

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



哈尔滨电气股份有限公司

HARBIN ELECTRIC COMPANY LIMITED

(a registered company in the People's Republic of China with limited liability)

(Stock Code: 1133)

TERM OF REFERENCE OF THE AUDIT COMMITTEE UNDER THE BOARD

The board (the “**Board**”) of directors (the “**Directors**”) of Harbin Electric Company Limited (the “**Company**”) hereby announces that, the Board has approved the adjustment to the terms of reference of the special committees under the Board. The terms of reference of the Audit Committee under the Board upon adjustment are as follows:

- (1) To guide the construction of the Company’s financial reporting system, risk management system, internal control system, compliance management system and accountability system for non-compliant operation and investment;
- (2) To supervise the internal auditing system of the Company and its implementation, and inspect and evaluate the relevant system and its implementation; to review the Company’s annual audit plan and key audit tasks and supervise the implementation; to study major audit conclusions and rectification work, and promote the application of audit results; to ensure that the Company’s internal audit function has sufficient resources for its operation and has the appropriate authority and status, evaluate, review and monitor the effectiveness of internal audit function, and to make recommendations to the Board on the change of person-in-charge of the internal audit department;
- (3) To maintain good communication with the external auditor and discuss with the external auditor the nature and scope of the auditing and relevant reporting obligations before the audit commences; to serve as the key representative between the Company and the external auditor and be responsible for overseeing the relationship between the Company and the external auditor; to evaluate and monitor the external auditor’s independence and professionalism and the effectiveness of the audit process in accordance with applicable standards; to make recommendations to the Board on the appointment or dismissal of accounting firm as well as on its remuneration and terms of engagement;

- (4) To develop and implement policy on the engagement of an external accounting firm to supply non-audit services and to report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- (5) To coordinate the work of the internal and external auditors;
- (6) To supervise the compliance of the Company's auditing work with the accounting professional standards, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and legal requirements; to audit and review significant financial and accounting policies and practices and auditing issues of the Company and its subsidiaries, including significant accounting adjustments, significant changes in accounting policies and practices, matters involving significant accounting judgements, significant adjustments arising from audit, and assumptions about the going concern of the business and any qualifications, etc., and to advise and make recommendations thereon to the Board;
- (7) To review the integrity of the Company's interim results and annual results (including the relevant financial statements, reports and accounts), to consider significant financial reporting judgements contained in the relevant statements and reports and any significant or unusual items that are, or may need to be, reflected therein; to communicate with the auditor on any issues that exist and to give due consideration to any matters that have been raised by the auditor, and to meet with the auditor at least twice a year; to liaise with the Board and the Company's senior management on the matters set out above in relation to the results of the Company and the relevant statements and reports and to submit to the Board the relevant statements and reports that have been so reviewed;
- (8) To examine the external auditor's management letter or similar communication to the Company, any material queries raised by the auditor to the Company about accounting records, financial accounts or systems of control and the response of the Company's senior management and/or managers; and to ensure that the Board will provide a timely response to the issues raised in the management letter or similar communication;
- (9) To assess and supervise the integrity and operational effectiveness of the Company's financial reporting, internal control and risk management systems; to review the Company's financial reporting, internal control and risk management self-evaluation reports and the level of compliance with the relevant requirements of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, and to advise and make recommendations thereon to the Board;

- (10) To establish a mechanism for employees of the Company to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other aspects, and to ensure that proper arrangements are in place to enable the Company to carry out fair and independent investigations and take appropriate action on such matters, and to conduct reviews accordingly;
- (11) To review matters of connected transactions of the Company and advise and make recommendations thereon to the Board;
- (12) To supervise the execution of the resolutions of the Board by managers and the implementation of the authorizations by the Board;
- (13) To supervise the Company's financial management, internal control and risk management, and to advise and make recommendations thereon to the Board;
- (14) To promote the legal construction of the enterprise, and supervise the governance compliance by managers;
- (15) To consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and the Company's senior management and managers' response to these findings.
- (16) To exercise other supervisory functions under regulatory requirements; and
- (17) To carry out other duties as authorized or delegated by the Board.

By Order of the Board
H E C L
A L -s
Company Secretary

Harbin, the PRC
8 September 2023

As at the date of this announcement, the executive Directors of the Company are Mr. Cao Zhi-an, Mr. Huang Wei and Mr. Zhang Ying-jian; and the independent non-executive Directors of the Company are Mr. He Yu, Mr. Hu Jian-min, Mr. Tang Zhi-hong and Mr. Pan Qi-long.