

**MOISELLE**  
**MOISELLE INTERNATIONAL HOLDINGS LIMITED**  
**慕詩國際集團有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 130)

**AUDIT COMMITTEE**  
**TERMS OF REFERENCE**

**Constitution**

1. The board of directors (the “**Board**”) of Moiselle International Holdings Limited (the “**Company**”) hereby resolves to establish a committee of the Board to be known as the Audit Committee (the “**Audit Committee**”).

**Membership**

2. The members of the Audit Committee shall be appointed by the Board from amongst the non-executive directors of the Company and the Audit Committee shall consist of not less than three members, at least one of whom, shall 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 Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). A quorum of a meeting of the Audit Committee shall be two members.
3. The majority of the Audit Committee must be independent non-executive directors of the Company.
4. The Audit Committee must be chaired by an independent non-executive director of the Company.
5. A former partner of the Company’s existing audit firm should be prohibited from acting as a member of the Audit Committee for a period of one year commencing 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.

### **Attendance at meetings**

6. The head of finance and/or the head of internal audit (if any), and a representative of the external auditors shall normally attend meetings of the Audit Committee. Other Board members shall also have the right of attendance. The other Board members' said right of attendance, however, is subject to the requirement that the Audit Committee shall meet at least twice a year with the external auditors without executive Board members' presence.
7. Proceedings of meetings of the Audit Committee shall be governed by the provisions of articles of association of the Company.

### **Frequency of meetings**

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

### **Authority**

9. The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee of the Company and its subsidiaries (together, the “**Group**”) and all employees of the Group (including members of the Board) are directed to co-operate with any request made by the Audit Committee.
10. The Audit Committee is authorised by the Board 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 or desirable.
11. Where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditor, the Audit Committee will arrange for the Corporate Governance Report in the Annual Report to include an explanation of the Audit Committee's view and the reasons of the Board has taken a different view.

### **Responsibility**

12. The Audit Committee is to serve as a focal point for communication between other directors, the external auditor and the internal auditor as regards their duties relating to financial and other reporting, internal controls, external and internal audits and such other matters as the Board determines from time to time.

13. The Audit Committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of the Group, and as to the adequacy of the external and internal audits.

### **Duties**

14. The duties of the Audit Committee shall include, but shall not be limited to the following:
  - (a) to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;
  - (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard;
  - (c) to discuss with the external auditor before the audit commences, the nature and scope of the audit and reporting obligations, and ensure co-ordination where more than one audit firms are involved;
  - (d) to develop and implement policy on the engagement of an external auditor to supply non-audit services. The Audit Committee should report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;
  - (e) to monitor integrity of financial statements of the Company and the Company's annual report and interim report and to review significant financial reporting judgments contained in them before submission to the Board, focusing 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 Listing Rules and legal requirements in relation to financial reporting;

- (f) with regard to (e) above, to liaise with the Board, and senior management of the Company and to meet, at least once a year, with the Company's auditors and to consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters that have been raised by the Company's compliance officer or auditors;
- (g) to review the Company's financial controls, internal control and risk management systems;
- (h) to discuss with the management the system of internal control and ensure that the management has discharged its duty to have an effective internal control systems;
- (i) to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative;
- (j) (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 the effectiveness of the internal audit function;
- (k) to review the Group's financial and accounting policies and practices;
- (l) to review the external auditor's management letter, any material queries raised by the auditor to management in respect of accounting records, financial accounts or systems of control and management's response;
- (m) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (n) to report to the Board on the matters set out in the Corporate Governance Code in Appendix 14 of the Listing Rules;
- (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 Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and
- (p) to consider other topics, as defined by the Board.

### **Report procedures**

15. The Audit Committee should report to the Board on a regular basis. At the next meeting of the Board following a meeting of the Audit Committee, the chairman of the Audit Committee shall report to the Board on the findings and recommendations of the Audit Committee.