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. In case of any discrepancies or inconsistencies, the Chinese version shall always prevail.

AviChina Industry &Technology Company Limited*

Terms of Reference of the Audit and Risk Management Committee of the Board

Chapter I General Provisions

Article 1 According to the Company Law of the People's Republic of China (the " Company Law "), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "SEHK"), the Guide for the Effective Audit Committee issued by the Hong Kong Institute of Certified Public, the Articles of Association of AviChina Industry & Technology Company Limited* (the "Articles of Association") and other applicable laws, regulations, rules and relevant guidelines of the place of incorporation of the Company and the place where its securities are listed, the Board of Directors of AviChina Industry & Technology Company Limited (the "Company" and together with its subsidiaries, "the Group") has decided to establish an Audit and Risk Management Committee (the "Audit and Risk Management Committee") and formulate these terms of reference.

Article 2 The Audit and Risk Management Committee is a professional operating sub-committee of the Board, which shall report to the Board. It assists the Board and independently monitors the financial operation, audit procedures and the risk management operation of the Company, assesses and monitors the effectiveness of the internal control and risk management system of the Company on an ongoing basis, communicate, monitor and review both the internal and external audit work, maintains effective communication with the senior management, financial department, internal audit institution, internal control institution and external auditors of the Company, so as to ensure that the Company has established and maintained appropriate and effective risk management and internal control systems; and shall concurrently exercise the functions and powers of the Board of Supervisors prescribed by the Company Law.

Article 3 Members of the Audit and Risk Management Committee and other persons attending the meeting of the Audit and Risk Management Committee should be responsible to maintain confidentiality with respect to the meeting details and the information of the Company (including but not limited to results, operational information, prices, capability and technical specifications of the products, and resolutions of the meeting) and shall not disclose such information to the third parties outside the Company, unless such disclosure has been approved by the Board or is required by the laws, regulations, or the authorities and agencies.

Chapter 2 Composition, Tenure and Resignation

Article 4 , The Audit and Risk Management Committee shall consist of not fewer than three members (exclusive of the given figure) , all of whom shall be Non-executive Directors, and Independent Non-executive Directors shall form a majority of the committee members. The members of the Audit and Risk Management Committee shall be directors who do not hold any senior management positions in the Company, including at least one independent non-executive director who has appropriate professional qualifications or accounting or related financial management expertise pursuant to Rule 3.10(2) of the Listing Rules. The Board shall alter the composition of the Audit and Risk Management Committee in accordance with the Listing Rules and/or any new requirements issued by any other regulatory authorities.

Article 5 The Audit and Risk Management Committee shall have one chairman (convener), who shall be an independent non-executive director with professional accounting qualifications and elected by the Board at a plenary meeting of the Board, and who is responsible for guiding the work of the Audit and Risk Management Committee.

Article 6 The Audit and Risk Management Committee shall have one secretary to the committee who is appointed by the committee and responsible for preparing the meetings of Audit and Risk Management Committee and coordinating the liaison work.

Article 7 A former partner of the Company's existing auditing firm should be prohibited from acting as a member of the Audit and Risk Management Committee for a period of two years from the later of the following dates:

(1) the date of cessation as a partner of the auditing firm; or

(2) the date of cessation of his financial interest entitlement in the auditing firm.

Article 8 Members of the Audit and Risk Management Committee shall be nominated by the chairman of the Board or jointly nominated by more than one third of the members of the Board, and shall be appointed or dismissed by more than half of all members of the Board. The term of the Audit and Risk Management Committee shall be in line with the term of the Board, and members are eligible for re-election after the expiration of the term. The rotation of the members of the Audit and Risk Management Committee shall have intervals so as to avoid the situation that all members are replaced simultaneously. During the term, if a member is no longer a director of the Company, his membership of the Audit and Risk Management Committee shall be automatically terminated and no separate dismissal procedures are required. If the number of the members of the Audit and Risk Management Committee falls below the minimum requirements as a result of such automatic resignation, the resignation shall not come into effect until a new member is appointed to perform his duties. Upon the expiry of the term of members of the Audit and Risk Management Committee and re-election is not carried out in a timely manner, the original members shall continue to perform their duties as members in accordance

with applicable laws, regulations and the Articles of Association until the newly elected members take office.

Article 9 Any member of the Audit and Risk Management Committee proposing a resignation during his term shall submit a written resignation letter providing detailed reasons to the chairman of the Board at least three months in advance of his proposed resignation. The resignation will come into effect upon the approval of the Board. If the number of the members of the Audit and Risk Management Committee falls below the minimum requirements as a result of such resignation, the resignation shall not come into effect until a new member is appointed to perform his duties.

Chapter 3 Terms of Reference

Article 10 The Audit and Risk Management Committee mainly assists the Board for performing duties in the risk management and internal control, including evaluating and determining the nature and extent of the risks the Company is willing to take in achieving the Company's strategic objectives, overseeing management in the design and implementation of the risk management and internal control systems, so as to ensure the effectiveness of the risk management and internal control systems and in compliance with the Listing Rules and responsibilities (including the responsibilities to publish the financial results) stipulated under the applicable laws and regulations, and to verify the integrity of financial statements of the Company.

Article 11 On behalf of the Board, the Audit and Risk Management Committee shall be directly responsible for selecting and monitoring the external auditors of the Company and of the responsible persons of the internal audit institution and internal control institution and assessing the independence, qualifications and performance of the external auditors. The Audit and Risk Management Committee has the power to propose, through passing a resolution, to the Board on dismissing the external auditors and the responsible persons of the internal audit institution and internal control institution. The detailed duties and authorities of the Audit and Risk Management Committee related to the Company's auditors and internal audit institution and internal control institution are set as follows:

1. to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of the resignation or removal of the external auditors;
2. to review and monitor the independence and objectivity of external auditors and the effectiveness of the audit process in accordance with the applicable standards. The Audit and Risk Management Committee shall discuss the nature and scope of the audit and reporting obligations with the auditors before the audit commences;
3. to develop and implement policy on engaging an external auditor to supply non-audit services (such "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 knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally). The Audit and Risk Management Committee should report matters to the Board, identifying and making recommendations on any matters where action or improvement is needed;

4. to act as the key representative of the Company in overseeing its relationship with the external auditors;

5. to review the establishment, functions and staff qualifications, experience and training programs of the internal audit institution and internal control institution, and to provide recommendations to the Board on the appointment, reappointment and removal of the responsible person of the internal audit institution and internal control institution; and

6. as the standing office of the Audit and Risk Management Committee, the internal audit institution is responsible for daily liaison, meeting organization and auditing and supervising the legality, compliance, accuracy, authenticity and effectiveness of the daily operation management of the Company.

Article 12 The Audit and Risk Management Committee is entitled to directly report to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so.

Article 13 The Audit and Risk Management Committee is entitled to have access to all accounts, books and records of the Company, and to require senior management to provide all information the Audit and Risk Management Committee needs to perform its duties. The details are set out as follows:

1. to monitor integrity of the Company's financial statements, annual report and accounts, interim report and quarterly report (if any) and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit and Risk Management Committee should focus particularly on:

(1) any changes in accounting policies and practices;
(2) major judgmental areas;
(3) significant adjustments resulting from the audit;
(4) assumptions of the continuing operation and any qualifications;
(5) compliance with accounting standards; and
(6) compliance with the Listing Rules and legal requirements in relation to financial reporting.

2. When the Audit and Risk Management Committee reviews the financial statements and reports of the Company:

(1) the Audit and Risk Management Committee should liaise with the Board and the senior management, and the Audit and Risk Management Committee must meet with the external auditors of the Company at least twice a year; and

(2) the Audit and Risk Management Committee should consider any significant or unusual matters that are, or may need to be, reflected in the reports and accounts, and it should give due consideration to any matters that have been proposed by the chief financial officers of the

Company's subsidiaries, the responsible persons for the internal audit institution and internal control institution, or auditors.

Article 14 The reasonable expenses incurred by the Audit and Risk Management Committee in engaging professionals such as lawyers, certified public accountants and practicing auditors in the exercise of its functions and powers shall be borne by the Company.

Article 15 The Audit and Risk Management Committee should be provided with sufficient resources to perform its duties.

Article 16 The Audit and Risk Management Committee shall ensure that the Company establishes appropriate policies and channels to enable employees and those who deal with the Company (e.g. customers and suppliers) to report or raise concerns, in confidence and anonymity, regarding possible improprieties in financial reporting, risk management, internal control or other matters, and should review the relevant arrangements from time to time. The Audit and Risk Management Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action. The Audit and Risk Management Committee are entitled to make any investigations within the scope of its duties and authorities, and to require the risk management and internal audit institution, internal control institution, and professional advisers to submit the report and attend Audit and Risk Management Committee meetings for the purpose of providing necessary information and answering questions.

Article 17 The Audit and Risk Management Committee has the right to requisition the Board to convene a shareholders' meeting if the Audit and Risk Management Committee has evidence to indicate or suspect that relevant personnel has conducted gross negligence or other significant events have occurred.

Article 18 The Audit and Risk Management Committee is entitled to consider significant investment projects of the Company.

Article 19 The senior management and any staff of the Company are required to answer any questions raised by the Audit and Risk Management Committee, and to provide detailed explanations, supporting documents or information pursuant to the requirements of the Audit and Risk Management Committee.

Article 20 The Audit and Risk Management Committee has the power to monitor the Company's financial reporting system and risk management and internal control procedures. Details are set out below:

1. to review the Company's financial controls, internal control and risk management systems on an ongoing basis; when performing the duty, the Audit and Risk Management Committee should:

(1) review the effectiveness of the Company's (including the subsidiaries of the Company) risk management and internal control systems;

(2) ensure that the review covers all material aspects, including financial, operational, compliance and risk control functions; in the annual review, the Audit and Risk Management Committee should, in particular, consider:

(i) the changes, since the last annual review, in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and external environment;

(ii) review the report prepared by the management on the effectiveness of the risk management and internal control systems, and review the scope and quality of management's ongoing monitoring of risks and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers;

(iii) the extent and frequency of communication of monitoring results to the board which enables it to assess control of the issuer and the effectiveness of risk management;

(iv) significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company's financial performance or condition; and

(v) the effectiveness of the Company's processes for financial reporting and Listing Rules compliance, including the effectiveness of the processes and internal control measures of handling and dissemination inside information;

2. To review whether the internal and external resources of the Company used for designing, implementing and monitoring the risk management and internal control systems, as well as the resources relating to the Company's environmental, social and governance (ESG) performance and reporting, are sufficient； to discuss the risk management and internal control system with management to ensure that management has performed its duties to have an effective risk management and internal control system, including ensuring the adequacy of resources, staff qualifications and experience, training programs and budget of the company's accounting and financial reporting function;

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

4.to ensure co-ordination among the internal audit institution, internal control institution and external auditors, and to ensure that the internal audit function and internal control function are adequately resourced and has appropriate standing within the company, and to review and monitor its effectiveness. For this purpose, the Audit and Risk Management Committee shall mainly monitor the following aspects:

(1) to monitor the functions, duties requirements, targets, internal audit and internal control policies and daily operation performance of the internal audit institution and internal control institution;

(2) to ensure that the internal audit institution and internal control institution can carry out analysis and independent appraisal of the adequacy and effectiveness of the risk management and internal control systems;

(3) to review the annual work plan and annual report of the internal audit institution and internal control institution;

(4) to meet and communicate regularly with the Chief Financial Officer and the responsible persons of the internal audit institution and internal control institution;

5. to review the Group's financial and accounting policies and practices;

6.to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or internal systems of control and management's response;

7.to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

8.to report to the Board on the matters in Appendix C1 - Corporate Governance Code (the "Code") under the Listing Rules (amended from time to time); and

9.to consider other topics defined by the Board.

Article 21 The Audit and Risk Management Committee has the duties of reviewing and monitoring the corporate governance of the Company as follows:

1.to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

2.to review and monitor the training and continuous professional development of directors and senior management;

3.to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements, including the procedures and internal controls for the handling and dissemination of inside information;

4.to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

5.to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

Article 22 The Audit and Risk Management Committee has other responsibilities as follows:

1.the Audit and Risk Management Committee shall attach importance to employees' advice or opinions on the Company's financial reporting, internal control, risk management, financial results and other matters, and shall ensure that fair and independently investigation, improvement and adjustment have been taken by the senior management of the Company;

2.to review the terms of reference and the efficiency of the Audit and Risk Management Committee, and to make recommendations to the Board on necessary amendments where appropriate;

3.to report to the Board matters set out in the terms of reference. If the Audit and Risk Management Committee discovers issues or areas needed to be focused on or improved in the monitoring process, it shall make recommendations to the Board on how to deal with the issues or improve the situations;

4.at the request of the chairman of the Board, the chairman of the Audit and Risk Management Committee, or in his absence, another member of the Audit and Risk Management Committee or failing this his duly appointed delegate should attend the annual general meeting and answer questions;

5. the powers and authorities stipulated in the Articles of Association (as amended from time to time), and to exercise the functions and powers of Supervisory Committee prescribed by the Company Law；

6. to assist the Board of Directors in formulating policies and systems to promote and uphold anti-corruption laws and regulations; and

7. relevant requirements on the terms of reference of the Audit and Risk Management Committee under the Code.

Article 23 Where the Board disagrees with the Audit and Risk Management Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Company shall include a statement from the Audit and Risk Management Committee explaining its recommendation and also the reason(s) why the Board has taken a different view in the Corporate Governance Report.

Article 24 The Audit and Risk Management Committee should make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on the Company's web site and the SEHK's website.

Chapter IV Rules of Procedure

Article 25 The Audit and Risk Management Committee shall hold meetings at least twice a year, which should be held before the respective Board meetings to consider the Company's interim and annual results for the year respectively. It may convene extraordinary meetings as required. In addition, the Audit and Risk Management Committee should at least convene an extraordinary meeting with the external auditors and the responsible person of the internal audit institution and internal control institution at least once a year without the attendance of the executive directors and other Company senior management in the meeting.

Article 26 The meetings of the Audit and Risk Management Committee shall be convened by the chairman or two or more members. The meetings shall be chaired by the chairman or an independent non-executive director. The quorum for the meetings of the Audit and Risk Management Committee to resolve any matters should be three, out of which two shall be independent non-executive directors.

Article 27 Unless a unanimous consent from all members is obtained, notice of every meeting of the Audit and Risk Management Committee must be delivered five days in advance of the meeting. Such notice can be sent by fax or mail. Meeting notice must specify the time, venue and agenda of the meeting. The relevant meeting documents should be submitted to the members for review at least three days prior to the date of the meeting.

Article 28 All Audit and Risk Management Committee members are entitled to propose matters to be discussed at an Audit and Risk Management Committee meeting at any time. Each of the chairman and secretary of the Audit and Risk Management Committee is equally responsible to ensure that matters proposed by every member for discussion have been properly included in the agenda of the meeting in a timely manner.

Article 29 Unless otherwise required by the Audit and Risk Management Committee, the following persons shall attend all meetings of the Audit and Risk Management Committee: the external auditors, the responsible persons of the internal audit institution and internal control institution, the secretary to the Board, Chief Financial Officer, chief compliance officer, and the other persons invited by the Audit and Risk Management Committee. Other directors may attend Audit and Risk Management Committee meetings (except for the extraordinary meeting), but only the Audit and Risk Management Committee members are entitled to vote at the meeting.

Article 30 The resolutions in the Audit and Risk Management Committee meetings shall be passed by more than one half of the members. The resolutions can also be passed by way of written resolutions. Members who are unable to attend the meeting may appoint other members to attend and vote in the meeting on their behalf, and may alternatively provide their opinion or vote through writing or other communication means. Meetings can be attended in person, by telephone or other communication means. The Audit and Risk Management Committee members shall vote by poll or by show of hands and each member shall have one vote.

Article 31 Where an Audit and Risk Management Committee meeting is to be held in written form or through other communication means, the resolutions to be discussed in the meeting shall be submitted to the members in advance within a reasonable time for members to review and consider.

Article 32 Minutes of Audit and Risk Management Committee meetings should record sufficient details of the matters considered at the meeting and the decisions reached, including any concerns raised by members or dissenting views expressed. Full minutes of the Audit and Risk Management Committee meetings should be kept by a duly appointed secretary of the meeting. Draft and final versions of minutes of the meetings should be sent to all Committee members for their comment and records within a reasonable time after the meeting.

Article 33 Resolutions and minutes of the Audit and Risk Management Committee meetings are valid only in writing upon signing by the members present.

Article 34 All minutes of the Audit and Risk Management Committee meetings should be sent to all members. It can also be sent to directors after approved by the Audit and Risk Management Committee.

Article 35 Relevant departments of the Company should make preparation for the work of the Audit and Risk Management Committee, and provide written materials in respect of risk management and internal control, including but not limited to:

1. a report prepared by the management on analysis, plan and summary of the risk management and internal control systems, and confirmation provided by the management on effectiveness of the risk management and internal control systems;
2. a work report prepared by the internal control institution, covering analysis of the effectiveness and adequacy of the risk management and internal systems; and

3. a report prepared by the financial department on the effectiveness of the financial reporting processes, and a report prepared by the compliance department on the compliance matters, including the effectiveness of the procedures and internal controls for handling and dissemination of the inside information.

Article 36 The Audit and Risk Management Committee shall annually submit a detailed working report in writing to the Board.

Chapter V Supplementary Provisions

Article 37 These terms of reference shall be effective upon the approval by the Board.

Article 38 For those matters not covered in these terms, the applicable laws, regulations, the Listing Rules and the Articles of Association shall apply. The terms can be amended pursuant to the applicable laws, regulations and the Articles of Association (as amended from time to time) and upon the approval by the Board.

Article 39 The right to interpret and modify these terms shall belong to the Board.