Beijing Jingneng Clean Energy Co., Limited

Rules of Procedure for the Audit Committee of the Board of Directors

Chapter I General

1. In order to improve the corporate governance of Beijing Jingneng Clean Energy Co., Limited (the "**Company**"), to improve work efficiency and decision-making performance of the board of directors, to establish and standardize the management system and procedures for auditing, risk management and internal control, to ensure authenticity of the Company's financial information and effectiveness of risk management and internal control, the Company sets up the audit committee (the "**Audit Committee**" or "**Committee**") of the board of directors and formulates these rules in accordance with the Company Law of the People's Republic of China (the "**Company Law**") and other relevant laws and regulations, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and relevant provisions of the articles of association of Beijing Jingneng Clean Energy Co., Limited (the "**Articles of Association**").

2. The Audit Committee is a special department established by the board of directors, which provides advice and recommendations to the board of directors on decision making, reports its work and is responsible to the board of directors, as well as exercising the authority of the board of supervisors prescribed in the Company Law. The Audit Committee may carry out its work by convening meetings, conducting research and other forms.

Chapter II Composition

3. The Audit Committee shall consist of three directors, who shall all be non-executive directors, with a majority of independent directors.

The Audit Committee shall have one chairman, who must be an independent non-executive director and an accounting professional, shall be responsible for convening and chairing the Audit Committee meetings.

4. Audit Committee's members shall meet the following requirements:

(1) have related skills and experience which are compatible with the Company's business;

(2) have considerable financial knowledge;

(3) at least one member of the Committee shall have an appropriate professional qualification or accounting or any other related financial management expertise, and meet the requirements of listing rules of the place where the Company's shares are listed on members of the Audit Committee;

(4) shall not serve more than three listed companies (including the Company) as a member of audit committee.

5. The Committee members and chairman shall be nominated by the chairman of the board of directors and elected by the board of directors, the term of office shall be consistent with the term of the board of directors. The Committee member can be re-elected after the expiration of his/her term. If any member ceases to be a member of the board of directors during his/her term aforesaid, his/her Committee membership will be lost automatically. According to these rules, the board of directors shall elect a successor timely to ensure the Committee composition meets the requirements of these rules.

On recommendation of the chairman of the board of directors and discussion of the board of directors, adjustment shall be made to the members during the term of office.

6. The board of directors' office shall be responsible for the daily communication and meeting organization of the Committee.

Chapter III Responsibility and Authority

7. Duties of the Audit Committee include:

a) Financial report or financial statement:

1. The Audit Committee shall be responsible for reviewing the Company's annual report, interim report, quarterly report (if applicable), and the integrity of relevant financial reports and accounts, and reviewing the important advises in all the financial statements and reports mentioned above. The Committee shall review the financial statements prepared by the Company before the commencement of audit undertaken by the accountants responsible for conducting annual audit (the "**Certified Accountant for Annual Audit**") and work out a written opinion. The Committee shall review the financial statements of the Company and prepare a written opinion thereof after the Certified Accountant for Annual Audit has issued their preliminary audit opinion.

2. The Audit Committee shall submit the recommendations to the board of directors on matters relating to the corporate financial report, statement (including annual report, interim report, quarterly report (if applicable)) and relevant information, and shall consider the significant or unusual event reflects or may need to be reflected in these reports and accounts, and issues raised by the Company's staff, responsible for the corporate accounting and financial report, compliance officer or auditors.

3. Before submitting the report mentioned in the second paragraph of this rule, the Audit Committee shall specially focus on reviewing the following things:

(1) any changes in accounting policies and practices;

(2) information relates to material judgment;

(3) significant adjustments made on auditing;

(4) assumption on continuous operation and any qualified opinion;

(5) compliance with relevant accounting standards; and

(6) compliance with the Listing Rules and other laws and regulations in relation to financial report, including new rules issued by professional and regulatory agencies recently, and study their material effects on financial reporting.

4. Concerning the second and third paragraph above, the Committee's member shall liaise with the board of directors and senior management. The Committee shall meet the Company's auditors at least twice a year.

b) Financial reporting, internal control systems and risk management system:

1. The Audit Committee shall supervise and inspect the work of the internal audit department and its efficiency according to relevant accounting rules and other laws and regulations.

2. The Audit Committee shall monitor the financial reporting system of the Company, internal control procedures and risk management system, review and assess the following issues:

(1) to review the company's accounting policies and practices used for preparing financial statements;

(2) to monitor the preparation process of periodic financial statements (annual report, interim report and quarterly report (if applicable)), and reviewing disclosure of relevant information of these periodic financial statements and financial results, and disclosure of other relevant information;

(3) to evaluate the efficiency of internal control and risk management framework, to ensure that the work of the internal auditors and the independent external auditors is coordinated, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, that relevant staff has sufficient ability and work experience, and that regular training programs or similar arrangements are provided on regular basis;

(4) to review the substantial questions raised by the accounting firm to the management on matters relating to accounting record, financial accounts or monitoring system, and review the management's feedback and the other documents of communication; and ensure effective communication between both parties;

(5) to understand the internal control and the controlling process implemented by the management to ensure that the financial statements generated from designated financial system comply with relevant rules and requirements, and are approved by the management;

(6) to discuss with the management on the risk management and the internal control systems to ensure that the management has performed its duty to have effective risk management and internal control systems. The discussion shall include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial report function;

(7) to consider major investigation findings on risk management and internal control matters on its own initiative or as delegated by the board of directors and the management's response to these findings;

(8) to review the Specification Letter of Audit Situation from the accounting firm to the management, any material queries raised by the auditor to the management on matters relating to accounting records, financial accounts or control systems, and the management's response;

(9) to review matters where the Company disagrees with the audit opinion issued by the accounting firm and the certified public accountant and has not made corresponding adjustments to its final accounts;

(10) to ensure that the board of directors responds timely to the issues mentioned in the Specification Letter of Audit Situation from the external auditor to the management; and

(11) to report to the board of directors on matters as set out in the provisions of the Corporate Governance Code of the Listing Rules.

3. The Audit Committee shall examine the arrangements made by the Company to enable the relevant staff to secretly raise concerns about possible improprieties on matters relating to financial statements, risk management, internal control and other related issues, and shall make proper arrangements for the Company to conduct fair and independent investigations and take proper action in response to such improprieties.

c) Appointment of accounting firm:

1. During the preparation and implementation phases of the selection process for an accounting firm, the Committee shall formulate policies, procedures, and related internal control systems for the selection of an accounting firm in accordance with the board of directors' authorization; propose the initiation of the selection process of an accounting firm; review selection documents, determine evaluation criteria and specific scoring standards, and oversee the selection process;

2. When reviewing a proposed accounting firm, the Committee shall review its qualifications (including the background and experience of the audit engagement partner and audit staff) as well as its independence and objectivity; The Audit Committee shall exercise a high degree of caution and diligence regarding situations such as non-compliance with the required rotation period for accounting firms, the imposition of administrative penalties and the commencement of investigations, the transfer of key members of the financial final accounts audit project to other accounting firms, failure by the audit engagement partner or the signing certified public accountant to undergo substantive rotation as required, significant changes in audit fees, and changes of the accounting firm after the balance sheet date;

3. The Committee shall conduct an annual review of the accounting firm's performance; submit reports to the board of directors on a regular basis (at least annually) evaluating the performance of the engaged accounting firm and the Audit Committee's discharge of its oversight duties; and make recommendations to the board of directors regarding the engagement, re-engagement, or termination of the accounting firm for the following year, as well as its audit service fees and terms of engagement, which the board of directors shall submit to the shareholders' meeting for consideration in accordance with the provisions of the Articles of Association; handle any matters related to the resignation or dismissal of the accounting firm;

4. The Audit Committee shall strengthen its oversight of the accounting firm's audit work and consult with the accounting firm to determine the schedule for the audit of the current year's financial statements; In accordance with existing laws, regulations and other regulatory requirements, the Committee shall discuss and review with the accounting firm, prior to the commencement of the audit, the nature, scope, and methods of the current year's audit proposed by the accounting firm, as well as related reporting responsibilities; assess whether the scope of work and audit procedures are objective and effective; and pre-approve such audit services; engage in necessary communication with the accounting firm at key stages of the audit process—such as the development of the audit plan, the completion of pre-audit work, and the preparation of the audit report—and urge the firm to submit the audit report within the agreed-upon timeframe, and require the accounting firm to submit a summary report on the current year's audit work to the Audit Committee upon completion of the annual audit work; pay particular attention to the accuracy of accounting information, the compliance in business operations and management, the implementation of strategic plans, and significant investment and operational risks;

5. The Committee shall formulate and implement policies for the non-audit services provided by the accounting firm, and ensure that these services are not impair to the independence and objectivity of the accounting firm. The Committee shall suggest ways of improvement and feasible steps in relation to issues which may affect these non-audit services to the board of directors. The Committee shall review and approve the remuneration and all the non-audit services to be provided by the accounting firm;

6. The Committee shall hold separate discussion with the accounting firm on necessary issues and ensure effective communication with the accounting firm is accessible;

7. The Committee shall serve as the chief representative between the Company and the accounting firm to supervise the relationship between the two parties;

8. The Committee shall obtain a report from the accounting firm on the situation of internal quality control and the potential material defects and deficiency of the Company;

9. The Committee shall review the Company's policies in relation to the employment of the accounting firm's employees and ex-employees, and supervise their implementation.

d) Exercise the authorities of the board of supervisors as stipulated in the Company Law:

1. Supervise the performance of duties by directors and senior management, and propose the removal of directors and senior management who violate laws, administrative laws and regulations, the Articles of Association, or resolutions of the shareholders' meeting;

2. When the actions of directors and senior management harm the interests of the Company, require such directors and senior management to rectify their actions;

3. Propose the convening of an extraordinary shareholders' meeting and convene and preside over the shareholders' meeting when the board of directors fails to fulfil its duties to convene and preside over the shareholders' meeting;

4. Submit proposals to the shareholders' meeting;

5. Initiate litigation against directors and senior management in accordance with the provisions of the Company Law and the Articles of Association.

e) Review and discuss matters related to the appointment and dismissal of the person in charge of financial affairs;

f) Other duties specified by the related laws, policies, regulations and the Company's governance documents on setting up the Audit Committee's duties, which may be amended from time to time.

g) Complete other tasks authorized by the board of directors, or the issues referred by the board of directors.

Chapter IV Proceedings

8. The Audit Committee shall meet regularly and hold extraordinary meetings as the circumstances require. The Audit Committee shall hold at least one meeting each quarter.

The regular meeting shall be held before the annual regular meeting of the board of directors of the Company, and discuss the advices and suggestions to be submitted to the board of directors.

The chairman of the Audit Committee may hold extraordinary meetings at its discretion or at the request of accounting firm or internal auditor; an extraordinary meeting may be held when proposed by two or more Committee members, the chairman deems it necessary, or advised by the chairman of the board of directors.

Meetings of the Audit Committee shall not be convened in conjunction with its other meetings. When conducting research, the Audit Committee shall form written research results and submit them to the board of directors.

9. A notice and relevant materials of a regular meeting of the Audit Committee shall be sent to all members of the Audit Committee and other related persons who shall attend the meeting at least 7 days in advance, and a notice of an extraordinary meeting and relevant materials of the meeting shall be sent to all persons and other members who shall attend the meeting at least 3 days in advance. Under the agreement of all Committee members, the meeting shall not be constrained by the aforesaid time limitation of notice.

10. All meetings shall be convened and chaired by the chairman of the Audit Committee. The chairman of the Committee may entrust another member (an independent director) with such duty if he cannot carry out the same.

11. A meeting shall be held only with presence of two-thirds or more of the Committee members. Member who is unable to attend the meeting can entrust other member of the Audit Committee as proxy in written to attend and vote as his or her proxy. The instrument of proxy shall specify name, agent issue, scope of authorization and term of validity of such proxy, and shall be signed and sealed by the principal.

12. When the Audit Committee convenes a meeting, the secretary to the board of directors shall attend the meeting, and according to the agenda, the Committee may invite director, general manager, chief accountant, other related senior management and officers-in-charge of other related department and agency to attend meeting, and such personnel have no voting right.

13. A member of the Audit Committee who is unable to attend for any reason shall request a leave of absence from the chairman of the Committee and submit his/her own written opinion; any member who neither attends nor entrusts another member to attend the Committee meeting twice will be deemed as failing to perform his/her duty, the board of directors shall be entitled to adjust the membership of the Committee under these rules.

14. The meeting of the Audit committee shall be on-site attendance in principle. If necessary the meeting can held through telephone or other similar communications facilities (including but not limited to voting by trans-functional signature, video, fax or email, etc.).

For meetings not held on-site, attendance of the meetings will accord the presence of the video conference, the speakers at the telephone conference, the actual receipt of trans-functional files, and the effective votes sent by media like fax or email, or written confirmation of participation of the meeting submitted by the Committee member after the meeting.

15. The meeting of the Audit Committee shall discuss all the items specified in the notice of the meeting one by one. The Audit Committee members shall use their own judgement and express clear and independent opinions, and try to reach consensus. If no consensus is reached, all opinions shall be submitted to the board of directors with an explanation.

The Audit Committee's opinions on modifications or additional improvements to the agenda materials themselves should be implemented by relevant departments before being submitted to the board of directors for consideration.

16. A member of the Audit Committee shall not vote on any resolution of the Audit Committee if he/she is related to or has an interest in the matter under discussion.

17. The meeting of the Audit Committee shall vote by open ballot. For extraordinary meeting, resolutions can be made by way of delivery by hand, post, fax or other communications provided that the members fully express their opinions and signed by the members who attend the meeting.

18. Each member of the Audit Committee shall represent one vote, and the resolution which gets more than half of the votes shall be adopted.

19. Minutes or summaries of meetings of the Audit Committee shall be prepared, and the minutes or summaries shall contain the following contents: (1) the date and place of the meeting and the name of the chairperson, (2) the attendance and absence of the members, (3) the agenda and topics of the meeting, (4) the names of the persons present at the meeting, (5) the main points of the speeches made by the members and the relevant persons attending the meeting, and the written opinions of the absent members, (6) the opinions formed by the Audit Committee, which shall be sent to each member by the office of the board of directors.

The members attending the meeting, the secretary of the board of directors present at the meeting and the recorder shall sign on the minutes or summaries of the meeting. The notice of the meeting, the meeting materials, the minutes or summaries of the meeting, the power of attorney, the written opinions of the members, the written opinions of the Committee and other meeting materials shall be kept by the Company for at least ten years.

20. The Audit Committee's resolutions, opinions and proposals shall be reported to the board of directors in writing for reference of the board of directors' voting.

21. The members of the Audit Committee and attendees of the meeting shall perform the duty of confidentiality for the issues discussed at the meeting, also shall not disclose the related information without authorization and shall strictly comply with the Company's relevant regulations.

22. The fees of the Audit Committee refer to the fees incurred in the course of work and shall be included in the board of directors' budget and paid by the Company. They include the expenditure on research, printing, meeting, training, invitation or hiring an agent to provide professional opinions, etc.

Chapter V Additional Rules

23. These rules shall enter into force on the day when adopted by the board of directors.

24. Matters uncovered in these rules shall follow the related laws, regulations or the Articles of Association. If these rules conflict with the laws, regulations, the Listing Rules or the Articles of Association issued/amended afterwards, the related laws, regulations and rules shall be followed, and these rules shall be amended and reported to the board of directors as soon as possible.

25. The terms and definitions mentioned in these rules shall be consistent with those in the Articles of Association.

26. These rules shall be construed and amended by the board of directors of the Company.