



綠色動力
DYNAGREEN

綠色動力環保集團股份有限公司
Dynagreen Environmental Protection Group Co., Ltd.*
(a joint stock limited liability company incorporated in the People's Republic of China)
(Stock Code: 1330)

**Working Rules for the Audit and
Risk Management Committee under the
Board of Directors
(Revised in December 2025)**

Chapter 1 General Provisions

ARTICLE 1 In order to strengthen the decision making functions of the board of directors of Dynagreen Environmental Protection Group Co., Ltd.* (the “Company”), constantly improve the internal control system of the Company, ensure the effective supervision of the management by the board of directors and continuously enhance the corporate governance structure of the Company, and in accordance with the Company Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, Opinion on the Full Promotion of the Development of Rule of Law for Municipality State-owned Enterprises issued by the State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality, relevant laws and regulations, statutory documents and the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (collectively the “Listing Rules”), the Articles of Association of the Dynagreen Environmental Protection Group Co., Ltd. (the “Articles of Association”), and other relevant provisions, the Company has set up an audit and risk management committee under the board of directors (the “Committee”) and formulated Dynagreen Environmental Protection Group Co., Ltd. Working Rules for the Audit and Risk Management Committee under the Board of Directors (the “Rules”) taking into account the actual situation of the Company.

ARTICLE 2 The Committee is a special working body set up by the board of directors; it is mainly responsible for communication between the Company and the external auditors, supervision and auditing of the external auditors, supervision of the internal audit system, evaluation and optimization of the risk management and internal control system of the Company, audit of the Company’s financial information and financial information disclosure as well as supervision and management of the development of the rule of law and compliance management, and undertaking the functions and powers of the supervisory committee under the Company Law after the abolishment of the supervisory committee.

* For identification purposes only

Chapter 2 Composition

ARTICLE 3 The Committee shall comprise at least three directors, and the total number of members should be an odd number. All members of the Committee must be non-executive directors and a majority of them must be independent non – executive directors.

At least one of the members shall be an independent non-executive director who is an accounting professional and meets the requirements of the Shanghai Stock Exchange, The Stock Exchange of Hong Kong Limited and the Hong Kong Institute of Certified Public Accountants on financial professional in an audit committee. All members of the Committee shall possess expertise, work experience, and good professional ethics required for the fulfillment of their responsibilities in the Committee.

A partner of the current external auditing firm of the Company shall be prohibited from acting as a member of the Committee for a period of two years from the date of him ceasing to be the partner of the firm or to have any financial interest in the firm (whichever is later).

ARTICLE 4 The members of the Committee shall be nominated by the chairman of the board of directors or the nomination committee under the board of directors, and shall be elected by the board of directors with the approval of more than half of all directors.

ARTICLE 5 The Committee shall have a convener that is the chairman of the Committee, who shall be an independent non-executive director with accounting professional qualification. The chairman of the Committee shall be appointed by the board of directors, and shall be responsible for leading the committee. If the chairman of the Committee is unable or fails to perform his/her duties, a Committee member, who shall be an independent non-executive director, shall act on behalf of the Chairman after he/she is elected by more than half of the Committee members.

ARTICLE 6 The term of office of the Committee will be the same as the term of office of the board of directors. Member may serve consecutive terms if re-elected upon the expiry of the current term of office. During the term, if any member ceases to hold office as a director, he/she will automatically be disqualified and cease to be a member of the Committee. A member of the Committee may resign prior to the expiry of his/her term of office by submitting a written resignation report to the board of directors, which shall include a statement of the reason for such resignation and matters that should be brought to the attention of the board of directors and/or shareholders. If member of the Committee is disqualified to act or his/her resignation is accepted, the board of directors shall fill in the vacancy of the Committee by appointing a successor member in accordance with relevant laws and regulations, statutory documents and Articles 3 to 5 above. The board of directors shall regularly evaluate the independence and performance of the members of the Committee, and when necessary, replace members who are not suitable to remain in the position.

Chapter 3 Duties and Authorities

ARTICLE 7 The Committee shall have the following duties and responsibilities:

- (i) supervise and evaluate external audit work
 - 1. to act as the major representative of the Company vis-a-vis external auditors, and be responsible for overseeing the relationship between the Company and external auditors and communication between the Company's internal audit department and the external auditors, to ensure that both parties can conduct effective discussions on major financial and audit matters, including review and monitor the independence and objectivity of the external audit as well as the effectiveness of the audit process in accordance with applicable standards. The Committee shall discuss the nature, scope and approach of audit with the external auditors before audit commences; negotiate with the external auditors of the Company to determine the schedule for the audit of financial reports for the year, and urge the external auditors to issue audit reports within the agreed time frame;
 - 2. to consider the annual performance evaluation report of the external auditors prepared by the finance department of the Company, and make recommendations to the board of directors on the appointment, re-appointment and removal of external auditors for the next financial year, as well as the remuneration and terms of engagement of the external auditors, and to deal with any relevant issues regarding the resignation or removal of external auditors;
 - 3. to develop and implement policy on engaging external auditors to provide non-audit services in accordance with business needs. The Committee should report and make recommendations to the board of directors on any matters of which action or improvement are needed;
 - 4. to review the external auditor's explanatory letter or management letter, any material queries raised by the external auditor regarding the accounting records, financial accounts or monitoring system, and management's response thereto;
 - 5. to ensure that the board of directors will provide a timely response to the external auditor's explanatory letter and management letter;

The external auditor herein includes any entity that is under common control, management or ownership with the external auditor appointed by the Company or any entity which would be reasonably considered by a reasonably informed third party as a part of the domestic or international business of the external auditor appointed by the Company.

(ii) supervise and guide internal audit work

1. to guide the development of the Company's internal audit system, oversee the work of the Company's internal audit department, and provide opinions and suggestions on the appointment of the person in charge of the Company's internal auditors;
2. to ensure coordination between the internal and external auditors, and to ensure the internal audit function is adequately resourced and has appropriate authority and standing within the Company;
3. to evaluate the effectiveness of the Company's internal audit work; report to the board of directors on matters such as the progress, quality of internal audit work and major issues identified;
4. to review the next-year internal audit plan submitted by the Company's audit department before the end of each financial year, and review the annual internal audit report submitted by the Company's audit department after the end of each financial year.

(iii) Supervise and manage the development of the rule of law and compliance management

1. to provide suggestions on the construction of the Company's rule of law system, and guide, oversee, and evaluate the operation of the rule of law system;
2. to review the Company's annual work plan for the construction of rule of law system, and oversee the progress of key tasks in annual construction of rule of law system;
3. to provide suggestions on the construction of the Company's compliance management system, and guide, oversee, and evaluate the operation of the compliance management system;
4. to review the Company's strategic plan on compliance management, annual compliance work report, and other major compliance management matters.

(iv) Supervise and evaluate the operation of the risk management and internal control system of the Company, inspect the development of risk management of the Company and supervise internal control, and put forward opinions and suggestions on improvement, and:

1. to discuss and evaluate the effectiveness of the risk management and internal control systems with the management to ensure that the management has fulfilled its responsibilities to establish an effective system. This discussion should include the adequacy of resources, staff qualifications and experience, training programs and budget;

2. to review the self-evaluation report on internal control; review internal control audit reports issued by external auditors, and communicate with external auditors on the issues found and remedial measures; assess the evaluation and audit results of internal control, and supervise the rectification of internal control deficiencies;
 3. proactively or upon the request of the board of directors, to study major investigation findings on risk management and internal control and management's actions to these findings;
 4. to supervise and monitor any potential misconduct by the Company staff in financial reporting, internal control or other matters;
 5. to report the significant matters to the board of directors according to provisions and consider other topics, as delegated by the board of directors.
- (v) to review the Company's financial information and financial information disclosures
1. to examine the Company's financial and accounting policies and practices;
 2. to monitor the preparation process of periodic financial reports (quarterly reports, interim financial reports and annual financial reports) and information disclosure;
 3. to review the quarterly, interim and annual financial statements to be proposed to the board of directors, monitoring the integrity, accuracy and fairness of the financial statements, and to review the significant financial reporting opinions contained the said statements and reports. In reviewing these statements and reports before submission to the board of directors, the Committee should focus particularly on: any changes in accounting policies, estimates and practices in the reporting period of the Company, issues involving major judgements, significant adjustments required by the external auditors after auditing the accounts, the going concern assumptions and any qualified opinions, compliance with accounting standards and the relevant legal requirements and compliance with the principles of accounting, the relevant Listing Rules and legal requirements in relation to financial reporting;

The members of the Committee shall communicate with the board of directors and senior management in a timely manner in respect of the above key items. The members of the Committee shall meet, at least twice a year with the Company's external auditors. The members of 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 that have been raised by the Company's accounting and finance department, compliance department or auditors;

4. to discuss any queries raised by the external auditors after reviewing the half-year accounts and auditing the annual accounts of the Company.
- (vi) Perform the functions and powers of the supervisory committee under the Company Law after the abolishment of the supervisory committee
1. to supervise the conduct of directors and senior management in the performance of their duties, and to propose the removal of any director or senior management who violates laws, administrative regulations, the Articles of Association, or resolutions of the general meeting.
 2. to require directors or senior management to rectify any actions that harm the interests of the Company.
 3. to propose the convening of an extraordinary general meeting, and to convene and preside over such meeting if the board of directors fails to do so.
 4. to submit proposals to the general meetings.
 5. to propose the convening of an extraordinary meeting of the board of directors.
 6. to initiate legal proceedings against directors or senior management in accordance with the Company Law.
- (vii) The Committee shall establish relevant procedures to ensure the impartial and independent investigation and resolution of the following matters:
1. to receive and handle complaints concerning the Company's accounting, internal control, or auditing matters, while ensuring their confidentiality;
 2. to receive and handle complaints or anonymous reports from employees regarding potential misconduct in accounting, auditing, internal control, or other matters, while ensuring their confidentiality.
- (viii) to consider the appointment or removal of the chief financial officer of the Company.
- (ix) to fulfill such other duties and responsibilities delegated by the board of directors of the Company.
- (x) to fulfill other duties and responsibilities required by China Securities Regulatory Commission, the Shanghai Stock Exchange, The Stock Exchange of Hong Kong Limited, Hong Kong Securities Futures Commission and other regulatory bodies as well as the Articles of Association.

ARTICLE 8 The Committee shall be accountable to the board of directors. The Committee shall submit its proposals regularly to the board of directors for consideration and approval.

Chapter 4 Working Procedures

ARTICLE 9 The audit department (i.e. internal audit function) of the Company shall be under the leadership of the Committee and serve as the administrative office of the Committee.

ARTICLE 10 The audit department shall organise relevant departments to conduct preliminary preparations according to their respective responsibilities for the Committee's consideration, and provide relevant written information of the Company in relation to:

- (i) relevant financial reports of the Company;
- (ii) work reports of internal auditor and external auditor;
- (iii) external audit contract and relevant work reports;
- (iv) external disclosure of information made by the Company;
- (v) audit report regarding major related/connected transactions of the Company;
- (vi) financial and legal information about major investment projects;
- (vii) annual work plan for construction of rule of law;
- (viii) strategic plan on compliance management;
- (ix) annual work report on compliance;
- (x) other relevant information.

The Committee shall perform its main duties under Article 7 above based on the information provided by the administrative office.

ARTICLE 11 Working practices of the Committee are as follows:

- (i) The Committee shall hold meetings to review the annual internal audit work plan, annual internal audit report, quarterly financial report, semi – annual financial report, annual financial report, annual work plan for construction of rule of law, strategic plan on compliance management, annual work report on compliance and other reports that need to be reviewed by the Committee. The Committee may make decisions after taking into account the opinions of the professional advisors and report to the board of directors matters to be decided by the board of directors for discussion;

(ii) The Committee shall comply with the following procedures in relation to the preparation and disclosure of the annual financial report of the Company:

1. following the end of a financial year, the Committee shall promptly discuss with the external auditors, who is responsible for the annual financial report of the financial year (the “Annual Certified Auditor”), to determine the audit schedule for the audit;
2. the Committee shall urge the Annual Certified Auditor to submit the audit report within the agreed period;
3. the Committee shall review the financial statements prepared by the Company before the Annual Certified Auditor commences its work;
4. the Committee shall review the financial statements of the Company after the Annual Certified Auditor issues its preliminary audit opinion;
5. the Committee shall hold a meeting to review the financial report, make recommendations on the re-appointment or replacement of the independent auditor for the next year, and prepare a report summarizing the annual audit services performed by the Annual Certified Auditor in such year.

The above matters shall be adopted as resolutions and shall be submitted to the board of directors for review.

Chapter 5 Rules of Procedures for Meetings

ARTICLE 12 Meetings of the Committee shall include regular meetings and extraordinary meetings.

The regular meeting of the Committee shall be held at least four times a year and at least once a quarter.

The chairman of the Committee may convene an extraordinary meeting by himself or at the request of the convener. An extraordinary meeting may be convened when proposed by over two members of the Committee or as considered necessary by the convener or suggested by the chairman of the board of directors.

ARTICLE 13 Meetings of the Committee shall be convened, and a meeting notice shall be issued, by the chairman of the Committee. The notice of a meeting and other meeting materials shall be provided to all members of the Committee at least three days before the date of the meeting. Subject to the consent of all members of the Committee, the foregoing requirement of notification period may be waived.

ARTICLE 14 The meeting shall be presided by the chairman of the Committee. If the chairman of the Committee is unable to attend the meeting, he/she may appoint another member of the Committee, who shall be an independent non – executive director, to preside the meeting.

ARTICLE 15 The quorum of meetings of the Committee shall be at least two-thirds of the members; where a member is unable to attend a meeting, he/she may, by a written power of attorney, appoint another member to attend and vote at the meeting on his/her behalf. The power of attorney shall set out the name of the proxy, the subject and scope of authorization and the period of the validity of the power of attorney, which shall be signed or officially sealed by the principal member. Each member may act as proxy for one member only. An independent director shall authorize another independent director within the Committee to attend the meeting on his/her behalf when he/she fails to attend such meeting in person.

Resolutions made at the meeting of the Committee must be approved by more than half of all the members. All resolutions and opinions of the Committee shall be signed by all of its members present at the meeting. Each member of the Committee shall have one vote. A member of the Committee may vote for, against or abstain from voting on a given matter. In the event that proposals made at the meeting cannot be effectively considered and approved due to abstain from voting by members of the Committee, the board of directors shall consider and approve such proposals directly.

ARTICLE 16 Meetings of the Committee may be held by means of on-site meeting, by communication or by other appropriate means.

ARTICLE 17 The person-in-charge of the audit department may attend the meetings of the Committee. Directors and senior management members of the Company may be invited to attend meetings by the Committee when necessary.

ARTICLE 18 The Committee's fund shall be covered by the budget of the Company. The Committee may, if necessary, engage legal counsel, certified public accountants, auditors and other professional advisors to advise on its decision-making and provide professional advice at the reasonable cost of the Company.

ARTICLE 19 The convening procedures, the method of voting and the resolutions passed at the meetings of the Committee shall comply with the relevant laws, regulations, the Articles of Association and the provisions of the Rules.

ARTICLE 20 The Committee shall keep detailed and complete minutes of its meetings. Members present at a meeting shall sign the minutes of that meeting. Such meeting minutes shall be kept by the secretary to the board of directors. Initial draft of the meeting minutes should be sent to all Committee members for their comment, and the finalized meeting minutes shall be sent to all Committee members for record, in each case within a reasonable time after each meeting. The meeting minutes shall be signed by the Committee members present at the meeting and sent to all members of the board of directors for reference.

ARTICLE 21 All persons attend or present at a meeting shall keep confidential all matters discussed at the meeting and shall not disclose any relevant information without authorization.

ARTICLE 22 Members shall ensure they have sufficient time and efforts to perform their duties effectively and proactively participate in meetings and training programs. In the event of any breach of their fiduciary duty of care and diligence by a member, the Company shall perform the corresponding procedures in accordance with the relevant laws, regulations, the relevant regulatory rules of the jurisdictions where the Company's shares are listed.

Chapter 6 Miscellaneous

ARTICLE 23 The expression “at least” includes the numbers following such expression, and “more than half” excludes half.

ARTICLE 24 The Rules shall become effective and be implemented on the day when they are considered and approved by the board of directors and the original Working Rules for the Audit and Risk Management Committee under the Board of Directors (Revised in December 2021) (Dynagreen Group [2022] Fa No. 17) shall be repealed simultaneously. The board of directors shall have the power to interpret the Rules.

ARTICLE 25 Any matters not covered by the Rules shall be implemented in accordance with the provisions of the relevant laws, regulations, the relevant regulatory rules of the jurisdictions where the Company’s shares are listed and the Articles of Association. If the Rules contravene any provisions of the relevant laws, regulations, the relevant regulatory rules of the jurisdictions where the Company’s shares are listed (including the Listing Rules) or the Articles of Association, such relevant laws, regulations, the relevant regulatory rules of the jurisdictions where the Company’s shares are listed (including the Listing Rules) and the Articles of Association shall prevail, and in such case, the Rules shall be amended accordingly and submitted to the board of directors for consideration and approval as soon as practicable.

ARTICLE 26 The Rules are made in both English and Chinese. In the event of any discrepancy between the English and Chinese versions of the Rules, the Chinese version shall prevail.