

YCIH Green High-Performance Concrete Company Limited

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

WORK RULES FOR THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to strengthen the decision-making function of YCIH Green High-Performance Concrete Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), standardize the organization, duties and work procedures of the Audit Committee (the “**Committee**”) of the board (the “**Board**”) of directors (the “**Director(s)**”) of the Company, and enhance the effective supervision of the Board over the management, these Work Rules are formulated in accordance with the Guidelines for Corporate Governance of Listed Companies issued by the China Securities Regulatory Commission, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the articles of association of the Company (the “**Articles of Association**”), the Rules of Procedure for the Board (the “**Rules of Procedure for the Board**”) and other relevant regulations.

Article 2 The Committee, as a special committee under the Board, shall be accountable to the Board and make recommendations or advice and report its work to the Board within the scope of its duties and powers.

Article 3 The audit department serves as the day-to-day working body of the Committee and is responsible for the daily affairs of the Committee.

CHAPTER 2 COMMITTEE COMPOSITION AND DUTIES AND AUTHORITIES

Article 4 The Committee shall comprise at least three non-executive Directors, a majority of whom shall be independent non-executive Directors, and at least one of them must possess with appropriate professional qualifications or accounting or related financial management expertise. In principle, all members must have the professional know-how and business experience qualifying them to perform the duties of the Committee. The members of the Committee shall be elected by the Board.

Article 5 The term of office of the members of the Committee shall commence from the date of election by the Board as members until the expiry of the term of the same session of the Board or the date of cessation of membership, whichever is earlier. The members are eligible to re-election upon expiry of their term of office.

If no re-election is timely carried out upon the expiry of a member's term of office, or the number of members of the Committee falls below the statutory minimum due to the resignation of a member during his/her term of office, the original members shall still perform their duties in accordance with laws, administrative regulations, the Articles of Association and these Work Rules until the newly elected member takes his/her position.

If any member ceases to be a Director or no longer qualifies as an independent non-executive Director, he/she shall automatically lose his/her membership in the Committee.

Article 6 A former partner of the Company's existing audit firm may not act as a member of the Committee within two years commencing from the later of the following dates: (a) the date of the person ceasing to be a partner of the firm; or (b) the date of the person ceasing to have any financial interest in the firm.

Article 7 The Board shall evaluate the independence and performance of the members of the Committee, and replace any member who is not suitable to remain in the position when necessary.

Article 8 The main duties, powers and obligations of the members of the Committee include:

- (I) to attend meetings of the Committee on time according to these Work Rules, express recommendations or advice on the matters discussed at the meetings;
- (II) to propose matters for discussion at the meetings of the Committee;
- (III) to attend relevant meetings of the Company as observers, conduct investigations and obtain necessary reports, documents, materials and other relevant information for the performance of their duties;
- (IV) to fully understand the duties of the Committee and their duties as members of the Committee, familiarize themselves with the Company's operations and management, business activities and developments in relation to their duties, and ensure their ability to perform duties;
- (V) to devote enough time and energy to performing their duties;
- (VI) other duties, powers and obligations specified in these Work Rules.

Article 9 The Committee shall have a chairman, who shall be appointed by the Board among the members who are independent non-executive Directors possessed with appropriate professional qualifications or accounting or related financial management expertise. The chairman shall ensure that appropriate relationships and contacts with the Chairman of the Board, chief financial officer, external auditors and other personnel or institutions are maintained, measure and review the extent and frequency of communication between the finance, audit and other relevant departments of the Company and the Committee, be familiar with the rights of the Committee to carry out work/investigation when exercising its powers, and can maintain the Committee's position in the event of any dispute.

Article 10 The chairman shall be responsible for convening and presiding over the meetings of the Committee and leading the daily operation of the Committee. The main duties of the chairman include:

- (I) to propose the convening of meetings of the Committee;
- (II) to preside over meetings of the Committee;
- (III) to form clear and unequivocal recommendations or advice on every proposal discussed by the Committee;
- (IV) to report to the Board on behalf of the Committee;
- (V) to supervise the work of the Committee and ensure that the Committee performs its responsibilities in accordance with these Work Rules;
- (VI) other duties and powers specified in these Work Rules.

Article 11 The duties and powers of the Committee shall at least include the following:

- (I) matters relating to the relationship with the Company's auditors;
- (II) to review the Company's financial information;
- (III) to regulate the Company's financial reporting system and internal control system;
- (IV) to review the arrangements established by the Company to allow employees of the Company to confidentially raise concerns regarding to possible misconduct in financial reporting, internal control or other matters. The Committee shall ensure the appropriate arrangements are in place to allow the Company to investigate such matters in a fair and independent manner and take appropriate actions;
- (V) to act as the key representative for overseeing the Company's relationship with the external auditors;
- (VI) to supervise and evaluate the internal and external audit work of the Company, and be responsible for the coordination of internal audit and external audit;
- (VII) to exercise other duties and powers as specified in the applicable laws and regulations, the Listing Rules, rules and systems of the Company or authorized by the Board.

Article 12 In exercising its functions and powers in relation to the relationship with the Company's auditors, the Committee shall consider the following aspects:

- (I) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and to consider the remuneration and terms of engagement of the external auditors, and assist the Board or the Company in dealing with any questions of its resignation or dismissal;

- (II) to review and monitor the independence and objectivity of the external auditors and the effectiveness of the audit process in accordance with applicable standards. The Committee shall discuss the nature and scope of the audit and the related reporting obligations with the external auditors before the audit commences;
- (III) to develop and implement policies on engaging an external auditor to provide non-audit services. For the purpose of this rule, “external auditors” include any institution that is under common control, ownership or management with the audit firm or any institution 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 Committee shall report to the Board on any matters requiring action or improvement and make suggestions;
- (IV) to supervise the external auditors to be honest, trustworthy, diligent and responsible, strictly abide by the business rules and industry self-discipline regulations, strictly implement the internal control system, check and verify the Company’s financial and accounting reports, perform the special care obligations, and prudently express professional opinions.

Article 13 The Committee shall monitor the integrity of the Company’s financial statements and annual reports and accounts, interim reports, and, if proposed for publication, quarterly reports, and review significant financial reporting judgments contained in them when exercising duties and powers of reviewing the Company’s financial information.

The Committee shall focus particularly on the following before submitting relevant statements and reports to the Board:

- (I) any changes in accounting policies and practices;
- (II) major judgmental areas;
- (III) significant adjustments resulting from audit;
- (IV) the ongoing concern assumption and qualified opinions;
- (V) compliance with accounting standards;
- (VI) compliance with the Listing Rules and other legal requirements in relation to financial reporting.

In regard to the above:

- (I) the members of the Committee shall liaise with the Board and senior management. The Committee shall meet at least twice a year with the Company's auditors; and
- (II) the Committee shall consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, and give due consideration to any matters raised by the Company's accounting and financial reporting personnel or auditors.

Article 14 The Committee shall consider the following aspects when exercising duties and powers of supervising the Company's financial reporting system and internal control system:

- (I) to review the financial controls and internal control system of the Company;
- (II) to discuss the internal control system with the management and ensure that the management has fulfilled its responsibilities in setting up an effective system, including whether the Company has adequate accounting and financial reporting resources, whether its personnel possess adequate qualifications and experience, and whether personnel training is enough and well-funded in budget;
- (III) to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and the management's feedback on these findings;
- (IV) to ensure the coordination between the internal audit department and the external auditors, and that the internal audit department is properly in place and has sufficient resources to perform within the Company, and review and monitor its effectiveness;
- (V) to review the Group's financial and accounting policies and practices;
- (VI) to check the external auditors' management letter, any material queries raised by the auditors to the management concerning accounting records, financial accounts or control system and management's response;
- (VII) to ensure that the Board will provide a timely response to the issues raised in the external auditors' management letter;
- (VIII) to report to the Board on other matters required in the Listing Rules;
- (IX) to evaluate the establishment and implementation of the Company's internal control;

(X) to investigate other matters as required by applicable laws, regulations, the Listing Rules, the Articles of Association and the Rules of Procedure for the Board or authorized by the Board.

Article 15 The Committee shall at least include the following when exercising its duties and powers of supervising and evaluating the Company's internal and external audit work and coordinating internal and external audit:

(I) Internal Audit

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 regulate the implementation of the Company's internal audit plan;
4. to review internal audit reports, evaluate internal audit results, and supervise the rectification of major issues;
5. to direct the effective operation of the internal audit department. The Company's internal audit department shall report to the Committee. Any audit reports, plans for rectification of audit issues and rectification reports submitted by the internal audit department to the management shall be submitted to the Committee concurrently;
6. to report to the Board the progress and quality of the internal audit work and the material problems found.

(II) Coordinating Internal and External Audit

1. to coordinate the management's communication with the external audit firm on major audit issues;
2. to coordinate the internal audit department's communication with external audit firm and cooperate with the external audit work.

Article 16 The Committee shall report to the Board on any matters which it considers requiring action or improvement and make recommendations on such matters.

Article 17 At the request of the Chairman of the Board, the Committee shall designate its chairman or, in his/her absence, another member or his/her authorized representative to attend the annual general meeting of the Company and answer questions thereat.

Article 18 The audit department, which serves as the day-to-day working body of the Committee, is responsible for the daily work liaison, organization of meetings, documentation preparation and file management of the Committee.

Article 19 The Company shall provide the Committee with sufficient resources to allow the Committee to perform its duties. Under the coordination of the audit department, the human resources, finance, business management and other relevant departments of the Company shall provide relevant information and services to the Committee. The Committee may, when it deems necessary, engage an intermediary to provide professional advice, the expense generated from which, if reasonable, shall be borne by the Company.

CHAPTER 3 RULES OF PROCEDURE

Article 20 Meetings of the Committee include regular and extraordinary meetings.

In general, the Committee shall meet 3 to 4 times a year. Of which, regular meetings shall be held at least twice a year. An extraordinary meeting may be held when proposed by the chairman or considered necessary by not less than two members.

Article 21 Before a regular meeting is held, the Committee should give a five days' notice to all its members. Before an extraordinary meeting is held, the Committee should give in-time notice, and may notify them immediately in case of emergency.

The notice of the meeting shall include the time, place, participants, convening method, agenda, convener and chairman of the meeting.

Article 22 Members shall attend the meetings of the Committee in person and provide unequivocal recommendations or advice on the matters being considered. If a member is unable to attend the meeting in person for any reason, he/she shall pass his/her recommendations or opinions to the meeting of the Committee in a feasible manner, and is treated as presence at the meeting.

If a member fails to attend meetings in person twice in a row, he/she shall be deemed to have failed to perform his/her duties and the Board shall have him/her replaced.

Article 23 The secretary of the Board shall attend meetings of the Committee as an observer, the supervisors of the Company may attend the meetings of the Committee as observers. When needed, other Directors, senior management and other personnel may be invited to attend such meetings as observers, and internal audit personnel, internal financial personnel, representatives of the external auditors, legal counsels and personnel of relevant departments of the Company, etc. may be invited to attend such meetings as observers and provide necessary information.

Article 24 A meeting of the Committee may be held with the presence of two members who are independent non-executive Directors.

Article 25 Meetings of the Committee may be held in the form of on-site meetings, video conferences, teleconferences, mailings or by means of similar communication equipment and by countersigning written documents.

Article 26 Each member shall provide unequivocal recommendations or advice on the matters being considered by means of communication (such as email, telephone and instant messaging software) or by on-site meeting discussion.

Article 27 The Committee shall formulate relevant resolutions after full discussion on the matters being considered and report the same together with relevant proposals to the Board for consideration.

Article 28 Minutes shall be made for the meetings of the Committee and signed by the members present at the meetings.

Article 29 Complete minutes, resolutions and other relevant documents of the meetings of the Committee shall be maintained by a duly appointed secretary to the meetings (usually the company secretary, as defined in the Listing Rules). Drafts and final versions of minutes of each meeting of the Committee shall be sent to all its members for comment and record respectively, in both cases, within a reasonable period of time after the meeting. Minutes (final version), resolutions and other relevant documents of the meetings of the Committee are managed by the audit department in accordance with the Company's file management system and shall be kept for at least 10 years.

Article 30 All members and observers present at a meeting are obligated to keep confidential to the matters discussed thereat, and shall not disclose the relevant information without written authorization or before relevant information becomes public information.

CHAPTER 4 SUPPLEMENTARY PROVISIONS

Article 31 The Committee shall publish its terms of reference on the websites of The Stock Exchange of Hong Kong Limited and the Company, explaining its role and powers delegated by the Board.

Article 32 The terms "not less than" and "at least" referred to herein are inclusive of the figure being modified; the term "below" referred to herein is not inclusive of the figure being modified.

Article 33 Matters not covered in these Work Rules shall be handled in accordance with relevant laws and regulations of the state, the Listing Rules, the Articles of Association and the Rules of Procedure for the Board. In case that these Work Rules contravene any laws and regulations promulgated by the state in the future, the Listing Rules or the Articles of Association and the Rules of Procedure for the Board as amended through legal procedures, the latest requirements of the latter shall prevail, and these Work Rules shall be amended accordingly, subject to the consideration and approval by the Board.

Article 34 These Work Rules shall come into effect from the date of consideration and approval by the Board.

Article 35 These Work Rules shall be interpreted by the Board.