# Manycore Tech Inc.

*(Incorporated in the Cayman Islands with limited liability)*
**(Stock Code: 0068)**

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**Terms of Reference for the**
**Audit Committee of**
**Manycore Tech Inc.**
**(the "Company")**

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## Definitions

1. For the purposes of these terms of reference (the "**Terms**"):

   **Audit Committee** means the audit committee established by the resolution of the Board in accordance with clause 2 of these Terms.

   **Board** means the board of directors of the Company.

   **Corporate Governance Code** means the Corporate Governance Code set out in Appendix C1 to the Listing Rules.

   **Company Secretary** means the company secretary of the Company.

   **Director(s)** means the director(s) of the Board.

   **Group** means the Company, its subsidiaries and the consolidated affiliated entity from time to time, and where the context requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries and consolidated affiliated entity, such subsidiaries and consolidated affiliated entity as if they were subsidiaries and consolidated affiliated entity of the Company at the relevant time.

   **Listing Rules** mean the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time).

   **Senior Management** means Mr. Huang Xiaohuang, Mr. Chen Hang, Mr. Zhu Hao, Mr. Shen Bei, and any other employees of the Company as may be determined by the Board to be part of senior management from time to time.

   **Shareholders** mean the shareholders of the Company.

   **Stock Exchange** means The Stock Exchange of Hong Kong Limited.

## Constitution

2. The Audit Committee was established by the resolution of the Board on February 14, 2025 (effective from the date of listing of the shares of the Company on the Stock Exchange).

## Membership

3. The members of the Audit Committee shall be appointed by the Board from 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 by 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.

4. 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.

5. The chairperson of the Audit Committee shall be an independent non-executive Director and shall be appointed by the Board.

**Attendance at meetings**

6. The senior officer of the Company responsible for financial management as appointed by the Board from time to time, the head of internal audit (or any officer(s) assuming the relevant functions but having a different designation) of the Company and representative(s) of the external auditors shall normally attend Audit Committee meetings. However, at least twice a year the Audit Committee shall meet with the external auditors without the executive Directors present.

**Frequency and procedure of meetings**

7. Unless otherwise stated herein, the meetings are governed by the provisions contained in the Company's articles of association for regulating the meeting and proceedings of Directors.

8. Meetings shall be held not less than twice a year. The chairperson of the Audit Committee shall convene a meeting upon request by any member of the Audit Committee. The external auditors may request a meeting if they consider that one is necessary.

9. The Company Secretary 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 days before the intended date of a meeting of the Audit Committee (or other agreed period).

11. The Senior Management is obliged to supply the Audit Committee with adequate information in a timely manner, in order to enable it to make informed decision. The information supplied must be complete and reliable. Where a Director requires more information than information provided voluntarily by the Senior Management, the relevant Director should make additional enquiries if needed. The Board and individual Directors shall have separate and independent access to the Senior Management.

12. The members of the Audit Committee may attend meetings in person, or by telephone, electronic or other means that enable all persons participating in the meeting to communicate with each other simultaneously and instantly, and participation in a meeting in the aforesaid manner shall be deemed to be present in person at such meeting.

**Annual general meeting**

13. The chairperson of the Audit Committee shall attend the Company's annual general meeting and be prepared to respond to any Shareholders' questions on the Audit Committee's activities.

14. If the chairperson of the Audit Committee 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 person shall be prepared to respond to any Shareholders' questions on the Audit Committee's activities.

**Authority**

15. The Audit Committee is authorized by the Board to investigate any activity within these Terms. 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.

16. The Audit Committee is authorized by the Board to obtain external independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, at the Company's expense, if it considers necessary. The Audit Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external consultant who advises the Audit Committee.

**Duties**

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

    *Relationship with the Company's auditors*

    (a) 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 resignation or dismissal of that auditor;

    (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 the engagement of an external auditor to supply non-audit services and report to the Board, identifying and making recommendations on any matters in respect of which it considers that 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 before the audit commences, the nature and scope of the audit, and reporting obligations, and ensure co-ordination where more than one audit firm is involved; and

(e) discussing problems and reservations arising from the interim and final audits, and any matters the external auditor may wish to discuss (in the absence of the Senior Management where necessary);

*Review of financial information of the Company*

(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 any requirements from the Stock Exchange and any legal requirements in relation to financial reporting;

(g) in regard to (f) above:

  (i) liaising with the Board, the Senior Management and the person appointed as the Company's qualified accountant;

  (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, risk management and internal control procedures*

(h) reviewing the Company's financial controls and, unless expressly addressed by a separate Board risk committee or by the Board itself, reviewing the Company's risk management and internal control systems;

(i) discussing the risk management and internal control systems with the Senior Management and to ensure that the Senior Management has performed its duties in establishing and maintaining effective systems, including the adequacy of resources, staff qualifications and experience, training programs 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 the 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 the Senior Management about accounting records, financial accounts or systems of control and the 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;

(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 to ensure 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 relation 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; and

(s) considering any other topics, as defined by the Board;

*Performing the corporate governance duties*

(t) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(u) to review and monitor the training and continuous professional development of Directors and the Senior Management;

(v) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(w) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(x) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report (as defined under the Listing Rules).

**Failure to reach an agreement regarding external auditors**

18. Where the Board has taken a different view from the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditors, the Audit Committee shall submit a statement to the Company explaining its recommendation, which statement shall be disclosed by the Company in the Corporate Governance Report in accordance with Appendix C1 to the Listing Rules.

**Reporting procedures**

19. Full minutes of the Audit Committee's meetings shall be kept by a duly appointed secretary of the meeting (who should normally be the Company Secretary or his/her appointed delegate), and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.

20. Minutes of meetings of the Audit Committee shall record in sufficient detail the matters considered by the Audit Committee and decisions reached, including any concerns raised by the Directors, members or dissenting views expressed. Draft and final versions of minutes 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.

21. Without prejudice to the generality of the duties of the Audit Committee set out above, the Audit Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on it to do so.

22. 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 (having regard to the Listing Rules requirement for separate and independent access for the Board and Directors respectively to the Senior Management). It shall also ensure that such materials are of a form and quality sufficient to enable the Board to make informed decisions on matters placed before it, and that Directors will receive a prompt and full response to their enquiries, if possible.

**Provision of the Terms**

23. The Audit Committee shall make available these Terms on request and by inclusion on the Stock Exchange's website and the Company's website, thereby explaining its role and the authority delegated to it by the Board.