

Shanghai Dazhong Public Utilities (Group) Co., Ltd.

Terms of Reference of the Audit Committee of the Board of Directors (Revised)

(As approved by the 5th meeting of the 12th session of the Board of Directors
held on April 29, 2024)

Chapter 1 General

Article 1 In order to strengthen the decision-making function of the Board of Directors of Shanghai Dazhong Public Utilities (Group) Co., Ltd. (the “**Company**”), intensify the effective supervision of the board of directors of the Company over the management and improve the corporate governance structure of the Company, the Company has specifically set up the Audit Committee of the board of directors and formulated these work rules according to the Company Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, the Basic Code for Internal Control of Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Self Regulatory Guidelines for Companies Listed on Shanghai Stock Exchange — Normative Operation, the Articles of Association of Shanghai Dazhong Public Utilities (Group) Co., Ltd. (the “**Articles of Association**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and other relevant laws, regulations, departmental rules and normative documents.

Article 2 The Audit Committee is a dedicated working body of the board of directors established by the board of directors according to the Articles of Association, accountable and responsible to the board of directors and reporting to the board of directors. The Audit Committee’s main duties are supervising, examining and evaluating the financial information and internal audit of the Company according to the Articles of Association; diagnosing and perfecting the risk management and internal control system of the Company; proposing engagement or replacement of external auditors; responsible for communication between internal audit and external audit; confirming related parties of the Company and reviewing and filing related-party transactions of the Company.

Article 3 Members of the Audit Committee shall ensure they have sufficient time and energy to fulfill job duties of the Committee, act diligently and dutifully, effectively supervise external audit of the Company, guide the Company’s internal audit, facilitate the Company to establish effective risk management and internal control, and provide true, accurate and complete financial reports.

Article 4 The Company shall provide the Audit Committee with necessary working conditions and make available to it dedicated staff or organizations undertaking day-to-day activities of the Audit Committee such as work liaison, meeting organization, material preparation and file management. The Company’s management and relevant departments shall provide cooperation when the Audit Committee performs its duties.

Article 5 The related party and related-party transaction as referred to herein shall be determined according to the scope set forth in the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Listing Rules and the Related-Party Transaction Management Policy of the Company.

Chapter 2 Composition of the Audit Committee

Article 6 The Audit Committee shall comprise 3 directors, all of whom shall be independent non-executive directors.

Article 7 The Audit Committee shall have one chairman, responsible for directing the work of the Audit Committee. The chairman of the Audit Committee shall be an accounting professional, who shall have appropriate professional qualification or appropriate accounting or relevant financial management expertise. The Chairman shall be directly elected by the board of directors among members of the Committee.

Article 8 The members of the Audit Committee shall be nominated by the board chairman or 1/2 or more of independent non-executive directors or 1/3 or more of all directors, and elected by the board of directors.

Article 9 All members of the Audit Committee shall have professional knowledge and business experience sufficient for them to be competent for job duties of the Audit Committee. The Audit Committee shall remain independent from day-to-day operation management of the listed company in principle.

Article 10 The board of directors of the Company shall periodically evaluate the independence and duty fulfillment of the Audit Committee's members and may replace any member who is found unfit to continue in office when necessary.

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Article 12 The members of the Audit Committee shall have the same tenure as directors, subject to re-election upon expiration of tenure. If any member ceases to be a director of the Company or any member who should have the status as independent director ceases to be independent as prescribed in the Articles of Association and the Listing Rules, such member will automatically be disqualified as member, and the vacancy shall be filled up by the board of directors according to the aforesaid Article 6 to Article 8.

Article 13 The Audit Committee shall have a working group set up under it, responsible for day-to-day work liaison and meeting organization, etc. The members of the working group are not required to be members of the Audit Committee.

Chapter 3 Duty and Authority

Article 14 The Audit Committee shall make recommendation to the board of directors on appointment, reappointment and dismissal of externally engaged accountants, review the terms of remuneration and appointment of externally engaged accountants, and deal with any issues related to resignation or dismissal of such accountants.

Article 15 The Audit Committee shall review and supervise whether the accounting firm is independent and objective and whether the audit procedures are effective according to applicable standards; formulate policies for engaging accounting firms to provide non-audit services and carry them out; evaluate the effects of provision of non-audit services by externally engaged accounting firm on its independence; supervise and evaluate whether the externally engaged accounting firm is diligent and dutiful.

Article 16 The Audit Committee shall discuss and communicate with the externally engaged accounting firm about the scope, plan and method of audit and significant audit findings; the Audit Committee shall discuss the nature and scope of audit and relevant reporting responsibility with accountants before starting the audit work.

Article 17 The Audit Committee shall review the annual internal audit work plan of the Company; supervise the formulation and implementation of the Company's internal audit system; review internal audit work reports, evaluate results of internal audit work, and supervise and urge rectification of significant issues; and guide the internal audit department through effective operation.

Article 18 The Audit Committee shall be responsible for coordinating communication between internal audit and external audit and cooperation with external audit work; coordinate the communication between the management and external auditors regarding significant audit issues.

Article 19 Except as otherwise prescribed by laws and regulations, the Audit Committee shall supervise the internal audit department to inspect the following matters at least once every half a year, issue an inspection report and submit the same to the Audit Committee:

- (I) Use of proceeds, provision of guarantee, related-party transactions, securities investment and derivative trading, provision of financial assistance, purchase or sale of assets, external investment and conduct of other significant events by and of the Company;
- (II) Large-sum capital transactions of the Company and capital transactions with directors, supervisors, senior executives, controlling shareholders, actual controller and their respective affiliates.

The Audit Committee shall issue written evaluation opinions on the effectiveness of internal controls of the Company and report to the board of directors based on the internal audit reports and relevant data submitted by the internal audit department.

Article 20 The Audit Committee shall issue annual internal control evaluation report based on evaluation reports and relevant data issued by the internal audit department. The internal control evaluation report shall include the following:

- (I) Statement of the board of directors on the authenticity of the internal control evaluation report;
- (II) Overview of the internal control evaluation work;
- (III) Basis, scope, procedure and method of internal control evaluation;
- (IV) Defects found in internal control and their determinations;
- (V) Correction of internal control defects from the previous year;
- (VI) Corrective measures to be taken against internal control defects in the current year;
- (VII) Conclusion on the effectiveness of internal control.

Article 21 The Audit Committee shall evaluate the establishment and implementation of the Company's internal control and form an internal control evaluation report based on the internal audit work report and relevant information of the Company.

Article 22 The Audit Committee shall review financial information of the Company and its disclosure, and comment on the authenticity, integrity and accuracy of financial reporting, with a focus on significant accounting and audit issues with financial reporting of the listed company, including significant accounting error adjustment, significant accounting policies and estimate changes, matters involving important accounting judgment, and matters resulting in nonstandard nonqualified audit report; with special attention given to whether there is any possibility of fraud, malpractice and material misstatement related to financial reporting; supervising the correction of financial reporting issues; and appropriately considering matters raised by internal accounting and accounting staff or auditors.

The Audit Committee shall supervise and urge the relevant responsible departments of the Company to formulate corrective measures and correction timeline, conduct subsequent audits, supervise the implementation of corrective measures and disclose the completion of corrective measures promptly.

Article 23 The Audit Committee shall supervise and examine the integrity, reasonableness, appropriateness and effectiveness of the internal control policy and system of the Company and its controlled subsidiaries.

Article 24 The Audit Committee shall assess the existing or potential risks to the Company and make recommendation for perfecting the risk management practice of the Company.

Article 25 The Audit Committee shall review internal control check and supervision reports, internal control self-assessment reports and reports of the accounting firm on annual audit, special audit, management proposal and internal control audit of the Company; assess the results of internal control evaluation and audit, and supervise and urge the correction of internal control defects.

Article 26 The Audit Committee shall confirm related parties of the Company and report them to the board of directors and the board of supervisors, and promptly publicize confirmed related parties to relevant personnel of the Company.

Article 27 The Audit Committee shall preliminarily examine related-party transactions approved by the board of directors and submit them to the board of directors for approval.

Article 28 The Audit Committee shall review and approve related-party transactions or accept related-party transactions for filing within the scope of authorization by the board of directors.

Article 29 The Audit Committee shall supervise the integrity of financial statements, annual reports and accounts, semiannual reports and quarterly reports of the Company, and review significant opinions contained in statements and reports regarding financial reporting. The Audit Committee shall pay special attention to the following matters prior to submission of relevant statements and reports to the board of directors:

- (I) Any change to accounting policy and practice;
- (II) Areas involving important judgment;
- (III) Significant adjustments arising due to audit;
- (IV) Assumption about going concern and any reservations;
- (V) Whether accounting standards are complied with;
- (VI) Whether the Listing Rules and legal provisions are complied with respect to financial reporting.

Article 30 The Audit Committee shall review the financial monitoring, risk management and internal monitoring systems of the Company.

Article 31 The Audit Committee shall discuss risk management and internal monitoring system with the management to ensure the management has performed their duties to establish an effective system. The discussions shall include whether the resources, staff qualification and experience of the Company are sufficient in terms of accounting and financial reporting functions, and whether the training courses received by employees and relevant budget are adequate.

Article 32 The Audit Committee shall, proactively or upon the request of the board of directors, study the important investigation results regarding risk management and internal monitoring matters and the management's response to investigation results.

Article 33 If the Company has internal audit function, the Audit Committee shall ensure the work of internal auditors and that of externally engaged accounting firm are coordinated, as well as that the internal audit function has sufficient resources inside the Company to operate and an appropriate position; and shall review and supervise its effectiveness.

Article 34 The Audit Committee shall review the financial and accounting policies and practices of the Company.

Article 35 The Audit Committee shall examine the Audit Explanatory Letter given by externally engaged accounting firm to the management, any significant questions raised by the accounting firm to the management with respect to accounting records, financial accounts or monitoring system as well as response made by the management.

Article 36 The Audit Committee shall ensure the board of directors promptly responds to matters raised in the Audit Explanatory Letter given by externally engaged accounting firm to the management.

Article 37 The Audit Committee shall review the following arrangements made by the Company: employees of the Company may draw attention to possible misconduct in financial reporting, risk management, internal monitoring or other aspects. The Audit Committee shall ensure there are appropriate arrangements in place to enable the Company to conduct fair and independent investigation into and take appropriate actions against such matters.

Article 38 The Audit Committee shall serve as the primary representative between the Company and the externally engaged accounting firm, responsible for overseeing the relationship between them.

Article 39 The Audit Committee shall be accountable and responsible to the board of directors. The following matters shall be submitted to the board of directors upon being agreed upon by more than half of all member of the Audit Committee:

- (I) Disclosure of financial information contained in financial and accounting reports and periodic reports, as well as internal control evaluation reports;

- (II) Appointment or dismissal of the accounting firm undertaking the audit business of the Company;
- (III) Appointment or dismissal of the chief financial officer of the Company;
- (IV) Change to accounting policy or estimate or significant accounting error correction due to reasons other than change to accounting standards.
- (V) Other matters prescribed by laws, regulations and CSRC and the Articles of Association.

Article 40 In addition to the aforesaid duties, the Audit Committee shall be responsible for other matters authorized by the board of directors and other matters involved in relevant laws and regulations.

Article 41 Proposals of the Audit Committee shall be submitted to the Board of Directors for consideration and approval. The Audit Committee shall cooperate with audit supervision of the board of supervisors.

Article 42 The Audit Committee shall provide any and all studies and discussions, materials and information to the board of directors in the form of report, suggestion or summary for study and decision.

Chapter 4 Working Procedure of Audit Committee

Article 43 The working group under the Audit Committee shall be responsible for making sufficient preparations for decision making of the Audit Committee, and provide written information on the following relevant aspects of the Company:

- (I) Financial reports of the Company;
- (II) Work reports of internal and external auditing bodies;
- (III) External audit contract and relevant work reports;
- (IV) Relevant work reports on internal control system of the Company and its implementation;
- (V) Related-party transaction agreements of the Company;
- (VI) Feedback on investigation into related parties of the Company;
- (VII) Audit report on significant related-party transactions of the Company;
- (VIII) Other relevant matters.

Article 44 The Audit Committee shall evaluate and comment on reports provided by the working group and submit relevant written resolution materials to the board of directors for discussion:

- (I) Whether the financial reports of the Company are true;
- (II) Evaluation of external audit firm, and engagement and replacement of external audit firm;
- (III) Evaluation of the risk management and internal control system of the Company and its implementation;
- (IV) Other relevant matters.

Article 45 The Audit Department of the Company shall report to the Audit Committee. Various audit reports, audit issue correction plans and correction results submitted by the Audit Department to the management shall be submitted to the Audit Committee at the same time.

Article 46 In case of appointment or replacement of an externally engaged accounting firm by the Company, the board of directors may not deliberate relevant resolution until after the Audit Committee forms deliberation opinions and makes recommendation to the board of directors.

Article 47 If necessary, the Audit Committee may engage intermediaries to provide professional advices into their decisions at the expense of the Company.

Chapter 5 Rules of Procedure

Article 48 The Audit Committee meetings are divided into periodic meeting and extraordinary meeting, which shall be notified to all members 3 days prior to the meeting and convened and chaired by the chairman. Meetings shall be convened and chaired by another member (independent non-executive director) if the Chairman becomes unable to or refuses to perform his duties.

Article 49 The Audit Committee shall hold periodic meeting at least once every quarter. The Audit Committee may hold extraordinary meeting when necessary. An extraordinary meeting may be held when two members so propose or the Chairman deems necessary.

Article 50 The Audit Committee's members shall liaise with the board of directors and senior executives. The Audit Committee shall hold meetings with the externally engaged accounting firm of the Company at least twice a year, including at least one separate communication meeting without involvement of the management. The board secretary may attend meetings as a nonvoting attendee.

Article 51 The Audit Committee's members shall attend meetings in person and express clear opinions on matters being deliberated. When a member becomes unable to attend a meeting in person, a power of attorney signed by the member may be submitted to engage another member to attend and speak at the meeting on his behalf. The power of attorney shall expressly indicate the scope and period of authorization. Each member may accept engagement by one member at most. An independent non-executive director member who becomes unable to attend a meeting for cause shall engage another independent non-executive director member to attend in his place.

Article 52 The Audit Committee's meetings shall be held only when at least two members (including members who engage other members in writing to attend) are present; each member shall have one vote; resolutions made by a meeting must be passed by more than half of all members in order to take effect.

Article 53 When an, Audit Committee meeting discusses a topic related to the Committee members, the interested members shall excuse themselves from the discussion. Where valid deliberation opinions cannot be formed due to recusal of members, relevant matters shall be deliberated directly by the board of directors.

Article 54 The Audit Committee's meetings shall be held onsite in principle. Meetings may be held via videoconference, teleconference or online conference or in other manners according to the procedure when necessary, provided that it is ensured that all participating members can sufficiently communicate and express their opinions. Meetings of the Audit Committee shall vote by means of open ballot.

Article 55 The members of the working group may attend Audit Committee meetings as attendees, while directors, supervisors and senior executives of the Company, the externally engaged accounting firm, internal auditors, finance personnel, legal advisor and other relevant individuals may be invited to attend the meetings and provide necessary information as nonvoting attendees when necessary.

Article 56 The convening procedure and voting mode of the Audit Committee meetings and resolutions adopted thereat must comply with relevant laws, regulations, other normative documents, the Articles of Association, the Listing Rules and these terms of reference.

Article 57 Meetings of the Audit Committee shall have full and complete meeting minutes in place, which shall be signed by participating members; full and complete meeting minutes shall be kept by the board secretary of the Company. The Company shall keep meeting materials for at least ten years.

Article 58 Resolutions and voting results passed by Audit Committee meetings shall be submitted in writing to the board of directors of the Company.

Article 59 Members present at a meeting and attendees thereat shall all have the obligation to keep matters discussed by the meeting confidential and may not disclose relevant information without prior authorization.

Article 60 Whenever the board of directors disagrees with any opinions of the Audit Committee on selection, appointment, resignation or dismissal of the externally engaged accounting firm, the issuer shall include the statement of the Audit Committee elaborating its suggestions in the Corporate Governance Report, as well as reasons for the board of directors' disagreement.

Chapter 6 Supplementary Clause

Article 61 Unless as otherwise specifically indicated, terms used therein shall have the same meanings as set forth in the Articles of Association.

Article 62 The terms “or more” and “below” as referred to herein shall include the figure per se; the terms “lower than” and “more than” shall exclude the figure per se.

Article 63 Any matters not set forth herein shall be dealt with according to relevant national laws, regulations, other normative documents and the Articles of Association. When these terms of reference conflict with the aforesaid provisions, the aforesaid provisions shall prevail and these terms of reference shall be amended promptly and submitted to the board of directors for deliberation.

Article 64 These terms of reference shall be interpreted by the board of directors of the Company.

Article 65 These terms of reference shall take effect upon being deliberated and adopted by the board of directors of the Company.