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ONEMEDIAGROUP
One Media Group Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 426)

TERMS OF REFERENCE OF AUDIT COMMITTEE

Composition

The Audit Committee shall be appointed by the board of directors (the “Board”) of One Media Group Limited (the “Company”, together with its subsidiaries, the “Group”) amongst the non-executive directors of the Company and shall consist of not less than three members, a majority of whom should be independent non-executive directors (including at least one independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as defined 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 Audit Committee shall be appointed by the Board and should be an independent non-executive director.

Quorum

The quorum for the meeting of the Audit Committee shall be two members.

Frequency and proceedings of meetings

The meetings and proceedings are governed by the provisions contained in the Articles of Association of the Company for regulating meetings and proceedings of directors.

Meetings shall be held not less than twice a year. The external auditor or any members of the Audit Committee may request a meeting if they consider that one is necessary.

The finance director, the financial controller and a representative of the external auditor shall normally attend meetings of the Audit Committee. Other Board members shall also have the right of attendance.

At least once a year the Audit Committee shall meet with the external auditor without the presence of Executive Directors and the management.

The company secretary shall be the secretary of the Audit Committee. The secretary shall maintain minutes of the proceedings of the meetings of the Audit Committee.

Draft and final versions of minutes of the meetings should be sent to all committee members for their comment and records, within a reasonable time after the meeting.

In the absence of the company secretary in any meeting of the Audit Committee, the members present at the meeting shall elect another person as the secretary of the meeting.

Authority

The Audit Committee is authorised by the Board:

1. To investigate any activity within duties and responsibilities outlined in its terms of reference;
2. 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; and
3. Subject to prior discussion concerning the costs, to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, if it considers this necessary and reasonable for performance of its duties.

Duties and responsibilities

The duties and responsibilities of the Audit Committee shall be:

1. 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 its resignation or dismissal;
2. 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;
3. 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 to the Board, identifying and making recommendations on any matters where action or improvement is needed;
4. To act as the key representative body for overseeing the Company's relations with the external auditor;
5. To monitor integrity of the Company's financial statements and annual report and accounts, half-year report, quarterly reports and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee should focus particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgmental areas;
 - (iii) significant adjustments resulting from audit;
 - (iv) the going concern assumptions and qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;

6. Regarding (5) above:
 - (i) members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet, at least twice a year, with the Company's external auditor; and
 - (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 Group's staff responsible for the accounting and financial reporting function, compliance officer or auditor;
7. To review and discuss the Group's financial controls, 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 Group's accounting and financial reporting function;
8. To consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;
9. 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 Group, and to review and monitor its effectiveness;
10. To review the Group's financial and accounting policies and practices;
11. 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 controls and management's response;
12. To ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
13. To report to the Board on the matters in provision of terms of reference of the Audit Committee;
14. To review arrangements employees of the Group can use, in confidence, to raise 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 investigation of these matters and for appropriate follow-up action;
15. To discuss problems and reservations arising from the interim review and final audit, and any matters the auditor may wish to discuss (in the absence of management where necessary); and
16. To consider other topics, as defined by the Board.

Reporting procedures

The secretary shall circulate the minutes of meetings of the Audit Committee to all members of the Board.