



中國交通建設股份有限公司
CHINA COMMUNICATIONS CONSTRUCTION COMPANY LIMITED
(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1800)

**TERMS OF REFERENCE OF THE AUDIT AND
INTERNAL CONTROL COMMITTEE OF THE BOARD OF DIRECTORS**

(Considered and approved at the 2nd meeting of the first session of the Board of Directors on 8 October 2006, with the first time amendments made at the 4th meeting of the second session of the Board of Directors on 1 June 2010, the second time amendments made at the 11th meeting of the second session of the Board of Directors on 9 March 2011, the third time amendments made at the 19th meeting of the second session of the Board of Directors on 26 March 2012, the fourth time amendments made at the 8th meeting of the third session of the Board of Directors on 24 November 2014, the fifth time amendments made at the 43rd meeting of the fourth session of the Board of Directors on 30 December 2020.)

CHAPTER 1 GENERAL PROVISIONS

Article 1 These rules are formulated by the board of directors (the “Board”) of China Communications Construction Company Limited (the “Company”) in accordance with the Company Law of the People’s Republic of China, the Standards on Corporate Governance of Listed Companies, the Shanghai Stock Exchange’s Guidance for Operation of Audit Committee under the Board of Directors of Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association of China Communications Construction Company Limited (the “Articles of Association”) and other relevant regulations, in order to strengthen internal supervision and risk control and to regulate the audit work of the Company.

Article 2 The Board established the Audit and Internal Control Committee (the “Committee”), which shall be accountable and report to the Board. The proposals of the Committee shall be submitted to the Board for consideration and decision. The Committee shall assist the Supervisory Committee in the supervision and audit activities.

Article 3 The function of the Committee is to assist the Board to independently review the financial status and the implementation and effectiveness of risk management and internal control system of the Company, take charge of the financial compliance control of the Company's operation and management, and conduct the independent communication, supervision and verification with the internal auditor and external auditor. The Committee shall be provided with sufficient resources to ensure the effective performance of relevant duties.

CHAPTER 2 COMMITTEE COMPOSITION

Article 4 The Committee shall consist of not less than three non-executive directors, a majority of which shall be independent directors, and all members shall have professional knowledge and business experience competent for the performance of the duties of the Committee. A former partner of the external auditor which is responsible for the Company's accounts auditing should be prohibited from acting as a member of the Committee within two years from the following date (whichever is later): (1) when he/she ceases to be a partner of the external auditor; or (2) when he/she ceases to have any financial interest in the external auditor.

Article 5 Members of the Committee shall be nominated by the Chairman of the Board, elected by the Board and approved by the majority members of the Board. Where a resolution to re-elect a member is passed, the newly elected member shall assume office immediately after the conclusion of the meeting of the Board.

Article 6 The Committee shall have one chairman who shall be an independent director and shall be in charge of the operation of the Committee. The chairman of the Committee shall have related accounting or financial management expertise. The chairman of the Committee shall be nominated by the Chairman of the Board and considered and approved by the Board.

Article 7 The term of office of the Committee shall be in congruence with that of the Board. Members may be re-elected and re-appointed upon the expiry of their terms of office. If a member no longer maintains the position as a director of the Company during the term, he or she shall automatically lose the qualification as a member of the Committee.

Article 8 A member of the Committee may request to the Board to resign before expiry of his/her term of office, in which case the resignation letter shall include necessary statements on the reason of resignation and any matters that need to be brought to the attention of the Board.

Article 9 Members of the Committee are subject to adjustments during their terms, if so proposed by the Chairman of the Board and considered and passed by the Board.

Article 10 In the event that the number of members of the Committee falls below the quorum hereunder, the vacancy shall be filled up in accordance with these rules.

CHAPTER 3 DUTIES OF THE COMMITTEE

Article 11 The main duties of the Committee include:

(1) to supervise and review the work of external auditors

to make an assessment of the external auditors' performance and quality of the annual audit work, and to develop and implement policies on the engagement of an external auditor to provide non-audit services. For this purpose, external auditor shall include any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally. The Committee shall report to the Board on any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

1. to evaluate external auditors' independence and professionalism, particularly the influence of non-audit services provided by an external auditor on its independence.

to evaluate the performance of the external auditor and monitor its independence and objectivity as well as the effectiveness of procedures, quality and results of the engagement.

2. to make recommendations to the Board on the appointment and change of the external auditors.

to make recommendations to the Board on the appointment, reappointment and removal of the external auditor and dealing with any questions arising from the resignation or dismissal of that auditor, and to approve the engagement contract with the external auditor and relevant auditing expenses incurred.

3. to review the auditing fees and engagement terms of the external auditors.

4. to discuss and communicate with the external auditors on audit nature, audit scope, audit plan, audit method and major matters found in the audit.

5. to supervise and evaluate whether external auditors have fulfilled their duties diligently.

The Committee shall at least meet with external auditors for separate communication once a year without the attendance of the management. The Secretary of the Board may attend the meeting as an observer.

(2) to guide the internal audit work

1. to review the annual internal audit plan of the Company.
2. to supervise the implementation of the internal auditing plan of the Company.
3. to review the internal audit reports, evaluate the results of internal audit and supervise the rectification of material matters.
4. to guide and supervise effective operation of the internal audit department.
5. to ensure enough source and appropriate position for the functioning of the internal audit department in the Company.
6. to make recommendations for the appointment and removal of the head of internal auditing function of the Company.

The internal audit department of the Company must report to the Committee. Various audit reports and the plan and results of rectification for audit issues submitted to the management by the internal audit department shall be submitted to the Committee at the same time.

(3) to review and give opinions on the financial reports of the Company

1. to review the Company's finance 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 material accounting errors, changes in significant accounting policies and estimates, issues involving significant accounting judgments, and matters resulting in a failure to receive standard unqualified opinion audit reports.

In this regard, in reviewing the relevant statements and reports before submission to the Board, the Committee shall focus particularly on:

- (1) any changes in the accounting policies and practices;
- (2) major judgmental areas;
- (3) significant adjustments resulting from audit;

- (4) review of the reasonableness and qualified opinion of significant accounting assumptions (including going concern) and judgments;
 - (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.

In regard to item 3 mentioned above, members of the Committee must liaise with the Board, senior management and qualified accountant of the Company. The Committee must meet, at least twice a year, with the Company's auditors; and the Committee shall consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters that have been raised by the Company's qualified accountant, compliance officer or auditors.

- (4) to evaluate the effectiveness of internal control, and review and monitor the effectiveness of the financial reporting system, internal control system and risk management system of the Company, including:
 1. to review and examine the Company's financial controls, internal control and risk management systems, and to evaluate the adequacy of the internal control system;

to discuss the internal control system with the management to ensure that the management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.
 2. to review the self-evaluation reports on internal control.
 3. To control and conduct daily management of the connected transactions of the Company in accordance with relevant laws and regulations and the Company's regulations on connected transactions, including confirming the Company's list of connected persons and reporting to the Board and the Supervisory Committee, and to perform an audit on major connected transactions, provide written opinions, submit such opinions to the Board for consideration and report to the Supervisory Committee. The Committee may engage an independent financial advisor to issue a report as a basis for its judgment.

4. to review the internal control audit reports issued by external auditors, as well as the matters and improvement measures formulated after communication with the external auditors.

to review the management letters from external auditor in relation to audit engagement, any queries raised by the auditor about accounting records, financial accounts or monitoring systems and the management's response; to ensure that the Board will respond in a timely manner to the issues raised in the management letter from the external auditor.

5. to evaluate the internal control assessment and audit results, and supervise the rectification of deficiencies in internal control.

to consider major investigations findings on internal control matters and the management's response to these findings on its own initiative or as delegated by the Board.

6. where an internal audit function exists, to ensure co-ordination between the internal and external auditors; to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company; and to review and monitor its effectiveness.

7. to review the following arrangements made by the Company: employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Committee shall ensure that proper arrangements are in place for fair and independent investigation of the matters and for appropriate follow-up action.

8. to report to the Board on the matters set out herein.

- (5) to coordinate communications among the management, internal audit department and relevant departments, and the external auditors, including:

1. to coordinate communications between the management and external auditors on material audit matters;
2. to coordinate communications between the internal audit department and external auditors and cooperation provided by the internal audit department for external audit;

3. to act as the key representative for overseeing the relationship between the Company and external auditors.
- (6) The duties and authorities under the Corporate Governance Code formulated by The Stock Exchange of Hong Kong Limited.
- (7) other matters as authorised by the Board of the Company and involved in relevant laws and regulations.

Article 12 The Committee shall report and make recommendations to the Board on the necessary measures to be adopted and matters to be improved.

Article 13 Where the Company proposes to engage or change external auditors, the Committee shall form its review opinion on such matter and submit it to the Board before the Board may consider the relevant proposals.

Where the Board disagrees with the Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Company shall include in the Corporate Governance Report a statement from the Committee explaining its recommendation and also the reasons why the Board has taken a different view.

Article 14 The duties of the chairman of the Committee include:

- (1) to convene and chair the meetings of the Committee;
- (2) to supervise and examine the operations of the Committee;
- (3) to sign on relevant documents of the Committee;
- (4) to report to the Board on the operations of the Committee;
- (5) other duties as requested by the Board.

When the chairman of the Committee fails or refuses to perform the duties, an independent director shall be designated to perform the duties instead.

Article 15 The work unit of the Committee is responsible for preliminary preparations and providing the following information of the Company in writing for the Committee to make decisions:

- (1) relevant financial reports of the Company;
- (2) work reports of internal and external auditors;
- (3) the contract with external auditor and the relevant work reports;
- (4) public information disclosure of the Company;
- (5) audit reports on major connected transactions of the Company;
- (6) relevant reports of the internal control of the Company;
- (7) other relevant matters.

Article 16 The Committee shall review the reports provided by its work team at its meetings and submit the relevant written resolutions to the Board for discussion:

- (1) work appraisal on external auditors, and the engagement and replacement of external auditors;
- (2) report on whether the internal audit system of the Company has been effectively implemented and whether the financial reports of the Company are complete and accurate;
- (3) report on whether the information disclosed publicly by the Company, including financial reports, is objective and accurate, and whether the Company's major connected transactions are in compliance with relevant laws and regulations;
- (4) work appraisal on the internal financial department and audit department, including their persons-in-charge;
- (5) evaluation on the effectiveness of the Company's internal control and audit opinion;
- (6) other relevant matters.

CHAPTER 4 MEETINGS OF THE COMMITTEE

Article 17 Meetings of the Committee comprise regular meetings and extraordinary meetings. Regular meeting shall be convened at least four times a year, with a notice in writing despatched to all members 7 days prior to the meeting. The meeting shall be chaired by chairman of the Committee.

An extraordinary meeting shall be convened, with a notice despatched to all members 3 days prior to the meeting, within 7 days upon occurrence of any of the following circumstances:

- (1) whenever the Board deems necessary;
- (2) whenever the chairman of the Committee deems necessary;
- (3) when proposed by two or more members of the Committee.

Article 18 The Board Office is responsible for notices and affairs of the meetings of the Committee. The notice of meeting shall specify the time, place, session, agenda and topics of the meeting, time issuing the notice, etc.

Article 19 Upon reception of the notice of meeting, members of the Committee shall give confirmation and provide relevant information (including but not limited to the availability of presence, schedule, etc.) in a timely and appropriate manner.

Article 20 The quorum of the meetings of the Committee shall be all of its members.

Members should be present in person at the meetings (physically attending or through teleconferences). A member unable to be present in person may appoint another member of the Committee by the power of attorney as duly signed to attend and exercise relevant duties and powers at the meeting on his/her behalf. The power of attorney shall specify the names of the principal and the proxy, the scope, authority and validity period of authorizations, etc. Each member of the Committee may act as the proxy of only another member. If a member who is an independent director cannot attend a meeting for any reason, he/she shall authorise another member who is an independent director to attend the meeting.

Article 21 A member failing to attend a meeting of the Committee in person without justifiable reasons for three times in succession shall be deemed as incapable of performing the duties for a member of the Committee, and is subject to replacement by the Board in accordance with these rules.

CHAPTER 5 PROCEDURES OF MEETINGS

Article 22 Each member of the Committee shall have one ballot for voting. Resolutions of the meetings shall be passed by a majority of all members.

Article 23 Any member of the Committee who has interests in any agenda item shall abstain from the meeting. In the event that an effective review opinion cannot be reached due to the abstention by the members of Committee, the Board shall proceed to review and approve related issues.

Article 24 Regular meetings of the Committee shall be held in the form of on-site meeting, where voting shall be made by a show of hands or by poll; and extraordinary meetings may also be held by telecommunication or through written proposals to be considered respectively.

Article 25 The Secretary of the Board shall attend meetings of the Committee as non-voting participants; and other directors, supervisors and senior management members of the Company may be invited as non-voting participants when necessary.

Article 26 If necessary, the Committee may engage intermediary agencies to provide professional advice for its decision-making and shall sign a confidentiality agreement, and the reasonable expense thereof shall be borne by the Company. The Committee may invite the representatives of external auditors, supervisors of listed companies, internal audit officers, financial officers, legal adviser and other relevant officers to be in-attendance at its meetings and to provide necessary information.

Article 27 The convening procedures and voting method of the meetings of the Committee and the resolutions passed thereat shall be in compliance with the relevant laws, regulations, the Articles of Association and these rules.

Article 28 Minutes shall be kept for the meetings of the Committee, bearing signatures of the members and other persons present at the meetings, and shall be kept by the Board Office. The draft and final versions of the meeting minutes of the Committee shall be delivered within a reasonable period of time after the meeting to all members of the Committee, for their comment and inspection respectively.

Article 29 Resolutions and voting results of the meetings of the Committee shall be reported to the Board in written form. In case that it is difficult to reach an agreement on a proposal, the different opinions shall be submitted to the Board with explanations.

Article 30 All members present at the meeting are obligated to keep confidentiality of the matters considered at the meeting, and shall not disclose the relevant information without authorization.

CHAPTER 6 WORK UNIT OF THE COMMITTEE

Article 31 The Company shall establish a work team for the Committee (the “**Work Team of the Committee**”) as its work unit to provide supports and services, and undertake relevant engagements of the Committee.

Article 32 The head of the Work Team of the Committee shall be a senior management member in charge of finance and audit function of the Company, and the team members shall consist of department heads of Finance & Treasury Department, Board Office, Legal Risk Control Department, Auditing Department, etc., with the Finance & Treasury Department as the leading department.

Article 33 The Work Team of the Committee shall formulate the work rules and procedures for its services to the Committee, and submit the same to the Board for filing.

CHAPTER 7 INFORMATION DISCLOSURE

Article 34 The Company shall disclose the information on the members of the Committee, including the composition of members, their professional backgrounds and their working experiences for the past five years, as well as the changes in the members of the Committee.

Article 35 The Company shall also disclose the annual performance of duties of the Committee on the website of the stock exchange where the Company’s shares are listed when publishing its annual report, primarily including its performance of duties and the convening of meetings by the Committee.

Article 36 The Board Office shall be timely notified and the Company shall timely disclose the material issues identified in the performance of duties of the Committee and the rectifications thereon if such issues are required to be disclosed under the information disclosure standards set out on the website of the stock exchange where the Company’s shares are listed.

Article 37 If the Committee gives its opinions to the Board of the Company within the scope of its duties and those opinions are not taken by the Board, the Company shall disclose such issues with adequate justifications.

Article 38 The Company shall disclose the special opinions issued by the Committee on the significant issues of the Company in accordance with the relevant requirements of laws, administrative regulations, departmental rules, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and other relevant regulatory documents.

CHAPTER 8 SUPPLEMENTARY PROVISIONS

Article 39 Unless otherwise specified, terms used herein shall have the same meaning ascribed thereto under the Articles of Association.

Article 40 These rules and any amendments thereto shall be implemented on the date of the approval by the Board.

Article 41 The matters not covered by these rules shall be governed by the relevant laws and regulations of the PRC, the rules of securities regulatory authorities and the Stock Exchange and the Articles of Association. In case of any discrepancy between these rules and any of the laws and regulations of the PRC or the rules of securities regulatory authorities and the Stock Exchange promulgated in future or the Articles of Association as amended through valid procedures, the latter shall prevail and these rules shall be revised as soon as possible, and be considered and approved by the Board.

Article 42 These rules shall be interpreted by the Board.