Shanghai Dazhong Public Utilities (Group) Co., Ltd.
Terms of Reference of the Audit Committee of the Board of Directors (Amended)

Chapter 1 General Provisions

Article 1 In order to boost the decision-making capability of the Board of Directors (the "**Board**") of Shanghai Dazhong Public Utilities (Group) Co., Ltd. (hereinafter referred to as the "**Company**"), enhance the effective supervision over the management by the Board, and to improve its corporate governance structure, the Company established the Audit Committee of the Board and formulated these rules of procedures in accordance with the Company Law of the People's Republic of China, Code of Corporate Governance for Listed Companies, Basic Standard for Enterprise Internal Control, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Operational Guidelines of the Shanghai Stock Exchange for the Audit Committee under the Board of Directors of Listed Companies, the Articles of Association of Shanghai Dazhong Public Utilities (Group) Co., Ltd. (hereinafter referred to as the "**Articles of Association**"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "**Listing Rules**"), as well as the provisions of other relevant laws, administrative regulations, departmental rules and regulatory documents.

Article 2 As a specific working body established by the Board in accordance with the Articles of Association, the Audit Committee is accountable to and reports to the Board. The main duties of the Audit Committee are to supervise, review and evaluate the financial information and internal audit of the Company in accordance with the Articles of Association, to review and refine the risk management and internal control system of the Company, to propose the engagement or replacement of external auditors, to co-ordinate the communication between the internal auditor and external auditor, to identify the related parties of the Company, and to review and file the related transactions of the Company.

Article 3 The members of the Audit Committee shall ensure sufficient time and efforts for discharge of the duties of the Committee, be diligent and responsible, supervise the external auditor of the Company in a practical and efficient manner, direct the internal audit of the Company, and facilitate the Company to establish an effective risk management and internal control system and provide true, accurate and complete financial reports.

Article 4 The Company shall provide necessary working conditions and engage professionals or organizations to handle daily operation including liaison, organization of committee meetings, preparation of materials and documentation for the Audit Committee. The management and relevant departments of the Company shall provide supports to the Audit Committee upon the performance of its duties.

Article 5 The "related party(ies)" and "related transaction(s)" referred herein shall be defined in accordance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Listing Rules and the Regulatory System of Related Transactions of the Company.

Chapter 2 Composition

Article 6 The Audit Committee shall be comprised of three non-executive directors, with a majority of independent non-executive directors. At least one of independent non-executive directors is a professional accountant with appropriate professional accounting qualifications or accounting or related financial management expertise.

Article 7 The members of the Audit Committee shall be nominated by the chairman of the Board or not less than one-third of all directors for election by the Board.

Article 8 All members of the Audit Committee shall possess the expertise and business experience enabling them to fulfil the duties of the Audit Committee. In principle, the operation of the Audit Committee shall be independent of the daily operation and management affairs of the Company. The Company shall arrange members of the Audit Committee to participate in related trainings to timely obtain expertise required for discharge of their duties in respect of laws, accounting, and regulation standards of listed companies.

Article 9 The Audit Committee shall have one chairman who shall be an independent non-executive director, and be in charge of the work of the Audi Committee. The chairman shall possess accounting or related financial management expertise.

Article 10 The Board of the Company shall evaluate the independence and performance of the members of the Audit Committee on a regular basis, and replace the member who is not suitable to remain in the position when necessary.

Article 11 The term of office of the members of the Audit Committee shall be the same as that of the directors. A member of the Committee may serve consecutive terms if re-elected upon the expiry of his/her term of office. If any member ceases to be a director of the Company or ceases to have the independence as set out in the Articles of Association and the Listing Rules during his/her term of office, he/she shall immediately cease to be a member of the Committee. The vacancy shall be filled up by the Board in accordance with the Article 6 to Article 9 above.

Article 12 The Audit Committee shall establish a working group which is responsible for day-to-day liaison and organization of committee meetings. The members of the working group do not need to be the member of the Audit Committee.

Chapter 3 Powers and Duties

Article 13 The major powers and duties of the Audit Committee include:

(1) to propose to the Board of the appointment, reappointment and removal of the external auditor, review the remuneration and terms of engagement of the external auditor and deal with any issue relating to of its resignation or dismissal;

(2) to review and monitor the independence and objectiveness of the accounting firms and the effectiveness of the audit procedures in accordance with applicable standards; develop and implement policies on engaging the external auditors to provide non-auditing services; evaluate the effect of providing non-auditing services by the external auditors on their independence; monitor and evaluate whether the external auditors have duly fulfilled their responsibilities;

(3) to discuss the scope, plan and method for auditing and the significant matters identified during the audit with the external auditors; the Audit Committee shall discuss the nature, scope and reporting obligations with the accountants before the audit commences;

(4) to review the annual internal audit plan of the Company; supervise the development and implementation of the internal audit system of the Company; review the working report of the internal audit, evaluate the results of the internal audit and supervise the rectification of significant issues; direct the effective operation of the internal audit department;

(5) to coordinate between the internal auditor and external auditor and provide assistance to the external auditor; coordinate the communication between the management and the external auditor in respect of significant audit issues;

(6) to review the financial information and disclosure of the Company and provide opinions regarding the truthfulness, completeness and accuracy of financial reports; focus on the material accounting and auditing issues in financial reports of the Company, including adjustments to significant accounting errors, material changes in accounting policies and estimates, matters involving significant accounting judgments, matters resulting in extraordinary unqualified audit report and any other matters; pay special attention to identify any possible fraud, corrupt practices and material misstatement in relation to financial reports; supervise the rectification of any issues identified in financial reports; give due consideration to any matters raised by the internal accounting, financial officers or accountants;

(7) to supervise and examine the completeness, reasonableness, appropriateness and effectiveness of the risk management and internal control system and mechanism of the Company and its controlling subsidiaries;

(8) to evaluate the existing or potential risks of the Company and propose recommendations on the improvement of the risk management of the Company;

(9) to review the inspection and supervision report on internal control, self-evaluation report on the risk management and internal control system and reports from the accounting firms on annual audit, special audits, management proposals and internal control audit of the Company; assess the results of evaluation and audit on internal control and supervise the rectification of any deficiencies;

(10) to identify related parties to the Company and report to the Board and the supervisory committee, and disclose the related parties so identified to the relevant personnel of the Company on a timely basis;

(11) to make preliminary review of related transactions approved by the Board, and submit the transactions to the Board for approval;

(12) to review and approve related transactions or accept the filing of related transactions within the scope of authorization by the Board;

(13) to monitor integrity of the financial statements and annual reports and accounts, half-year reports and quarterly reports of the Company, and review the significant financial reporting judgments contained in the financial statements and reports. Before submitting the aforesaid statements and reports to the Board, the Committee shall particularly review following items:

1. any changes in the accounting policies and practices;

2. major judgmental areas;

3. important adjustments caused by audit;

4. the going concern assumptions and any qualified opinion;

5. compliance with accounting standards;

6. compliance with the Listing Rules and related legal requirements with regard to financial reporting;

(14) to review the systems of financial controls, risk management and internal control of the Company;

(15) to discuss the risk management and internal control system with the management to ensure that the management has performed its duty to establish an effective system. This discussion shall include the adequacy of the resources, staff qualifications and experience, training programs and budget of the accounting and financial reporting functions of the Company;

(16) to research on significant investigation results regarding risk management and internal control and the response of the management to such investigation results on its own initiative or at the request of the Board;

(17) where the Company has an internal audit unit, to ensure the coordination between internal audit unit and external auditors; ensure the internal audit unit is provided internally with sufficient resources of the Company for its operation and has appropriate standing; and review and monitor its effectiveness;

(18) to review the financial and accounting policies and practices of the Company;

(19) to inspect the Letter of Audit Results (《審核情況説明函件》) issued to the management by the external auditors, any material queries about accounting records, financial accounts or control system raised to the management by the accounting firms and the response made by the management;

(20) to ensure the timely response of the Board to any matters raised in the Letter of Audit Results (《審核情況説明函件》) issued to the management by the external auditors;

(21) to review the arrangements of the Company for the confidential reporting of any misconduct in the financial reporting, risk management, internal control or other aspects of the Company by its employees; ensure proper arrangements are made so that the Company can take fair and independent investigation on such matters and take appropriate actions;

(22) to act as the key representative body for overseeing the relations between the Company and the external auditors;

(23) to address other matters as authorized by the Board or as stipulated in relevant laws and regulations.

Article 14 The Audit Committee shall be accountable to the Board. Any proposals of the Audit Committee shall be submitted to the Board for consideration and approval. The Audit Committee shall assist the supervisory committee in conducting audits and supervision.

All cases, materials and information considered and discussed by the Audit Committee shall be made available to the Board for its study and decision in the form of report, recommendation or summary.

Chapter 4 Working Procedures

Article 15 The working group under the Audit Committee shall be responsible for the preparation work for the decision of the Audit Committee by providing the following information of the Company in written form:

(1) financial reports of the Company;

(2) working reports of the internal and external auditors;

(3) contracts of the external auditor and relevant working reports;

(4) relevant working reports on the risk management and internal control system of the Company and its implementation;

(5) agreements regarding related transactions of the Company;

(6) feedbacks of investigation on related parties of the Company;

(7) audit reports of major related transactions of the Company;

(8) other relevant matters.

Article 16 The Audit Committee shall evaluate reports provided by the working group and submit relevant written resolutions regarding the following matters to the Board for discussion:

(1) the truthfulness of the financial reports of the Company;

(2) the appraisal on the external auditor and the engagement and replacement of the external auditor;

(3) the evaluation on the risk management and internal control of the Company and its implementation;

(4) other relevant matters.

Article 17 The internal audit department of the Company shall report its works to the Audit Committee. All audit reports, rectification plans of audit issues and status of rectification reported to the management by the internal audit department shall also be reported to the Audit Committee.

Article 18 Where the Company engages or replaces its external auditors, the Audit Committee shall form an opinion on relevant matters and propose a resolution to the Board for further consideration.

Article 19 The Audit Committee may engage intermediary firms to provide professional advices on its decisions where necessary at the expense of the Company.

Chapter 5 Rules of Procedures

Article 20 Meetings of the Audit Committee can be classified as regular meetings and extraordinary meetings. A notice shall be given to all members of the Committee three days prior to the convening of a meeting. The meeting shall be convened and presided over by the chairman. In the event that the chairman is unable or refuses to perform such duties, he/she shall designate another member of the Committee, who shall be an independent non-executive director, to act on his/her behalf.

Article 21 The Audit Committee shall hold at least two regular meetings each year.

The Audit Committee may convene an extraordinary meeting where necessary. An extraordinary meeting may be convened when any two of the members of the Committee propose or the chairman considers necessary.

Article 22 The members of the Audit Committee should keep in contact with the Board and senior management. The Audit Committee shall hold at least two meetings with the external auditors of the Company each year, and at least one of the meetings shall be held independently without the attendance of the management. The secretary to the Board may attend such meeting.

Article 23 The members of the Audit Committee shall attend meetings in person and express clear opinions on the matters considered. In the event that a member is unable to attend a meeting in person for any reason, he/she may entrust another member of the Committee to attend and express opinions on his/her behalf by submitting an authorization letter duly signed by him/her. The authorization letter shall specify the scope and duration of the authorization. Each member of the Committee shall only be entrusted by one member. In case of absence of a member, who is an independent director, for any reason, he/she shall entrust another member of the Committee, who shall also be an independent director, to attend on his/her behalf.

Article 24 A meeting of the Audit Committee shall not be held unless attended by at least two members of the Committee (including members who entrust other members to attend such meeting in writing). Each member shall have one vote and the resolutions passed at the meeting must be approved by a majority of all members of the Committee.

Article 25 Where a member of the Audit Committee is interested in any matter being considered at the meeting, he/she shall be abstained from attending such meeting. Where the Committee is unable to form an effective conclusion due to the abstention of such member, such matter shall be submitted to the Board for consideration directly.

Article 26 The voting of the Audit Committee shall be taken by registered vote. Extraordinary meeting may be convened by way of voting by correspondence.

Article 27 Members of the working group may attend the meetings of the Audit Committee. Directors, supervisors and senior management of the Company, external auditors and relevant personnel such as internal auditors, financial officers and legal advisors may be invited by the Committee to attend such meetings to provide necessary information when necessary.

Article 28 The procedures for convening a meeting of the Audit Committee, the voting method and the resolutions passed at such meeting shall be in compliance with the provisions of relevant laws, administrative regulations, other regulatory documents, the Articles of Association, the Listing Rules and these terms of reference.

Article 29 The Audit Committee shall keep minutes of its meetings. Members of the Committee who attend the meetings shall sign their names on the minutes. The secretary to the Board shall keep the minutes of the Committee meetings. The draft and the final minutes shall be delivered to all members within a reasonable period of time for their comments and record, respectively.

Article 30 Resolutions passed and any voting results taken at the meeting of the Audit Committee shall be reported in writing to the Board of the Company.

Article 31 Members of the Committee and persons attending the meeting shall undertake confidentiality obligations for all items discussed at the meeting and shall not disclose any relevant information without permission.

Article 32 Where the Board holds dissenting views on the selection, appointment, resignation or removal of external auditors by the Audit Committee, the issuer shall include a statement explaining the recommendation of the Audit Committee and the reasons for the Board to hold dissenting views in its Corporate Governance Report.

Chapter 6 Supplementary Provisions

Article 33 Unless otherwise specified, the terms used herein shall have the same meaning ascribed thereto under the Articles of Association.

Article 34 These terms of reference were considered and approved by the Board of the Company and shall become effective on the date of the listing of overseas listed foreign shares (H shares) issued by the Company on The Stock Exchange of Hong Kong Limited, and the original terms of reference shall lapse.

Article 35 Any matters not covered by these terms of reference shall be implemented in accordance with the provisions of relevant laws, administrative regulations, other regulatory documents, the Articles of Association and the Listing Rules. In the event that these terms of reference are inconsistent with relevant laws, administrative regulations, other regulatory documents, the Articles of Association or the Listing Rules promulgated in the future, such relevant laws, administrative regulations, other regulatory documents, the Articles of Association and the Listing Rules shall prevail and these terms of reference shall be amended forthwith and submitted to the Board of the Company for consideration and approval.

Article 36 In these terms of reference, the meaning of "no less than" and "at least" includes the number itself, while "less than" and "more than" excludes the number itself.

Article 37 These terms of reference shall be formulated and amended by the Board, the interpretation of which shall be vested in the Board.