



**GOLDWIND SCIENCE&TECHNOLOGY CO., LTD.\***

**金風科技股份有限公司**

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

**Stock Code:02208**

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

*(In the case of any discrepancies, the Chinese version shall prevail over the English version.)*

### **Chapter 1      General Provisions**

1.1 In order to strengthen the decision-making function of the board of directors (the “**Board**”) of GOLDWIND SCIENCE&TECHNOLOGY CO., LTD. (the “**Company**”), to enhance the review, evaluation and supervision mechanism of the Board, to ensure the Board’s effective supervision over the Company, to optimise the corporate governance structure of the Company, and to lower the decision-making risk(s) of the Board, the Company has established an audit committee of the Board (the “**Audit Committee**”) and formulated these terms of reference in accordance with the Company Law of the People's Republic of China, the Corporate Governance Standards for Listed Companies, the Measures for the Administration of Independent Directors of Listed Companies, the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the No. 1 Self-regulatory Guidelines for Listed Companies of Shenzhen Stock Exchange – Standardized Operation of Companies Listed on the Main Board, and other laws, regulations, normative documents, the articles of association of the Company (the “**Articles**”) and the other relevant regulations.

1.2 The Audit Committee of the Board is a specific committee established under the Board. It is mainly responsible for the review of the financial information and its disclosure, supervision and assessment of internal and external audit work and the internal control and risk management, and supervision and inspection on significant decisions and matters.

### **Chapter 2      Membership**

2.1 The committee consists of three directors, two out of the three directors should be independent directors and at least one out of three directors must be an accounting professional. Members of the Audit Committee should be directors who do not hold senior management positions within the Company.

2.2 The committee member(s) shall be nominated by the chairman of the Board, or a majority of the independent directors or more than one-third of the directors, and elected by the Board.

2.3 The chairman of the Audit Committee will be responsible for chairing the work of the committee and must be an accounting professional among the independent director. The chairman will be elected from the members of the Audit Committee and approved by the Board.

2.4 The chairman of the Audit Committee is responsible for convening and chairing the meetings of the committee. Should the chairman be unable to perform his/her duties or be incapacitated, he/she may designate another member to act on his/her behalf. If the chairman neither performs his/her duties nor designates another member to act, the remaining two members may jointly elect one among themselves to assume the role of convener of the Audit Committee.

2.5 The term of office of the members of the Audit Committee will be consistent with the term of office of the member of the Board. The member(s) may be re-elected upon the expiry of his/her term of office. During his/her term of office, if any member ceases to hold office as a director, he/she will automatically be disqualified as a member of the Audit Committee and the vacancy shall be filled in accordance with clauses 2.1 to 2.3 above.

2.6 If the number of members of the Audit Committee falls below two-third of the prescribed number due to resignation, dismissal, or other reasons, the Board shall elect new members as soon as possible. Until the number of members reaches two-third of the prescribed number, the Audit Committee shall suspend the exercise of its powers as stipulated in these rules.

2.7 A former partner of the Company's existing auditing firm should be prohibited from acting as a member of the Audit Committee for a period of two years from the date of the person ceasing:

2.7.1 to be a partner of the firm; or

2.7.2 to have any financial interest in the firm,  
whichever is later.

2.8 The internal audit function of the Company will be responsible for the daily work of the Audit Committee, which includes but not limited to the liaison and organization of meetings. Meanwhile, the internal audit function is authorised to act within the terms of reference of the Audit Committee and is entitled to exercise the right of supervision over the audit, inspection of the accounts and related assets, supervision and evaluation of the authenticity, legality and effectiveness of the financial information, and to analyze and assess the Company's capital flows, asset utilization and other circumstances surrounding the financial operations of the Company, in order to ensure the authenticity and completeness of the Company's assets.

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

The Audit Committee is responsible to the Board and has the following authorities and duties:

3.1 Oversee and evaluate the work of the external auditor, and make recommendations to the appointment or change of external auditor:

- 1) Make 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 any issues in connection with the resignation or dismissal of such internal auditor; review and monitor the

external auditor's independence, objectivity, and the effectiveness of the audit process in accordance with applicable standards.

- 2) The Audit Committee should discuss with the external auditor the nature and scope of the audit and the relevant reporting obligations before the audit commences;
- 3) Formulate and implement policy on the provision of non-audit services by the external auditor. For this purpose, "external auditor" includes any entity that is under the common control, ownership or management of the external auditor or any affiliated entity that is reasonably aware of all relevant information or any entity that would be reasonably considered to be a part of the domestic or global business of the external auditor. The Audit Committee should report and recommend to the Board on any matters where action or improvement is required.

3.2 Review the completeness of the Company's financial statements, annual reports and accounts, interim reports and quarterly reports, and review the significant financial reporting opinion related to the financial disclosure contained in such statements, reports and accounts. In reviewing these statements or reports before their submission to the Board, the Audit Committee should focus particularly on:

- 1) any changes in accounting policies and practices, the financial positions of the Company and the financial reporting procedures;
- 2) areas requiring significant judgments;
- 3) significant adjustments resulting from the audit;
- 4) the going concern assumptions and any qualifications;
- 5) compliance with the accounting standards; and the compliance with the Listing Rules and legal requirements in relation to financial reporting.

Regarding the above, members of the Audit Committee should communicate with the Board and senior management. The Audit Committee must meet, at least, twice a year with the external auditor; and the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, and it should give due consideration to any matters that are raised by the Company's personnel who is responsible for the accounting and financial reporting, the responsible person of the internal audit function and the external auditor.

3.3 Oversee and evaluate the internal audit work, be responsible for the coordination between internal and external audits, and regulation of the financial reporting system and internal control procedures:

- 1) review the financial controls, internal control and risk management procedures;
- 2) discuss the risk management and internal control system with the management to ensure that the management has performed its duties to establish an effective internal control system. This discussion should include the adequacy of resources, staff qualifications and experience, and the sufficiency of the training programmes and budget for the accounting and financial reporting functions;
- 3) Study the findings from major investigations on risk management and internal control matters and the management's response to the investigation findings, out of its own initiative or in response to the delegation from the Board;
- 4) assist in communications between the internal and external auditors to ensure the co-ordination of their works, and to ensure that the internal audit function is adequately supported with resources and has appropriate standing within the Company, and to review and monitor its effectiveness;

- 5) review the Company's financial and accounting policies and practices;
- 6) review the management letter from the external auditor issued to the management, any material queries raised by the external auditor to the management and the management's response to such queries in connection with any accounting records, financial accounts or system of control;
- 7) ensure that the Board will provide a timely response to the issues raised in the management letter from the external auditor.

3.4 Report to the Board on the matters in relation to the Corporate Governance Code set out in Appendix 14 of the Listing Rules.

3.5 Review any significant connected transactions and asset disposals, as well as any significant investments and provision of guarantees to external parties of the Company.

3.6 Review the use and storage of proceeds, if the Audit Committee believes that there are violations, significant risks in the management of raised funds, or if the internal audit function fails to submit the inspection results report as required, it shall promptly report to the Board.

3.7 Consider other topics designated by the Board, and implement other issues as delegated by the Board.

3.8 Provide guidance and supervise the preparation of the Company's annual reports.

3.9 Provide guidance to the work of internal audit function and establishment of such internal function, and monitor the implementation of the internal audit system; review the Company's annual internal audit work plan; prompt the implementation of the internal audit plan guide the effective operation of the internal audit department, and be entitled to hear the regular reporting from the Company's internal audit function and the financial accounting entities, be entitled to access the internal and external audit reports and the financial reports of the Company. The Audit Committee, when it deems necessary, can require the internal and/or the external auditor(s) to conduct a special audit and/or provide relevant the work or consultancy reports. The Audit Committee may engage relevant legal counsel to obtain relevant legal opinions.

3.10 Act as the key representative of the Company to the external auditor and supervise the relationship of the Company and the external auditor.

3.11 Entitled to access all the documents which the Audit Committee deems necessary, which includes the annual production and operation plans, annual financial budgeting, significant investment reports, significant contracts and agreements.

3.12 Entitled to visit the external auditor, consulting firms, material customers and suppliers, material creditors and debtors. Whenever it deems necessary, the Audit Committee may make special investigations such as on-site visits, stock-taking, circularization on significant credits and debts, investigation and evidence collection from persons involved.

3.13 Review arrangements where employees of the Company raise concerns in confidence about potential improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for the fair and independent investigation and appropriate follow-up actions to be carried out on such matters.

3.14 Report to the Board on the progress, quality, and significant issues discovered in the internal audit work.

The Audit Committee shall present advisory opinions to the Board on matters within its scope of responsibility. If the Board does not adopt these opinions, the Company shall disclose the matter and provide a full explanation of the reasons.

## **Chapter 4      Decision-making Procedures**

4.1 The internal audit function of the Company shall be responsible for the preliminary preparations of the decision-making process of the Audit Committee, and the collection and provision of the relevant written information:

- 4.1.1 relevant financial reports of the Company;
- 4.1.2 work reports of the internal audit function and the external auditor;
- 4.1.3 contracts of the internal and the external audits, and the relevant work reports;
- 4.1.4 public disclosure of information made by the Company;
- 4.1.5 basic information on significant connected transactions and asset disposals of the Company;
- 4.1.6 other related matters.

4.2 The Audit Committee shall convene meetings to discuss every report submitted by the internal audit function, and shall submit relevant written resolutions and recommendations to the Board for its discussion:

- 4.2.1 appraisal of the work of the external auditor;
- 4.2.2 engagement and replacement of the external auditor;
- 4.2.3 report on whether the internal audit system of the Company has been effectively implemented, and whether the financial reports of the Company are accurate and complete;
- 4.2.4 the appropriateness of the accounting policies adopted by the Company, and whether such policies are in compliance with the prevailing laws and regulations;
- 4.2.5 whether the disclosure of the information such as the financial reports made by the Company are true, accurate and comprehensive, and whether the material connected transactions of the Company are in compliance with the relevant laws, regulations and rules;
- 4.2.6 the performance appraisals of the internal financial function and the audit function, which includes the appraisal of the person in charge of such function;
- 4.2.7 other relevant matters.

4.3 The following matters shall be submitted to the Board for deliberation only after obtaining the approval made by over half of the members of the Audit Committee:

- (1) disclosure of financial information in the financial accounting reports and periodic reports, and the internal control evaluation report;
- (2) engagement or dismissal of the accounting firm undertaking the Company's audit work;
- (3) appointment or dismissal of the Company's finance chief;
- (4) changes in accounting policies, accounting estimates, or corrections of significant accounting errors for reasons other than changes in accounting standards;
- (5) other matters as stipulated by laws and regulations, the rules of the securities exchange, and the Articles.

## **Chapter 5      Proceedings of the Meeting**

5.1 The Audit Committee may hold regular and ad-hoc meetings. The Audit Committee shall hold at least four regular meetings annually, with at least one meeting each quarter. An ad-hoc meeting may be convened upon the proposal of two or more members or when deemed necessary by the chairman of the Audit Committee.

Written notice of the meeting shall be dispatched to all members of the Audit Committee not less than 5 days before the proposed date of the regular meeting (excluding the day of the meeting). For ad-hoc meetings, notice shall be given 3 days (excluding the day of the meeting) in advance, along with the provision of relevant materials and information.

The meeting shall be chaired by the chairman of the Audit Committee. In the absence of the chairman, he/she may authorise another member of the Audit Committee who is an independent director member to chair the meeting.

5.2 Regular and ad-hoc meetings of the Audit Committee shall principally be held on site. Video conferencing, telephone, or other means may be used to convene a meeting if necessary, provided that all attending members can fully communicate and express their opinions.

5.3 The quorum of the meeting shall require the presence of two-third of the Audit Committee members. Each Audit Committee member has one vote. Resolutions at any meeting shall be passed by a simple majority of all the members.

5.4 Audit Committee members should attend the meetings in person and express clear opinions on the matters under review. If a member is unable to attend in person due to unforeseen circumstances, they may submit a signed power of attorney authorizing another member to attend and express opinions on their behalf. The power of attorney must specify the scope and duration of the authorization. Each member may accept a proxy from only one other member. If an independent director member is unable to attend in person, they should delegate another independent director member to attend on their behalf.

5.5 The person in charge of the internal audit function should attend the meeting of the Audit Committee. Where necessary, the Audit Committee may invite other director who is not a member of the Audit Committee, supervisor or other members from the senior management to attend the meeting.

5.6 Where necessary, the Audit Committee may engage intermediary agencies to provide professional advice for its decision-making, the costs shall be borne by the Company.

5.7 The procedures to convene a meeting of the Audit Committee, the method of voting and the resolutions passed at a meeting of the Audit Committee shall be in compliance with the relevant laws, regulations, Articles and these terms of reference.

5.8 The Audit Committee shall keep record of its meeting. Members present at the meeting shall sign the meeting minutes which shall be kept by the secretary of the Board for a period of no less than ten years.

5.9 Written Resolutions passed at the meeting and the voting results of the meeting of the Audit Committee shall be submitted to the Board in writing. The draft meeting minutes shall be delivered to the members of the Audit Committee within seven days after such meeting for the members to comment and finalised for the record.

5.10 Members and observers present at the meeting are obliged to keep confidential of all matters discussed at the meeting and may not disclose relevant information without authorisation.

## **Chapter 6      Supplementary Provisions**

6.1 These terms of reference shall be implemented on the date on which they are considered and adopted by the Board.

6.2 Any matters not covered by these terms of reference shall be implemented in accordance with relevant state laws, regulations and the Articles. Should these Terms

be inconsistent with laws and regulations promulgated by the government of the Peoples' Republic of China and the Articles as validly amended from time to time, the Board shall make timely amendments to these terms of reference, which shall be implemented after the consideration and approval by the Board.

6.3 The interpretation of these terms of reference shall be vested to the Board of the Company.