Fibocom Wireless Inc.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE OF THE BOARD

Fibocom Wireless Inc.

Terms of Reference of the Audit Committee of the Board

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to strengthen the decision-making function of the Board, implement pre-audit and professional audit, ensure the effective supervision of the management by the Board, and enhance its corporate governance structure, the Company has established the Audit Committee of the Board and formulated these terms of reference in accordance with the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Code of Corporate Governance for Listed Companies (《上市公司治理準則》), the Measures for the Administration of Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》), the Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 2 — Standardized Operations of ChiNext Market Listed Companies (《深圳證券交易所上市公司自律監管指引第 2 號－創業板上市公司規範運作》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "**Hong Kong Listing Rules**"), the Articles of Association of Fibocom Wireless Inc. (hereinafter referred to as the "**Articles of Association**"), and other relevant provisions.

Article 2 The Audit Committee of the Board is a specialized working body established by the Board, which is mainly responsible for the communication, supervision and inspection of internal and external audits of the Company.

CHAPTER 2 COMPOSITION

Article 3 The Audit Committee shall consist of three directors who do not hold senior management positions in the Company. The majority of the members shall be independent directors, and at least one independent director on the committee shall be a professional accountant who possesses the appropriate professional qualifications or appropriate accounting or related financial management expertise as required by the Hong Kong Listing Rules.

Article 4 Members of the Audit Committee shall be nominated by the Chairman of the Board, more than half of the independent directors, or one third of all directors, and shall be elected by the Board.

Article 5 The Audit Committee shall have one convenor, who shall be an independent director and be responsible for presiding over the work of the committee. The convenor shall be elected among the members and shall be appointed upon approval by the Board.

Article 6 The term of office for the Audit Committee shall be the same as that of the Board. Members may serve consecutive terms if re-elected upon the expiration of their term. If any member ceases to serve as a director of the Company during his/her term, or if a member who is required to be an independent director no longer meets the independence requirements stipulated by the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, he/she shall automatically lose his/her membership qualification. Furthermore, if the resignation of an independent director would result in the proportion of independent directors on the Audit Committee failing to comply with the securities regulatory rules of the place where the Company's shares are listed or the provisions of these terms of reference, or if there is a lack of an independent director who possesses the appropriate professional qualifications or appropriate accounting or related financial management expertise as required by the Hong Kong Listing Rules, the committee shall fill the vacancy in accordance with Articles 3 to 5 above.

Article 7 The Audit Committee shall have an audit department as its daily office, which shall be responsible for its daily administration and meeting organization. When necessary, the secretary to the Board may carry out relevant coordination.

CHAPTER 3 DUTIES AND AUTHORITIES

Article 8 The main duties and authorities of the Audit Committee are:

(I) to propose the appointment, removal or replacement of the external auditor, including:

(1) primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, approving the remuneration and terms of engagement of the external auditor and considering any issues relating to its resignation or dismissal;

(2) reviewing and monitoring the independence and objectivity of the external auditor and the effectiveness of the audit process in accordance with applicable standards;

(3) developing and implementing a policy for engaging an external auditor to provide non-audit services and report to the Board, identifying and making recommendations on matters where it considers that action or improvement is needed; and

(4) discussing the nature and scope of the audit and reporting responsibilities with the external auditor prior to the commencement of the audit work and ensuring coordination where more than one audit firm is involved;

(II) to supervise the Company's internal audit system and its implementation;

(III) to coordinate the communication between the management, internal audit department and relevant departments and external auditors;

(IV) to review the financial information of the Company and its disclosure matters;

(V) to review the Company's internal control system and audit major related party transactions;

(VI) to supervise and evaluate the internal audit work;

(VII) to supervise and evaluate the work of the external auditor;

(VIII) to review the Company's financial reports and express opinions thereon, to monitor the integrity of the financial statements and annual reports and accounts, interim reports and quarterly reports (if prepared for publication) of the Company, and to review the significant financial reporting judgements contained in them. In particular, the Audit Committee shall review the following matters before submitting them to the Board:

(1) liaise with the Board and senior management;

(2) meet at least twice a year with the Company's external auditor; and

(3) consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts and give due consideration to any matters that have been raised by the Company's staff responsible for carrying out the accounting and financial reporting function, the compliance officer (if any) or the external auditor;

(IX) to supervise and evaluate the internal control of the Company;

(1) review the Company's financial control systems and review the Company's risk management and internal control systems;

(2) discuss the risk management and internal control systems with the management to ensure that the management has performed its duty to have effective systems in place. This discussion should include the adequacy of the resources, staff qualifications and experience in the accounting and financial reporting function, as well as the adequacy of staff training courses and related budgets;

(3) conduct research into significant findings on risk management and internal control matters and management's response to those findings on its own initiative or as delegated by the Board;

(4) ensure that the work of internal and external auditors is coordinated; the internal audit function is adequately resourced and has appropriate standing within the Group; and the effectiveness of the internal audit function is reviewed and monitored;

(5) review the Company's financial and accounting policies and practices;

(6) review the external auditor's letter on audit status to the management, any material queries raised by the external auditor to the management on accounting records, financial accounts or control systems and the management's response;

(7) ensure that the Board responds in a timely manner to the issues raised in the external auditor's letter on audit status to the management;

(8) report to the Board on the matters contained in these terms of reference;

(9) review the arrangements by which employees of the Group may raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters, and ensure that proper arrangements exist for impartial and independent investigation to these matters and for appropriate follow-up action;

(10) act as the main representative between the Company and the external auditor and responsible for monitoring the relationship between the two parties;

(11) develop a whistleblowing policy and system to enable employees and other persons who deal with the Company (e.g. customers and suppliers) to raise their concerns about any possible improprieties about the Company to the Audit Committee, both covertly and anonymously;

(X) other matters authorized by the Board of the Company and those stipulated by relevant provisions of laws, regulations and the securities regulatory rules of the place where the Company's shares are listed.

The Audit Committee shall report to the Board on matters where it considers that action or improvement is necessary and shall make recommendations thereon.

Article 9 The Audit Committee shall be responsible to the Board, and its proposals shall be submitted to the Board for consideration and decision. The Audit Committee shall cooperate with the audit activities undertaken by supervisors of the Board of Supervisors.

The Audit Committee is responsible for reviewing the Company's financial information and its disclosure, and supervising and evaluating internal and external audit work and internal controls. The following matters shall be submitted to the Board for consideration only with the approval of a majority of all members of the Audit Committee:

(I) disclosure of financial information and internal control evaluation reports in financial and accounting reports and periodic reports;

(II) hiring or dismissing the accounting firm that undertakes audits of a listed company;

(III) appointment or dismissal of the financial controller of a listed company;

(IV) changes in accounting policies, accounting estimates or corrections of material accounting errors for reasons other than changes in accounting standards;

(V) other matters stipulated by laws, administrative regulations, the CSRC or other securities regulatory authorities of the place where the Company's shares are listed, and the Articles of Association.

Article 10 In directing and supervising the work of the internal audit department, the Audit Committee shall fulfil the following main responsibilities: (I) directing and supervising the establishment and implementation of the internal audit system; (II) reviewing the Company's annual internal audit work plan; (III) supervising the implementation of the Company's internal audit plan; (IV) directing the effective operation of the internal audit department, the internal audit department of the Company shall report to the Audit Committee, and all types of audit reports, plans for the rectification of audit issues and the status of rectification submitted by the internal audit department to the management shall be submitted to the Audit Committee at the same time; (V) reporting to the Board on the progress and quality of internal audit work, as well as significant issues identified; (VI) coordinating the relationship between the internal audit department and external auditors such as accounting firms and state audit institutions.

Article 11 The Audit Committee shall supervise and instruct the internal audit department to conduct inspections of the following matters at least once every six months, issue inspection reports and submit them to the Audit Committee. In the event that the inspection finds that the listed company has violated the law and regulation or has irregular operation, the Audit Committee shall promptly report to the Shenzhen Stock Exchange and urge the listed company to disclose the same to the public:

(I) the implementation of major events such as the use of the Company's fund-raising, the provision of guarantees, related party transactions, high-risk investments such as securities investments and derivatives transactions, the provision of financial assistance, the purchase or sale of assets, and foreign investments;

(II) the Company's large amount of financial transactions and financial transactions with directors, supervisors, senior management, controlling shareholders, de facto controllers and their related parties.

The Audit Committee shall issue a written assessment on the effectiveness of the Company's internal controls based on the internal audit reports and related information submitted by the internal audit department and report it to the Board.

CHAPTER 4 DECISION-MAKING PROCEDURES

Article 12 The audit department is responsible for making preparations for the Audit Committee's decision-making and providing information on relevant aspects of the Company:

(I) relevant financial reports of the Company;

(II) work reports of internal and external auditors;

(III) external audit contracts and related work reports;

(IV) disclosure of information by the Company to the public;

(V) audit reports on major related party transactions of the Company;

(VI) other relevant matters.

Article 13 The meetings of the Audit Committee shall review the reports provided by the audit department and submit relevant resolution materials or minutes to the Board for discussion:

(I) evaluation of the work of external auditors, appointment and replacement of external auditors;

(II) whether the Company's internal audit system has been effectively implemented and whether the Company's financial reports are comprehensive and true;

(III) whether the financial reports and other information disclosed by the Company are objective and true, and whether the Company's major related party transactions comply with relevant laws and regulations;

(IV) evaluation of the work of the Company's internal finance department, audit department, and their respective heads;

(V) other relevant matters.

CHAPTER 5 RULES OF PROCEDURE

Article 14 The Audit Committee shall hold at least one meeting every quarter. An interim meeting may be convened upon the proposal of two or more members, or when deemed necessary by the convenor. All members shall be notified three days prior to the meeting. Meetings shall be presided over by the convenor. If the convenor is unable to attend, he/she may authorize another member (who shall be an independent director) to preside.

In special circumstances, where the Audit Committee is required to make an immediate resolution, the requirement for the advance notice period stipulated in the preceding paragraph may be waived for the purpose of the Company's interest, provided that the convenor shall explain the situation at the meeting.

Article 15 A meeting of the Audit Committee shall not be held unless more than two thirds of its members are present; each member shall have one vote; and resolutions made at the meeting must be passed by more than half of all the committee members.

Article 16 Meetings of the Audit Committee may be convened either on site or by means of telecommunication, and voting shall be conducted by a show of hands or by written ballot.

Article 17 The head of the audit department may observe the meetings of the Audit Committee. When necessary, directors, supervisors and other senior management of the Company may also be invited to observe the meetings.

Article 18 If necessary, the Audit Committee may engage an intermediary to provide professional advice for its decision-making at the Company's expense.

Article 19 The procedures for convening the meetings of the Audit Committee, the voting method and the proposals passed at the meetings shall comply with relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are listed, the Articles of Association and the provisions of these terms of reference.

Article 20 Meetings of the Audit Committee shall be recorded and the minutes shall be signed by the members present at the meeting; the minutes shall be kept by the Company's secretary to the Board.

Article 21 The resolutions passed and the voting results of the meetings of the Audit Committee shall be reported to the Board of the Company in writing. The written documents of the resolutions and the meeting minutes shall be kept by the Company as corporate archives, with a retention period of not less than ten years during the Company's existence.

Article 22 Members attending the meeting are under a duty of confidentiality with respect to the proceedings of the meeting and shall not disclose the relevant information without authorization.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

Article 23 After being approved by a resolution of the Board, these terms of reference shall come into effect from the date on which the H Shares issued by the Company commence listing on the Hong Kong Stock Exchange.

Article 24 Matters not covered in these terms of reference shall be implemented in accordance with the relevant national laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and the provisions of the Articles of Association. Should these terms of reference conflict with national laws, regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association as lawfully amended in the future, the provisions of the relevant national laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association shall prevail, and these terms of reference shall be immediately revised and submitted to the Board for consideration and approval.

Article 25 Capitalized terms used in these terms of reference shall have the same meanings as those used in the Articles of Association unless otherwise required in these terms of reference.

Article 26 These terms of reference shall be interpreted by the Board of the Company.