



CMMB VISION HOLDINGS LIMITED
中國移動多媒體廣播控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 471)

TERMS OF REFERENCE OF AUDIT COMMITTEE

(Amended and restated with effect from 1 April 2012)

1. CONSTITUTION

1.1 The audit committee (“Committee”) is established by the board (“Board”) of directors (“Director(s)”) of CMMB Vision Holdings Limited (“Company”) on 5 July 2005 to assist the Board in providing an independent review of the effectiveness of the financial reporting process and internal control system of the Company and its subsidiaries (collectively, the “Group”).

2. MEMBERSHIP

2.1 Members of the Committee (“Member(s)”) shall be appointed by the Board from amongst the non-executive Directors (including independent non-executive Directors) and shall consist of not less than three members, a majority of whom shall be independent.

2.2 At least one of the Members shall be an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required in Rule 3.10(2) of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

2.3 A former partner of the Company’s existing auditing firm shall be prohibited from acting as a member of the Committee for a period of 1 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 the later.

2.4 The chairman of the Committee shall be appointed by the Board and shall be an independent non-executive Director.

2.5 The appointment of the Members may be revoked, or additional Members may be appointed by separate resolutions passed by the Board.

3. SECRETARY

3.1 The secretary of the Company, or his duly appointed delegate, shall be the secretary of the Committee.

4. MEETINGS

Frequency

4.1 Committee meetings shall be held at least twice annually. The Company's external auditors may request to convene a meeting if they consider that one is necessary.

Notice

4.2 Notice of any Committee meetings has to be given at least 7 days prior to any such meeting being held, unless all Members unanimously waive such notice. Irrespective of the length of notice being given, a Member attending the meeting shall be deemed waiver of the requisite length of notice of the meeting by the Member. Notice of any adjourned meetings is not required if adjournment is for less than 7 days.

Quorum

4.3 The quorum of the Committee meeting shall be any two Members.

Attendance

4.4 The Company's chief executive officer and representative(s) of the Company's external auditors shall normally attend the Committee meetings. Other Board members shall also have the right of attendance.

Type

4.5 Committee meetings can be held in person, by telephone or by video conference. Members may participate in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.

Resolutions

4.6 Resolutions of the Committee shall be passed by a majority of votes, only the Members are entitled to vote at the Committee meetings. Resolutions can also be passed by way of unanimous written resolutions.

Minutes

4.7 Full minutes of Committee meetings shall be kept by duly appointed secretary of the Committee. Draft and final versions of minutes of the Committee meetings shall be sent to all Members for their comment and records, within a reasonable time after the meeting.

5. AUTHORITY

5.1 The Committee is authorised to investigate any activity within its terms of reference. It is also authorised to seek any information it reasonably requires from any employee of the Group and all employees are directed to cooperate with the Committee.

5.2 The Committee shall have the right to require the Company's management to furnish information on any matter relating to the financial position of the Company, its subsidiaries or affiliates, as may be required in order to perform its duties.

5.3 The Committee is authorised to obtain independent professional advice and to invite the attendance of outsiders with relevant experience and expertise if necessary.

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

6. DUTIES

6.1 The duties of the Committee are as follows:-

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 any questions of 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 Committee shall 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 Committee shall report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

Review of the Company’s financial information

- (d) to monitor integrity of the Company financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, the 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 assumption and any qualifications;
- (v) compliance with accounting standards; and
- (vi) compliance with the Listing Rules and other legal requirements in relation to financial reporting;

and to provide advice and comments thereon to the Board;

- (e) in regard to (d) above:
 - (i) Members shall liaise with the Board and senior management of the Group and the Committee must meet, at least twice a year, with the Company’s auditors; and
 - (ii) the Committee shall consider any significant or unusual items that are, or may need to be, reflected in such report, it shall 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 and internal control procedures

- (f) to review the Company's financial controls, internal control and risk management systems;
- (g) to discuss internal control system with management to ensure that management has performed its duty to have an effective internal control system. This discussion shall 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 internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
- (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 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 in the external auditor's management letter;
- (m) to report to the Board on the matters set out in the Corporate Governance Code in Appendix 14 of the Listing Rules;
- (n) to consider other topics, as defined by the Board;
- (o) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and
- (p) to act as the key representative body for overseeing the Company's relations with the external auditor.

7 PUBLICATION OF THE TERMS OF REFERENCE

7.1 The terms of reference of the Committee, explaining its role and the authority delegated to it by the Board, shall be available on the Stock Exchange's website and the Company's website.

8 ANNUAL GENERAL MEETING

8.1 The chairman of the Committee or in his absence, another Member or failing this, his duly appointed delegate, shall attend the Company's annual general meeting and be available to answer questions at the Company's annual general meeting on the Committee's activities and its responsibilities.