



**O Luxe Holdings Limited**  
**奧立仕控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock code: 860)**

**AUDIT COMMITTEE**

**TERMS OF REFERENCE**

**A. Foreword**

Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the board of directors (the “**Board**”) of O Luxe Holdings Limited (the “**Company**”) has adopted terms of reference of the Audit Committee (the “**Committee**”) in accordance with such code.

**B. Audit Committee**

**1. Membership**

1.1 Members of the Committee shall be appointed by the Board from amongst the non-executive directors of the Company and shall consist of not less than three members, a majority of whom must be independent non-executive directors and at least one of whom has to be an independent non-executive director of the Company with appropriate professional qualifications or accounting or related financial management expertise as required under rule 3.10(2) of the Listing Rules.

Former partner of the Company’s existing auditing firm 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; or (b) the date of his ceasing to have any financial interest in the firm.

1.2 The Chairman of the Committee shall be appointed by the Board and must be an independent non-executive director of the Company.

1.3 The Company Secretary, or in his absence, his representative, shall act as the Secretary of the Committee. The Committee may from time to time appoint any other person with appropriate qualification and experience as the Secretary of the Committee.

## **2. Proceedings of the Committee**

### *2.1 Notice*

2.1.1 Unless otherwise agreed by all the Committee members, a meeting of the committee shall be called by at least seven days' 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.

A member of the Committee may, and on the request of a member of the Committee, the secretary to the Committee shall, at any time summon a meeting of the Committee. Notice shall be given to each member of the Committee orally in person or in writing or by telephone or by facsimile or electronic transmission at the telephone number or facsimile number or address or e-mail address from time to time notified to the secretary by such member of the Committee or by such other means as the members may from time to time determine.

### *2.2 Quorum*

The quorum of the Committee meeting shall be two members of the Committee of which one has to be an independent non-executive director.

### *2.3 Attendance of meetings by non-members*

The Finance Director, the Head of Internal Audit (or any officer(s) assuming the relevant functions but having a different designation) and a representative of the external auditors shall normally attend meetings of the Committee. The executive directors shall also have the right of attendance. However, at least once a year the Committee shall meet with the external auditors in the absence of the executive directors.

### *2.4 Frequency of meetings*

The Committee shall meet at least two times a year. Additional meetings should be held if the Committee considers it necessary or upon request of the Company's external auditors.

### **3. Authority**

The Committee is authorized by the Board:

- (a) to investigate any activity within its terms of reference;
- (b) to inspect all accounts, books and records of the Company;
- (c) to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee.

The Committee is authorized by the Board where necessary to obtain outside legal or other professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

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

### **4. Duties**

The duties of the Committee shall be:

#### **A. Relationship with the Company's auditors**

- 1. 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;
- 2. to review and monitor the independence and objectivity of the external auditor. The Committee:
  - (a) shall consider the relationship between the Company and/or the directors of the Company and the external auditors; and
  - (b) may meet with the external auditor, at least twice a year, in the absence of management of the Company (if necessary), to discuss matters relating to the audit fees, any issues arising from the audit and any other matters the external auditors or the Committee may wish to raise.
- 3. to review and monitor the effectiveness of the audit process in accordance with applicable standards. The Committee shall discuss with the external auditors the nature and the scope of the audit and reporting obligations before the commencement of the audit.
- 4. to develop and implement policy on engaging an external auditors to supply non-audit services. For this purpose, external auditors 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 should report to the board, identifying and making recommendations on any matters where action or improvement is needed.

B. Review of financial information of the Company

1. to monitor integrity of financial statements of the Company and its annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Committee should 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;
  - (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;
2. with regard to the preparation of the reports and accounts referred to above, to liaise with the Board, senior management and the person appointed as the qualified accountant (if any) of the Company, and to meet, at least twice a year, with the external auditors.
3. to 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 Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors.

C. Oversight of the Company's financial reporting system, risk management and internal control systems

1. to review the Company's financial controls, risk management and internal control systems;
2. to discuss with management the risk management and internal control systems and to ensure that management has performed its duty to have systems. This discussion should include adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
3. 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;

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 its effectiveness;
5. to review the Group's financial and accounting policies and practices;
6. to review the external auditors' management letter, any material queries raised by the auditor to the management about the accounting records, financial accounts or systems of control and management response; and
7. to ensure the Board will provide a timely response to the issues raised in the external auditors' management letter.

**D. Annual General Meeting & Terms of Reference**

1. The Chairman of the Committee (or in his/her absence, another Member (who must be an INED) of the Committee) shall attend the Company's Annual General Meeting and be prepared to respond to shareholders' questions on the Committee's activities and responsibilities.
2. A copy of these Terms of Reference will be made available to any person without charge upon request.

**E. Other Duties**

1. to report to the Board on the matters in this terms of reference;
2. 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 should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
3. to act as the key representative body for overseeing the Company's relations with the external auditor;
4. to consider other topics, as defined by the Board from time to time.

**5. Reporting procedures**

The Secretary of the Committee shall keep full minutes of all Committee meetings. Draft and final versions of minutes of meetings of the Committee shall be sent to all Members for their comments and records, within a reasonable period of time after each meeting.

The Committee shall report to the Board of its findings, decisions and recommendations.

Reports to the Board and minutes of the Committee should be approved by the Committee before submitting to the Board.

## **6. Continuing application of the articles of association of the Company**

The articles of association of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and not inconsistent with the provisions of these Regulations shall apply to regulate the meetings and proceedings of the Committee.

## **7. Powers of the Board**

The Board may, subject to compliance with the articles of association of the Company and the Listing Rules, amend, supplement and revoke these Regulations and/or any resolution passed by the Committee provided that no amendments to or revocation of these Regulations and/or any resolution passed by the Committee shall invalidate any prior act and resolution of the Committee which would have been valid if these Regulations or resolution had not been amended or revoked.

*Note:* The Chinese translation of the terms of reference is for reference only. In case of inconsistency, the English version shall prevail.