

**FIH MOBILE LIMITED**  
**(THE “COMPANY”)**

**TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

Adopted by the Board on 12 January 2005  
Amended and adopted by the Board on 6 March 2009  
Amended and adopted by the Board on 22 March 2012  
Amended and adopted by the Board on 15 December 2015  
Amended and adopted by the Board on 12 December 2018

**DEFINITIONS**

1. For the purposes of these terms of references (the *Terms*):

*Audit Committee* means the audit committee established by the resolution of the Board in accordance with clause 2 of these Terms.

*Board* means the board of directors of the Company.

*Chief Financial Officer* means the senior officer of the Company responsible for financial reporting as appointed by the Board from time to time.

*Company Secretary* means the company secretary of the Company.

*Executive Directors* means the executive directors of the Board.

*Independent Non-Executive Directors* means the independent non-executive directors of the Board.

*Listing Rules* means the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time.

*Non-Executive Directors* means the non-executive directors of the Board.

*Senior Management* means the individuals as determined and appointed by the Board from time to time to constitute senior management who may include the President (if any), Vice President (if any), Chief Executive Officer, Chief Financial Officer, Company Secretary and any other officers of the Company who, in the opinion of the Board, are appropriate.

*Stock Exchange* means The Stock Exchange of Hong Kong Limited.

## **MEMBERSHIP**

2. The Audit Committee shall be appointed by the Board from amongst the Non-Executive Directors and shall consist of not less than three members, a majority of whom shall be Independent Non-Executive Directors and 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 by the Listing Rules.

3. A former partner of the Company's existing auditing firm shall be prohibited from acting as a member of the Audit Committee for a period of two years commencing on the date of the person ceasing (a) to be a partner of the auditing firm, or (b) to have any financial interest in the auditing firm, whichever is later.

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

## **ATTENDANCE AT MEETINGS**

5. The Chief Financial Officer and a representative of the external auditor shall normally attend meetings. However, at least once a year the Audit Committee shall meet with the external auditor without any members of management of the Company present.

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

## **FREQUENCY OF AND QUORUM AND MEANS FOR MEETINGS**

7. Meetings shall be held not less than twice a year. The external auditor may request a meeting if they consider that one is necessary. In addition and without prejudice to the foregoing, the chairman of the Audit Committee shall convene a meeting upon request by any member of the Audit Committee. A quorum for a meeting of the Audit Committee shall be two members. The meeting may be held by way of telephone conference so long as the members present can listen to and talk to each other.

## **AUTHORITY**

8. The Audit Committee is authorised by the Board to investigate into any activity within these Terms. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee.

9. The Audit Committee is also authorised by the Board to obtain sufficient resources to perform its duties at the Company's expense, including to seek external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

## **DUTIES**

10. The Audit Committee shall have the following duties:
- (a) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment 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 that auditor;
  - (b) where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditor, to prepare a statement explaining the Audit Committee's recommendations. This statement together with the reason(s) why the Board has taken a different view shall be included in the Company's corporate governance report prepared by the Board for the Company's annual report pursuant to paragraph 34 of Appendix 16 to the Listing Rules;
  - (c) 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 shall discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences and ensure co-ordination where more than one external auditor are involved;
  - (d) to develop and implement policy on the engagement of 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 shall report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
  - (e) to discuss problems and issues identified during the course of the interim review and final audit, and any matters the external auditor may wish to discuss (in the absence of management where necessary);
  - (f) to review the external auditor's management letter, any material queries raised by the external auditor to the Senior Management in respect of the accounting records, financial accounts or systems of control and the Senior Management's response;
  - (g) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

- (h) to monitor the integrity of the financial statements, annual report and accounts, half-year report and, if prepared for publication, quarterly reports of the Company, and to review any significant financial reporting judgments contained therein. In this regard, in reviewing the interim and annual financial statements, annual report and accounts, half-year report and, if prepared for publication, quarterly reports before submission to the Board, the Audit Committee shall focus particularly 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, any requirements from the Stock Exchange and legal requirements in relation to financial reporting;
- (i) in relation to (h) above, to liaise with the Board and the Senior Management and to meet, at least twice a year, with the Company's auditor;
- (j) in relation to (h) above, to consider any significant or unusual items that are, or may need to be, reflected in such financial statements, reports and accounts, and give due consideration to any matters which have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or internal or external auditor;
- (k) to review the Company's financial controls, and to review the Company's risk management and internal control systems;
- (l) to discuss with the Senior Management any matters in relation to the Company's risk management and internal control systems and to ensure that the Senior Management has performed its duties in establishing and maintaining effective systems, which discussions shall include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- (m) to review the internal audit program, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and review and monitor the effectiveness of the internal audit function;
- (n) to review the group's financial and accounting policies and practices;

- (o) to review the policies and arrangements implemented by the Company from time to time to enable its employees to raise in confidence any issues and concerns about possible improprieties in the Company in relation to financial reporting, internal control or other matters. The Audit Committee shall ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action;
- (p) to consider any findings of major investigations of risk management and internal control matters as delegated by the Board or on its own initiative and the Senior Management's response to these findings;
- (q) to report to the Board on the matters set out in code provision C.3.3 of Appendix 14 to the Listing Rules;
- (r) to make available its terms of reference explaining its role and the authority delegated to it by the Board by including them on the Stock Exchange's website and the Company's website;
- (s) to act as the key representative body for overseeing the Company's relations with the external auditor; and
- (t) to consider any other issues or topics, as required by the Board.

## **REPORTING PROCEDURES**

11. Without prejudice to the generality of the terms of reference of the Audit Committee set out above, the Audit Committee shall report to the Board and keep the Board fully informed of its actions, decisions or recommendations, unless there are relevant legal or regulatory restrictions on its ability to do so.

12. Full minutes of the Audit Committee meetings shall be kept by the Company Secretary. The Company Secretary shall circulate the draft and final versions of full minutes of meetings and reports of the Audit Committee to all members of the Audit Committee for their comment and records within a reasonable time after the meeting.