviewing such reports and accounts of the Company before submission to the Board, the Committee shall focus particularly on:
 - a. any changes in accounting policies and practices;
 - b. major judgmental areas;
 - c. significant adjustments resulting from audit;
 - d. the going concern assumptions and any qualifications;
 - e. compliance with accounting standards; and
 - f. compliance with the Listing Rules and other legal requirements in relation to financial reporting.
2. in regard to B.1 above:
 - a. the Members must liaise with the Board, senior management and the person appointed as the qualified accountant of the Company, and to meet, at least once a year, with the external auditor;
 - b. the Committee should consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters that have been raised by the issuer's staff responsible for the accounting and financial reporting function, compliance officer or external auditor of the Company.

C. Oversight of the Company's financial reporting system and internal control procedures

1. to review the financial controls, internal control and risk management systems of the Company;
2. to discuss with the management of the Company the system of internal control and ensure that management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget;
3. to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response;
4. 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 the effectiveness of the internal audit function;
5. to review the financial and accounting policies and practices;
6. to review the management letter of the external auditor, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response;
7. to ensure that the Board will provide a timely response to the issues raised in the management letter of the external auditor;
8. to report to the Board on the matters set out in the code provision on Corporate Governance Practices; and
9. to consider other topics as defined by the Board.

V. Meetings

A. Frequency

The Committee shall meet at least two times a year. The external auditors may request a meeting if they consider one is necessary.

B. Notice

Adequate notice of any meetings of the Committee shall be given prior to any such meeting being held, unless all Members unanimously waive such notice. Irrespective of the length of notice being given, attendance of a meeting by a Member shall be deemed waiver of the requisite length of notice by the Member.

C. Quorum

The quorum for the Committee's meeting is two Members, both of whom shall be Independent Non-executive Directors.

D. Attendance

At the invitation of the Committee, the following persons may attend the meeting:

- i) other members of the Board of Directors;
- ii) external auditors;
- iii) Chief Financial Officer or representative from finance function;
- iv) head of internal audit or in his/her absence, a representative from internal audit (if any);
- v) Company Secretary; and
- vi) any other persons.

Only Members of the Committee are entitled to vote at the meetings.

E. Resolutions

Resolutions of the Committee shall be passed by a majority of votes which can also be passed by way of unanimous written resolutions. Meetings can be held in person, by telephone or by video conference.

F. Minutes

The secretary of the Committee shall keep full minutes of all Committee meetings. Draft and final versions of minutes of meetings of the Committee should be sent to all Members for their comment and records respectively, in both cases within a reasonable time after the meeting.

VI. Publication of these Terms of Reference

A copy of these Terms of Reference will be made available to any person without charge upon request, and both notice as to such availability and these Terms of Reference will be posted on the Company's website.

Adopted at Board Meeting held on 17 April 2009