HUZHOU GAS CO., LTD.
WORKING RULES OF AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to strengthen the decision-making functions of the board of directors of Huzhou Gas Co., Ltd. (hereinafter referred to the "Company"), achieve effective supervision of the Company's various financial income and expenditure and various business activities, and to achieve audit in advance and professional audit, so as to ensure the effective supervision of the management by the Board of Directors and to further improve the corporate governance structure, and in accordance with the Company Law of the People's Republic of China (hereinafter referred to the "Company Law"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to the "Listing Rules") and other relevant laws and regulations, as well as the Articles of Association of Huzhou Gas Co., Ltd. (hereinafter referred to the "Articles of Association"), the Company hereby establishes the Audit Committee of the Board of Directors and formulates these Working Rules.

Article 2 The Audit Committee of the Board of Directors is a special working body established by the Board of Directors to oversee and provide professional advice on the Company's audit and internal control system.

CHAPTER 2 COMPOSITION OF PERSONNEL

Article 3 The Audit Committee shall consist of not less than five directors, all of whom shall be non-executive directors and a majority of whom shall be independent non-executive directors, and at least one of whom shall have appropriate professional qualifications or expertise on accounting or related financial management as required by the Listing Rules.

Article 4 The members of the Audit Committee shall be nominated by the Chairman of the Board of Directors, more than half of the independent directors, or more than one-third of all directors, and is subject to election by the Board of Directors.

Article 5 The Audit Committee shall have a convener who shall be responsible for convening and chairing the meetings of the Audit Committee. The convener shall be an independent non-executive director. The convener shall be elected by a majority of all members and approved by the Board of Directors.

Article 6 The term of office of Audit Committee members shall be the same as that of the directors, and the members shall be eligible for re-election upon expiry of their term of office. If, before the expiry of a member's term of office, a member ceases to hold office as a director of the Company or if other circumstances render him/her unable to continue to hold office as a director, or if a member who should be an independent non-executive director no longer possesses the independency required by relevant laws, administrative regulations, the Listing Rules or the Articles of Association, he/she shall automatically lose his/her membership and the Board of Directors shall fill the number of members in accordance with the provisions of Article 4 of these rules of procedures.

Article 7 A member shall not be removed from office without cause before the expiry of his or her term of office, unless he or she is prohibited from serving in accordance with the laws and regulations, the Listing Rules, the Articles of Association or these Working Rules.

Article 8 A former partner of an accounting firm which currently is responsible to audit the accounts of the Company shall not serve as a member of the Audit Committee within two years commencing from the following dates (whichever is later):

(i) The date on which he/she ceased to be a partner in the accounting firm;

(ii) the date on which he/she ceased to have a financial interest in the accounting firm.

Article 9 The secretary of the Board of Directors shall be responsible for the specific coordination between the Audit Committee and the Board of Directors.

CHAPTER 3 TERMS OF REFERENCE

Article 10 The major terms of reference of the Audit Committee are:

(i) to make recommendations to the Board of Directors on the appointment, reappointment, replacement and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor, and to deal with any matters in relation to resignation or dismissal of such external auditor; to engage or dismiss accounting firms undertaking the Company's audit work and financial officers;

(ii) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; the Audit Committee shall discuss with the auditor the nature and scope of the audit and the relevant reporting responsibilities before the commencement of the audit work;

(iii) to develop and implement policy regarding the external auditor to supply non-audit services. For the purpose of this article, 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 shall report to the Board of Directors and make recommendations on any matters where action or improvement is needed;

(iv) to review and monitor the financial statements of the Company (including its disclosures), as well as the integrity of the Company's annual reports and accounts, interim reports and, if intended for publication, quarterly reports, and to review significant opinions contained in such statements and reports in relation to financial reporting. In particular, the Audit Committee shall review, before submitting the statements and reports to the Board of Directors, the following matters:

(1) any changes in accounting policies and practices;

(2) areas involving major judgments;

(3) significant adjustments arising from the audit;

(4) the going concern assumptions and any qualifications thereof;

(5) whether the accounting standards are complied with; and

(6) whether the legal requirements relating to financial reporting and the Listing Rules are complied with;

(v) regarding item (iv) above:

(1) members of the Audit Committee shall liaise with the Board of Directors and the senior management personnel. The Audit Committee shall meet with the Company's auditors at least twice a year; and

(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 shall give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function or the Company's auditors;

(vi) to have the right to direct and supervise the work of the audit department;

(vii) to review the financial information of the Company and the disclosures thereof, and disclose the financial accounting reports;

(viii) to review the Company's internal control system and have veto power over important internal control documents;

(ix) to carry out audit against major related party transactions;

(x) to review the policies and practices of the Company in relation to financial and accounting;

(xi) to discuss and review the Company's financial control, internal control, internal audit and risk management systems;

(xii) to monitor and review the internal audit system, the anti-fraud process and the implementation of risk management of the Company;

(xiii) to discuss with the management the internal control systems to ensure that the management has fulfilled its responsibility of establishing such effective internal control and audit systems. The discussion shall include the adequacy of the Company's resources, staff qualifications and experience in relation to the accounting and financial reporting functions, as well as whether the training courses attended by staff and the relevant budget are adequate;

(xiv) to carry out investigation on, either on its own initiative or on assignment from the Board of Directors, significant findings on matters relating to internal control and audit, as well as the management's response to these findings;

(xv) to be responsible for communication between internal and external audit, to ensure that the work of internal and external auditors is coordinated; and also to ensure that the internal audit function is adequately resourced and has an appropriate standing within the company; and reviewing and monitoring its effectiveness;

(xvi) to review the information notes issued by the external auditor on the inspection of the accounts and the response of the management of the company thereto, to examine the audit information letter (or any document of the same or similar nature) issued to the management by the external auditor, any material queries raised by the external auditor to the management on the accounting records, financial accounts or systems of control and the response of the management thereto;

(xvii) to ensure the Board of Directors' timely response to the matters raised in the audit information letter (or any document of the same or similar nature) issued to the management by the external auditor;

(xviii) to act as the principal representative of the Company to the external auditor and responsible for overseeing the relationship between them;

(xix) to discuss the following arrangement set by the Company: employees of the Company may raise concerns about possible improprieties in financial reporting, internal control or other matters in confidence; the Audit Committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters, as well as appropriate action to be taken by the Company;

(xx) to report to the Board of Directors on the matters set out in code provision C.3.3 of the "Corporate Governance Code and Corporate Governance Report" in Appendix 14 of the Listing Rules; and

(xxi) matters specified in the applicable laws, administrative regulations and the Articles of Association, and such other matters authorized by the Board of Directors of the Company.

The Audit Committee shall exercise the powers and functions of the Board of Supervisors as stipulated in the Company Law.

Article 11 The Audit Committee shall be accountable to the Board of Directors and the proposals of the Audit Committee shall be submitted to the Board of Directors for consideration and decision.

Article 12 Where the Audit Committee considers that there is a material weakness or significant risk in the internal control of the Company, the Board of Directors shall promptly disclose the material weakness or significant risk in the internal control, the consequences that have resulted in or may result in, and the measures taken or proposed to be taken.

CHAPTER 4 RULES OF PROCEDURE

Article 13 Meetings of the Audit Committee shall be divided into regular and extraordinary meetings, with regular meetings held once every three months and extraordinary meetings held on the proposal of the Audit Committee members. The Audit Committee shall give seven days' notice to all members before the meeting, but the aforementioned notice period may be waived by unanimous agreement of all members. The meeting shall be presided over by the convener, who may delegate another member (an independent non-executive director) to preside over the meeting if the convener is unable to attend.

Meetings of the Audit Committee shall be attended by members in person. If a member is unable to attend a meeting of the Audit Committee, he/she may appoint another member in writing to attend on his/her behalf. Where a member does not attend a meeting of the Audit Committee nor appoint a representative to attend, he/she shall be deemed to have abstained from voting at that meeting.

If any member of the Audit Committee fails to attend in person nor appoint other members as his/her representative to attend meetings of the Board of Directors for two consecutive times, such member shall be deemed to have failed to perform his/her duties, and the members of the Audit Committee shall propose the Board of Directors to replace such member.

Article 14 Meetings of the Audit Committee shall be held in the presence of at least one-half of the members; each member shall have one vote; resolutions made at meetings shall be passed by more than half of all members.

Article 15 Voting at meetings of the Audit Committee shall be by a show of hands or a poll; extraordinary meetings may be held and voted by communication.

Article 16 Where a meeting of the Audit Committee is held to discuss an issue that is related to a member of the Committee, the related member shall abstain from the meeting. Such meeting of the Audit Committee may be held with the attendance of a majority of the unrelated members, and the resolution made at the meeting shall be passed by more than half of the unrelated members; if the number of unrelated members attending the meeting is less than one-half of the total number of unrelated members of the Audit Committee, the matter shall be submitted directly to the Board of Directors for consideration.

Article 17 Members of the internal audit department may attend the meetings of the Audit Committee. If necessary, the Audit Committee may also invite other directors and senior management of the Company to present at its meetings.

Article 18 If necessary, the Audit Committee may engage an intermediary to issue professional advice for its decision-making, and the costs incurred in doing so shall be borne by the Company.

Article 19 The procedures for holding meetings of the Audit Committee, the voting methods and the resolutions passed at the meetings must comply with the provisions of relevant laws and regulations, the Articles of Association and these Working Rules.

Article 20 The Audit Committee shall keep minutes for its meetings, members present at the meeting shall sign their names on the minutes of meeting; the minutes, information of the meetings and other written documents and electronic documents shall be kept by the Internal Audit Department as the Company's archives for a period of not less than ten years.

Article 21 Any resolution passed and the results of a poll taken at a meeting of the Audit Committee shall be reported in writing to the Board of Directors.

Article 22 All members of the Audit committee shall have the obligation for keeping the discussed matters confidential and shall not disclose the relevant information without authorisation of the Company's Board of Directors.

CHAPTER 5 SUPPLEMENTARY PROVISIONS

Article 23 Unless otherwise stated, terms used in these Working Rules shall have the same meanings as in the Articles of Association.

Article 24 The right to interpret these Working Rules shall reside with the Board of Directors.

Article 25 In the event of any matters not covered by these Working Rules or a conflict between the laws, administrative regulations, the Listing Rules, other relevant regulatory documents, the provisions of the Articles of Association or resolutions of the general meeting promulgated from time to time with these Working Rules, the laws, administrative regulations, the Listing Rules, other relevant regulatory documents, the provisions of the Articles of Association and resolutions of the general meeting shall prevail.

Article 26 These Working Rules shall take effect from the date when they are reviewed and approved by the Company's Board of Directors.