Important Note: The following is an English translation of the Chinese version of the Terms of Reference of the Audit and Risk Management Committee of the Board of Directors of CRCC High-Tech Equipment Corporation Limited. In case of any discrepancies or inconsistencies between the Chinese version and the English version, the Chinese version shall always prevail.

CRCC High-Tech Equipment Corporation Limited (the "Company") Terms of Reference of the Audit and Risk Management Committee of the Board of Directors (the "Committee")

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to improve the decision-making procedures of the board of Directors of the Company (hereinafter referred to as the "Board"), and fully safeguard the legal interests of the Company and its shareholders, the Company has formulated these terms of reference in accordance with the PRC Company Law (中華人民共和國公司法), the Standards on Corporate Governance of Listed Companies (上市公司治理準則) issued by the China Securities Regulatory Commission, the Rules (hereinafter referred to as the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Stock Exchange"), the Articles of Association of the Company (hereinafter referred to as the "Articles") and other relevant rules.

Article 2 The Committee is established by the Board and shall report to the Board.

Article 3 The Committee is mainly responsible for proposition of the engagement and replacement of the Company's external audit firm; supervision of the Company's internal audit system; liaison, supervision and inspection of the Company's internal and external audit; review of financial information and the disclosure thereof; review of the risk management and internal control system; formulation of the Company's risk management strategies and solutions; risk control, management, supervision and assessment of major decision-makings, important events, and key business procedures, and etc..

CHAPTER 2 COMPOSITION AND ORGANIZATION OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

Article 4 The Committee shall be composed of three non-executive Directors, the majority of whom shall be independent non-executive Directors and at least one of whom shall possess appropriate professional qualifications or appropriate accounting or relevant financial management expertise. The Committee shall have one convener, who shall be an independent non-executive director. The candidates for the members and convener shall be proposed by the Chairman of the Board after discussion with relevant Directors subject to consideration and approval by the Board.

Article 5 The powers and duties of the convener of the Committee are as follows:

(1) to be in charge of the work of the Committee;

(2) to convene and preside over regular and extraordinary meetings of the Committee;

(3) to supervise and review the execution of the resolutions at meetings of the Committee;

(4) to execute material documentation of the Committee;

(5) to report to the Board of the Company regularly of its duties;

(6) other powers and duties provided by the Board.

Article 6 The terms of office of the members of the Committee shall be the same as that of their directorship. Members of the Committee may be re-elected or re-appointed at the expiry of their terms of office.

No members shall, before the expiration of his/her term of office, be removed from office without reason except for the circumstances that require dismissal as stipulated by laws and regulations, the Articles or these terms of reference.

If any member ceases to be a Director of the Company before the expiry of his/her term of office, he/she shall be automatically disqualified from acting as a committee member, and such vacancy shall be filled by the Board pursuant to Article 4 above.

Any change in the membership of the Committee which involves changes in the Board member shall be approved on a general meeting in accordance with the procedures as required in the Articles and announced in accordance with the regulatory requirements.

Article 7 A member of the Committee may concurrently serve as a member of other committees under the Board, provided that such member is capable of concurrently perform such duties.

Article 8 A former partner of the Company's existing auditing firm should be prohibited from acting as a member of the Committee for a period of two years from the date of his/her ceasing:

(1) to be a partner of the accounting firm; or

(2) to have any financial interest in the accounting firm,

whichever is later.

Article 9 The working body of the Committee is the department responsible for audit and risk control of the Company. The working body is responsible for such daily work as preparing meeting notice, meeting documents, conducting daily contacts with the convener of the Committee, preparing and reporting meeting minutes and meeting resolutions. The working body of the Board is responsible for the specific work including issuing meeting notices, keeping meeting minutes and meeting resolution, jointly preparing for and organizing meetings with the working body of Audit and Risk Management Committee. The Secretary of the Board is responsible for coordinating the work among the Committee, the working body of the Committee, and the working body of the Board and presenting at the meeting of the Committee.

CHAPTER 3 DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

Article 10 The Committee shall, on behalf of the Board, independently assess and supervise the compliance, legality and effectiveness of the Company's economic activities. It shall exercise the powers and functions of the supervisory committee as prescribed in the Company Law, as well as those stipulated in the Listing Rules.

The Committee is responsible for reviewing the Company's financial information and its disclosure, supervising and assessing internal and external audits and internal controls. The following matters shall be submitted to the Board for consideration only after being approved by more than half of all members of the Committee:

(1) to provide recommendations to the Board on the engagement, renewal of the engagement or dismissal of an external audit firm, to approve the remuneration and engagement terms of the external audit firm, and to deal with any issues relating to the resignation or the dismissal of the external audit firm;

(2) to review and monitor whether the external audit firm is independent and objective and whether the audit procedure is effective, and, before the commencement of the audit work, to discuss with the audit firm in advance such relevant issues as the nature and scope of the audit, and relevant reporting responsibilities;

(3) to formulate and implement policies on the non-audit services provided by the external audit firm, and to report and make recommendations to the Board on any matters where action or improvement is needed;

(4) to serve as the key representative body for overseeing the Company's relations with the external audit firm;

(5) to examine and monitor the completeness of the Company's financial statements, annual reports, interim reports and quarterly reports, and to review the major opinions on financial reporting contained in the statements and reports; when the Committee submits its review reports to with respect to these statements and reports to the Board, it shall pay special attention on the following matters:

    (i) any changes in accounting policies and practices;

    (ii) areas that involve material decisions;

    (iii) material adjustments made as the result of an audit;

    (iv) assumptions on the enterprise as a going concern and any qualified opinions;

    (v) whether the accounting standards have been complied with; and

    (vi) whether the Listing Rules and laws on financial reporting have been complied with;

(6) with respect to item (5) above:

    (i) members of the Committee shall liaise with the Board and senior management of the Company and the audit firm engaged by the Company and the Committee shall convene meetings with the Company's independent external audit firm at least twice a year;

    (ii) the Committee shall consider any significant or unusual items which 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 accountant, financial personnel, internal auditor, or the supervision personnel, or the audit firm engaged;

(7) to examine the Company's financial monitoring, risk management and internal control systems;

(8) to discuss the risk management and internal control systems with the management in order to ensure that the management has performed its duty of establishing effective systems; this discussion shall include the adequacy of the resources, staff qualifications and experience, and whether the training programmes budget of the Company's accounting and financial reporting function; to oversee the effective implementation and self-evaluation of internal control and coordinate with the internal control audit as well as other related matters;

(9) on its own initiative or as assigned by the Board, to consider material results of investigations of the risk management and internal control matters and the feedback thereon by management to such results;

(10) to be responsible for the liaison between the internal audit department and the external audit firm, so as to ensure coordination of their work; to ensure that the internal audit department has sufficient resources for its operations and ensure that the internal audit department has the appropriate position in the Company; and to examine and monitor whether the internal audit is effective;

(11) to examine the Company's financial and accounting policies and practice;

(12) to examine the Letters of Explanation of Review Matters submitted to management by the external audit firm, any major queries with respect to the accounting records, financial accounts or monitoring system raised to management by the external audit firm and the responses given thereto by management;

(13) to ensure that the Board timely gives feedback on the matters raised by the external audit firm in its audit reports;

(14) to review arrangements staff of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, risk management, internal control or other matters; the Committee should ensure that proper arrangements are in place for fair and independent investigations of these matters and for appropriate follow-up actions;

(15) disclosure of financial information in financial accounting reports and periodic reports, as well as the internal control evaluation report;

(16) engagement or dismissal of the accounting firm responsible for the Company's audit;

(17) appointment or dismissal of the chief financial officer of the Company;

(18) changes to accounting policies or accounting estimates, or correction of material accounting errors, for reasons other than changes in accounting standards;

(19) other matters as required by laws, administrative regulations, the CSRC, the Listing Rules and the Articles.

Article 11 The Committee shall examine and supervise the independence of the external audit firm in accordance with the procedures below:

(1) study all the relationships between the Company and the audit firm (including non-audit services);

(2) seek information from the audit firm every year, and get to know the policies and procedures adopted by the audit firm for keeping its independence and with respect to the implementation of relevant supervision rules, including the rules on replacement of the partner and staff of the audit firm;

(3) meet the external audit firm without the presence of the management at least once a year to discuss the matters related to audit expenses, any matters incurred due to the audit work and other matters proposed by the audit firm.

Article 12 The Committee shall be accountable to the Board. The motions raised by the Committee shall be submitted for the review and approval by the Board, unless otherwise authorized by the Board.

Article 13 The Company shall provide necessary funds and other resources to the Committee for performing its duties. These funds and other resources shall be used for:

(1) the remuneration of the external firm for the provision of such services as financial audit, examination or verification;

(2) all expenses necessary for the Committee to engage external professional consultant;

(3) necessary or proper administrative expenses for the Committee to perform its duties.

Article 14 In performing its duties under Article 10, the Committee has no obligation to plan and implement audit activities or to ensure the Company's financial reports are complete and accurate or for preparation of the financial reports. The management of the Company shall be responsible for the preparation of the financial reports whereas the accounting firm shall be responsible for the audit of the Company's financial reports.

Article 15 The Committee shall respond to the invitation by the Chairman of the Board and have the convener of the Committee (or, where the convener is unable to be present, another member or his or her authorized representative) attend each annual general meeting and answer questions raised thereon.

Article 16 The Committee shall make available these terms of reference, explaining its role and the authority delegated to it by the Board by including them on the Company's website and Stock Exchange's website according to the Listing Rules.

CHAPTER 4 RULES FOR ANNUAL REPORTING

Article 17 Before the commencement of auditing annual financial reports, the Committee shall consult the accounting firm responsible for auditing and agree with it on the timeframe for auditing financial reports of the Company for the current year.

The Committee shall supervise the accounting firm to submit its audit report within the agreed time period, and record in writing the manner and frequency of making such supervision and also the result of such supervision; this record shall be signed by the relevant responsible officer for confirmation.

Article 18 The Committee shall, before the certified public accountant is engaged to audit the annual report of the Company (the "Annual Auditor") commence its auditing assignment, review and form its opinion in writing on the financial report prepared by the Company. The Committee shall, after the Annual Auditor commences its auditing assignment, communicate with the Annual Auditor. After the preliminary audit opinion is issued by the Annual Auditor, review the financial report of the Company and form its opinion in writing.

Article 19 The Committee shall vote and reach a decision on the annual financial report, and submit the decision to the Board for review and approval. The Committee shall also submit to the Board a summary report on the audit work done by the accounting firm, and its decision on the renewal or replacement of accounting firm for the new financial year. The documents prepared by the Committee shall be disclosed in the annual report of the Company in accordance with relevant requirements.

CHAPTER 5 MEETINGS OF THE COMMITTEE

Article 20 The working body of the Committee and relevant operational departments of the Company are responsible for the preparatory work in relation to the decision-making of the Committee and to provide the Committee with the following written materials:

(1) annual auditing plan of the Company;

(2) relevant financial reports of the Company;

(3) work reports of internal auditing body of the Company;

(4) contracts of external audit and relevant work reports;

(5) annual risk management report of the Company;

(6) evaluation report on material risks and decision-making process;

(7) comprehensive report on supervision, assessment and audit of risk management of the Company;

(8) other materials.

Article 21 The Committee shall evaluate and discuss the reports submitted by the working body and relevant operational departments pursuant to Article 20 of this terms of reference, and shall submit its relevant written resolutions to the Board for consideration.

Article 22 Meetings of the Committee can be classified into regular meetings and extraordinary meetings.

The Committee shall hold at least one regular meeting every six months.

The Committee shall hold an extraordinary meeting if proposed by two or more members of the Committee and the convener of the Committee, or as external audit firm deemed necessary.

Article 23 The Committee shall give a notice of the meeting stating the date and venue of the meeting, form of meeting, reason and proposed resolution, convener and chairperson of the meeting to all members of the Committee three days prior to the convening of a meeting by phone, e-mail, or fax, and the relevant information shall be submitted to each member.

Article 24 A meeting of the Committee shall be presided over by the convener or if he/she is unable to attend, another member (independent non-executive Director) of the Committee designated by him/her.

Article 25 A meeting of the Committee shall not be held unless attended by two-thirds or more of its members.

Members of the Committee shall attend the meeting in person or in a manner of teleconference or by aid of similar communication equipment. If the member is unable to attend the meeting for certain reason, he/she may authorize another Committee Member in writing to attend the meeting on his/her behalf. The power of attorney shall set forth the scope of authorization.

Article 26 If a meeting of the Committee is held, the Committee may invite the Company's Directors, the general manager, and other senior management members to sit in on the meeting when necessary.

If necessary, the Committee may also invite the intermediaries to attend the meeting and provide professional opinions on its decision-makings, and shall sign a confidentiality agreement with them. All the expenses caused thereby shall be borne by the Company.

Article 27 Voting at the Committee's meetings shall be by poll or by a show of hands and each member shall have one vote. The resolutions adopted at the meetings shall be effective only when being approved by more than half of all members.

Article 28 A meeting of the Committee may be held by way of written resolutions. Written resolutions shall be dispatched by facsimile, courier or by hand or otherwise to all members, and shall be returned in original copies to the Company for filing after deliberation by the members. A proposal signed by consenting members satisfying the threshold hereunder shall become an effective resolution of the Committee.

Article 29 Resolutions passed at the meeting of the Committee and any vote results shall be reported to the Board in writing.

Article 30 Members attending and sitting in on the meeting of the Committee shall undertake confidentiality obligations for all items discussed at the meeting and shall not disclose the relevant information.

Article 31 There shall be complete minutes of the meeting of the Committee. Members attending the meetings shall sign the minutes. The meeting minutes shall be kept by the working body of the Board and made available for inspection by directors at any time.

The first draft of the meeting minutes of the Committee shall be submitted to all members for review as soon as possible and members shall provide written amendment suggestions. The final draft of the meeting minutes shall be finished within a reasonable time after the meetings and shall be sent to all the members for record.

Article 32 Where the Board disagrees with the Committee's view on the engagement, renewal or dismissal of the external audit firm, the Company should include in the Corporate Governance Report a statement from the Committee explaining its recommendation and also the reason(s) why the Board has taken a different view.

CHAPTER 6 THE SUPERVISION AND ASSESSMENT SYSTEM OVER THE COMMITTEE BY THE BOARD

Article 33 The Committee is supervised by the Board which would assess the work of the Committee at the end of each year.

The criteria of assessment mainly include:

(1) whether the terms of reference satisfy the requirements of the laws and regulations and regulatory requirements;

(2) whether the members of the Committee are independent of the management of the Company;

(3) whether each member has the legal qualification, appropriate professional capabilities and experience for taking office;

(4) whether each member fully understands and performs his/her duties;

(5) whether the Committee communicate with the financial department, internal audit department, internal control department, risk management department of the Company and external audit firm regularly and gather sufficient information;

(6) whether the Committee respond to the questions raised by internal audit department, internal control department, risk management department and external audit firm.

Article 34 The Committee shall submit the annual work report to the Board within four months from the end of each accounting year.

CHAPTER 7 SUPPLEMENTARY PROVISIONS

Article 35 The Directors as referred in the terms of reference shall refer to all members of the Board; the members of senior management as referred herein shall refer to the general manager, assistant general manager, chief accountant, chief engineer, chief economist and Secretary of the Board as engaged by the Board.

Article 36 Any matters not covered by these terms of reference or in the event that these terms of reference are inconsistent with the PRC laws and regulations, listing rules of the place where the shares of the Company are listed or the Articles as promulgated or amended after these terms of reference become effective, such laws, regulations, listing rules of the place where the shares of the Company are listed or the Articles formulated or revised through legal procedures shall prevail and these term of reference shall be amended forthwith and submitted to the Board for approval.

Article 37 These terms of reference shall become effective from the date of approval by the Board of the Company, and the same shall apply to any amendments thereto.

Article 38 Interpretation of these terms of reference shall be vested in the Board of the Company.