



Qunabox Group Limited

趣致集團

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 0917

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The audit committee (the “**Audit Committee**”) of Qunabox Group Limited (趣致集團) (the “**Company**”, together with its subsidiaries and branch companies, the “**Group**”) was established pursuant to a resolution passed by the board (the “**Board**”) of directors (“**Directors**”) of the Company on May 5, 2024. Set out below are the terms of reference (the “**Terms of Reference**”) of the Audit Committee.

Purpose

1. The purpose of the Audit Committee is to assist the Board in establishing formal and transparent arrangements to consider how the Board will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the Company’s auditors.

Composition

2. The members of the Audit Committee shall be appointed by the Board from time to time from amongst the non-executive Directors and shall consist of not less than three members, a majority of whom shall be independent non-executive Directors and at least one of whom should be an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Rules Governing the Listing of securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) (the “**Listing Rules**”). The quorum of an Audit Committee meeting shall be any two members of the Audit Committee, one of whom must be an independent non-executive Director.

3. A former partner of the Company's existing auditing firm shall be prohibited from acting as a member of the Audit Committee for a period of two years from the date of his/her ceasing:
 - (a) to be a partner of the firm; or
 - (b) to have any financial interest in the firm,whichever is the later.
4. The chairperson of the Audit Committee (the "**Chairperson**") shall be appointed by the Board and must be an independent non-executive Director.

Attendance at meetings

5. The chief financial officer of the Company, the head of internal audit of the Company and a representative of the external auditors shall normally attend meetings. However, at least once a year the Audit Committee shall meet with the external and internal auditors without the executive Director(s) present.
6. Members of the Audit Committee may participate in a meeting of the Audit Committee by means of a conference telephone or other communications equipment through which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

Frequency and procedure of meetings

7. Unless otherwise stated herein, meetings and proceedings of the Audit Committee are governed by the provisions contained in the Articles of Association of the Company for regulating the meetings and proceedings of Directors.
8. Meetings of the Audit Committee shall be held at least twice a year. The external auditors may request a meeting if they consider that one is necessary.
9. The company secretary of the Company shall be the secretary of the Audit Committee.
10. An agenda and accompanying board papers should be sent, in full, to all Directors in a timely manner and at least three (3) days before the intended date of a meeting of the Audit Committee (or other agreed period).

Annual general meetings

11. The Chairperson shall attend the Company's annual general meetings and be available to answer questions at such annual general meetings.
12. If the Chairperson is unable to attend an annual general meeting of the Company, he/she shall arrange for another member of the Audit Committee, or failing this, his/her duly appointed delegate, to attend in his/her place. Such persons shall be available to answer questions at such annual general meetings.

13. The Audit Committee should assist the senior management of the Company (“**Senior Management**”) in ensuring the external auditor attends the Company’s annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditors’ report, the accounting policies and auditor independence.

Access

14. The Audit Committee should be provided with sufficient resources to perform its duties.
15. Senior Management is obliged to supply the Audit Committee with adequate information, in a timely manner, to enable it to make informed decisions. The information supplied must be complete and reliable. Where any Director requires more information than is volunteered by Senior Management, that Director should make further enquiries where necessary. The Board and individual Directors should have separate and independent access to Senior Management.

Authority

16. The authorities and responsibilities of the Audit Committee shall include such responsibilities and authorities set out in the relevant code provisions of the Corporate Governance Code (the “**CG Code**”) as contained in Appendix C1 to the Listing Rules.
17. The Audit Committee is authorized by the Board to investigate any activity within these 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.
18. The Audit Committee is authorized by the Board to obtain outside independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, at the Company’s expense, if it considers this necessary.

Duties

19. Without prejudice to any requirements under the Listing Rules and/or the CG Code, the duties of the Audit Committee shall include:

Relationship with the Company’s auditors

- (a) being 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 to consider any questions of its resignation or dismissal;
- (b) reviewing and monitoring the external auditor’s independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (c) developing and implementing policy on engaging an external auditor to supply non-audit services and reporting to the Board, identifying and making recommendations on any matters where action or improvement is needed. 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) discussing with the external auditor the nature and scope of the audit and reporting obligations before the audit commences, and ensuring co-ordination where more than one audit firm is involved;
- (e) where the Board disagrees with the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors, submitting a statement to the Company explaining its recommendation and also the reason(s) why the Board has taken a different view, which statement will be disclosed by the Company in its corporate governance report;

Review of the Company's financial information

- (f) monitoring integrity of the Company's financial statements, annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements 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 any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the Listing Rules and any legal requirements in relation to financial reporting;
- (g) in regard to (e) above:–
 - (i) liaising with the Board and Senior Management;
 - (ii) meeting, at least twice a year, with the Company's auditors; and
 - (iii) considering any significant or unusual items that are, or may need to be, reflected in such financial statements, reports and accounts and giving 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;

Oversight of the Company's financial reporting system and internal control procedures

- (h) reviewing the Company's financial controls and, unless expressly addressed by a separate risk committee of the Board or by the Board itself, reviewing the Company's risk management and internal control systems;
- (i) reviewing and discussing the risk management and internal control systems with Senior Management to ensure that Senior Management has performed its duties in establishing and maintaining effective systems, such discussion to include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

- (j) considering major investigations findings on risk management and internal control matters as delegated by the Board or on its own initiative and Senior Management's response to those findings;
- (k) where an internal audit function exists, ensuring 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;
- (l) reviewing the Group's financial and accounting policies and practices;
- (m) reviewing the external auditor's management letter, any material queries raised by the auditor to Senior Management about accounting records, financial accounts or systems of control and Senior Management's response;
- (n) ensuring that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (o) reporting to the Board on the matters set out in these Terms of Reference;
- (p) reviewing arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters, and ensuring that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (q) acting as the key representative body for overseeing the Company's relations with the external auditor;
- (r) establishing a whistle-blowing policy and system for employees of the Company and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Company;

Corporate governance functions

- (s) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;
- (t) reviewing and monitoring the training and continuous professional development of the Directors and Senior Management;
- (u) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- (v) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors;
- (w) reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report of the Company; and
- (x) considering other topics, as defined by the Board.

Reporting procedures

20. Full minutes of meetings of the Audit Committee shall be kept by a duly appointed secretary of the meeting (who should normally be the company secretary of the Company). The minutes shall be open for inspection at any reasonable time on reasonable notice by any Director.
21. Minutes of meetings of the Audit Committee shall record in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or members or dissenting views expressed. Draft and final versions of minutes of such meetings should be sent to all members of the Audit Committee for their comment and records respectively, in both cases within a reasonable time after such meetings are held.
22. Without prejudice to the generality of the duties of the Audit Committee set out in these Terms of Reference, the Audit Committee shall report back to the Board on, and keep the Board fully informed of, its decisions and recommendations, unless there are legal or regulatory restrictions on its ability to do so (such as a restriction on disclosure due to regulatory requirements).
23. The Audit Committee shall ensure that the Board as a whole and Directors individually have proper access to reports and other materials related to the Audit Committee's work. It shall also ensure that such materials are in a form and quality sufficient to enable the Board to make informed decisions on matters placed before it, and that queries raised by Directors will receive a prompt and full response, if possible.

Provision of Terms of Reference

24. These Terms of Reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements, including those under the Listing Rules.
25. The Audit Committee shall make available these Terms of Reference, explaining its role and the authority delegated to it by the Board, by including them on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company's website (www.zzss.com).

(If there is any inconsistency between the English and Chinese version of this document, the English version shall prevail.)