Huaxin Cement Co., Ltd.*

Article 4 In performing the duties, the Committee may seek independent professional advice for company related matters, at reasonable expense.

The expense budget of the Committee for the aforementioned purposes shall be submitted to the chairman of the Company for approval.

Article 5 The Committee shall conduct regular review and assessment annually over the duty performance of the Committee and the implementation of these Rules of Procedures.

Article 6 The Secretary to the Board or the delegate appointed by the Committee shall act as the Secretary to the Committee, and be responsible, in conjunction with the Chairman of the Committee, for drawing up and deciding the meeting agenda (supported by explanatory documentation and papers)

Article 7 The Board Office of the Company shall be responsible for the liaison, conference organization, document circulation, file archiving and other routines of the Committee.

Chapter Two: Composition

Article 8 The Committee shall comprise five Directors approved by the Board. Members shall all be non-executive directors, with non-executive Independent Directors taking up the majority and at least one non-executive Independent Director being an accounting professional or equipping with professional qualification or financial expertise.

Article 9 The Committee shall have one Chairman (namely Convener). The Chairman shall be a non-executive Independent Director with professional financial background and rich accounting

Article 12 The Chairman of the Committee shall exercise power as follows:

(1) Determining the agenda of the Committee meetings;

(2) Presiding over the Committee meetings and taking reasonable measures to ensure proper functioning of the Committee, including the proper conduct of meetings and an appropriate level of discussion;

(3) Making decisions regarding whether some pre-identified issues shall be put to a vote or deferred, depending on whether the discussion over such issues by the Committee has led to a consensus or disputes;

(4) Taking reasonable measures to report resolutions made on one or more matters and any disputes, etc. to the Board;

(5) Reviewing any written resolutions, minutes of meetings and action plans to be circulated for perusal and approval by the Committee; and

(6) Exercising powers on behalf of the Committee upon due authorization by the Committee.

Chapter Three: Terms of Reference

Article 13 The main terms of reference of the Committee are as follows:

(1) Proposing the appointment or replacement of external auditors;

(2) Supervising and assessing the work performance of external auditors and internal control;

(3) Supervising and assessing the internal audit of the Company, and supervising the internal audit system of the Company and its implementation;

(4) Being in charge of the communications between internal and external auditors;

(5) Reviewing the financial information of the Company and its disclosure;

(6) Assessing the effectiveness of the internal control;

(7) Carrying out controls and management over related transactions of the Company;

(8) Reviewing interim and annual financial statements on behalf of the Board and issuing opinions thereon to the Board;

(9) Proposing the appointment or dismissal of the head of finance of the Company;

party informed of all the related information, such agency will be deemed as a part of the local or international business of the external auditor under reasonable circumstances) to ensure that the provision of such services does not impair the external independence or objectiveness.

Prior to the auditing, discussing and communicating with the external auditor on the nature of the audit, audit scope, audit plans, audit methods and related reporting responsibility, and discussing and communicating on any material matters identified in the audit process.

(5) Supervising and assessing if the external auditor has fulfilled its duties with due diligence.

(6) Putting forward suggestions to the Board on any issue that has been implemented or improved.

The Committee shall hold at least one separate meeting on a yearly basis with the external auditor in the absence of the Management of the Company. The secretary to the Board may attend the meeting as a nonvoting delegate.

Article 15 The role of the Committee in reviewing the financial statements and issuing opinions thereon on behalf of and upon due authorization of the Board mainly involves:

(1) Reviewing and supervising the completeness of financial statements, annual report, accounts, half year report and quarterly report of the Company, reviewing material opinions of financial reporting; and issuing opinions on their truthfulness, completeness and accuracy; and forming opinions for the audit reports concluded from the annual financial statements of the Company and submitting the same to the Board for approval.

Prior to submitting the above to the Board for approval, the Committee shall conduct special review on the following:

(a) Focusing on major accounting and audit issues in the financial statements, including major adjustments due to audit, changes to accounting policies, estimations and practice and estimate changes, issues involving major accounting judgments, going-concern assumptions and matof

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(d) Whether the laws, regulations, listing rules of the place where the company shares are listed related to financial reporting are complied with;

(2) Supervising the rectification of the financial reporting issues; and

(3) To perform the above duties,

(a) Members of the Committee shall liaise with the Board and senior management. The Committee shall have meetings with the auditors for at least twice a year;

(b) The Committee shall consider any material or unusual matters reflected or needs to be reflected in the financial statements and accounts and give due weight to matters put forward by staff or supervisor or auditor who is in charge of accounting and financial reporting.

(c) The Chief Financial Officer of the Company shall be responsible for the coordination and communication between the Committee and the certified accountant(s), and put in place all necessary conditions for the Committee to perform the abovementioned responsibilities and duties.

Article 16 The role of the Committee in supervising the financial reporting, risk management and internal control of the Company on behalf of and upon due authorization of the Board mainly involves:

(1) Considering and reviewing with the external auditor the adequacy of the internal controls in the context of the external audit work undertaken, any related significant findings and recommendations of the external auditor

(2) Review the finance control of the Company and risk management and internal control system;

(3) Discuss with the senior management on the risk management and internal control system to ensure the management has fulfilled its duty in setting up an effective system. The discussion shall include the resources in accounting and financial reporting functions, whether the seniority and experience of staff is adequate, and whether the training courses and budget of staff are enough;

(4) Considering and reviewing the following issues with the Top Management, the Head of Internal Control System and Head of the Internal Audit Department:

of the reporting and replying procedure for major control deficiencies, including the effectiveness and results of top-

management investigation and further treatment, and the existence of any unsettled matters as reported by the internal or external audit agencies;

adequacy of the process for reporting and responding to significant control weaknesses including the adequacy and results of Top investigation and

the company to conduct fair and independent investigations and take appropriate action in such matters;

Article 17 The duty in supervising the internal control systems and their implementation on behalf of and upon due authorization of the Board mainly involves:

(1) Ensure the coordination between the internal and external audit, and the internal audit function is adequately resourced and duly placed;

(2) Monitoring and reviewing the performance of the Head of Internal Audit and the effectiveness of the internal audit

Article 18 The Committee holds regular and provisional meetings. All members shall be notified seven days prior to the convening of a meeting.

Article 19 The Committee shall hold meetings at least once every quarter. For the Committee to fulfill its responsibilities, provisional meetings shall be convoked in circumstances deemed necessary by the Chairman or when proposed by more than two members of the Committee.

Article 20 Two-thirds of the members must be present for the Committee meeting to be held. A meeting of the Committee shall be convened only with the presence of no less than two thirds of its members. In general, the members shall attend a meeting in person or authorize another member to attend on his/her behalf. In circumstances deemed appropriate by the Chairman, a m

meeting shall sign on the minutes. The Secretary to the Committee shall be responsible for the formation, circulation, signature and archiving of meeting minutes.

Article 27 Committee shall answer for the Board. Any opinions made and resolutions passed at a meeting of the Committee shall be reported in written form to the Board of the Company.

Article 28 The convening procedure, voting and proposals passed in the meeting shall abide by pertinent laws, regulations, listing rules of the listing venue, Articles of Association and these Rules of Procedure.

Article 29 All participants at a meeting shall be obliged to keep confidential all matters discussed in such a meeting and shall not disclose any relevant information without due authorization.

Chapter Five: Supplementary Provisions

Article 30 These Rules of Procedures shall be put in force on the date of deliberation and adoption by the Board of Directors of the Company. From the effective date of these Rules of Procedures, current effective Rules of Procedures become invalid automatically.

Article 31 Any matters that are not covered in these Rules of Procedures, or any conflicts with any provisions of the laws, regulations, listing rules of listing venue and Articles of Association issued or revised later, shall be implemented according to pertinent laws, regulations, listing rules of listing venue, current or revised Articles of Association of the Company and these Rules of Procedure shall be amended immediately and approved by the Board.

Article 32 The right to interpret these Rules of Procedures shall vest in the Board of the Company.