

Tianjin Jinran Public Utilities Company Limited
(Stock code: 01265)

Rules of Procedure of the Audit Committee of the Board

(Considered and approved by the 33rd Meeting of the 7th session of the Board of Directors)

March 2023

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CHAPTER I GENERAL PROVISIONS

Article 1 In order to strengthen the decision-making function of the Board of Directors (hereinafter referred to as the “**Board**”) of Tianjin Jinran Public Utilities Company Limited (hereinafter referred to as the “**Company**”), achieve prior audit and professional audit, ensure the effective supervision of the Board over the management, and improve the corporate governance structure, the Company sets up the audit committee of the Board (hereinafter referred to as the “**Audit Committee**”) and formulates the Rules of Procedure for the Audit Committee of the Board of Directors of Tianjin Jinran Public Utilities Company Limited (hereinafter referred to as the “**Rules of Procedure**”) in accordance with the Company Law of the People’s Republic of China, 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**”) and other relevant provisions.

Article 2 The Audit Committee is set up according to the resolution of the Board. The Audit Committee is mainly responsible for the communication, supervision and verification of the Company’s internal and external audits, including providing an independent and objective review of the Company’s economic operation and financial activities, financial policies, financial work procedures, internal control, external audit, internal audit, financial information reporting and the authenticity and accuracy of financial data, etc., to assist the Board in performing its relevant duties.

CHAPTER II COMPOSITION OF PERSONNEL

Article 3 All members of the Audit Committee shall be non-executive Directors. They shall be familiar with the Company’s business characteristics and business operations, have strong financial knowledge, extensive business experience and/or skills in corporate management. The Audit Committee shall comprise at least three members, of which at least one member shall be an independent non-executive Director who possesses appropriate professional qualifications or appropriate accounting or related financial management expertise as required by the Listing Rules.

Article 4 The members of the Audit Committee shall be elected by the Board, and shall consist of a majority of independent non-executive Directors.

Article 5 The Audit Committee shall have a chairman, who shall be an independent non-executive Director designated by the Board. The chairman of the Audit Committee shall be responsible for convening and presiding over meetings of the Audit Committee, and shall appoint in writing another member to act in his or her place in the event that the chairman is unable to perform his or her duties.

Article 6 Save as otherwise appointed by the Audit Committee, the secretary to the Audit Committee shall be the company secretary, who shall be responsible for the day-to-day work of the Audit Committee.

Article 7 The term of office of the Audit Committee shall be the same as the term of office of the Board, and the term of office of the members shall be re-elected upon expiration. During this period, if a member ceases to hold a directorship of the Company, he or she shall automatically lose his or her membership qualifications, and the number of members shall be supplemented by the Board in accordance with the provisions of Articles 3 to 5 above.

CHAPTER III DUTIES AND POWERS

Article 8 The Audit Committee shall make formal and transparent arrangements for the application of the financial reporting, risk management and internal control principles and the maintenance of an appropriate relationship with the Company's auditors. The main duties and powers of the Audit Committee are as follows:

- (1) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the Company's external auditor, and to approve the remuneration and terms of engagement of the Company's external auditor, and any questions of its resignation or dismissal;
- (2) to review and monitor the Company's external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (3) to develop and implement policy on engaging the Company's external auditor to supply non-audit services.

For the above purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

- (4) to monitor the integrity of the Company's financial statements and annual report and accounts, interim report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them. The Audit Committee shall review such statements and reports before submission to the Board, with particular reference to:
 - (i) any changes in accounting policies and practices;
 - (ii) where important judgments are involved;
 - (iii) significant adjustments resulting from audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;

Regarding the above:

- (i) members of the Audit Committee should liaise with the Board and senior management of the Company and the Audit Committee must meet, at least twice a year, with the Company's auditors; and

- (ii) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, and should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;
- (5) to review the Company's financial controls, and (unless otherwise expressly addressed by a separate risk committee of the Board, or the Board itself) to review the Company's risk management and internal control systems;
- (6) to discuss the risk management and internal control systems with the Company's management to ensure that management has performed its duty to have effective systems in place. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- (7) 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;
- (8) where an internal audit function exists in the Company, to ensure co-ordination between the Company's internal and external auditors, and to ensure that the Company's internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- (9) to review the financial and accounting policies and practices of the Company and its subsidiaries;
- (10) 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's response;
- (11) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;
- (12) to report to the Board on the matters in the Rules of Procedure;
- (13) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action to be taken by the Company;
- (14) to act as the key representative body for overseeing the Company's relations with the Company's external auditor; and
- (15) to consider such other matters as defined or designated by the Board from time to time in accordance with the provisions of relevant laws, regulations, the Articles of Association or the Listing Rules.

Article 9 The Audit Committee shall be accountable to the Board, and the Audit Committee's proposals shall be submitted to the Board for deliberation and decision. The Audit Committee shall cooperate with the supervisors of the Supervisory Committees in carrying out relevant supervision activities.

CHAPTER IV DECISION-MAKING PROCEDURES

Article 10 The company secretary shall be responsible for the preliminary preparation of the decision-making of the Audit Committee, organizing the relevant functional departments of the Company to prepare relevant materials, and providing written information on relevant aspects of the Company (including its subsidiaries), including but not limited to:

- (1) relevant financial reports of the Company;
- (2) work reports of internal and external audit bodies;
- (3) external audit contracts and related work reports;
- (4) the Company's external information disclosure;
- (5) audit reports on the Company's material connected transactions; and
- (6) other related matters.

Article 11 The Company shall provide sufficient resources for the Audit Committee to perform its duties. When the Audit Committee performs its duties and exercises its rights, all relevant departments of the Company shall cooperate, and the necessary expenses shall be borne by the Company.

Article 12 Unless all members of the Audit Committee unanimously agree to waive the notice requirement of the meeting, a notice of the meeting shall be given seven days before the meeting (excluding the day of the meeting) submitted to the meeting of the Audit Committee. The notice of the meeting of the Audit Committee shall include:

- (1) the time and place of the meeting;
- (2) the duration of the meeting;
- (3) the topics to be discussed at the meeting;
- (4) contact persons and contact information for the meeting; and
- (5) the date of the notice of the meeting.

The meetings of the Audit Committee may be notified in writing or by telephone, email or other expedient manners. When notification is given in an expedient manner such as telephone or e-mail, unless due to address errors or technical reasons, if no written objection is received within two days from the date of notification, the notified person shall be deemed to have received the notice of the meeting.

Meetings conducted by way of physical conference, or in manners other than physical conference through voting by correspondence. Except as otherwise provided in the Articles of Association, the Listing Rules or the Rules of Procedure, a meeting of the Audit Committee may, on the premise of ensuring that members fully express their opinions, send resolutions to the email address of the participating members by e-mail, and mail them to the Company after being signed by the participating members.

CHAPTER V RULES OF PROCEDURE

Article 13 The Audit Committee shall convene at least two meetings each year, and these meetings shall be held before the adoption of the interim report by the Board and after the completion of the annual audit work; additional meeting could be convened when needed.

Article 14 The chairman of the Audit Committee shall preside over meetings of the Audit Committee, and if the Chairman is unable to attend, he or she may entrust another member in writing to preside over it. If a member is unable to attend the meeting, he or she may entrust another member in writing to vote on his or her behalf.

Article 15 A meeting of the Audit Committee shall be held only if more than half of the members are present; each member shall have one vote; resolutions made at the meeting must be adopted by a majority of all members.

The meeting of the Audit Committee shall deliberate and make resolutions on the proposals without including interested members in the quorum. After the avoidance of an interested member, if the Audit Committee does not have the minimum quorum to attend the meeting or is unable to make a resolution, all members (including interested members) shall make a resolution on procedural issues such as the submission of such proposals to the Board for deliberation, and the Board shall deliberate on such proposals.

Article 16 The voting method of meetings of the Audit Committee shall be by show of hands or a vote, or by means of communications. If the correspondence voting method is adopted, the reply made by the members of the Audit Committee who reply by email shall be deemed to have attended the relevant meeting and agreed to the content of the meeting resolution.

The persons present at the meeting shall sign the minutes and resolutions of the meeting. Meeting resolutions and records are kept by the company secretary for a permanent period.

Article 17 The Company's financial controller, the head of the financial department and representatives of the external audit institution shall attend the meetings of the Audit Committee, and the Audit Committee shall meet with the internal and external audit institutions of the Company at least once a year in the absence of the Company's management. The Audit Committee may, according to the needs of the matters discussed, invite other Directors, supervisors, internal audit bodies, financial departments, independent auditors and other relevant departments and personnel to attend the meetings of the Audit Committee or to explain the situation as observers.

Article 18 If necessary, the Audit Committee may engage intermediaries to provide professional advice for its decision-making, and the expenses shall be borne by the Company.

Article 19 The Audit Committee shall report the proposals passed at the meeting and the voting results to the Board.

Article 20 All persons attending the meeting shall have the obligation to keep confidential the matters discussed at the meeting, and shall not disclose relevant information without authorization.

CHAPTER VI SUPPLEMENTARY PROVISIONS

Article 21 The Rules of Procedure shall take effect on the date of adoption of the resolution of the Board.

Article 22 The procedures for convening the meeting of the Audit Committee, the voting method and the proposals passed at the meeting must comply with the requirements of relevant laws, regulations, the Articles of Association, the Listing Rules and the Rules of Procedure. Matters not covered in the Rules of Procedure shall be implemented in accordance with the relevant provisions of national laws, regulations, the Listing Rules and the Articles of Association. If the Rules of Procedure contradicts national laws, regulations, the Listing Rules or the Articles of Association (including laws and regulations and the Listing Rules promulgated in the future and the Articles of Association as amended by legal procedures), they shall be implemented in accordance with the requirements of relevant national laws, regulations, the Articles of Association and the Listing Rules, and the Rules of Procedure shall be amended immediately, which shall be submitted to the Board for deliberation and approval.

Article 23 Interpretation of the Rules of Procedure shall be vested in the Board.

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