



中鋁國際工程股份有限公司

China Aluminum International Engineering Corporation Limited

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

(Stock Code: 2068)

**PROCEDURE RULES FOR THE AUDIT COMMITTEE UNDER
THE BOARD OF DIRECTORS
(CONSIDERED AND APPROVED AT THE SEVENTH
MEETING OF THE FOURTH SESSION OF THE BOARD)**

CHAPTER I GENERAL PROVISIONS

Article 1 China Aluminum International Engineering Corporation Limited (hereinafter referred to as the “Company”) hereby establishes Audit Committee (hereinafter referred to as the “Committee”) under the Board of Directors and hereby formulates the Procedure Rules in accordance with the Company Law of the People’s Republic of China, Code of Corporate Governance for Listed Companies (《上市公司治理準則》), Guidelines on the Operation of Audit Committees of Companies Listed on Shanghai Stock Exchange (《上海證券交易所上市公司董事會審計委員會運作指引》), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Code on Corporate Governance Practices, the Articles of Association of China Aluminum International Engineering Corporation Limited, the Procedure Rules for the Board of Directors of China Aluminum International Engineering Corporation Limited and other relevant provisions, for the purpose of strengthening the decision-making function of the Board of Directors, constantly improving the internal control system of the Company, ensuring the effective supervision of the management by the Board of Directors and continually perfecting the corporate governance structure of the Company.

Article 2 The Committee is a special operating mechanism set up by the Board of Directors, and shall be accountable to the Board of Directors by reporting to the Board of the work as well as submitting proposals of the Committee to the Board for consideration and approval. It is mainly responsible for the communications between the Company and the external auditor and its supervision and review, overseeing internal audit, evaluating and improving the internal control system of the Company and conducting risk analyses on major investment projects in operation. The Audit Committee shall be provided with sufficient resources to perform its duties.

Article 3 Members of the Audit Committee shall undertake that they have sufficient time and effort to perform their duties, and that they will act with diligence to monitor the external auditing of the listed company effectively, direct the internal auditing work in the Company, promote an effective internal control within the Company, as well as provide true, accurate and complete financial reports.

Article 4 The Procedure Rules are applicable to the Committee and relevant personnel involved in the Procedure rules.

CHAPTER II COMPOSITION OF THE COMMITTEE

Article 5 The Committee established with the approval of the Board of Directors consists of three members, and two of them shall be independent non-executive directors. All members of the Committee shall possess professional skills and commercial experience qualified for the work duties of the Committee.

Article 6 The Committee shall have one chairman, who shall be an independent non-executive director with accounting profession and shall be responsible for presiding over the Committee; the chairman shall be appointed by the Board of Directors. A former partner of the external audit firm responsible for the auditing of the Company's account shall be prohibited from acting as a member of the Committee within two years commencing on the date of him ceasing: (1) to be a partner of such external audit firm; or (2) to have any financial interest in the external audit firm, whichever is the later.

Article 7 Any members of the Committee may hold positions in any other special committees of the Board of Directors concurrently, provided that he/she is capable of discharging his/her duties.

Article 8 The term of office of members of the Committee is the same as that of the directors in principle. Members may be re-elected with the consideration and approval of the Board of Directors when their terms of office expire. Members of the committee may be adjusted within their terms of office if proposed by the Chairman and the Nomination Committee and passed by the Board of Directors.

Members of the Committee may resign by submitting a written resignation to the Board of Directors before the expiration of their terms of office, in which it should provide necessary descriptions of the reasons for his/her resignation and matters needed to be brought to the attention of the Board of Directors.

Where any member does not serve as a director of the Company during his or her term of office, he/she shall be disqualified as a member automatically.

In the event that the above case results in the number of members of the Committee being less than the number required under Article 5 hereof, the vacancy shall be filled up by the Board of Directors according to the Rules of Procedures for the Board of Directors of China Aluminum International Engineering Corporation Limited and Article 5 hereof.

Article 9 The rights and obligations of members of the Committee shall be as follows:

- (I) to attend meetings of the Committee on time, express their opinions on matters deliberated at the meetings, and exercise their voting right;
- (II) to propose topics for discussion at meetings of the Committee;
- (III) to attend relevant meetings of the Company as non-voting delegates or visitors, to conduct surveys and researches and to collect relevant information such as reports, documents and materials for the purpose of discharging their duties and responsibilities;
- (IV) to fully understand the duties and responsibilities of the Committee and those of himself/herself as a member of the Committee, to acquaint themselves with relevant information on the operation and management, business activities and development of the Company to ensure his/her capacity for discharging duties and responsibilities;
- (V) to fully ensure that himself/herself has sufficient working hours and energy to fulfill his/her duties and responsibilities;
- (VI) other terms of reference as stipulated herein.

Article 10 The administrative office of the Committee is established in the Board office of the Company, responsible for preparing for meetings of the Committee, collecting relevant information of the meeting, keeping meeting minutes, as well as organising and implementing the Committee's relevant decisions, etc. The legal compliance department, the financial and capital operation department and relevant departments of the Company are the specific support departments of the Committee, responsible for establishing resolutions of the meeting, executing the Committee's relevant decisions and implementing the work proposals made by the Committee.

CHAPTER III TERMS OF REFERENCE OF THE COMMITTEE

Article 11 The main responsibilities of the Committee shall be as follows:

- (I) Supervise and assess the work of external audit firm

Develop and implement policy on the engagement of external auditor to provide non-audit services. For this purpose, external auditor includes any entity that is under common control, ownership or management with the audit firm or a third party who is reasonably informed of all relevant information, who would be concluded as part of the local or international business of an audit firm under reasonable circumstances. The audit committee shall report and make recommendations to the board on any action or matters that is needed to be taken or improved.

1. To assess the independence and profession of external audit firm, in particular, the effect on its independence for provision of non-audit services by external audit firm;

Assess the work of external auditor and supervise the independence, objectivity, and the effectiveness, quality and results of the workflow.

2. To make proposals on the appointment or change of the external audit firm;

Propose to the Board on the appointment, re-appointment or change of external auditors and handle any matters in relation to resignation or removal of the external auditor, as well as approve the engagement contracts and auditing fees to the relevant external auditor.

3. To supervise the independence and objectivity of external auditor and the effectiveness of audit procedures based on applicable standards;
4. To supervise and assess the diligence of the external audit firm;

The Committee shall convene at least one separate meeting with the external audit firm every year in the absence of the management, where the secretary of the Board is allowed to attend the meeting.

5. To discuss and communicate about the nature of auditing, scope of auditing, auditing plan, auditing method and material issue identified in the course of auditing with external audit firm.

(II) Guide internal auditing work

1. To review the annual internal auditing plan of the Company;
2. To monitor the Company's internal auditing system and its implementation;
3. To review the internal audit report, assess the result of the internal audit work and urge the rectification of significant issues;
4. To ensure the internal audit department has adequate resources for operation in the Company, and has appropriate authority;
5. To monitor the internal audit department of its effectiveness, and propose appointment and removal of the personnel responsible for the Company's internal audit department.

(III) Review the financial report of the Company and express opinions on it

1. To review the Company's financial and accounting policies and practices;
2. To review and monitor the Company's financial statements and financial reports (annual report, half-year report and quarterly reports) and accounts, and give opinions on the truthfulness, completeness and accuracy of financial reports;

3. To focus on significant accounting and audit matters of the Company's financial reports, including adjustments to significant accounting errors, changes in significant accounting policies and estimates, issues involving significant accounting judgments, and matters resulting in a failure to receive audit reports with standard unqualified opinion;

Before submitting the relevant statements and reports to the Board of Directors, the Committee shall focus particularly on:

- (1) any changes in the accounting policies and practices;
 - (2) areas involving significant judgment;
 - (3) significant adjustments resulting from audit;
 - (4) the going-concern assumptions and any qualified opinion;
 - (5) compliance with accounting standards;
 - (6) compliance with the applicable listing rules and other legal requirements in relation to financial reporting.
4. To pay special attention to the possibilities of fraud, corrupt practice and material misstatements relating to financial reports;
 5. To supervise the rectification of financial reporting matters.

With regards to item (III) above, members of the Audit Committee shall liaise regularly with the Board of Directors, senior management and certified accountant of the Company. The Audit Committee shall meet with the Company's auditors, at least twice a year, by way of on-site meetings or by correspondence. The Audit Committee shall also consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and shall give due consideration to any matters that have been raised by the Company's certified accountant, compliance officer or auditors.

- (IV) To assess the effectiveness of the internal control, review and oversee the effective operation of the Company's financial reporting system, internal control and risk management systems, including:
 1. reviewing and examining the Company's financial control, internal control and risk management systems, and evaluating the design appropriateness of internal control system.

Discussing with the management on the internal control system to ensure that the management had fulfilled his/her duties to establish an effective internal control system. The discussion shall consider whether the resources for the Company's accounting and financial reporting functions and the qualifications and experience of the employees are adequate, as well as whether the training courses provided to the employees and relevant budgets are sufficient.

2. reviewing the report on self-evaluation of the internal control.
3. reviewing the audit report on the internal control issued by the external auditor, and communicating with the external auditor on the problems discovered and ways of improvement.

Examining the "Letter of Explanation on Audit" issued by the external auditor to the management, any significant issues raised by the auditor to the management in relation to the accounting records, financial accounts or control systems and the management's response; ensuring the Board of Directors provides a timely response to the issues raised in the "Letter of Explanation on Audit" by the external auditor to the management.

4. evaluating the findings of the evaluation and audit of the internal control, and supervising the rectification of the deficiencies of the internal control.

Considering the major investigation findings on the internal control matters and the management's response to the investigation findings on its own initiative or as delegated by the Board of Directors.

5. ensuring the co-ordination between the internal and external auditors, and reviewing and monitoring its effectiveness.
6. reviewing the following arrangements set up by the Company: the employees of the Company can, in confidence, raise concerns about possible improprieties in the financial reporting, internal control or other matters. The Committee shall ensure that proper arrangements are in place for the Company to conduct fair and independent investigations and appropriate actions of these matters.
7. reporting to the Board of Directors on matters specified herein.

- (V) To coordinate the communication of the management, the internal audit department and relevant departments with the external auditor: coordinating the communication between the management and the external auditor in respect of the material audit issues; coordinating the communication between the internal audit department and the external auditor and the cooperation in the external audit; acting as the key representative body between the Company and the external auditor, being responsible for overseeing the relationship between the two parties.

(VI) The Committee shall establish relevant procedures to deal with the following complaints, and conduct fair and independent investigations and take appropriate actions:

1. receiving, retaining and handling complaints known by the Company relating to accounting, internal accounting control or audit matters;
2. receiving and handling employees' complaints or anonymous reports relating to accounting, audit matters, financial reporting, internal control or other aspects, and ensuring its confidentiality.

(VII) Duties stipulated in the Articles of Association of the Company.

(VIII) Other relevant matters delegated by the Board of Directors.

CHAPTER IV METHODS AND PROCEDURES FOR MEETING OF THE COMMITTEE

Article 12 The Board Office of the Company is the specific office of the Committee. It may establish the working system and procedures for the provision of services to the Committee in accordance with the duties and functions and prepare for decision making by the Committee by organising and providing the Company with relevant written information in relation to:

- (I) relevant financial reports of the Company (including interim and annual reports);
- (II) work reports of internal auditor and external auditor;
- (III) external audit contract and relevant work reports;
- (IV) public disclosure of information made by the Company;
- (V) audit report regarding the major connected transactions of the Company (if any);
- (VI) internal control assessment report and internal control audit report;
- (VII) other relevant information.

Article 13 The reports organised and submitted by the Board Office of the Company shall be reviewed by the Committee, and its relevant written resolution or proposals shall be submitted to the Board of Directors for discussion in writing. The Committee should consider any significant and unusual items that are, or may need to be, reflected in the financial report and accounts, and give due consideration to any matters that have been raised by the Company's financial director and external auditor. The Committee should focus particularly on the followings:

- (I) any changes in accounting policies and practices;
- (II) areas involving significant judgments;
- (III) significant adjustments resulting from audit;
- (IV) the going concern assumption and any qualifications;
- (V) compliance with relevant accounting standards that must be followed;
- (VI) compliance with applicable law and regulation requirements in relation to financial reporting, including new rules issued by professional and regulatory bodies recently, and understanding the potential impact on its financial report.

Article 14 The Committee are divided into regular meetings and interim meetings. Regular meetings shall be held at least four times every year. The Committee shall, in line with the timing of public announcements of interim reports, annual reports and quarterly reports by the Company, hold a regular meeting of the Committee prior to each of the aforesaid announcements. The chairman of the Committee may convene a meeting on its own initiative or at the request of the external auditor or internal auditor.

An interim meeting shall be held within seven days in any of the following circumstances:

- (I) When the board of directors considers it necessary;
- (II) When the chairman of the Committee considers it necessary;
- (III) When two or more committee members propose.

Article 15 The meetings of the Committee shall be convened by the chairman. When the chairman is unable to attend the meeting due to special reasons, he/she shall entrust another member who shall be an independent non-executive director to convene the meeting on his/her behalf. When the chairman fails to perform his/her duties, the majority of the members of the Committee shall jointly recommend a member to convene the meeting.

Article 16 The members of the Committee to attend the meeting and those invited to attend the meeting without voting right shall be notified seven days in advance for regular meetings or three days in advance for interim meetings.

The notice of the meeting of the Committee shall be served by the Board office directly, fax and e-mails. The notice of the meeting shall be deemed to have been served if it is issued in the abovementioned manner.

In case of emergency, upon approval by the chairman, the Board office may notify the convening of an interim meeting by telephone or other means of communication. The aforementioned notice period may be waived by the unanimous consent of all members of the Committee.

Upon receipt of the notice of the meeting, the members shall promptly confirm and give back relevant information, including but not limited to whether they will attend the meeting and the itinerary.

Members who have attended the meeting and have not raised an objection on failure of receipt of the meeting notice before or at the meeting shall be deemed to have received the notice.

The content of the meeting notice shall include, but is not limited to, the way, time, place, duration, agenda, issues, attendees, date of the notice, and relevant information of the meeting.

Article 17 Meetings shall be held with more than two-thirds of the members attending the meeting. Each member shall have one vote. Resolutions adopted at the meetings shall be passed by a majority vote of all members. In the event that proposals made at the meeting cannot be effectively considered and approved due to abstain from voting by the members of the Committee, the Board of Directors shall consider and approve such proposals.

Article 18 Any member of the Committee who has an interest in any agenda item shall abstain from voting.

Article 19 Members of the Committee shall attend meetings in person and express opinions on matters under consideration. In the event that a member is unable to attend the meeting in person for any reason, the member may submit a power of attorney signed by him or her and appoint another member to attend the meeting and express opinions on his/her behalf. The power of attorney shall specify the scope and duration of authorization. Each member could be entrusted by no more than one member at one time. If any independent non-executive director member is unable to attend the meeting for any reason, he/she shall appoint another independent non-executive director member to attend on his/her behalf.

Article 20 The Committee shall vote on a show of hands or by a poll at the meetings. Each member shall have one vote, provided that any interested members shall abstain from voting.

Article 21 The person-in-charge of the legal and risk control department of the Company shall sit in on the meetings of the Committee. Secretary of the Board of Directors may be invited to sit in on the meetings of the Committee. When necessary, the Committee may invite directors, supervisors and senior management of the Company to sit in on the meeting.

Article 22 When necessary, the Committee may invite representatives of the external audit department, supervisors of the Company, internal audit personnel, financial personnel, legal adviser and other relevant officers to be in-attendance at its meetings and to provide necessary information.

Article 23 The Committee may engage intermediaries to give professional advice for its decision-making if necessary at the expenses of the Company.

Article 24 The procedures for convening the meeting, method of voting and resolutions passed at the meeting of the Committee shall comply with relevant laws, regulations, the Articles of Association of the Company and the provisions herein.

Article 25 Minutes of the meetings of the Committee shall be prepared and signed by members and others present at the meetings. Minutes of the Committee shall be kept by the legal and risk control department of the Company.

CHAPTER V SUPPLEMENTARY PROVISIONS

Article 26 Members present at a meeting of the Committee shall be obliged to keep all matters discussed at the meeting confidential, and shall not disclose any relevant information without authorization.

Article 27 For matters not covered by the Procedure Rules, they shall be executed in accordance with the requirements of relevant laws and regulations of the PRC and the Articles of Association. In case that the Procedure Rules are in conflict with the laws and regulations promulgated by the PRC in future or the Articles of Association amended through lawful procedures, the Procedure Rules shall be executed in accordance with the requirements of relevant laws and regulations of the PRC and the Articles of Association, and shall be amended immediately and reported to the Board of Directors of the Company for consideration and approval.

Article 28 The Procedure Rules shall come into effect upon approval by the Board of Directors of the Company. From the effective date of the Procedure Rules, the original Procedure Rules shall lapse automatically on the same date.

Article 29 The Board of Directors shall be responsible for the interpretation of the Procedure Rules.