



Taizhou Water Group Co., Ltd.*

台州市水務集團股份有限公司

(the “Company”)

(A joint stock company incorporated in the People’s Republic of China with limited liability)

(Stock Code: 1542)

TERMS OF REFERENCE OF THE STRATEGY COMMITTEE OF THE BOARD OF DIRECTORS

CHAPTER 1 GENERAL PROVISIONS

- Article 1 In order to accommodate the needs of strategic development of the Company, strengthen its core competitiveness, determine its development plans, improve its procedures for making investment decisions, strengthen scientific basis of its decision-making process, improve the effectiveness and quality of material investment decisions and perfect its corporate governance structure, the Company has set up the strategy committee of the Board of Directors (the “**Strategy Committee**” or the “**Committee**”) and formulated these terms of reference (the “**Terms**”) in accordance with the Company Law of the People’s Republic of China (the “**Company Law**”) and the Articles of Association of Taizhou Water Group Co., Ltd. (the “**Articles of Association**”) and other relevant requirements.
- Article 2 The Strategy Committee is a specific working body set up by the Board in accordance with a resolution at a general meeting. It is primarily responsible for studying and advising on the Company’s long-term development strategies and significant investment decisions.

CHAPTER 2 COMMITTEE COMPOSITION

- Article 3 The Strategy Committee shall consist of five to seven directors, including at least one independent non-executive director.
- Article 4 Members of the Strategy Committee shall be nominated by the Chairman of the Board, more than half of the independent non-executive directors, or by one-third of the Board members, and are subject to election by the Board.
- Article 5 The Strategy Committee shall have one chairman (convener) who shall be the Chairman of the Board (or the Vice Chairman of the Board or the President) of the Company.

Article 6 The term of office of the Strategy Committee shall be identical to that of the Board. A member may offer himself/herself for re-election upon the expiration of his/her term of office. During his/her term of office, if any member ceases to be a director of the Company, his/her membership in the Strategy Committee shall lapse automatically, and the vacancy shall be filled by the Strategy Committee in accordance with Articles 3 to 5 above.

Article 7 An investment review panel shall be set up under the Strategy Committee.

CHAPTER 3 RESPONSIBILITIES AND AUTHORITIES

Article 8 The primary responsibilities and authorities of the Strategy Committee include:

- (1) to study and advise on the Company's medium and long-term development strategy plans;
- (2) to study and advise on major investment financing programs which requires to be approved by the Board as stated in the Articles of Association;
- (3) to study and advise on major capital operation and assets management projects which requires to be approved by the Board as stated in the Articles of Association;
- (4) to study and advise on other important matters affecting the Company's development;
- (5) to review the implementation of the above matters;
- (6) to handle other matters delegated by the Board.

Article 9 The Strategy Committee is accountable to the Board and shall submit its proposals to the Board for consideration and decision.

CHAPTER 4 DECISION-MAKING PROCEDURES

Article 10 The investment review panel shall be responsible for making preliminary preparations for the decision-making of the Strategy Committee and providing relevant information of the Company:

- (1) the relevant departments of the Company shall submit information about major investment and financing, capital operation, intentions of assets management projects, preliminary feasibility reports and general information of the partners;

- (2) the investment review panel shall carry out preliminary review and put forward a written opinion on the approval of the project, which shall be filed to the Strategy Committee;
- (3) the relevant departments of the Company shall hold discussions with external parties regarding any project based on the opinions of preliminary review, so as to provide a full preparation for the preliminary stage;
- (4) the investment review panel shall review and issue written opinions, and make a formal proposal to the Strategy Committee.

Article 11 The Strategy Committee shall hold meetings to discuss proposals by the expert review panel, put forward clear opinions on the research or suggestion, make resolutions and submit the results of discussions to the Board, while giving feedback to the investment review panel.

CHAPTER 5 PROCEDURAL RULES

Article 12 The Strategy Committee shall hold at least two meetings each year. A notice of meeting shall be sent to all the members seven days before the date of the meeting. A meeting of the Strategy Committee shall be presided over by the chairman of the Committee. In case that the chairman is unable to attend the meeting, he/she may appoint another member of the Committee (an independent non-executive director) to preside over the meeting on his/her behalf.

Article 13 A Strategy Committee meeting may only be convened with the presence of more than two-third of the members. Each member shall have one vote. Resolutions may only be passed by more than half of all the members of the Strategy Committee voting in favor of such resolutions.

Article 14 Votes may be made by a show of hands or by poll in a Strategy Committee meeting, while for voting at an extraordinary meeting of the Committee may also be by correspondence.

Article 15 The related members of the investment review panel may present at meetings of the Strategy Committee. Where necessary, the Strategy Committee may also invite directors, supervisors and other senior management of the Company to present at its meetings.

Article 16 The Strategy Committee may, if necessary, engage an intermediary to provide professional advice on its decision-making at the cost of the Company.

Article 17 The procedures for convening of a Strategy Committee meeting, its voting methods and the proposals to be passed at such meeting shall comply with the provisions of applicable laws, regulations, the Articles of Association and these Terms.

- Article 18 Minutes shall be kept for a Strategy Committee meeting. All Committee members present at the meeting shall sign the minutes. The minutes shall be kept by the secretary of the Board of the Company.
- Article 19 Any resolution passed at a Strategy Committee meeting and the voting results must be reported in written form to the Board of the Company.
- Article 20 Members present at such meeting shall be obliged to keep all matters discussed at such meeting confidential, and shall not disclose any relevant information without authorisation.

CHAPTER 6 ADDENDUM

- Article 21 These Terms shall be implemented with effect from the date on which the relevant resolution is passed by the Board.
- Article 22 In case of matters not covered herein, the relevant state laws, regulations and requirements of the Articles of Association shall apply. In case any of these Terms conflicts with the state laws, regulations promulgated in the future or the Articles of Association as legally modified, the relevant state laws, regulations and requirements of the Articles of Association shall prevail. In such case, corresponding amendments shall be made to these Terms immediately and submitted to the Board for approval.
- Article 23 These Terms shall be construed by the Board of the Company.

* *For identification purposes only*