

Luxey International (Holdings) Limited (the “Company”)

Term of Reference of the Audit Committee (the “Terms”)

(Adopted on 29 December 2015)

Constitution

1. The Audit Committee is established as a committee of the board of directors of the Company (the “Board”).

Objective

2. The Audit Committee shall be responsible for ensuring the objectivity and credibility of financial reporting and internal control principles of the Company and for maintaining an appropriate relationship with the external auditor.

Membership

3. The Audit Committee shall consist of at least three members. A majority of the members must be Independent Non-executive Directors and the remaining members must be Non-executive Directors. 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 under rule 5.05(2) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.) All of the members shall be appointed by the Board. A quorum shall be two members.
4. A former partner of the Company’s existing auditing firm from time to time may not act as a member of the Audit Committee for a period of one year commencing on the date of his ceasing (a) to be partner of the firm or (b) to have any financial interest in the firm, whichever is the later.
5. The Chairman of the Audit Committee shall be appointed by the Board from among its Independent Non-executive Directors.

Frequency of meetings

6. The Audit Committee shall meet at least four times a year. The external auditor may request a meeting if it considers it necessary.

Notice of meetings

7. Meetings of the Audit Committee shall be called by its Chairman or at the request of the Board.
8. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be issued to each member of the Audit Committee and any other person required to attend no fewer than three working days prior to the date of the meeting.

Attendance at meetings

9. The Financial Controller and a representative of the external auditor shall normally attend meetings. Other Board members shall have the right to attend meetings of the Audit Committee. However, the Audit Committee shall meet with the external auditor of the Company without the presence to its Executive Directors at least twice a year.
10. The Company Secretary or her nominee shall be the secretary of the Audit Committee.

Authority

11. The Audit Committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized 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.
12. The Audit Committee is authorized by the Board, at the Company's expense, to appoint legal or other independent professional advisers with relevant experience and expertise to assist the Audit Committee and to secure the attendance of such professional advisers at its meetings if it considers it necessary.

13. The Audit Committee is authorized to require management to provide it with such resources as may be necessary for it to discharge its duties.

Duties

14. the duties of the Audit Committee shall be:

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 audit committee should discuss with the external 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;
- d. To report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- e. To act as the key representative body for overseeing the Company relations with the external auditor;

Review of the Company's financial information

- f. To monitor the integrity of the Company's financial statements and the annual report and account, half-year report and quarterly reports, and to review significant financial reporting judgements contained in them;
- g. In reviewing these report before submission to the Board, to 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 GEM Listing Rules and legal requirements in relation to financial reporting,
- h. Regarding (g.) above:
- (a) the members of the Audit Committee should liaise with the Board and senior management and the committee must meet, at least twice a year, with the Company's auditors; and
 - (b) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports 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 external auditor;

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

- i. To review the Company's financial controls, and unless expressly addressed by a separate board risk committee, or by the board itself, to review the Company risk management and internal control systems;
- j. To discuss the risk management and internal control system with management to ensure that management has performed its duty to have effective system. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- k. 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;
- l. 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 issuer, and to review and monitor its effectiveness;
- m. To review the group's financial and accounting policies and practices;

- n. To review arrangements employees of the Company can use, in confidence, 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 the fair and independent investigation of these matters and for appropriate follow-up action;
- o. To report to the Board on the matters in these terms of reference;
- p. 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;
- q. To ensure that the board will provide a timely response to the issues raised in the external auditor's management letter;
- r. To consider other topics, as defined or instructed by the Board; and
- s. To make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on the GEM website and the Company's website.

Reporting procedures

- 15. The Secretary of the Audit Committee shall keep full minutes of all Audit Committee meetings. The secretary of the Audit Committee shall circulate draft and final versions of such minutes to all committee members for their comments and records respectively, in both cases within a reasonable time after the meeting.
- 16. The secretary of the Audit Committee shall circulate the minutes of the Audit Committee meetings to all members of the Board.

Date of adoption

- 17. The Board had on 29 December 2015 amended the Terms of the Audit Committee.