

Important Note: The following is an English translation of the Chinese version of the Terms of Reference of the Remuneration and Evaluation Committee of the Board of Directors of CRRC Corporation Limited. In case of any discrepancies or inconsistencies between the Chinese and English versions, the Chinese version shall always prevail.

CRRC Corporation Limited
(the “Company”)

Terms of Reference of the Remuneration and Evaluation Committee
(the “Committee”) of the Board

1. Role

The Committee is a dedicated committee established in line with the resolution of Board, whose main functions are formulating performance evaluation standards for directors and senior management of the Company and carrying out such evaluation; the Committee is responsible to the Board, developing and reviewing the remuneration policy and plans of the directors and senior management of the Company.

2. Membership

- 2.1 The Committee shall comprise of three to five non-executive directors, the majority of whom shall be independent non-executive directors.
- 2.2 Committee members shall be nominated by the Chairman of the Board, over half of the independent non-executive directors or one-third of all directors, and elected by the Board.
- 2.3 The Committee shall have one chairman. The chairman shall be an independent non-executive director, and be in charge of the work of the Committee; the chairman shall be elected among the members of the Committee and reported to the Board for approval. The decision of electing and removing the chairman of the Committee shall be made by the Board.

3. Meetings

- 3.1 Committee meetings are divided into regular meetings and extraordinary meetings. The Committee shall at least hold two regular meetings each year. The said meeting shall be presided over by the chairman of the Committee, or in his/her absence, by one other member (an independent non-executive director) as entrusted.
- 3.2 A meeting of the Committee shall not be held unless attended by over two-thirds of the membership. Each member shall have one vote and the resolutions passed at the meeting must be approved by a majority of all the members.
- 3.3 On the request of the Committee, members of the supporting and associated department (Human Resources Department) of the Company could attend without voting rights at the meetings of the Committee. Directors, supervisors, senior management and heads of other relevant departments may be invited by the Committee to attend without voting rights at such meetings when necessary.
- 3.4 A written report shall be lodged with the Board on the resolutions passed at and the voting results of the meetings of the Committee.
- 3.5 The meetings of the Committee shall have minutes taken by personnel appointed by the supporting and associated department. Members of the Committee who attend the meetings shall sign their names on the minutes. The Secretary to the Board shall keep the minutes of the Committee meetings as important corporate documents in a manner in line with the Company's file management system.

4. Powers and Duties

The main powers and duties of the Committee include:

- (1) to make recommendations to the Board on the Company's remuneration policy and structure for all directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;

- (2) to review and submit to the Board for approval the evaluation criteria, performance evaluation procedures and remuneration and rewards and punishment system for directors and senior management;
- (3) to evaluate the performance of duties by the directors and senior management of the Company and conduct performance appraisal and evaluation on the said parties;
- (4) to review and approve the remuneration proposals for directors and senior management member with reference to the Board's corporate goals and objectives;
- (5) to supervise the implementation of the Company's remuneration system;
- (6) to design and make recommendations to the Board on specific remuneration packages for certain executive directors and senior management; remuneration packages of this kind shall include benefits in kind and the pension arrangement and insurance of all kinds (including unemployment insurance), and make recommendations to the Board on the remuneration of nonexecutive directors. Factors to be considered by the Committee may include salaries paid by comparable companies to relevant personnel, time commitment by the said directors and senior management to perform their duties, specific scope of duties of such directors and senior management, and employee conditions elsewhere within the Company. In the process of reviewing and approving the remuneration for directors and senior management, the Committee shall ensure that no director, senior management or any of his/her associates is involved in deciding his/her own remuneration.
- (7) to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and reasonable;

- (8) to review and approve the compensation arrangements in relation to the dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (9) to research and make recommendations on the Company's share incentive plan(s);
- (10) to review and monitor the continuing professional development of directors and senior management;
- (11) to report to the Board of the Committee's decisions or proposals, except for those which could not be reported pursuant to laws or regulatory restrictions;
- (12) to exercise other powers authorized by the Board;
- (13) to comply with other requirements on the terms of reference of the Committee in the listing rules of the stock exchange where the shares of the Company are listed as amended from time to time; and
- (14) upon authorization granted to the Committee by the Board, the Committee can make comments and assessment on any matters within its power and duties, and make recommendations independently.

5. Authority

- 5.1 The Committee shall be provided with sufficient resources to discharge all of its duties and be entitled to obtain sufficient support from the Company's senior management.
- 5.2 The Committee could engage, as authorized by the Board, intermediaries for independent professional advice for its decision-making when necessary. The reasonable expenses arising therefrom shall be borne by the Company

6. Other Provisions

6.1 At the invitation of the Chairman of the Board, the chairman of the Committee, or in his/her absence, another member of the Committee or his/her authorized representative, shall attend the Company's annual general meeting and answer questions.

6.2 Chairman or one authorized member of the Committee or the supporting and associated department for the Committee shall report to the Board the Committee's work since the last regular meeting of the Board, or conduct a special report on one specific issue.

Note: Senior management refers to the President, Vice President, Chief Financial Officer, Secretary to the Board and other personnel that the Board may engage.