Sichuan Energy Investment Development Co., Ltd.

Terms of Reference of Audit Committee of the Board of Directors

CHAPTER 1 GENERAL

Article 1 Sichuan Energy Investment Development Co., Ltd. (the "Company") has established the audit committee of the board of directors and formulated these terms of reference in accordance with the Company Law of the People's Republic of China (the "Company Law"), the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Corporate Governance Code (Appendix 14 of the Listing Rules), the Articles of Association of Sichuan Energy Investment Development Co., Ltd.(the "Articles of Association") and other relevant requirements to enhance the decision-making function of the board of directors of the Company, to conduct preliminary audit and professional audit, to strengthen effective supervision of senior management by the board of directors and to improve the corporate governance of the Company.

Article 2 The audit committee is a special committee of the board of directors, which exercises the powers and functions of the supervisory committee as stipulated in the Company Law. It reports and is accountable to the board of directors. It is mainly responsible for monitoring, reviewing and supervising the financial information and reporting processes of the Company and coordinating the internal and external auditing works of the Company, as well as the control and daily management of the connected transaction.

Article 3 The members of the audit committee shall ensure to pay 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 internal control system and provide true, accurate and complete financial reports.

Article 4 The audit committee has an audit working team, whose specific work is led and organized by the audit department of the Company. The audit working team shall be responsible for the preliminary preparatory work and services in relation to the decision making of the audit committee, including meeting organization, collecting and providing relevant information, conducting preliminary examinations on relevant subjects, and drafting resolutions for the audit committee and archive management. The management and relevant departments of the Company shall provide supports to the audit committee upon the performance of its duties.

CHAPTER 2 COMPOSITION

Article 5 The audit committee shall be composed of at least three non-executive directors, members of which shall not hold senior management positions in the listed company, a majority of whom shall be independent non-executive directors. The audit committee shall be chaired by an accounting professional among independent non-executive directors (convener) and at least one shall be an independent director with appropriate professional qualifications or appropriate accounting or related financial management expertise as required under the Listing Rules.

A former partner of the existing external auditor of the Company shall be prohibited from acting as a member of the audit committee for a period of one year from the date of his/her ceasing (whichever is later):

(I) to be a partner of the external auditor;

(II) to have any financial interest in the external auditor.

Article 6 The majority of audit committee shall be independent non-executive directors. Members shall be nominated by the chairman of the board of directors, more than one-half of the independent non-executive directors or more than one third of all directors and be passed by a majority vote of the members of the board of directors.

Article 7 Members of the audit committee shall possess the professional knowledge, work experience and high ethical standards required to perform their duties. They shall invest sufficient time and energy in performing their duties in the committee, act with diligence and dedication, and supervise and evaluate the listed company's internal and external audit work in a substantive and effective manner. They shall also promote the establishment of sound internal controls and shall provide financial reports that are truthful, accurate and complete.

Article 8 The audit committee shall have one chairman (convener) who shall be elected with a majority vote of the members of the board of directors and be acted by an independent non-executive director, responsible for presiding over the work of the audit committee and acting as its convener.

Article 9 The term of office of the audit committee shall be the same as that of the board of directors. A member of the audit committee may serve consecutive terms if re-elected upon the expiration of his term. If any member resigns from the position of director of the Company during his term of office, he shall ipso facto cease to hold the position of committee member. In the event that the number of members of the committee falls below the quorum provided herein, the vacancy shall be filled up by the board of directors in accordance with these terms of reference.

Article 10 Members of the audit committee shall continuously strengthen their learning and training in areas such as law, accounting, and regulatory policies to enhance their ability to perform their duties.

Article 11 The board of directors 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.

CHAPTER 3 DUTIES AND AUTHORITY

Article 12 The main duties and authorities of the audit committee include:

I. It is mainly responsible for making recommendations to the board of directors on the appointment, reappointment, removal, remuneration and terms of engagement of external auditors, as well as handling any matters regarding the resignation or dismissal of such external auditors. Where the board of directors holds dissenting views on the selection, appointment, resignation or removal of external auditors by the audit committee, the Company shall include a statement explaining the recommendation of the audit committee and the reasons for the board of directors to hold dissenting views in its Corporate Governance Report (Appendix 14 of the Listing Rules).

II. It shall review and monitor the independence and objectiveness of the external auditors and the effectiveness of the audit procedures in accordance with applicable standards. The audit committee shall discuss the nature, scope and reporting obligations with the accountants before the audit commences.

III. It shall formulate and implement policy on engaging an external auditor to supply non-audit services. For the purpose of this duty, "external auditor" includes any entity that is under the 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 shall report to the board of directors, identifying and making recommendations on any matters where action or improvement is needed.

IV. It shall monitor integrity of the financial statements and annual reports, half-year reports and quarterly reports (if any) and accounts of the Company, and shall review the significant financial reporting judgments contained in the financial statements and reports.

In reviewing these statements and reports, the audit committee shall focus particularly on:

(I) Any changes in accounting policies and practices;

(II) Major judgmental areas;

(III) Significant adjustments resulting from audit;

(IV) The going concern assumptions and any qualified opinions;

(V) Compliance with accounting standards or not;

(VI) Compliance with the rules and legal requirements in relation to financial reporting of the listing rules of the place where the shares of the Company are listed or not;

(VII) Regarding item (IV) above:

1. The audit committee members shall liaise with the board of directors and the senior management. The audit committee must meet at least twice a year with the external auditor of the Company;

2. The audit committee shall consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts, and it shall 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 the auditors.

(VIII) It shall review the Company's financial controls, risk management and internal control systems;

(IX) It shall discuss with the management about risk management and internal control systems and ensure that the management has discharged its duty to have an effective system including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget;

(X) It shall consider major investigation findings on risk management and internal control matters as delegated by the Board of Directors or on its own initiative and the management's response to these findings;

(XI) where an internal audit function exists, it shall ensure that the internal and external auditors are coordinated properly and the internal audit functions is adequately resourced and has appropriate standing within the Company, and shall review and monitor the effectiveness of the internal audit function;

(XII) It shall review the financial and accounting policies and practices of the Company;

(XIII) It shall check the Review Letter or similar documents provided by the external auditor to the management, any material queries raised by the auditor to the management about accounting records, financial accounts or systems of control and the management's response therefor;

(XIV) It shall ensure that the board of directors will provide a timely response to the issues raised in the external auditor's Review Letter or similar documents to the management;

(XV) It shall report to the board of directors on matters relating to the provision on "Corporate Governance Code" (Appendix 14 of the Listing Rules);

(XVI) It shall review arrangements by which employees of the Company may, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters. The audit committee shall ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action;

(XVII) It shall act as the key representative body for overseeing the Company's relations with the external auditor;

(XVIII) It shall formulate a whistle-blowing policy and system, so that employees of the Company and other related parties of the Company including customers and suppliers may voice their concern about any possible misconduct related to the Company in private;

(XIX) It shall review ongoing connected transactions of the Company (as defined in the Listing Rules) and ensure compliance with terms of approval of Articles of Association;

(XX) It shall timely review of the work rules and the effectiveness of audit committee, and to put forward any necessary changes to the board of directors;

(XXI) It shall report to the board of directors on the matters set out in these terms of reference and where the monitoring activities of the audit committee reveal cause for concern or scope for improvement, the audit committee shall make recommendations to the board of directors to address the issue or to make improvements;

(XXII) Other affairs as authorized by the board of directors of Company and other issues involved in related laws, regulations and the Listing Rules.

V. It shall exercise the powers and functions of the supervisory committee as stipulated in the Company Law.

Article 13 The audit committee shall be accountable to the board of directors. Any proposals of the audit committee shall be submitted to the board of directors for consideration and approval.

Article 14 The audit committee shall report to the board of directors on the measures or improvements that must be taken and make recommendations.

Article 15 The Company shall provide sufficient resources for the audit committee to perform its duties. The audit committee may engage intermediary firms to provide professional advices on its decisions where necessary at the expense of the Company.

CHAPTER 4 RULES AND PROCEDURES OF MEETINGS

Article 16 Meetings of the audit committee include regular meetings and extraordinary meetings. Regular meetings shall be held at least twice each year, which may be convened at a physical venue or in a form of written resolution, in order to review and discuss the interim and annual financial statements of the Company. An extraordinary meeting shall be convened upon proposal by no less than two members of the audit committee. The board of directors of the Company shall give notice to all members at least three days before convening of the meeting. However, the above notice period may be waived by the unanimous consent of all members. The meeting shall be presided over by the chairman. If the chairman is unable to attend the meeting, he/she may appoint another member to preside over the meeting.

Article 17 The chairman of the committee or more than one-half of the members may propose to convene a committee meeting.

The meeting notice and affairs shall be arranged by the office of the board of directors of the Company and sent by fax, e-mail or personal delivery. The meeting notice shall specifically include the time and venue, the form, the proposer, the duration, the topics, the time of notification, the contact person and contact details, etc.

Article 18 The members shall timely confirm and reply to relevant messages (including but not limited to, whether to attend the meeting, agenda, etc.) after receiving the meeting notice in appropriate manners.

Article 19 The quorum of the meetings of the committee shall be more than half of the members.

Members of the committee shall attend meetings in person (including attending on-site meetings in person or by means of communications). A member who is unable to attend a meeting in person may by a duly signed power of attorney appoint another member of the Committee to attend and exercise relevant powers at the meeting on his/her behalf. The power of attorney shall specify, among others, the names of the principal and the proxy, the scope of authorization, the restriction of authorization and the validity period of authorization, with the signatures or seals of the principal and the proxy.

The member attending meeting on behalf of another member shall exercise the rights within the scope of authorization. If a member does not attend a meeting in person or authorize another member to attend such meeting on his/her behalf, nor does he/she submit any opinion in writing prior to the meeting, he/she shall be deemed to have waived his/her rights. A member who is unable to attend a meeting in person may also exercise his/her rights by submitting in writing his/her opinion with respect to any matter on the meeting agenda, provided that such written opinion shall be submitted to the audit department of the Company no later than the meeting.

Article 20 Any member of the committee failing to attend two consecutive meetings of the committee in person without justifiable reasons and without appointing another member to attend on his/her behalf shall be deemed as incapable of performing the duties of a member of the committee and shall be subject to replacement by the board of directors.

Article 21 In principle, a meeting of the committee shall be held in the form of on-site meeting, where voting shall be made by a show of hands or by poll. Upon approval of the chairman of the committee, a meeting may be held by way of communications or through written proposals to be considered separately, while members of the committee shall submit documents of the meeting of the committee such as completed votes and signed examination opinions to the office of the board of directors within the time specified in the notice of meeting.

Article 22 When reviewing and discussing the proposed matters at the meeting of the committee, members shall clearly, independently and fully express their views based on their own judgment. The main opinions of each member shall be specified in the minutes of the meeting.

Article 23 The chairman of the committee shall, on the basis of adequate review and discussion, form an examination opinion on the matters discussed at the meeting of the committee by summarizing the discussions and opinions of the members at the meeting, and shall make arrangements for members to vote on the matters discussed and the examination opinion by a show of hands or by poll. Each member of the committee shall have one vote. The examination opinion on the matters discussed at the meeting formed by the meeting of the committee shall be passed by more than half of all members. Members who cast dissenting votes are entitled to demand their objection to be stated in the examination opinion of the committee.

In the event of insufficient information or data as required by the proposed matters, resulting in half or more of the members are of the view that no discussion or judgment can be made, the chairman of the Committee shall have the right to require the provision of additional information or data before further consideration.

Save as described above, the committee shall express its examination opinions on the matters considered with explicit agreement or disagreement.

Article 24 Members of the audit team may attend the meeting of audit committee without voting right. Where necessary, the audit committee may invite the Company's other directors, relevant senior management staff, and the officers from the Company's relevant functional department, relevant experts, scholars and personnel of intermediary bodies to attend the meeting without voting rights. People who attend the meeting without voting rights shall make explanation and description on relevant matters according to the requirements of the members of audit committee.

Article 25 Where a member of the committee is interested in the matter being discussed at a meeting of the Committee, he/she shall abstain from such meeting.

Article 26 Minutes shall be kept for the meetings of the committee, bearing signatures of the members present at the meetings. Archives of audit committee meetings, including notices of meetings, meeting materials, meeting attendance books, power of attorney for proxy members, votes, meeting minutes signed by the attending members and resolutions adopted at the meetings etc., shall be kept by the secretary of the board of directors. Archives of audit committee meetings shall be kept for 10 years. The minutes of the meeting shall be kept at office of the board of directors of the Company. The draft and final versions of the minutes of the committee shall be delivered to all members of the committee within a reasonable period of time after the meeting for members' comment and inspection purposes respectively.

Article 27 Members of audit committee or the company secretary should report details of the resolutions in writing to the board of directors of the Company. In the case that it is difficult to reach an agreement on a proposal, the different opinions shall be submitted to the board of directors with explanations.

Article 28 Before announcement of the resolutions by the Company in accordance with the legal procedure, the attending members, other attendants, and the recording and service personnel shall fulfill confidentiality obligation to the contents of resolutions and shall not disclose relevant information without authorization.

CHAPTER 5 RULES OF ABSTENTION

Article 29 Where a member of the audit committee or his close relatives and other entity controlled by the member of the audit committee and his close relatives and the other affiliated/connected person of the member of committee has direct or indirect interest in the agenda discussed at the meeting, such member shall disclose the nature and extent of such interest to the committee as soon as possible.

The term "close relatives" as referred to in the previous clause shall include spouse, parents, spouse's parents, brothers and sisters and their spouses, children aged no less than 18 and their spouses, spouse's brothers and sisters and children's spouses' parents.

The definition of the term "connected person" is the same with the Listing Rules.

Upon the occurrence of the above situation, the interested member shall provide a detailed explanation of the situation at the meeting of audit committee and shall specify that he will abstain from voting. However, if the other members of the audit committee unanimously agree that such interest will not have material impact on the matters to be voted, the interested member may vote.

In the event that the interested member has voted and the board of directors of the Company considers it inappropriate, the board of directors may revoke the voting results, and require the other members of the committee to vote again on the relevant proposals.

Article 30 The audit committee shall review the proposals and come to a resolution without counting the interested member in the quorum. In the event that there is no quorum after not including the interested member in the quorum, all members (including the interested member) shall resolve on procedural issues to have the proposals determined by the board of directors of the Company and the proposals will then be submitted to the board of directors of the Company for consideration.

Article 31 The minutes and resolutions of audit committee meeting shall specify the abstention of the interested member.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

Article 32 In the terms of reference, "no less than", "no more than" includes the number itself, while "more than", "less than" does not include the number itself.

Article 33 Any matters not covered by these terms of reference shall be implemented in accordance with the provisions of the relevant laws and regulations, the Articles of Association and the Listing Rules. If these terms of reference contravene any future laws and regulations or the Articles of Association as amended under legal procedures and the Listing Rules, then such provisions shall prevail, and these terms of reference shall be amended immediately and submitted to board of directors for review and approval.

Article 34 The rights to amend and interpret these terms of reference shall be vested in the board of directors of the Company.