

WEICHAI POWER CO., LTD.

Terms of Reference of the Audit Committee

(Amended at the Company's 2023 tenth provisional meeting of the board of directors held on 29 December 2023)

Chapter 1 General Provisions

Article 1 With a view to strengthening the decision-making function of the Board of Directors of Weichai Power Co., Ltd. (the "Company"), accomplishing pre-audit and professional audit so as to ensure the effective supervision over the management level by the Board and refining the corporate governance structure, the Company has set up an audit committee of the Board and formulated these Terms of Reference in accordance with the "Company Law of the People's Republic of China", the "Standards for Corporate Governance of Listed Companies", "Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited", the "Articles of Association of Weichai Power Co., Ltd." and the other relevant regulations.

Article 2 The Audit Committee is a dedicated body established by the Board to be primarily responsible for auditing the Company's financial information and its disclosure, and monitoring and evaluating internal and external audit works and internal control.

Chapter 2 Composition

Article 3 The Audit Committee shall consist of three to seven non-executive Directors as members; and more than half of the members shall be independent Directors. At least one member in the Audit Committee must be an independent Director with professional qualifications in accounting.

Article 4 Members of the Audit Committee shall be nominated by the chairman of the Board, by more than one-half of the independent Directors or by one-third of all Directors, and shall be elected by the Board.

Article 5 The Audit Committee shall have a chairman (the convener) who shall be an independent Director with professional qualifications in accounting and be responsible for chairing the Audit Committee. The chairman shall be elected from among the members and approved by the Board.

Article 6 The term of office of the Audit Committee shall be the same as the term of the Board. A member may be re-elected upon the expiration of his/her term of office. Any member who ceases to act as a Director during the term shall lose his/her membership of the Audit Committee automatically and the vacancy shall be filled by the Audit Committee as required under Articles 3 to 5 above.

Article 7 The Audit Committee shall have an audit working unit as its daily operating body, which is responsible for daily communications and organising meetings, etc.

Chapter 3 Duties and Authorities

Article 8 The main duties and authorities of the Audit Committee include:

- (1) to supervise and assess internal audit works, and to supervise the Company's internal audit system and its implementation;
- (2) to review the financial controls, the risk management and internal control policies and systems and material connected transactions of the Company, including but not limited to:

1. to discuss with the Company's management on matters relating to risk management and internal control policies and systems so as to ensure that the management has implemented an effective internal control system;

The said internal control system includes but is not limited to the Company's accounting and financial resources, staff qualifications and work experience, the budget and adequacy of staff training programmes, financial control and risk management etc.;

2. to ensure the normal operation of the Company's risk management and internal control policies and to monitor and comment on its effectiveness;
 3. to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings.
- (3) to recommend the appointment or change of external auditors, including but not limited to:
 1. the right to recommend to the Board for approval of the appointment, re-appointment and removal of external auditors (including any entity under common control, equity control or management control of the external auditors, or any third party having regard to all reasonable relevant information which under reasonable circumstances would be deemed to be a part of the domestic or international division of the external auditors). Such recommendations include the external auditors' remuneration and terms of engagement, or to deal with matters relating to the resignation or removal of the auditors, as the case may be;
 2. to confirm with the auditors on the nature, scope and reporting responsibilities prior to the commencement of audit work;

3. to comment on and supervise the work of the external auditors based on applicable standards, including but not limited to the independence and objectivity of the auditors' work and the effectiveness of the audit procedures;
 4. to develop and implement policy on engaging an external auditor to supply non-audit services;
 5. to report to the Board, identifying and making recommendations on any matters where action or improvement is needed.
- (4) to be responsible for the communication between the internal and external auditors, including but not limited to:
1. to coordinate the work of the internal and external auditors;
 2. to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management response;
 3. to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
 4. regarding paragraph (5) below, to liaise with the Board and senior management and to meet with the Company's external auditors twice a year.
- (5) to audit the Company's financial information and its disclosure, including but not limited to:
1. to be entitled to submit financial statements and reports to the Board;
 2. to ensure monitoring of the integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgment contained in them;
 3. to review the financial statements and reports before submitting them to the Board for approval, focusing particularly on:
 - (1) any change in the Company's accounting policies and its implementation;
 - (2) significant adjustments arising from the audit;
 - (3) compliance with accounting standards by the Company;
 - (4) compliance by the Company with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and relevant legal requirements in relation to financial reporting;

- (5) the going concern assumptions and any qualification;
 - (6) significant or unusual items that are, or may need to be, reflected in the reports and accounts;
 - (7) matters that have been raised by the issuer's staff responsible for the accounting and financial reporting function, compliance officer or auditors;
 - (8) other major judgmental areas.
- (6) to report on matters arising from these Terms of Reference to the Board;
 - (7) to deal with other matters as stipulated by laws, administrative regulations, regulations of the China Securities Regulatory Commission and the Articles of Association and authorised by the Board of the Company.

Article 9 The following matters shall be submitted to the Board for consideration only after being approved by a majority of all members of the Audit Committee:

- (1) disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports;
- (2) engagement or dismissal of an accounting firm that undertakes audit works of the Company;
- (3) appointment or dismissal of the person in charge of financial affairs of the Company;
- (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, relevant requirements of the Shenzhen Stock Exchange and the Articles of Association.

Article 10 The Audit Committee shall be accountable to the Board. The Audit Committee shall submit proposals to the Board for consideration and decisions. The Audit Committee shall coordinate with the Supervisory Committee on its supervisory audit work.

Chapter 4 Procedures of Decision-making

Article 11 The audit working unit is responsible for the preliminary preparations and providing the Audit Committee with the relevant written information of the Company for decision-making: (1) relevant financial reports of the Company; (2) work reports of internal and external audit institutions; (3) external audit contract and the relevant work reports; (4) public disclosure of information made by the Company; (5) audit reports regarding material connected transactions of the Company; (6) other relevant matters.

Article 12 The Audit Committee shall convene meetings to discuss reports submitted by the audit working unit, and shall submit its relevant written resolutions to the Board for consideration: (1) work appraisal on external audit institutions, and the engagement and change of external audit institutions; (2) reports on whether the internal audit system of the Company has been effectively implemented and whether the financial reports of the Company are true in all aspects; (3) reports on whether information disclosed publicly by the Company are objective and true, and whether the material connected transactions of the Company are in compliance with the relevant laws and regulations; (4) work appraisal of the internal financial department and audit department, including its persons-in-charge; (5) other relevant matters.

Chapter 5 Rules of Procedures

Article 13 The Audit Committee shall hold meetings at least four times each year and one meeting shall be held in each quarter. Provisional meetings may be convened at the request of two or more members, or when it is deemed as necessary by the convener. The Company shall in principle give notice to all committee members three days before convening the meeting and shall provide relevant materials and information. If a provisional meeting is required to be held as soon as possible in case of emergency, the notice of the meeting can be given by telephone or other oral means at any time, but the convener shall make an explanation at the meeting.

The chairman of the Audit Committee or, if he is absent, another member (independent Director) delegated by the chairman shall chair the meetings.

Article 14 Meetings of the Audit Committee shall only be held where more than two-thirds of its members are present. Each member shall be entitled to one vote. Resolutions at any meeting shall be passed by a simple majority of votes of all the members. In the case of an equality of votes, the chairman shall be entitled to a casting vote.

Article 15 Meeting of the Audit Committee shall be convened on site in principle, and votes shall be taken by a show of hands or on a poll. On the premise of ensuring that all participating committee members are able to fully communicate and express their views, the meeting may be convened by video, telephone or other means in accordance with the procedures, if necessary.

Article 16 Members of the audit working unit may attend the meetings of the Audit Committee. Directors, supervisors and other senior management officers of the Company may also be invited to attend meetings of the Audit Committee if necessary.

Article 17 Intermediaries may be engaged by the Audit Committee at the expense of the Company to give professional advice on its decision-making if considered necessary.

Article 18 The proceedings and voting methods of a meeting of the Audit Committee and the resolutions passed at such meetings must comply with the requirements of the relevant laws, regulations, the Articles of Association and these Terms of Reference.

Article 19 Minutes shall be taken on all meetings of the Audit Committee. The minutes of meetings shall be signed by each attending member and the opinions of the independent Directors shall be recorded in the minutes of the meeting. The minutes of meetings shall be kept by the secretary to the Board.

Article 20 Resolutions passed at a meeting of the Audit Committee and the voting results thereon shall be reported to the Board of the Company in writing.

Article 21 All members present at a meeting are obliged to keep confidential all matters discussed at the meeting and shall not disclose such information without authorisation.

Chapter 6 Rules for Annual Reporting

Article 22 In the process of preparation and disclosure of the Company's annual report, members of the Audit Committee are required to perform their responsibilities and duties diligently in accordance with the requirements of relevant laws, administrative regulations, normative documents and the Articles of Association, in order to safeguard the overall interests of the Company.

Article 23 The Audit Committee shall consult the accounting firm responsible for the audit of the Company's annual report and agree with it on the timeframe for the audit of the financial reports of the Company for the current year.

Article 24 The Audit Committee shall supervise the accounting firm to submit its audit report within the agreed timeline, and record in writing the manner and frequency of making such supervision and also the result of such supervision; such record shall be signed by the relevant responsible officer for confirmation.

Article 25 The Audit Committee shall, before the certified public accountant (the "Annual Auditor") is engaged to audit the annual report of the Company, review and form its opinion in writing on the financial statements prepared by the Company.

Article 26 The Audit Committee shall, after the engagement of the Annual Auditor, strengthen the communication with the Annual Auditor and conduct another review on the financial statements of the Company and form its opinion in writing after the preliminary audit opinion is issued by the Annual Auditor.

Article 27 Upon completion of the audit of the annual financial accounting report, the Audit Committee shall review the audited financial accounting report, and form and submit the resolution to the Board for review and approval.

Article 28 The Audit Committee should pay particular attention to the change of appointment of the accounting firm by the Company during the period of Annual Audit. The Company shall not change the accounting firm for Annual Audit during the course of the audit of annual reports in principle. Where the change is necessary, the Audit Committee shall meet with the former accounting firm and the accounting firm to be engaged, and make reasonable appraisals of their quality of practice, and express its opinion on the sufficiency of the reason for the change of accounting firm. The replacement of an accounting firm shall be passed by Board resolutions, and subsequently a resolution shall be passed at the general meeting. The replaced accounting firm shall be notified to attend and entitled to express its opinions at the general meeting. The Company shall fully disclose the resolution of the general meeting and the opinions expressed by the replaced accounting firm.

Article 29 Upon the completion of the audit of the annual report, the Audit Committee shall also submit to the Board a summary report on the annual audit work accomplished by the accounting firm and a resolution on the reappointment or replacement of accounting firm for the following year. When considering the reappointment of the annual accounting firm for the following year, the Audit Committee shall make a comprehensive and objective assessment of the accounting firm's performance and quality of the audit work of the current year, and form and submit its affirmative opinion, to the Board for approval and further to the general meeting for resolution. If the Audit Committee decides the opposite, it shall be proposed to the Board and the general meeting to review the replacement of accounting firm. When the Audit Committee proposes to change the accounting firm for Annual Audit for the following year, it shall meet and communicate with both the former and the proposed accounting firms to have a full understanding and make a proper evaluation, in order to form and submit its opinion to the Board for resolution and a general meeting shall be convened to consider the resolution. Information about the aforementioned communications, appraisals and suggestions of the Audit Committee shall be recorded in writing and signed by the parties concerned.

Article 30 The person in charge of the Company's finance and the secretary to the Board are responsible for coordinating the communication between the Audit Committee and the accounting firm for Annual Audit and actively providing the necessary conditions for the Audit Committee to perform its duties.

Article 31 During the course of preparation and consideration of annual reports, members of the Audit Committee shall keep, and procure the accounting firm and all related personnel to keep, all information confidential to strictly prevent the leakage of inside information and the occurrence of illegal activities such as inside trading prior to the publication of annual reports.

Chapter 7 Supplementary Provisions

Article 32 These Terms of Reference shall take effect from the date of consideration and approval by the Board.

Article 33 Any matter not regulated under these Terms of Reference shall be enforced under the requirements of the relevant laws and regulations of the State, the listing rules of the place where the Company's shares are listed and the Articles of Association. In case where any of these Terms of Reference is in conflict with the laws and regulations which are newly promulgated by the State, the new listing rules of the place where the Company's shares are listed or the Articles of Association as legally modified, these Terms of Reference shall be enforced subject to the requirements of the relevant laws and regulations of the State, the new listing rules of the place where the Company's shares are listed and the Articles of Association. In such case, corresponding amendments shall be made immediately and be submitted to the Board for consideration and approval.

Article 34 These Terms of Reference shall be interpreted by the Board of the Company.

WEICHAI POWER CO., LTD.

29 December 2023

(Important notice: These Terms of Reference is published in Chinese and English version. In case of inconsistency, the Chinese version shall prevail.)