



大唐国际发电股份有限公司

DATANG INTERNATIONAL POWER GENERATION CO., LTD.

(a sino-foreign joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 00991)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Chapter 1 General Provisions

Article 1 In order to enhance the decision-making function of the Board of Directors, perform the pre-audit and professional audit, ensure the Board of Directors' effective supervision over its management, and to improve the corporate governance structure, Datang International Power Generation Co., Ltd. (the "**Company**") hereby establishes the Audit Committee of the Board of Directors (the "**Audit Committee**" or the "**Committee**") and formulates these terms of reference in accordance with the Company Law of the People's Republic of China, the Code of Corporate Governance of Listed Companies, the Articles of Association of Datang International Power Generation Co., Ltd. (the "**Articles of Association**") and the other relevant regulations.

Article 2 The Audit Committee is a specialized body established by the Board of Directors to be primarily responsible for coordinating, overseeing and inspecting the internal and external auditing works of the Company.

Chapter 2 Composition

Article 3 The Audit Committee shall consist of five directors who are not senior management personnel of the Company, with a majority of independent directors, and at least one of the members shall be an independent director with professional accounting qualifications.

Article 4 The members of the Audit Committee shall be nominated by the chairman of the Board of Directors, or more than one half of independent directors, or one-third of all the directors, and shall be elected by the Board of Directors.

Article 5 The Audit Committee shall have one convener who shall be elected by the Board of Directors; the convener shall be an independent director with professional accounting qualifications, and is responsible for presiding over the work of the Audit Committee.

Article 6 The term of office of the member of the Audit Committee shall be the same as that of the Board of Directors. A member may be re-elected upon the expiration of his/her term of office. Any member ceases to be a director of the Company during the term of office shall automatically cease to be a member of the Committee, and the vacancy shall be filled in accordance with Articles 3 to 5 above.

Article 7 The secretary to the Board of Directors is responsible for daily work liaison and meeting organization. The Audit Committee may establish a working group as a daily office, which is responsible for communicating with relevant intermediaries and providing relevant information required by the Audit Committee. The members of the working group include personnel from relevant business departments such as the finance department, audit department and legal risk control department.

Chapter 3 Duties and Responsibilities

Article 8 The main duties and responsibilities of the Audit Committee are as follows:

- (1) to be accountable to the Board of Directors and its proposals shall be submitted to the Board of Directors for consideration and approval;
- (2) to propose the appointment or dismissal of the financial officer of the listed company;
- (3) to supervise and evaluate the external audit work and propose the engagement or replacement of the external auditor, mainly including:
 1. to formulate policies, procedures and relevant internal control systems for the selection and appointment of the external auditor responsible for the audit of the Company's financial and accounting reports as authorized by the Board of Directors, review the selection documents, determine the evaluation elements and specific scoring standards, and supervise the selection process;
 2. to propose the initiation of the selection or replacement of the external auditor;
 3. to make recommendations on the proposed selection or replacement of the external auditor and audit fees, and submit them to the Board of Directors for consideration;
 4. to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
 5. to discuss with the external auditor on the nature and scope of the audit and its reporting obligations prior to the commencement of the audit process;
 6. to develop and implement policy on engaging an external auditor to provide non-audit services pursuant to the work needs. The Audit Committee shall report to the Board of Directors and make recommendations on any matters where action or improvement is needed;

7. to supervise the external auditor to be honest, trustworthy, diligent and responsible, strictly comply the business rules and industry discipline regulations, strictly implement the internal control system, check and verify the Company's financial and accounting reports, perform the obligation of special attention, and prudently express professional opinions;
 8. to submit to the Board of Directors annually an evaluation report on the performance of the external auditor and a report on the performance of supervisory duties by the Audit Committee.
- (4) to supervise and evaluate the internal audit and to be responsible for the coordination of internal and external audits, which mainly includes:
1. to guide and supervise the establishment and implementation of the internal audit system;
 2. to review the annual internal audit plan of the Company;
 3. to supervise and facilitate the implementation of internal audit plan of the Company;
 4. to guide the internal audit department on effective operation. The internal audit department of the Company shall report its work to the Audit Committee. All types of audit reports, rectification plans and rectification progress related to audit matters submitted by the internal audit department to the management shall report to the Audit Committee at the same time;
 5. to report to the Board of Directors on the progress and quality of internal audit and major problems identified;
 6. to supervise the internal audit department of the Company to review the following matters, prepare a review report and submit to the Audit Committee at least once every half year:
 - (1) implementation of significant matters including use of raised proceeds, provision of guarantees, related party transactions, securities investment and derivative transaction, provision of financial assistance, purchase or sale of assets, and external investment, etc.
 - (2) large capital flows of the Company and the capital transactions with directors, supervisors, senior management, controlling shareholder and de facto controller and their respective related parties.

The Audit Committee shall issue a written assessment of the effectiveness of the internal control of the Company based on the internal audit report submitted by the internal audit department and related information, and report to the Board of Directors;

7. to coordinate the relationship between the internal audit department and the external audit units such as the accounting firm and the national audit institutions.

- (5) to supervise and evaluate the internal control of the Company;
- (6) to audit the financial information and its disclosure of the Company, which mainly includes:

to review the financial and accounting reports of listing company and advise as to the truthfulness, completeness and accuracy of such reports, focus on the major accounting and auditing issues in the financial and accounting reports of the Company, especially whether there is any possibility of fraud, corrupt practices or material misstatement in relation to such reports, and supervise the rectification of the issues in the financial and accounting reports.
- (7) to review the internal control system of the Company and to audit major related party transactions;
- (8) to review changes in accounting policies, accounting estimates or correction of significant accounting errors for reasons other than changes in accounting standards;
- (9) to review the internal control evaluation report and internal control audit report;
- (10) to execute other matters prescribed by laws, administrative regulations, the CSRC, the listing rules of the place where the shares are listed and the Articles of Association.

Chapter 4 Working Procedures

Article 9 The Company shall be responsible for the preparation of the decisions of the Audit Committee and the provision of written information on the relevant aspects of the Company:

- (1) relevant financial reports of the Company;
- (2) audit contracts signed between the Company and the external auditors;
- (3) work report of the internal and external auditors;
- (4) public disclosure of information by the Company;
- (5) major related party transactions of the Company;
- (6) other related matters.

Article 10 The meetings of the Audit Committee shall review the relevant information or reports provided by the Company and submit relevant written materials to the Board of Directors for consideration:

- (1) work appraisal on the external auditor and the engagement and dismissal of the external auditor;
- (2) whether the Company's internal audit system are effectively implemented and the Company's financial reports are complete and true;
- (3) whether the information including financial reports publicly disclosed by the Company is objective and true, and the major related party transactions of the Company are in compliance with relevant laws and regulations;
- (4) work appraisal on the financial department, the audit department of the Company, including their persons-in-charge;
- (5) other related matters.

Chapter 5 Rules of Meeting

Article 11 The Audit Committee shall meet at least once every quarter. An interim meeting can be convened as proposed by two or more members, or when the convenor deems it necessary. An interim meeting can be convened by means of communication (including telephone conference and facsimile transmission, etc.).

The secretary to the Board of Directors shall notify all members of the meeting in writing five days prior to the meeting, and the meeting shall be chaired by the convenor, who may delegate one other member (independent director) to chair the meeting if he/she is unable to attend.

Article 12 A meeting of the Audit Committee shall be convened with the attendance of more than two-thirds of the members; each member shall have one vote; and resolutions made at the meeting shall be approved by a majority vote of all the members.

Article 13 Voting at the meetings of the Audit Committee shall be made by a show of hands or by poll; and voting at interim meetings can be made by way of correspondence.

Article 14 The members of the working group could attend the meetings of the Audit Committee, and directors, supervisors and other senior management of the Company may also be invited to attend the meetings if necessary.

Article 15 The Audit Committee may engage an intermediary agency to provide professional advice for its decision-making in accordance with its work needs at the Company's expenses.

Article 16 The convening procedures and the voting method of the meetings of the Audit Committee, and the resolutions approved at the meetings shall comply with the relevant laws and regulations, the Articles of Association and the provisions of these terms of reference.

Article 17 The minutes of the meetings of the Audit Committee shall be recorded in writing and the members attending the meetings shall sign on the minutes, which shall be kept by the secretary to the Board of Directors of the Company.

Article 18 The resolutions approved at the meetings of the Audit Committee and the voting results thereof shall be reported in writing to the Board of Directors of the Company.

Article 19 Members attending the meetings are under an obligation of confidentiality with respect to the matters discussed at the meetings and are not allowed to disclose such information without authorization.

Chapter 6 Miscellaneous

Article 20 These terms of reference shall be effective on the date when the relevant resolution is passed by the Board of Directors.

Article 21 Any matters not covered by these terms of reference shall be implemented in accordance with relevant laws and regulations and the provisions of the Articles of Association. If these terms of reference contravene any future laws and regulations promulgated by the Country or the Articles of Association as amended under legal procedures, relevant laws and regulations of the Country and the provisions of the Articles of Association shall prevail, and these terms of reference shall be amended immediately and submitted to the Board of Directors for consideration and approval.

Article 22 The power of interpretation of these terms of reference shall be vested in the Board of Directors of the Company.