



# 北京京城机电股份有限公司

Beijing Jingcheng Machinery Electric Company Limited

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

(Stock Code: 0187)

## BEIJING JINGCHENG MACHINERY ELECTRIC COMPANY LIMITED TERMS OF REFERENCE OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

(In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.)

### Chapter 1 General Provisions

- Article 1 With a view to enhancing the decision-making function of the Board of Directors, performing pre-audit and professional audit, ensuring the Board's effective supervision of its management, and improving its corporate governance structure of the Company, the Company has hereby established the Audit Committee of the Board and formulated this Terms of Reference in accordance with the Company Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies, its Articles of Association and the other relevant regulations.
- Article 2 The Audit Committee of the Board is a specific body established under the Board. The main responsibilities and authorities of the Audit Committee include:
- (I) reviewing the Company's financial information and its disclosure;
  - (II) supervising and evaluating external audit work, and proposing the appointment or replacement of external auditors;
  - (III) supervising and evaluating internal audit work, and coordinating internal and external audits;
  - (IV) supervising and evaluating the Company's internal control system;
  - (V) exercising the powers and functions of the Supervisory Board as stipulated in the Company Law;

Article 7                      The Secretariat of the Audit Committee is established under the Audit Legal Department, which is responsible for the daily operation of the Audit Committee.

### **Chapter 3   Duties and Authorities**

Article 8                      The Audit Committee under the Board shall be responsible for reviewing the financial information of the Company and the disclosure thereof, as well as supervising and evaluating internal and external audits and internal control. The following matters shall be submitted to the Board for consideration after being approved by a majority of all members of the Audit Committee:

- (I)    to engage or dismiss the accounting firm in charge of the auditing matters of the Company, to monitor and assess the performance of the external audit work, to make proposals regarding the appointment or replacement of the external auditor, to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards and to approve the remuneration and appointment terms applicable to the external auditor, and any issues related to the external auditor's resignation or dismissal and to develop and implement policy on engaging an external auditor to supply non-audit services;
- (II)   to monitor and evaluate the internal audit work of the Company;
- (III) to coordinate with the internal and external audits and to oversee their relations;
- (IV) to disclose financial information in financial and accounting reports and periodic reports, and internal control evaluation reports, and to review the Company's financial information and its disclosure including monitoring the completeness of the Company's financial statements and the annual report and accounts, interim report and quarterly reports, and to review significant opinions in relation to financial reporting contained in the statements and reports.

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;

## **Chapter 6 Addendum**

- Article 34            The Terms of Reference shall take effect after the resolution is passed by the Board.
- Article 35            In case of matters not covered herein, the relevant state laws, regulations and the Articles of Association of the Company shall apply. In case the Terms of Reference conflict with the state laws and regulations which are to be issued in the future or the Articles of Association of the Company as legally modified, the relevant state laws, regulations and the Articles of Association of the Company shall prevail. In such case, corresponding amendments shall be made to the Terms of Reference immediately and be submitted to the Board for approval.
- Article 36            The Terms of Reference shall be construed and interpreted by the Board of the Company.

*The Board of Directors*

**Beijing Jingcheng Machinery Electric Company Limited**

January 2026