
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt about this circular, you should consult your stockbroker, other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Zhuzhou CRRC Times Electric Co., Ltd., you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

(Stock Code: 3898)

- (1) PROFIT DISTRIBUTION PLAN FOR YEAR 2021**
(2) CONTINUING CONNECTED TRANSACTIONS WITH CRRC GROUP
(3) PROPOSED BANK CREDIT LINE APPLICATIONS
(4) GENERAL MANDATE TO ISSUE A SHARES AND/OR H SHARES
(5) GENERAL MANDATE TO REPURCHASE H SHARES
(6) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
(7) PROPOSED CHANGE OF AUDITOR
(8) NOTICE OF ANNUAL GENERAL MEETING
AND
(9) NOTICE OF THE FIRST CLASS MEETING OF HOLDERS
OF H SHARES OF 2022

Independent Financial Adviser to the Independent Board Committee and Independent Shareholders



The AGM, the Class Meeting of Holders of A Shares and the Class Meeting of Holders of H Shares of Zhuzhou CRRC Times Electric Co., Ltd. will be held at Room 301, CRRC Times Party School, Times Hotel, Times Road, Shifeng District, Zhuzhou, the People's Republic of China on Friday, 17 June 2022. Notices convening the AGM and the Class Meeting of Holders of H Shares are set out on pages XIII-1 to XIII-6 and XIV-1 to XIV-4 of this circular, respectively.

Whether or not you intend to attend the meetings, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible but in any event not less than 24 hours before the time fixed for holding the AGM and the Class Meeting of Holders of H Shares or the adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM and/or the Class Meeting of Holders of H Shares or at any adjournment thereof if you so wish.

17 May 2022

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	6
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	38
LETTER FROM GRAM CAPITAL	39
APPENDIX I: GENERAL INFORMATION	I-1
APPENDIX II: EXPLANATORY STATEMENT	II-1
APPENDIX III: PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION	III -1
APPENDIX IV: 2021 WORK REPORT OF THE BOARD OF DIRECTORS	IV-1
APPENDIX V: 2021 WORK REPORT OF THE SUPERVISORY COMMITTEE	V-1
APPENDIX VI: PROPOSED AMENDMENTS TO THE GENERAL MEETING RULES	VI-1
APPENDIX VII: PROPOSED AMENDMENTS TO THE BOARD MEETING RULES	VII-1
APPENDIX VIII: PROPOSED AMENDMENTS TO THE SUPERVISORY COMMITTEE MEETING RULES	VIII-1
APPENDIX IX: PROPOSED AMENDMENTS TO THE TERMS OF REFERENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS	IX-1
APPENDIX X: PROPOSED AMENDMENTS TO THE MANAGEMENT POLICY FOR EXTERNAL GUARANTEES	X-1

CONTENTS

APPENDIX XI: PROPOSED AMENDMENTS TO THE MANAGEMENT POLICY FOR A SHARES PROCEEDS	XI-1
APPENDIX XII: PROPOSED AMENDMENTS TO THE POLICY FOR PREVENTING THE CONTROLLING SHAREHOLDERS, ACTUAL CONTROLLERS AND RELATED PARTIES FROM APPROPRIATING FUNDS	XII-1
APPENDIX XIII: NOTICE OF ANNUAL GENERAL MEETING	XIII-1
APPENDIX XIV: NOTICE OF THE FIRST CLASS MEETING OF HOLDERS OF H SHARES OF 2022	XIV-1

DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“2020-2022 CRRC Group Mutual Supply Agreement”	a framework agreement on mutual supply of products and ancillary services entered into between CRRC Group and the Company dated 26 March 2019 in respect of the transactions for a term of three years commenced from 1 January 2020 to 31 December 2022
“2022 Approved CRRC Group Caps”	the maximum aggregate annual purchase and sales amounts in respect of the transactions under the 2020-2022 CRRC Group Mutual Supply Agreement for the year ending 31 December 2022 approved by the then Independent Shareholders on 20 June 2019
“2023-2025 CRRC Group Mutual Supply Agreement”	a framework agreement on mutual supply of products and ancillary services entered into between CRRC Group and the Company dated 29 March 2022 in respect of the transactions for a term of three years commencing from 1 January 2023 to 31 December 2025
“A Share(s)”	the domestic share(s) of RMB1.00 each in the share capital of the Company which are listed and traded in RMB on the Science and Technology Innovation Board of the SSE
“AGM”	the annual general meeting for year 2021 of the Company to be held at Room 301, CRRC Times Party School, Times Hotel, Times Road, Shifeng District, Zhuzhou, the PRC on Friday, 17 June 2022 at 2:00 p.m. (or any adjournment thereof)
“AGM Notice”	the notice of the AGM
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Board Meeting Rules”	the Rules of Procedures for the Board of Directors of the Company, as amended from time to time
“Cash Dividend(s)”	the proposed cash dividend of RMB4.5 (tax inclusive) for every ten Shares held by eligible shareholders on the record date of dividend distribution
“Class Meeting of Holders of A Shares”	the 2022 first class meeting of holders of A Shares to be convened and held on Friday, 17 June 2022 immediately following the conclusion of the AGM (or any adjournment thereof) at Room 301, CRRC Times Party School, Times Hotel, Times Road, Shifeng District, Zhuzhou, the PRC

DEFINITIONS

“Class Meeting of Holders of H Shares”	the 2022 first class meeting of holders of H Shares to be convened and held on Friday, 17 June 2022 immediately following the conclusions of the AGM and the Class Meeting of Holders of A Shares (or any adjournment thereof) at Room 301, CRRC Times Party School, Times Hotel, Times Road, Shifeng District, Zhuzhou, the PRC
“Class Meetings”	collectively, the Class Meeting of Holders of A Shares and the Class Meeting of Holders of H Shares
“Company”	Zhuzhou CRRC Times Electric Co., Ltd. (株 洲 中 車 時 代 電 氣 股 份 有 限 公 司), a joint stock company established in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 3898) and the A Shares of which are listed on the Science and Technology Innovation Board of the SSE (stock code: 688187)
“Company Law”	the Company Law of the PRC (《 中 華 人 民 共 和 國 公 司 法 》) (as amended from time to time)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“CRRC”	CRRC Corporation Limited (中 國 中 車 股 份 有 限 公 司), a joint stock company established in the PRC with limited liability, the H shares of which are listed on the Stock Exchange (stock code: 1766) and the A shares of which are listed on the SSE (stock code: 601766). CRRC is directly and indirectly held as to approximately 51.35% in aggregate by CRRC Group and holds the entire equity interest in CRRC ZELRI
“CRRC Group”	CRRC Group Co., Ltd.* (中 國 中 車 集 團 有 限 公 司), a state-owned enterprise of the PRC and the controlling shareholder of CRRC
“CRRC Group of Companies”	CRRC Group, its subsidiaries, and/or their respective associates, and/or subordinate entities (excluding the Group)
“CRRC Hong Kong”	CRRC Hong Kong Capital Management Co., Limited, a wholly-owned subsidiary of CRRC
“CRRC Investment & Leasing”	CRRC Investment & Leasing Co., Ltd.* (中 車 投 資 租 賃 有 限 公 司), a wholly-owned subsidiary of CRRC
“CRRC ZELRI”	CRRC Zhuzhou Institute Co., Ltd.* (中 車 株 洲 電 力 機 車 研 究 所 有 限 公 司), a limited liability company established under the laws of the PRC; the controlling shareholder of the Company and a wholly-owned subsidiary of CRRC

DEFINITIONS

“CRRC Zhuzhou”	CRRC Zhuzhou Locomotive Co., Ltd.* (中車株洲電力機車有限公司), which is held as to 100% by CRRC
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) of RMB1.00 each in the share capital of the Company which are listed on the Stock Exchange and traded in HKD
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board (which consists only of independent non-executive Directors) formed to advise the Independent Shareholders in relation to the 2023-2025 CRRC Group Mutual Supply Agreement and the New CRRC Group Caps
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the 2023-2025 CRRC Group Mutual Supply Agreement and the New CRRC Group Caps
“Independent Shareholders”	shareholders of the Company other than those who are required by the Listing Rules to abstain from voting on the resolution to approve the 2023-2025 CRRC Group Mutual Supply Agreement and the New CRRC Group Caps
“Independent Third Parties”	parties who are independent of, and not connected with the Company or any of its connected persons
“Issue Mandate”	a general mandate which is exercisable by the Board to allot, issue and deal with additional A Shares and/or H Shares not exceeding 20% of the total number of A Shares and/or the H Shares respectively in issue as at the date of passing of the relevant Shareholders’ resolution

DEFINITIONS

“Latest Practicable Date”	10 May 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New CRRC Group Caps”	the maximum aggregate annual purchase and sales amounts in respect of the transactions under the 2023-2025 CRRC Group Mutual Supply Agreement for a term of three years commencing from 1 January 2023 to 31 December 2025 to be approved by the Independent Shareholders at the AGM
“Notice of Class Meeting of Holders of H Shares”	notice of Class Meeting of Holders of H Shares, which is set out in Appendix XIV to this circular
“PRC”	the People’s Republic of China
“Property Leasing Framework Agreement”	a framework agreement in relation to the leasing of properties and ancillary equipment and facilities entered into between the Company and CRRC dated 17 August 2018 for a term of ten years commenced from 1 January 2018 and ending on 31 December 2027
“Repurchase Mandate”	the general mandate proposed to be granted by Shareholders to the Board at the AGM and the Class Meetings to repurchase H Shares not exceeding 10% of the total number of the H Shares in issue at the time when the relevant resolution is passed at the AGM and the Class Meetings, respectively
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the A Share(s) and/or the H Share(s)
“Shareholder(s)”	the holder(s) of Share(s)
“SSE”	the Shanghai Stock Exchange
“SSE Sci Tech Listing Rules”	the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the SSE
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisory Committee Meeting Rules”	the Rules of Procedures for the Supervisory Committee of the Company, as amended from time to time

DEFINITIONS

“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong, as amended, supplemented or modified from time to time
“Terms of Reference of the Independent Non-executive Directors”	the Terms of Reference of the Independent Non-executive Directors of the Company, as amended from time to time
“%”	per cent

* *All times stated in this circular refer to Hong Kong time.*

LETTER FROM THE BOARD



株洲中车时代电气股份有限公司

ZHUZHOU CRRC TIMES ELECTRIC CO., LTD.

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

(Stock Code: 3898)

Executive Directors:

Mr. Li Donglin (*Chairman*)
Mr. Liu Ke'an (*Vice Chairman*)
Mr. Shang Jing
Mr. Yan Wu

Registered office:

Times Road
Shifeng District
Zhuzhou
Hunan Province
PRC 412001

Non-executive Director:

Mr. Zhang Xinning

Principal place of business in Hong Kong:

Unit 1106, 11th Floor
Jubilee Centre
18 Fenwick Street
Wanchai
Hong Kong

Independent non-executive Directors:

Mr. Chan Kam Wing, Clement
Mr. Pao Ping Wing
Ms. Liu Chunru
Mr. Chen Xiaoming
Mr. Gao Feng

17 May 2022

To the Shareholders

Dear Sir/Madam,

- (1) PROFIT DISTRIBUTION PLAN FOR YEAR 2021**
(2) CONTINUING CONNECTED TRANSACTIONS WITH CRRC GROUP
(3) PROPOSED BANK CREDIT LINE APPLICATIONS
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(7) PROPOSED CHANGE OF AUDITORS
(8) NOTICE OF ANNUAL GENERAL MEETING
AND
(9) NOTICE OF THE FIRST CLASS MEETING OF HOLDERS
OF H SHARES OF 2022

I. INTRODUCTION

References are made to the announcement of the Company dated 29 March 2022 in relation to, among other things, the continuing connected transactions with CRRC Group and the recommendation on payment of the Cash Dividends by the Board, and the announcement of the Company dated 26 April 2022 in relation to, among other things, the proposed amendments to the Articles of Association and proposed change of auditors.

LETTER FROM THE BOARD

The purpose of this circular is to give you the AGM Notice, the Notice of Class Meeting of Holders of H Shares and the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the AGM and the Class Meeting of holders of H Shares.

II. MATTERS TO BE RESOLVED AT THE AGM AND/OR CLASS MEETINGS

(A) Ordinary Resolutions

1. *The Company's 2021 Annual Report and its summary*

Please refer to the summary of the Company's 2021 Annual Report which was published on the website of the SSE (www.sse.com.cn) on 29 March 2022 and the 2021 annual report of the Company which was published on the HKEXnews website of the Stock Exchange (<https://www.hkexnews.hk>) and the Company's website (<http://www.tec.crrczic.cc>) on 22 April 2022.

The resolution in relation to the Company's 2021 Annual Report and its summary will be submitted to the AGM for consideration and approval by way of ordinary resolution.

2. *2021 Final Accounts Report*

The Company has prepared its financial statements and the notes thereto for year 2021 in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC, and engaged Deloitte to audit the consolidated balance sheets and the balance sheet of the Company as at 31 December 2021, the consolidated income statement and the income statement of the Company for the period from 1 January 2021 to 31 December 2021, the consolidated cash flow statement and the cash flow statement of the Company, the consolidated statement of changes in shareholders' equity and the statement of changes in shareholders' equity of the Company and the notes to the financial statements. Deloitte is of the opinion that the financial statements are prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC in all material aspects, fairly reflect the consolidated financial position and the financial position of the Company as at 31 December 2021, the consolidated operating results and the operating results of the Company, as well as the consolidated cash flow and the cash flow of the Company for the year 2021. For details of the above statements, please refer to the 2021 annual report published on the HKEXnews website of the Stock Exchange (<https://www.hkexnews.hk>) (as the overseas regulatory announcement), the website of SSE (www.sse.com.cn) and the website of the Company (<http://www.tec.crrczic.cc>).

The resolution in relation to the 2021 final accounts report was considered and approved by the Board on 29 March 2022. The resolution in relation to the 2021 final accounts report will be submitted to the AGM for consideration and approval by way of ordinary resolution.

LETTER FROM THE BOARD

3. 2021 Work Report of the Board of Directors

Please refer to Appendix IV of this circular for the full text of the 2021 work report of the Board of Directors.

The resolution in relation to the 2021 work report for the Board of Directors will be submitted to the AGM for consideration and approval by way of ordinary resolution.

4. 2021 Work Report of the Supervisory Committee

Please refer to Appendix V of this circular for the full text of the 2021 work report of the Supervisory Committee.

The resolution in relation to the 2021 work report for the Supervisory Committee will be submitted to the AGM for consideration and approval by way of ordinary resolution.

5. Profit Distribution Plan for 2021

According to the resolution passed at the Board meeting held on 29 March 2022, having considered various factors such as the Company's operating conditions, cash flow, capital needs and future development, and taking into account the interests of all Shareholders, the Board proposes that the profit distribution plan for 2021 (that is, for the year ended 31 December 2021) is calculated based on the total registered capital of the Company of 1,416,236,912 Shares as of 31 December 2021 and that cash dividends of RMB4.5 (tax inclusive) for every ten Shares will be paid to all Shareholders. The total amount of the proposed Cash Dividends is estimated to be RMB637,306,610.40 (tax inclusive), accounting for approximately 31.59% of the net profit attributable to Shareholders as contained in the audited consolidated financial statements for the year ended 31 December 2021. In the event of change in the total share capital of the Company before the equity record date of the implementation of the above dividend distribution, it is proposed that the distribution ratio per share will remain unchanged while the total distribution amount shall be adjusted accordingly, and the details of the adjustment will be announced separately.

It is also proposed at the AGM to authorize the Board, generally and unconditionally, to implement the matters relating to the profit distribution, and the Board to further authorize the executive Directors to be responsible for specific implementation, and to deal with the matters relating to tax withholding according to the requirements of the applicable laws and regulations and the relevant regulatory authorities.

The Cash Dividend is denominated and declared in RMB, paid in RMB to the holders of A Shares and paid in HKD to the holders of H shares. The actual amount declared in HKD will be converted based on the average benchmark exchange rate for RMB to HKD as announced by the People's Bank of China five business days before the date of the AGM.

LETTER FROM THE BOARD

The payment of Cash Dividends shall be subject to Shareholders' approval at the AGM. If the resolution is approved by the Shareholders at the AGM, the said Cash Dividend is expected to be distributed on or around Friday, 22 July 2022 to the Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 28 June 2022.

Under relevant regulations of China Securities Depository and Clearing Corporation Limited Shanghai Branch and in line with the market practice regarding dividend distribution of A shares, the Company will publish a separate announcement in respect of its Cash Dividend distribution to holders of A Shares after the AGM, which will set out the record date and ex-dividend date for Cash Dividend distribution to holders of A Shares.

Timetable arrangements such as the record date, the ex-dividend date and the date of distribution of Cash Dividends for the investors of northbound trading under Shanghai-Hong Kong Stock Connect will be the same as holders of A Shares. Timetable arrangements such as the record date, the ex-dividend date and the date of distribution of Cash Dividends for the investors of southbound trading under Shanghai-Hong Kong Stock Connect will be the same as holders of H Shares.

In order to ascertain the entitlements of the holders of H Shares to receive the proposed Cash Dividends, the transfer of H Shares will be closed from Thursday, 23 June 2022 to Tuesday, 28 June 2022 (both days inclusive), during which no transfer of Shares will be effected. In order for the holders of H Shares to qualify for receiving the proposed Cash Dividends, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration, no later than 4:30 p.m. on Wednesday, 22 June 2022.

Taxation Arrangements

According to the Law on Enterprise Income Tax of the People's Republic of China (《中華人民共和國企業所得稅法》) and its implementing rules which was amended and came into effect on 29 December 2018 and the Notice of the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Shareholders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) issued by the State Administration of Taxation (Guo Shui Han [2008] No. 897), the Company is required to withhold enterprise income tax at the rate of 10% before distributing the Cash Dividends to non-resident enterprise shareholders as appearing on the H Share register of members of the Company. The enterprise income tax shall be withheld for the dividends of any H shares under the name of non-individual shareholders (any H shares registered in the name of HKSCC Nominees Limited, other nominees and trustees, or other organizations and institutions, shall be deemed as shares held by non-resident enterprise shareholders, hence enterprise income tax will be deducted from the amount of dividend payable).

LETTER FROM THE BOARD

According to Guo Shui Han [2011] No. 348 issued by the State Administration of Taxation, the Company shall withhold and pay the individual income tax for the dividend payable to individual H Shareholders. At the same time, the individual H Shareholders are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements between the countries where they are residents and China or the tax arrangements between mainland China and Hong Kong (Macau). If the individual H Shareholders are Hong Kong or Macau residents or residents of the countries having an agreed dividend tax rate of 10% with China, the Company shall withhold and pay the individual income tax at a rate of 10%. If the individual H Shareholders are residents of the countries having an agreed dividend tax rate of less than 10% with China, the Company would apply for entitlement of the relevant agreed preferential tax treatment on their behalf in accordance with the Measures for the Administration of Non-Resident Taxpayers' Enjoyment of Treaty Benefits (《非居民納稅人享受協定待遇管理辦法》) (SAT Announcement [2019] No. 35), the qualified shareholders are required to timely submit all application materials as required by the tax convention announcement to the Company. If the individual H Shareholders are residents of the countries having an agreed dividend tax rate exceeding 10% but lower than 20% with China, the Company shall withhold and pay the individual income tax at the actual agreed rate. In case the individual H Shareholders are residents of the countries that have not entered into any tax agreement with China or otherwise, the Company shall withhold and pay the individual income tax at a rate of 20%.

According to the current practice of the Inland Revenue Department of Hong Kong, dividends paid by the Company in Hong Kong are not subject to taxation.

The Company shall take the registered address (hereinafter the “**Registered Address**”) as recorded in the register of members of the Company on Tuesday, 28 June 2022 to determine the residence of the individual H Shareholders, and accordingly withhold and pay the individual income tax. If the residence of any individual H Shareholder is inconsistent with the Registered Address, he/she should notify the Company's H Share Registrar on or before 4:30 p.m. on Wednesday, 22 June 2022 and provide the relevant supporting documents, and the correspondence details are as follows: Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (Tel: (852) 2862 8555). If such individual H Shareholder has failed to provide the relevant supporting documents to the Company's H Share Registrar within the time period as stated above, the Company will determine his/her residence according to the Registered Address as recorded in the register of members on Tuesday, 28 June 2022.

The Company assumes no responsibility and will not entertain any claims arising from any delay in the determination, or inaccurate determination, of the status of the Shareholders or any dispute over the arrangement of withholding and payment of tax.

An ordinary resolution will be proposed at the AGM to approve the profit distribution plan for 2021.

LETTER FROM THE BOARD

6. *Continuing Connected Transaction with CRRC Group*

(a) *Background*

In view of the prospective expiry of the 2020-2022 CRRC Group Mutual Supply Agreement on 31 December 2022, on 29 March 2022, the Company entered into the 2023-2025 CRRC Group Mutual Supply Agreement with CRRC Group for a term of three years commencing on 1 January 2023 and ending on 31 December 2025.

(b) *Principal Terms of the 2023-2025 CRRC Group Mutual Supply Agreement*

The principal terms of the 2023-2025 CRRC Group Mutual Supply Agreement are summarised as follows:

Date: 29 March 2022

Parties: (a) CRRC Group; and
(b) the Company

Scope of products and services to be provided: The Company agreed to supply and procure its subsidiaries to supply to the CRRC Group of Companies certain products, parts and components, technical services, after-sales services, management services and other related services, and related facilities for research and development, production and testing purposes.

CRRC Group agreed to supply and procure its subsidiaries and/or their respective associates and/or subordinate entities (excluding the Group) to supply to the Group certain products, parts and components, technical services, after-sales services, management services and other related services, and related facilities for research and development, production and testing purposes.

Payment terms: Payments for the products and/or services supplied by and/or to the CRRC Group of Companies will be settled by way of cash or such other manners as agreed by the parties and in accordance with the agreed timing and manners as specified in the actual product and service contracts to be entered into between the respective group companies of the Group and the CRRC Group of Companies.

Term: A term of three (3) years commencing on 1 January 2023 and ending on 31 December 2025.

LETTER FROM THE BOARD

Pricing policy:

The pricing for the products and/or services supplied by and/or to the CRRC Group of Companies will be determined on the following principles in order of priority:

- (a) the prices prescribed by the government of the PRC or any regulatory authority(ies) (if any) (“**Government-prescribed Prices**”);
- (b) the pricing guidelines or prices to be determined by the parties within the range as set by the government of the PRC or any regulatory authority(ies) (if any) (“**Government-guided Prices**”), where no Government-prescribed Prices are available or applicable;
- (c) the final confirmed prices through the bidding and tendering process conducted in accordance with the applicable laws, rules and regulations (if any) (“**Bidding Prices**”), where neither Government-prescribed Prices nor Government-guided Prices are available or applicable;
- (d) the market prices determined in accordance with the following order: (1) the prevailing prices charged by Independent Third Parties providing the same types of products and/or services under normal commercial circumstances in the locality where such products and/or services are provided or its surrounding regions; or (2) the prevailing prices charged by Independent Third Parties providing the same types of products and/or services under normal commercial circumstances, where none of the Government-prescribed Prices, Government-guided Prices or the Bidding Prices are available or applicable (the “**Market Prices**”); and
- (e) the agreed prices based on the actual or reasonable cost incurred thereof plus a reasonable profit (which is determined with reference to the nature and historical price of products and/or services, current market price (if applicable) of the similar products and/or services and the Group’s forecasted demand and increase in the market price of such products and/or services in the remaining term), where none of the above pricing principles are available or applicable (the “**Agreed Prices**”).

LETTER FROM THE BOARD

More information in relation to the 2023-2025 CRRC Group Mutual Supply Agreement is set out below:

- (A) the products to be supplied by the Group are expected to include locomotive traction converters, electric multiple unit traction converters, urban railcar traction converters and their respective auxiliary power supply equipment and control systems, and other related parts and components and the services to be provided supplied by the Group are expected to be mainly technical support services and maintenance services which are mostly specific to and tailor-made for the relevant products to be supplied;
- (B) the products to be supplied by the CRRC Group of Companies are expected to include electrical components such as motors, transformers, reactors, urban rail housing, transmission control devices and other related parts and components, and the services to be provided by the CRRC Group of Companies are expected to be mainly technical services such as basic technology research, platform development, product testing and performance improvements, which are mostly specific to and tailor-made for the relevant products to be supplied;
- (C) the products and/or services to be supplied by (or to) the Group that are determined by the Agreed Prices where none of the Government-prescribed Prices, Government-guided Prices, the Bidding Prices or the Market Prices are available or applicable and such products and/or services are generally specific or tailor-made items which are not readily available in the market for making meaningful comparison. In determining whether the profit is a reasonable profit under the pricing principle of Agreed Prices, the Company will take into account the historical profit margin of at least two similar products or services supplied by (or to) the Independent Third Parties (if available) or the relevant industry profit margin (if available) for reference in conjunction with the prevailing market and business conditions. In addition, experts in the Group with sufficient industry experience could opine on the fairness and reasonableness of the relevant price (and the profit margin) by reference to the comparable price and/or historical transaction price of the most similar items and take into account various factors, including the type of products or services, the complexity of the products and technologies involved, as well as the prevailing market and business conditions to ensure that such price (and profit margin) is on normal commercial terms or better, fair and reasonable and in the interests of the Company and its shareholders as a whole.

LETTER FROM THE BOARD

- (D) the Group adopts the same pricing policy for transactions with the CRRC Group of Companies and other qualified supplies who are Independent Third Parties.
- (E) during the two years ended 31 December 2020 and up to 31 March 2022, the considerations for the transactions under the 2020-2022 CRRC Group Mutual Supply Agreement were principally settled by cash (by way of bank transfer), bank acceptance bills, commercial acceptance draft. On the basis of the customary payment manners adopted for the transactions conducted pursuant to the 2020-2022 CRRC Group Mutual Supply Agreement and the market practices for the products and services contemplated under the 2023-2025 CRRC Group Mutual Supply Agreement (which are substantially the same as those covered by the 2020-2022 CRRC Group Mutual Supply Agreement), the Company expects that cash (by way of bank transfer), bank acceptance bills and commercial acceptance draft will continue to be the principal payment manners. Subject to terms of the individual product and service contracts to be entered into between the respective group companies of the Group and the CRRC Group of Companies, the payments for the products and/or services supplied by and/or to the CRRC Group of Companies are expected to be settled ranging from approximately three months to six months following the previous practice. Such payment manners are the same for transactions with the CRRC Group of Companies and other customers or qualified supplies who are Independent Third Parties. As such, the Board is of view that such settlement arrangement is on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

Purchase of products and/or services by the Group

The Group has formulated a series of measures and procedures for its purchase of products and/or services including Measures for Raw Materials Procurement Management (《物資採購管理辦法》), Measures for Centralized Procurement Management (《集中採購管理辦法》), Price Inquiry Process Procurement Procedures (《詢比價採購流程》) and Procedure for Negotiated Tender Procurement (《議標採購流程》) etc. to standardise various procurement activities carried out or to be carried out by the Group, which apply to both transactions with connected persons and the Independent Third Parties. The procurement centre of the Company has maintained and operated a procurement management platform (<http://scm.csrzic.com/>), where the Group will post its procurement requirements through such platform so that its qualified suppliers (including but not limited to the CRRC Group of Companies) may respond to such procurement request by providing quotations or submitting bids to the platform. In general, to be eligible as the Group's qualified supplier, the supplier should be a legal entity with fixed business operation facilities and operational system, and it has to pass the Group's qualification assessment (including but not limited to assessment on the scope of products supplied, legal risk and financial conditions of the supplier, etc.) and the assessment on sample products produced.

LETTER FROM THE BOARD

With respect to the purchase of products and/or services by the Group, in determining whether the prices and/or payment terms offered by the CRRC Group of Companies are reasonable or no less favourable than those offered by the Independent Third Parties, the Group will follow the above established effective methods and procedures. Specifically, the Group will obtain and compare the quotations and bids from the suppliers, and further conduct researches on industry websites and obtain and compare price references from the market to the extent that those products and/or services are of comparable nature, quality, quantity and condition and select the supplier in accordance with the established methods and procedures to ensure that the procurement is fair and reasonable. In the event that no comparable market price is available, experts in the Group with sufficient industry experience could opine on the fairness and reasonableness of the relevant price and/or payment terms by reference to the comparable price and/or historical transaction price and/or payment terms of the most similar items to ensure that the price and/or payment terms would be fair and reasonable to the Group and no less favourable to the Group than those offered by the Independent Third Parties. In order to further safeguard the Group's interest, the 2023-2025 CRRC Group Mutual Supply Agreement provides that in the event that the price and/or payment terms offered by the CRRC Group of Companies are less favourable than those offered by the Independent Third Parties, the Group will have the right to terminate and cancel such purchases with the CRRC Group of Companies.

Supply of products and/or services by the Group

The Group has also formulated a series of measures and procedures for its supply of products and/or services including Administrative Measures for Sales Business and Accounts Receivables (《銷售業務和應收賬款管理辦法》), Administrative Measures for Rewards and Punishments of Sales Receipts (《銷售回款獎懲管理辦法》), Management Procedures for Sales Contract Review and Execution (《銷售合同評審與簽訂管理流程》) etc. and Bidding Management Procedures (《投標管理流程》) to standardise various sale and supply activities carried out or to be carried out by the Group, which apply to both transactions with connected persons and the Independent Third Parties. The legal department of the Company has maintained and operated a legal and sales contract management system and set up different approval procedures to regulate the supply of the Group's products and/or services.

With respect to the supply of products and/or services by the Group, the prices for products and/or services to be charged by the Group to the CRRC Group of Companies will be determined in accordance with the aforesaid pricing policy, and taking into account various factors such as marketing strategy, sales volume, historical cooperation, product costs and reasonable profits. The Group will follow the above established methods and procedures to determine the prices and/or payment terms offered to the CRRC Group of Companies. Specifically, the Group will conduct researches on industry websites and compare prices of recent similar transactions of the Group in the market to the extent that those products and/or services are of comparable nature, quality, quantity and condition, so as to ensure that the prices and/or payment terms would be fair and reasonable to the Group and no less favourable to the Group than those offered to the Independent Third Parties.

LETTER FROM THE BOARD

Internal control procedures

The Group has adopted the Connected Transaction Management Policy (《關聯交易管理制度》) and the following internal control procedures to ensure that the transactions to be entered between the Group and the CRRC Group of Companies will be conducted on normal commercial terms (or on terms no less favourable to the Group than terms available from (or to) the Independent Third Parties), and in accordance with the 2023-2025 CRRC Group Mutual Supply Agreement and the pricing policies of the Group:

- (i) The relevant business unit of the Group will periodically (generally at least once every three months) conduct researches on industry websites and compare prices of historical transactions and/or recent similar transactions of the Group in the market (by comparing quotations from (or to) at least two Independent Third Parties, if applicable) to the extent that those products and/or services are of comparable nature, quality, quantity and condition. If discrepancy is found, the business unit will assess the materiality of the discrepancy and the reasons for the discrepancy, and where the discrepancy is material (after taking into account relevant factors, such as nature, quality, quantity and condition of the products involved, the market competition landscape, the technical standards and parameter configuration of the products, the previous cooperation (if applicable) and the possibility for future cooperation (if applicable)), the discrepancy will be taken into consideration (to the extent relevant) as reference for bargaining negotiation and future transactions between the Group and the CRRC Group of Companies.
- (ii) The parties (i.e. in case of products or services to be procured by the Group, the relevant member of the Group (as tenderee) and the relevant CRRC Group of Companies or other qualified suppliers (as bidders), or in case of products or services to be procured by the relevant CRRC Group of Companies, the relevant CRRC Group of Companies (as tenderee) and the relevant member of the Group and other suppliers (as bidders)) will go through the bidding and/or negotiation for finalising the terms of the contracts. The contracts will be reviewed by expert with industry experience and/or the relevant staff from business unit, audit and risk control department, legal department, finance centre and/or management of the Company (depending on the transaction amount and materiality in accordance with the Company's Administrative Measures for Authorization of Economic Business (《經濟業務授權管理辦法》)) for approval before execution, and will be signed by the authorised signatories in accordance with the established contract review and execution procedures of the Company.

LETTER FROM THE BOARD

- (iii) The Company's audit and risk control department will regularly check the implementation of the Group's continuing connected transactions in accordance with the risk control matrix in the Company's internal control application manual, including reviewing samples of the relevant sales/procurement contracts to monitor the prices of the transactions to ensure such prices are in compliance with the pricing policies under the terms of the 2023-2025 CRRC Group Mutual Supply Agreement.
- (iv) The finance centre of the Company will calculate and prepare a summary for continuing connected transactions with the CRRC Group of Companies each quarter to assess whether the relevant continuing connected transactions will exceed the New CRRC Group Caps.
- (v) The continuing connected transactions with the CRRC Group of Companies will be quarterly reviewed by the independent non-executive Directors and their quarterly reviews will be published by way of announcement.
- (vi) The auditors, the audit committee (comprising the independent non-executive Directors) and the Board will conduct annual review on the Group's continuing connected transactions (including the continuing connected transactions with the CRRC Group of Companies) throughout the preceding financial year, and the confirmation will be published in the annual report of the Company in accordance with the Listing Rules.

The Directors (including the independent non-executive Directors) consider that such methods and procedures can ensure that the transactions contemplated under the 2023-2025 CRRC Group Mutual Supply Agreement will be conducted either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) the Independent Third Parties, the terms and the New CRRC Group Caps are fair and reasonable, and not prejudicial to the interests of the Company and its minority shareholders and will be in the interests of the Company and its shareholders as a whole.

LETTER FROM THE BOARD

(c) *Historical Transaction Records with the CRRC Group of Companies*

Set out below is a summary of the transaction records of the transactions under the 2020-2022 CRRC Group Mutual Supply Agreement for the two years ended 31 December 2020 and 2021 and the two months ended 28 February 2022:

	Year ended 31 December		Two months
	(audited)		ended
	2020	2021	28 February
	<i>(RMB millions)</i>		(unaudited)
			2022
Amount paid to the CRRC Group of Companies by the Group for the provision of the products and/or services	2,973.1	2,389.2	164.0
Amount paid to the Group by the CRRC Group of Companies for the provision of the products and/or services	7,563.3	6,226.6	295.8

The aggregate annual amounts of the transactions under the 2020-2022 CRRC Group Mutual Supply Agreement for the two years ended 31 December 2020 and 2021 did not exceed the respective maximum aggregate annual values as approved by the then Independent Shareholders on 20 June 2019.

As at the date Latest Practicable Date, the 2022 Approved CRRC Group Caps have not been exceeded. The Board anticipates that the aggregate annual amounts of the transactions under 2020-2022 CRRC Group Mutual Supply Agreement for the year ending 31 December 2022 will not exceed the 2022 Approved CRRC Group Caps.

LETTER FROM THE BOARD

(d) *New CRRC Group Caps*

The Company expects that the New CRRC Group Caps under the 2023-2025 CRRC Group Mutual Supply Agreement for the three years ending 31 December 2023, 2024 and 2025 will be as follows:

	Year ending 31 December		
	2023	2024	2025
	<i>(RMB millions)</i>		
Annual cap of the amounts to be paid to the CRRC Group of Companies by the Group for the provision of the products and/or services	4,200	5,000	6,000
Annual cap of the amounts to be paid to the Group by the CRRC Group of Companies for the provision of the products and/or services	11,500	13,800	16,500

LETTER FROM THE BOARD

The New CRRC Group Caps are determined by the parties based on the estimated transaction amounts with reference to the following assumptions: (1) the expected growth of railway industry in the PRC; (2) the expected growth of urban rail industry in the PRC; (3) the potential of overseas market (through keeping abreast of the “going out” steps of the PRC rail transportation equipment industry and exploring opportunity arising from overseas market with the subordinate main operating plants of CRRC Group); (4) the rail transit maintenance market is expected to be huge in size with a significant growth momentum; (5) the industry position and the business potential of the CRRC Group of Companies which enhance the technical capability and market share of the Group, establish the branding of the Group’s products in the international market and provide the Group with abundant resources on industrial experience and technologies; (6) the State’s strategy of achieving emission peak by 2030 and carbon neutrality by 2060 which will facilitate the development of the Group’s semiconductor, sensors and other emerging industry business; (7) the business development plan of the Group; (8) the existing supply contracts entered into, and the anticipated supply contracts to be entered into, and supply plans, between the Group and the CRRC Group of Companies, together with the anticipated market demand and tender plans, relating to (a) various models of electric locomotives; (b) electric locomotives, electric multiple units and subways for overseas export; (c) city subways and inter-city rails; (d) electric multiple units; (e) the emerging industry business and (9) the historical transaction amounts under the 2020-2022 CRRC Group Mutual Supply Agreement as shown in the section headed “Historical Transaction Records with the CRRC Group of Companies” above. The Board has taken into account the impact of the COVID-19 in determining the New CRRC Group Caps. The outbreak of COVID-19 in various countries and areas since the beginning of 2020 affected the operations of the Company, its suppliers and customers at different levels. However, the Board noted that various countries have gradually relaxed or removed social gathering and travel restrictions. In any event, the Board is of the view that the COVID-19 does not change the positive prospects of the railway industry and urban railway industry in the PRC in the long term as supported by, among other things, various favourable policies, such as《長江三角洲地區多層次軌道交通規劃》(Multi-level Rail Transit Planning in Yangtze River Delta*),《成渝地區雙城經濟圈綜合交通運輸發展規劃》(Comprehensive Transportation Development Plan of the Twin-City Economic Circle in Chengdu-Chongqing Region*),《關於推動都市圈市域(郊)鐵路加快發展意見》(the “Implementation Opinions on Promoting the Accelerated Development of Urban (Suburb) Railways in the Metropolitan Circle”*) and the expected growth of (i) the operation mileage of the railways to 165,000 kilometers, among which the operation mileage of the high-speed railways amounted to approximately 50,000 kilometers; and (ii) the operation mileage of the urban rail transit to 10,000 kilometers in 2025 as mentioned in the《“十四五”現代綜合交通運輸體系發展規劃》as published by the State Council of the PRC in December 2021.

LETTER FROM THE BOARD

(e) *Information of the Group*

The Group is mainly engaged in the research, development, design, manufacture and sale of railway transportation equipment products, as well as provision of relevant services. The Group has an industrial structure of “components + systems + complete machines”. The products primarily include rail transit electrical equipment, rail engineering machinery and communication signal systems with a focus on rail transit traction converter systems. Meanwhile, the Group also actively expands into industries other than rail transit and carries out business operations in the fields of power semiconductor device, industrial converter products, electric drive system of new energy vehicles, sensor device and marine equipment.

(f) *Information of CRRC Group*

The principal scope of business of CRRC Group is the authorized state-owned asset management and state-owned equity management, capital operation, investment and investment management, asset management and trust management; research and development, sale, leasing and technological services of transportation and urban infrastructure, new energy, energy conservation and environmental protection equipment; design, manufacture and repair of locomotive trains, urban railway transport trains, railway hoisting machinery, various mechanical and electrical equipment and parts, electronic equipment, environmental protection equipment and products; import and export of goods, technology and agency. (The market entity selects its operating projects and carries out operating activities at its own discretion in accordance with the laws; for projects subject to approval in accordance with the laws; for projects subject to approval in accordance with the laws, operating activities shall be carried out in accordance with the approved content after the approval is obtained from relevant authorities; operating activities in relation to projects prohibited and restricted by the national and municipal industrial policies shall not be carried out).

LETTER FROM THE BOARD

(g) Reasons for entering into the 2023-2025 CRRC Group Mutual Supply Agreement

In relation to the purchase of products and/or services, the Group has been procuring certain parts and components and services for the manufacture of its products from the CRRC Group of Companies for many years. As a result of such long-term business relationship, the CRRC Group of Companies has been familiar with the Group's product standards and technical parameters, and has been able to respond quickly and in a cost efficient manner to any new requirements that the Group may request. In order to fulfil product standards and technical parameters required by the Group's customers, the Group needs the CRRC Group of Companies to supply from time to time certain parts and components produced with CRRC Group's proprietary process and technology, and services for skills and technical know-how. The Directors believe that even if other suppliers may be able to manufacture the relevant parts and components according to the same specifications, such suppliers may not be able to meet the time constraints imposed by the Group's customers in requesting the relevant parts and components as they may not be familiar with the requirements of the Group's customers. In contrast, the products provided by the CRRC Group of Companies have more competitive advantages in terms of technology, quality and cost. As CRRC Group is a large scale state-owned enterprise, the CRRC Group of Companies have more resources and other competitive edge over its competitors in providing the required parts and components. In addition, due to long-term cooperation, the CRRC Group of Companies are more familiar with the requirements of the Group's customers. CRRC Group of Companies and the Group have developed a well-established mutual understanding in the business needs of each other. The business communications and transactions between the Group and the CRRC Group of Companies had been and are being conducted efficiently and effectively. Furthermore, as some of the members of the Group and CRRC Group of Companies are in close proximity, the Group will benefit from lower transportation cost and time required for delivery for some of the products compared to procuring the same from Independent Third Party suppliers, and faster after-sale service response.

In relation to the supply of products and/or services, the Group has been supplying certain parts and components and services to the CRRC Group of Companies for many years. The parties have established a solid business relationship based on factors such as the continuity of historical product support and in-depth cooperation in technology research and development. As the Group has been focused on and specialised in research, development, manufacture and sale of products including power converters, control systems, electrical systems and electric components etc. for the railway industry, urban railway industry and non-railway purposes, the Directors believe that the CRRC Group of Companies prefers acquiring such products including electrical systems and electrical components from the Group as the Group processes with the technical expertise and staff equipped with the relevant skills and specialities for providing technical services, after-sales services, management services in support of the products supplied. In addition, the Directors further believe that the CRRC Group of Companies can reduce the procurement costs and obtain operating efficiency through making centralised and/or bulk purchases from the Group.

LETTER FROM THE BOARD

Further, the Group's purchases from and/or sales to the CRRC Group of Companies are on terms no less favourable to the Group than terms available to or from (as appropriate) the Independent Third Parties. The transactions contemplated under the 2023-2025 CRRC Group Mutual Supply Agreement are necessary for and are beneficial to the Company and therefore is of commercial benefit to the Company and the Group as a whole. Entering into the 2023-2025 CRRC Group Mutual Supply Agreement will facilitate the operation and growth of the Group's business and minimise the costs and time of the Group in acquiring similar products from the Independent Third Parties (if so available) as it may involve various testing and commissioning process to ensure the products to be embedded and assembled into the final products of the customers are compatible and satisfactory.

It is the understanding of the Group that the CRRC Group of Companies always adhere to the road of internationalization, expand overseas marketing channels, and has expanded the breadth and depth in developing overseas market to improve the global industrial layout. Accordingly, the Group anticipates that the expected transactions in relation to the mutual supply of products and services between the Group and the CRRC Group of Companies will be further increased. Due to the nature of the railway industry in the PRC, in particular after the merger of former China Northern Locomotive & Rolling Stock Industry (Group) Corporation (中國北方機車車輛工業集團公司) and former CSR Group (中國南車集團公司), there are a few industry players with comparable established size that are able to provide a wide variety of products and services that can serve the Group's business needs in a timely manner. As disclosed above, the parties have established a solid and long term business relationship with continuity of historical product support and in-depth cooperation in technology research and development. The Board believes that the CRRC Group of Companies and the Group have formed a complementary business relationship with mutual benefits to each other and have developed a well-established mutual understanding in the business needs of each other. The business communications and transactions between the Group and the CRRC Group of Companies have been and are being conducted efficiently and effectively. As such, it is commercially advantageous and in the best interests of the Group and the Shareholders to continue such business relationship with the CRRC Group of Companies. Throughout the years of cooperation between the Group and the CRRC Group of Companies, the Board is of the view that the CRRC Group of Companies have been not only reliable customers which provide reliable source of revenue, but also reliable suppliers for providing the Group with timely and stable supply of the required and customised products and services. After consideration of the factors stated above, the Board is of the view that there is no material risk that such solid business relationship will not continue. In addition, the Company has expanded into the fields of industrial converters, electric drive systems for new energy vehicles, sensor devices and marine equipment, which will further diversify our customer base and create opportunities for the Group's business growth. The complete industry chain structure and expanding new business portfolio not only drive the growth in the profitability of the Group, but also let the Group play an important role to master the whole industry chain resources and build a supplier system with self-developed core technologies and effective cost control, and help to diversify the customers and suppliers base of the Group.

LETTER FROM THE BOARD

Notwithstanding the expected increase in the transactions in relation to the mutual supply of products and services between the Group and the CRRC Group of Companies, the Board considered one of the aims for entering into the 2023-2025 CRRC Group Mutual Supply Agreement is to provide an option for the Group to procure or sell the products and services to CRRC Group Companies in addition to the Independent Third Party suppliers or customers, as the same pricing policy is adopted for both the CRRC Group of Companies and the Independent Third Party suppliers in relation to the purchase of products and/or services by the Group, and the same measures and procedures are adopted for supply of products and/or services apply to CRRC Group of Companies and the Independent Third Parties.

(h) Non-exempt Continuing Connected Transactions

CRRC ZELRI is the controlling shareholder of the Company. CRRC Group directly and indirectly holds approximately 51.35% equity interest in CRRC in aggregate. CRRC directly holds the entire equity interest in CRRC ZELRI. CRRC Group is the ultimate controlling shareholder of the Company and therefore a connected person of the Company under the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) for the New CRRC Group Caps exceeds 5%, the 2023-2025 CRRC Group Mutual Supply Agreement and the New CRRC Group Caps constitute a non-exempt continuing connected transaction of the Company which are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(i) Listing Rules Requirements

A meeting of the Board was held on 29 March 2022 at which the 2023-2025 CRRC Group Mutual Supply Agreement and the New CRRC Group Caps were reviewed and approved. At the said meeting of the Board, Mr. Li Donglin, Mr. Liu Ke'an, Mr. Shang Jing and Mr. Zhang Xinning abstained from the consideration of and voting on the 2023-2025 CRRC Group Mutual Supply Agreement and the New CRRC Group Caps due to conflict of interests. Save as mentioned above, none of the Directors has material interest in the 2023-2025 CRRC Group Mutual Supply Agreement and the New CRRC Group Caps and hence no other Director has abstained from voting on the relevant Board resolution.

The Directors, excluding Mr. Li Donglin, Mr. Liu Ke'an, Mr. Shang Jing and Mr. Zhang Xinning but including the independent non-executive Directors, consider that the 2023-2025 CRRC Group Mutual Supply Agreement and the transactions contemplated thereunder have been or will be entered into in the ordinary and usual course of business of the Group, and the terms thereof and the New CRRC Group Caps are on normal commercial terms or if there are not sufficient comparable transactions to determine whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) the Independent Third Parties which are fair and reasonable and in the interests of the Company and its shareholders as a whole. The 2023-2025 CRRC Group Mutual Supply Agreement and the New CRRC Group Caps are conditional upon, among others, the Independent Shareholders' approval in respect thereof.

LETTER FROM THE BOARD

(j) *Independent Board Committee and Independent Financial Adviser*

An Independent Board Committee (which consists only of independent non-executive Directors) has been established to advise the Independent Shareholders as to whether the 2023-2025 CRRC Group Mutual Supply Agreement and the transactions contemplated thereunder have been or will be entered into in the ordinary and usual course of business of the Group and the terms thereof and the New CRRC Group Caps are on normal commercial terms or if there are not sufficient comparable transactions to determine whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) the Independent Third Parties which are fair and reasonable and in the interests of the Company and its shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations on the same by the Independent Financial Adviser.

The Company has appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on, among others, the 2023-2025 CRRC Group Mutual Supply Agreement and the New CRRC Group Caps.

Your attention is drawn to the letter from the Independent Board Committee set out on page 38 of this circular, the letter from Gram Capital set out on pages 39 to 60 of this circular which contains the recommendation of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the 2023-2025 CRRC Group Mutual Supply Agreement and the New CRRC Group Caps, and the principal factors and reasons considered by the Independent Financial Adviser in arriving at its recommendation. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser and the principal factors and reasons considered by the Independent Financial Adviser, considers that the 2023-2025 CRRC Group Mutual Supply Agreement was entered into in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, the terms thereof and the New CRRC Group Caps are on normal commercial terms or if there are not sufficient comparable transactions to determine whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) the Independent Third Parties which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends that the Independent Shareholders vote in favour of the ordinary resolutions to be proposed at the AGM to approve the 2023-2025 CRRC Group Mutual Supply Agreement and the New CRRC Group Caps.

LETTER FROM THE BOARD

(k) *Voting Arrangement*

As at the Latest Practicable Date, CRRC ZELRI, CRRC Zhuzhou, CRRC Investment & Leasing and CRRC Hong Kong were interested in approximately 41.63%, 0.71%, 0.66% and 2.93% respectively of the entire issued share capital of the Company.

Each of the CRRC ZELRI, CRRC Zhuzhou, CRRC Investment & Leasing and CRRC Hong Kong is an associate of CRRC Group and shall therefore abstain from voting at the AGM on resolutions to consider and approve the 2023-2025 CRRC Group Mutual Supply Agreement and the New CRRC Group Caps.

As at the Latest Practicable Date, as far as the Company was aware, having made all reasonable enquiries:

- (i) each of CRRC ZELRI, CRRC Zhuzhou, CRRC Investment & Leasing and CRRC Hong Kong controlled or were entitled to exercise control over the voting rights in respect of its respective Shares;
- (ii) (A) there were no voting trust or other agreement or arrangement or understanding entered into by or binding upon any of CRRC ZELRI, CRRC Zhuzhou, CRRC Investment & Leasing and CRRC Hong Kong;
- (B) there were no obligations on or entitlement of any of CRRC ZELRI, CRRC Zhuzhou, CRRC Investment & Leasing and CRRC Hong Kong as at the Latest Practicable Date, whereby any of CRRC ZELRI, CRRC Zhuzhou, CRRC Investment & Leasing or CRRC Hong Kong had or might have temporarily or permanently passed control over the exercise of the voting rights in respect of its respective Shares to other third parties, either generally or on a case-by-case basis; and
- (iii) there were no discrepancies between the beneficial shareholding interest of any of CRRC ZELRI, CRRC Zhuzhou, CRRC Investment & Leasing and CRRC Hong Kong in the Company as disclosed in this circular and the number of Shares in respect of which it will control or will be entitled to exercise control over the voting rights at the AGM.

7. *Proposed Bank Credit Line Applications*

In order to meet the rapid business development needs of the Company, ensure that there are sufficient funds for the major investment projects, production and operations of the Company, the Board proposes to seek approval from the Shareholders at the AGM, by way of an ordinary resolution, for the credit line applications of the Company in 2022 in the aggregate amount of up to RMB29,000 million or the equivalent in other currencies. For specific details of the credit line applications, the approval from the banks will prevail, and the actual amount and type of credit shall depend on the business development needs of the Company.

LETTER FROM THE BOARD

Details of the Company's credit line applications to relevant banks in the amount of RMB29,000 million for year 2022 are as follows:

Unit: RMB (in million)

No.	Name of Bank/ Financial Institutions	Line of Credit <i>(Note 1)</i>	Type of Credit	Term <i>(Note 2)</i>	Principal Use
1.	Bank of China Co., Ltd.	6,000	Composite Credit	1 Year	Working capital loans, issuance of bank acceptance bills, trade finance, issuance of letter of guarantee, letter of credit, factoring, Yunxin (雲信) etc.
2.	China Construction Bank Co., Ltd.	2,800	Composite Credit	1 Year	Working capital loans, issuance of bank acceptance bills, trade finance, issuance of letter of guarantee, letter of credit, factoring, Yunxin (雲信) etc.
3.	Industrial and Commercial Bank of China Co., Ltd	2,000	Composite Credit	1 Year	Working capital loans, issuance of bank acceptance bills, trade finance, issuance of letter of guarantee, letter of credit, factoring, Yunxin (雲信) etc.
4.	China Minsheng Bank Co., Ltd.	600	Composite Credit	1 Year	Working capital loans, issuance of bank acceptance bills, trade finance, etc.
5.	Bank of Communications Co., Ltd.	2,000	Composite Credit	1 Year	Working capital loans, issuance of bank acceptance bills, trade finance, issuance of letter of guarantee, letter of credit, factoring, Yunxin (雲信) etc.
6.	Agricultural Bank of China Co., Ltd.	2,000	Composite Credit	1 Year	Working capital loans, issuance of bank acceptance bills, trade finance, issuance of letter of guarantee, letter of credit, factoring, Yunxin (雲信) etc.

LETTER FROM THE BOARD

No.	Name of Bank/ Financial Institutions	Line of Credit <i>(Note 1)</i>	Type of Credit	Term <i>(Note 2)</i>	Principal Use
7.	China CITIC Bank Co., Ltd.	2,300	Composite Credit	1 Year	Working capital loans, issuance of bank acceptance bills, trade finance, issuance of letter of guarantee, letter of credit, factoring, Yunxin (雲信) etc.
8.	Bank of Changsha Co., Ltd.	800	Composite Credit	1 Year	Working capital loans, issuance of bank acceptance bills, trade finance, issuance of letter of guarantee, letter of credit, factoring, Yunxin (雲信) etc.
9.	China Guangfa Bank Co., Ltd.	800	Composite Credit	1 Year	Working capital loans, issuance of bank acceptance bills, trade finance, issuance of letter of guarantee, letter of credit, factoring, Yunxin (雲信) etc.
10.	China Everbright Bank Co., Ltd.	1,200	Composite Credit	1 Year	Working capital loans, issuance of bank acceptance bills, trade finance, issuance of letter of guarantee, letter of credit, factoring, Yunxin (雲信) etc.
11.	Shanghai Pudong Development Bank Co., Ltd.	1,400	Composite Credit	1 Year	Working capital loans, issuance of bank acceptance bills, trade finance, issuance of letter of guarantee, letter of credit, factoring, Yunxin (雲信) etc.
12.	China Merchants Bank Co., Ltd.	2,300	Global Composite Credit	1 Year	Working capital loans, issuance of bank acceptance bills, trade finance, issuance of letter of guarantee, letter of credit, factoring, Yunxin (雲信) etc.
13.	Huarong Xiangjiang Bank Co., Ltd.	600	Composite Credit	1 Year	Working capital loans, issuance of bank acceptance bills, trade finance, issuance of letter of guarantee, letter of credit, factoring, Yunxin (雲信) etc.

LETTER FROM THE BOARD

No.	Name of Bank/ Financial Institutions	Line of Credit <i>(Note 1)</i>	Type of Credit	Term <i>(Note 2)</i>	Principal Use
14.	Industrial Bank Co., Ltd.	1,500	Composite Credit	1 Year	Working capital loans, issuance of bank acceptance bills, trade finance, issuance of letter of guarantee, letter of credit, factoring, Yunxin (雲信) etc.
15.	Bank of Ningbo Co., Ltd.	100	Composite Credit	1 Year	Working capital loans, issuance of bank acceptance bills, etc.
16.	Citibank N.A.	500	Composite Credit	1 Year	Working capital loans, issuance of letter of guarantee, trade finance, etc.
17.	Société Générale S.A.	200	Composite Credit	1 Year	Working capital loans, issuance of letter of guarantee, trade finance, etc.
18.	Barclays Bank PLC	400	Composite Credit	1 Year	Working capital loans, trade finance, etc.
19.	CRRRC Hongkong Capital Management Co., Ltd	500	Composite Credit	1 Year	Working capital loans, trade finance, etc.
20.	Others <i>(Note 3)</i>	1,000	N/A	N/A	Working capital loans, trade finance, etc.
	Total	<u>29,000</u>			

Note 1: Depending on the actual needs of the Company and in compliance with the banks' regulatory requirements, the credit lines granted by each bank above are inter-exchangeable.

Note 2: Calculated from the date when the Company and its subsidiaries within the scope of consolidated financial statements enter into the financing agreements with the banks.

Note 3: It refers to the potential application for additional credit line(s) by cooperating banks as required by other financing needs.

LETTER FROM THE BOARD

At the same time, to improve financing efficiency, the Board proposes to seek authorisation from the Shareholders at the AGM, by way of an ordinary resolution, for the chairman of the Board to (i) sign bank facility agreements and their ancillary documents provided that the relevant facility falls within the abovementioned bank credit lines; (ii) approve and sign bank loan agreements and their ancillary documents for credit in the amount of RMB1,000 million or below for a single transaction; and (iii) sign agreements relating to bank acceptance bills, letters of guarantee, factoring and trade finance business and their ancillary documents for credit in the amount of RMB1,000 million or below for a single transaction.

An ordinary resolution in relation to the proposed bank credit line applications will be submitted to the AGM for consideration and approval by way of ordinary resolution. The term of authorisation shall be effective upon its approval by the Shareholders at the AGM up to the date of the annual general meeting for year 2022.

8. *The Remuneration of Directors and Supervisors for year 2021*

The remuneration of Directors and Supervisors for year 2021 is set out in Note “(X) Related Party Relationships and Transactions – 5. Major transactions between the Group and its related parties – (7) Remuneration of key management” to the Financial Statements in the 2021 Annual Report of the Company. The remuneration of Directors and Supervisors for year 2021 will be proposed at the AGM for the Shareholders to approve by way of ordinary resolution.

9. *Proposed Amendments to Certain Rules of Procedures of the Company*

In light of the proposed amendments to the Articles of Association (further details of which are set out below), the General Meeting Rules, the Board Meeting Rules and the Supervisory Committee Meeting Rules are proposed to be amended to, among others, align with the proposed amendments to the Articles of Association and bring them in line with the Company’s updated position. The amended rules of procedures as mentioned above will take effect upon consideration and approval at the AGM. Upon such amended rules of procedures taking effect, the then prevailing rules of procedures will be repealed simultaneously. Prior to that, such rules of procedures currently in force will continue to be applicable.

Please refer to Appendix VI, VII and VIII of this circular respectively for the details of the proposed amendments to the General Meeting Rules, the Board Meeting Rules and the Supervisory Committee Meeting Rules.

The resolutions in relation to the amendments to the General Meeting Rules, the Board Meeting Rules and the Supervisory Committee Meeting Rules will be submitted to the AGM for consideration and approval by way of ordinary resolutions.

LETTER FROM THE BOARD

10. Proposed Amendments to the Terms of Reference of the Independent Non-executive Directors

In light of the latest regulatory rules of CSRC, the listing rules of the SSE and the actual situation of the Company, the Company proposed to amend the Terms of Reference of the Independent Non-executive Directors. The amendments of the Terms of Reference of the Independent Non executive Directors will take effect upon consideration and approval at the AGM.

Please refer to Appendix IX to this circular for the details on the proposed amendments to the Terms of Reference of the Independent Non executive Directors.

The resolution in relation to the proposed amendments to the Terms of Reference of the Independent Non-executive Director will be submitted to the AGM for consideration and approval by way of ordinary resolution.

11. Proposed Amendments of the Internal Control Policies

In light of the latest regulatory rules of CSRC, the listing rules of the SSE and the actual situation of the Company, the Company proposed to amend certain internal control policies, including the “Management Policy for External Guarantees”, the “Management Policy for A Shares Proceeds” and the “Policy for Preventing the Controlling Shareholders, Actual Controllers and Related Parties from Appropriating Funds”.

Please refer to Appendices X, XI and XII respectively for the proposed amendments to the “Management Policy for External Guarantees”, the “Management Policy for A Shares Proceeds” and the “Policy for Preventing the Controlling Shareholders, Actual Controllers and Related Parties from Appropriating Funds”.

The resolution in relation to the amendments to certain internal control policies will be submitted to the AGM for consideration and approval by way of ordinary resolution.

LETTER FROM THE BOARD

12. Property Leasing Framework Agreement

Reference is made to the announcement of the Company dated 17 August 2018 in relation to the Property Leasing Framework Agreement. As the Property Leasing Framework Agreement is continued to be in effect and the transactions contemplated thereunder are continuing, pursuant to the relevant SSE Sci-Tech Listing Rules, the estimated amount of 2022-2024 ordinary connected transaction for property and ancillary facilities between the Company and CRRC under the Property Leasing Framework Agreement are required to be approved at a general meeting of the Company.

The estimated amount of 2022-2024 ordinary connected transaction for property and ancillary facilities between the Company and CRRC under the Property Leasing Framework Agreement will be submitted to the AGM for consideration and approval by way of ordinary resolution.

As disclosed in the announcement of the Company dated 17 August 2018, as one or more of the applicable percentage ratios (other than the profit ratio) as defined under the Listing Rules in respect of the Property Leasing Framework Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the Property Leasing Framework Agreement are subject to the reporting and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

13. Proposed Change of Auditor

Reference is made to the announcement of the Company dated 26 April 2022 in relation to, among others, the proposed change of auditors.

The Company announced that at the Board meeting held on 26 April 2022, the Board approved the proposed appointment of KPMG Huazhen as the auditor for the Company's 2022 financial reports and internal control with the recommendation of the audit committee of the Company. Pursuant to the relevant regulations of the Ministry of Finance of the PRC and the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (the "SASAC"), accounting firms that undertake audit of the final financial accounts for a central enterprise shall be under consecutive terms of not less than 2 years and not more than 5 years; the audit period for accounting firms that rank among the top 15 of the National Comprehensive Evaluation Ranking of Accounting Firms (全國會計師事務所綜合評價) with excellent audit quality may be extended as appropriate subject to application by the relevant enterprises and approval by the SASAC, but the consecutive audit period shall not exceed 8 years. As Deloitte has served as the auditor of CRRC ZELRI for 6 consecutive years during 2014 to 2019, during which Deloitte, being the auditor of CRRC ZELRI was involved in the audit services of the financial statements of Zhuzhou CRRC Times Electric Co., Ltd (i.e. the Company) (which forms an important part of CRRC ZELRI). Deloitte served as the auditor of the Company and provided audit services on the financial statements for four consecutive years during 2018 to 2021. After taking into account the business development of the Company and the need for annual audit, the Company proposed the change of auditor. The proposed appointment of KPMG Huazhen is subject to the approval of the Shareholders at the AGM.

LETTER FROM THE BOARD

Deloitte has confirmed in writing that there is no disagreement between them and the Company, nor are there any matters related to the proposed change of auditor that need to be brought to the attention of the Shareholders of the Company.

The resolution in relation to the proposed change of auditor for 2022 was considered and approved by the Board at the Board meeting held on 26 April 2022 and will be submitted to the AGM for consideration and approval by way of ordinary resolution.

(B) Special Resolutions

14. Proposed Amendments to the Articles of Association

Reference is made to the announcement of the Company dated 26 April 2022 in relation to, among others, the proposed amendments to the Articles of Association, the General Meeting Rules, the Board Meeting Rules and the Supervisory Committee Meeting Rules.

In light of the Guidelines on the Articles of Association of Listed Companies (Revision 2022) (CSRC Announcement [2022] No. 2)* (《上市公司章程指引(2022年修訂)》(證監會公告[2022]2號)) issued by the CSRC and the Listing Rules (including Appendix III thereof) and taking into account the actual situation of the Company, the Board approved the proposed amendments to the Articles of Association. The proposed amendments to the Articles of Association are subject to approval of the Shareholders by way of special resolution at the AGM and become effective thereafter. Upon the amended Articles of Association taking effect, the then prevailing Articles of Association will be repealed simultaneously. Prior to that, the Articles of Association currently in force will continue to be applicable.

Please refer to Appendix III to this circular for details on the proposed amendments to the Articles of Association.

After the proposed amendments to the Articles of Association come into effect, the Company will go through all necessary filings with relevant PRC government authorities and the Registrar of Companies in Hong Kong.

The resolution in relation to the proposed amendments to the Articles of Association will be submitted to the AGM for consideration and approval by way of special resolution.

LETTER FROM THE BOARD

15. General Mandate to Issue a Shares And/or H Shares

At the annual general meeting for year 2020 of the Company held on 8 June 2021, a special resolution was passed granting the Board the general mandate to allot, issue and deal with additional domestic shares of the Company and/or H Shares not exceeding 20% of the domestic shares of the Company and the H Shares respectively in issue as at 8 June 2021. The domestic shares of the Company in issue were converted to A Shares following their listing on the Science and Technology Innovation Board of the SSE on 7 September 2021.

Considering that the general mandate to allot, issue and deal with additional domestic shares of the Company and/or H Shares not exceeding 20% of the domestic shares of the Company and the H Shares respectively in issue as at 8 June 2021 will have expired at the conclusion of the AGM, the Board proposes to seek approval from the Shareholders at the AGM, by way of a special resolution, for granting the Issue Mandate, subject to the conditions as set out in the resolution for the grant of the Issue Mandate.

Any exercise of the power by the Board under the Issue Mandate will have to comply with the Articles of Association, the Company Law and the Listing Rules and all other applicable laws, rules, regulations and requirements of relevant governmental and/or regulatory authorities.

In order to ensure flexibility and discretion for the Board to issue new Shares, the Board believes that it is in the best interests of the Company and the Shareholders as a whole for the Issue Mandate to be granted.

The resolution in relation to general mandate to issue A Shares and/or H Shares will be submitted to the AGM for consideration and approval by way of special resolution.

16. General Mandate to Repurchase H Shares

In order to strengthen the Company's capital market value management and in response to Shareholders' demands, the Board proposes the granting of the general mandate to the Board to repurchase H Shares be considered and approved at the AGM and the Class Meetings, for the Board to repurchase H Shares not exceeding 10% of the total number of the H Shares in issue at the time when this resolution is passed in accordance with all applicable laws and regulations, the Articles of Association, the requirements of the Stock Exchange and any other relevant government or regulatory authorities of the PRC and with reference to market conditions, based on funding arrangements and in accordance with the needs of the Company.

LETTER FROM THE BOARD

It is proposed that, authorities in relation to the Repurchase Mandate be granted to the Board at the AGM and the Class Meetings, including but are not limited to:

1. to formulate and implement specific repurchase plans, including but not limited to repurchase price(s), number of Shares to be repurchased, timing(s) of repurchase and period(s) of repurchase, etc.;
2. to notify creditors and issue announcement in accordance with the Company Law and the Articles of Association;
3. to set up overseas Share accounts and carry out relevant procedures for change of foreign exchange registration;
4. to carry out the relevant approval, filing and/or disclosure procedures in accordance with laws, regulations, the Articles of Association, requirements of securities regulators of the places where the Shares of the Company are listed and any other relevant government or regulatory authorities of the PRC (if necessary);
5. to carry out the cancellation procedures for the repurchased H Shares, reduce registered capital, and make corresponding amendments to the Articles of Association in respect of total share capital and shareholding structure, etc., and to carry out the statutory registration and filing procedures within and outside the PRC; and
6. to execute other documents, and deal with all other necessary or appropriate measures, actions, matters and affairs, in connection with the repurchase of H Shares.

If the relevant special resolution set out in the AGM Notice and the notices of Class Meetings is passed at the AGM and the Class Meetings, the Board will be granted the Repurchase Mandate until the earlier of (a) the conclusion of the next annual general meeting of the Company; or (b) the date on which the authorities conferred by the relevant special resolution is revoked or varied by special resolution by the Shareholders at the general meeting, the class meeting of holders of A Shares and the class meeting of holders of H Shares, respectively, in repurchasing its H Shares.

The Company intends to apply and only apply its own funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws, rules and regulations of the PRC.

Please refer to Appendix II to this circular for the explanatory statement which sets out certain information on the Repurchase Mandate.

The resolution in relation to the Repurchase Mandate will be submitted to the AGM and the Class Meetings respectively for consideration and approval by way of special resolution.

LETTER FROM THE BOARD

III. THE AGM AND THE CLASS MEETING OF HOLDERS OF H SHARES

The votes at the AGM and the Class Meeting of Holders of H Shares will be taken by poll.

Notices convening the AGM and Class Meeting of Holders of H Shares to be held at Room 301, CRRC Times Party School, Times Hotel, Times Road, Shifeng District, Zhuzhou, the PRC on Friday, 17 June 2022 are set out on pages XIII-1 to XIII-6 and pages XIV-1 to XIV-4 of this circular, respectively.

To be eligible to attend and vote at the AGM and the Class Meeting of Holders of H Shares, all transfer documents together with the relevant Share certificates must be lodged, for holders of the H Shares, with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 13 June 2022.

Proxy forms for appointing proxy are despatched together with this circular and published on the websites of the Company (<http://www.tec.crrczic.cc>) and the Stock Exchange (www.hkex.com.hk). Whether or not you intend to attend the AGM and/or the Class Meeting of Holders of H Shares, you are requested to complete and return the proxy forms in accordance with the instructions printed thereon not less than 24 hours before the time appointed for holding the AGM and/or the Class Meeting of Holders of H Shares or the adjournment thereof.

Completion and return of the proxy forms will not preclude you from attending and voting in person at the AGM and/or the Class Meeting of Holders of H Shares or at any adjournment thereof if you so wish.

IV. PRECAUTIONARY MEASURES FOR THE AGM AND THE CLASS MEETINGS

In light of the continuing outbreak of Novel Coronavirus Disease ("COVID-19"), the following precautionary measures will be implemented of the Company at the AGM and the Class Meetings to safeguard the health and safety of the attendees:

- Compulsory body temperature check will be conducted for every Shareholder and proxy at the entrance of the venue. Any person with a body temperature of over 37.5 degree Celsius will not be admitted to the venue;
- Mandatory wearing of surgical face masks for every Shareholder and proxy throughout the meeting;
- No refreshment and souvenirs will be provided; and
- Other safe distancing measures as appropriate.

To further control the spread of COVID-19, the Company advises the Shareholders, in particular those subject to related quarantine, to exercise their voting rights by appointing the chairman of the AGM, the Class Meeting of Holders of A Shares or the Class Meeting of Holders of H Shares (as the case may be) as their proxy to vote according to their indicated voting instructions, as an alternative to attending the meeting in person.

LETTER FROM THE BOARD

Depending on the development of COVID-19, the Company may implement further changes on the precautionary measures and may make further announcement in relation to such measures as appropriate.

V. RECOMMENDATION

The Board (including the independent non-executive Directors) considers that all the resolutions to be proposed at the AGM and the Class Meeting of Holders of H Shares are in the best interests of the Company and the Shareholders as a whole. As such, the Board recommends the Shareholders to vote in favor of all the resolutions set out in the AGM Notice and the Notice of Class Meeting of Holders of H Shares which are to be proposed at the AGM and the Class Meeting of Holders of H Shares.

VI. FURTHER INFORMATION

Further information of the Company is set out in the appendices to this circular for your information.

Pursuant to the requirements under the Rules for the Shareholders' Meetings of Listed Companies issued by the CSRC, each of the independent Directors shall prepare a work report for the preceding year at the annual general meeting. Such report will be submitted to the Shareholders for consideration but not for approval at the AGM.

Yours faithfully,
For and on behalf of the Board
Li Donglin
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



株洲中车时代电气股份有限公司

ZHUZHOU CRRC TIMES ELECTRIC CO., LTD.

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

(Stock Code: 3898)

17 May 2022

To the Independent Shareholders

Dear Sir/Madam

CONTINUING CONNECTED TRANSACTIONS WITH CRRC GROUP

We refer to the circular issued by the Company to the Shareholders of even date (the “**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meaning in this letter unless the context otherwise requires.

Under the Listing Rules, the 2023-2025 CRRC Group Mutual Supply Agreement and the New CRRC Group Caps are subject to the approval of the Independent Shareholders.

We have been appointed by the Board to consider the terms of the 2023-2025 CRRC Group Mutual Supply Agreement and to advise the Independent Shareholders as to whether, in our opinion, such transactions and such terms are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Gram Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board and the letter from Gram Capital as set out in the Circular. Having taking into account the principal factors and reasons considered by and the advice of the Independent Financial Adviser as set out in its letter of advice, we consider that the 2023-2025 CRRC Group Mutual Supply Agreement was entered into in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and the terms thereof and the New CRRC Group Caps are on normal commercial terms or if there are not sufficient comparable transactions to determine whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) the Independent Third Parties which are fair and reasonable and the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote at the upcoming AGM in favour of the ordinary resolution to approve the 2023-2025 CRRC Group Mutual Supply Agreement and the New CRRC Group Caps.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Chan Kam Wing, Clement

Pao Ping Wing

Liu Chunru

Chen Xiaoming

Gao Feng

Independent non-executive Directors

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

17 May 2022

*To: The independent board committee and the independent shareholders
of Zhuzhou CRRC Times Electric Co Ltd.**

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS WITH CRRC GROUP

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the 2023-2025 CRRC Group Mutual Supply Agreement (the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 17 May 2022 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 29 March 2022, the Company entered into the 2023-2025 CRRC Group Mutual Supply Agreement with CRRC Group for a term commencing from 1 January 2023 to 31 December 2025.

With reference to the Board Letter, the Transactions constitute continuing connected transactions of the Company and are subject to the reporting, annual review, announcement, circular and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Chan Kam Wing, Clement, Mr. Pao Ping Wing, Ms. Liu Chunru, Mr. Chen Xiaoming and Mr. Gao Feng (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are conducted in the ordinary and usual course of the business of the Group and are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Transactions at the AGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

LETTER FROM GRAM CAPITAL

INDEPENDENCE

We were not aware of (i) any relationships or interests between Gram Capital and the Company; or (ii) any services provided by Gram Capital to the Company, during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the 2023-2025 CRRC Group Mutual Supply Agreement. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, CRRC Group, their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

LETTER FROM GRAM CAPITAL

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Transactions

Information on the Group

With reference to the Board Letter, the Group is mainly engaged in the research, development, design, manufacture and sale of railway transportation equipment products, as well as provision of relevant services. The Group has an industrial structure of “components + systems + complete machines”. The products primarily include rail transit electrical equipment, rail engineering machinery and communication signal systems with a focus on rail transit traction converter systems. Meanwhile, the Group also actively expands into industries other than rail transit and carries out business operations in the fields of power semiconductor device, industrial converter products, electric drive system of new energy vehicles, sensor device and marine equipment.

Information on CRRC Group

With reference to the Board Letter, the principal scope of business of CRRC Group is the authorized state-owned asset management and state-owned equity management, capital operation, investment and investment management, asset management and trust management; research and development, sale, leasing and technological services of transportation and urban infrastructure, new energy, energy conservation and environmental protection equipment; design, manufacture and repair of locomotive trains, urban railway transport trains, railway hoisting machinery, various mechanical and electrical equipment and parts, electronic equipment, environmental protection equipment and products; import and export of goods, technology and agency. (The market entity selects its operating projects and carries out operating activities at its own discretion in accordance with the laws; for projects subject to approval in accordance with the laws, operating activities shall be carried out in accordance with the approved content after the approval is obtained from relevant authorities; operating activities in relation to projects prohibited and restricted by the national and municipal industrial policies shall not be carried out).

LETTER FROM GRAM CAPITAL

Reasons for and benefits of the Transactions

Set out below are the reasons for and benefits of the Transactions as extracted from the Board Letter:

- In relation to the purchase of products and/or services, the Group has been procuring certain parts and components and services for the manufacture of its products from the CRRC Group of Companies for many years. As a result of such long-term business relationship, the CRRC Group of Companies has been familiar with the Group's product standards and technical parameters, and has been able to respond quickly and in a cost efficient manner to any new requirements that the Group may request. In order to fulfil product standards and technical parameters required by the Group's customers, the Group needs the CRRC Group of Companies to supply from time to time certain parts and components produced with CRRC Group's proprietary process and technology, and services for skills and technical know-how. The Directors believe that even if other suppliers may be able to manufacture the relevant parts and components according to the same specifications, such suppliers may not be able to meet the time constraints imposed as they may not be familiar with the requirements of the Group's customers. In contrast, the products provided by the CRRC Group of Companies have more competitive advantages in terms of time, technology, quality and cost.
- In relation to the supply of products and/or services, the Group has been supplying certain parts and components and services to the CRRC Group of Companies for many years. The parties have established a solid business relationship based on factors such as the continuity of historical product support and in-depth cooperation in technology research and development. As the Group has been focused on and specialised in research, development, manufacture and sale of products including power converters, control systems, electrical systems and electric components for the railway industry, urban railway industry and non-railway purposes, the Directors believe that the CRRC Group of Companies prefers acquiring such products including electrical systems and electrical components from the Group as the Group processes with the technical expertise and staff equipped with the relevant skills and specialities for providing technical services, after-sales services, management services in support of the products supplied.
- Further, the Group's purchases from and/or sales to the CRRC Group of Companies are on terms no less favourable to the Group than terms available to or from (as appropriate) the Independent Third Parties. The transactions contemplated under the 2023-2025 CRRC Group Mutual Supply Agreement are necessary for and are beneficial to the Company and therefore is of commercial benefit to the Company and the Group as a whole. Entering into the 2023-2025 CRRC Group Mutual Supply Agreement will facilitate the operation and growth of the Group's business and minimise the costs and time of the Group in acquiring similar products from the Independent Third Parties (if so available) as it may involve various testing and commissioning process to ensure the products to be embedded and assembled into the final products of the customers are compatible and satisfactory.

LETTER FROM GRAM CAPITAL

- It is the understanding of the Group that the CRRC Group of Companies always adhere to the road of internationalization, expand overseas marketing channels, and has expanded the breadth and depth in developing overseas market to improve the global industrial layout. Accordingly, the Group anticipates that the expected transactions in relation to the mutual supply of products and services between the Group and the CRRC Group of Companies will be further increased.

We noted that the Company has adopted internal control measures to ensure that the transactions contemplated under the 2023-2025 CRRC Group Mutual Supply Agreement will be conducted in accordance with the terms thereof, on normal terms (or on terms no less favourable than terms available to or from Independent Third Parties) and in accordance with the pricing policies of the Company. According to the Company's quarterly announcements in respect of quarterly review of continuing connected transactions published for each quarter of 2020 and 2021 (the "**Quarterly Review Announcements**"), the relevant transactions carried out pursuant under the 2020-2022 CRRC Group Mutual Supply Agreement were entered into in the ordinary and usual course of business of the Group, were on normal commercial terms which were fair and reasonable insofar as the interests of the Company and the Shareholders are concerned as a whole, were conducted in accordance with the Group's pricing policies and the terms of the relevant agreements governing such transactions, and were within the annual cap amounts of the relevant financial years respectively. As confirmed by the Company, the Company will continue to publish quarterly announcements in respect of quarterly review of continuing connected transactions on the Stock Exchange's website after entering into the 2023-2025 CRRC Group Mutual Supply Agreement.

As confirmed by the Directors, as the Transactions will be conducted in the ordinary and usual course of business of the Group and on a frequent basis, it would be (i) costly and impractical to make regular disclosure of each of the relevant transactions and obtain the prior approval from the Independent Shareholders as required by the Listing Rules, if necessary; and (ii) impracticable to seek Independent Shareholders' approval upon confirmation of the Group's or members of CRRC Group's successful bidding for provision of products or services, the suppliers/service providers of which are selected through bidding process with the specific timetable. Accordingly, the Directors are of the view that the Transactions will be beneficial to the Company and the Shareholders as a whole. As mentioned above, the Group is mainly engaged in the research, development, design, manufacture and sale of railway transportation equipment products, as well as provision of relevant services. As the products and services to be procured/supplied by the Group pursuant to the 2023-2025 CRRC Group Mutual Supply Agreement are expected to be related to the aforesaid products or related services, or relevant materials or services for the Group to conduct its businesses, we concur with the Directors that the Transactions will be conducted in the ordinary and usual course of business of the Group.

Having considered the above factors, in particular (i) the 2023-2025 CRRC Group Mutual Supply Agreement would enable the Group to achieve synergies with CRRC Group and its subsidiaries/associates (such as minimise the costs and time of the Group, reduce the procurement costs and to obtain operating efficiency by centralised and/or bulk purchase from the Group); and (ii) the provision of parts and components and services by the Group to the CRRC Group of Companies will provide the Group with stable income sources, we concur with the Directors that the Transactions will be conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

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2. Principal terms of the Transactions

The following table tabulates a summary of the major terms of the Transactions as extracted from the Board Letter, details of which are set out under the section headed “Principal Terms of the 2023-2025 CRRC Group Mutual Supply Agreement” of the Board Letter:

Date:	29 March 2022
Parties:	(a) CRRC Group; and (b) the Company
Term:	A term of three (3) years commencing on 1 January 2023 and ending on 31 December 2025.
Scope of products and services to be provided:	The Company agreed to supply and procure its subsidiaries to supply to the CRRC Group of Companies certain products, parts and components, technical services, after-sales services, management services and other related services, and related facilities for research and development, production and testing purposes. (the “ Sales Transactions ”)

With reference to the Board Letter, the products to be supplied by the Group are expected to include locomotive traction converters, EMU traction converters, urban railcar traction converters and their respective auxiliary power supply equipment and control systems, and other related parts and components and the services to be provided by the Group are expected to be mainly technical support services and maintenance services which are mostly specific to and tailor-made for the relevant products to be supplied;

CRRC Group agreed to supply and procure its subsidiaries and/or their respective associates and/or subordinate entities (excluding the Group) to supply to the Group certain products, parts and components, technical services, after-sales services, management services and other related services, and related facilities for research and development, production and testing purposes. (the “**Purchase Transactions**”)

With reference to the Board Letter, the products to be supplied by the CRRC Group of Companies are expected to include electrical components such as motors, transformers, reactors, urban rail housing, transmission control devices and other related parts and components, and the services to be provided by the CRRC Group of Companies are expected to be mainly technical services such as basic technology research, platform development, product testing and performance improvements, which are mostly specific to and tailor-made for the relevant products to be supplied;

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Pricing policy:

The pricing for the products and/or services supplied by and/or to the CRRC Group of Companies will be determined on the following principles in order of priority:

- (a) the prices prescribed by the government of the PRC or any regulatory authority(ies) (if any) (“**Government-prescribed prices**”);
- (b) the pricing guidelines or prices to be determined by the parties within the range as set by the government of the PRC or any regulatory authority(ies) (if any) (“**Government-guided prices**”), where no Government-prescribed prices are available or applicable;
- (c) the final confirmed prices through the bidding and tendering process conducted in accordance with the applicable laws, rules and regulations (if any) (“**Bidding prices**”), where neither Government-prescribed prices nor Government-guided prices are available or applicable;
- (d) the market prices determined in accordance with the following order: (i) the prevailing prices charged by Independent Third Parties providing the same types of products and/or services under normal commercial circumstances in the locality where such products and/or services are provided or its surrounding regions; or (ii) the prevailing prices charged by Independent Third Parties providing the same types of products and/or services under normal commercial circumstances, where none of the Government-prescribed prices, Government-guided prices or the Bidding prices are available or applicable (the “**Market Price(s)**”); and
- (e) the agreed prices based on the actual or reasonable cost incurred thereof plus a reasonable profit (which is determined with reference to the nature and historical price of products and/or services, current market price (if applicable) of the similar products and/or services and the Group’s forecasted demand and increase in the market price of such products and/or services in the remaining term), where none of the above pricing principles are available or applicable (the “**Agreed Prices**”).

As advised by the Directors, the priority is set from (a) to (e) such that the pricing mechanism (c), (d) and (e) will be applied only if the Government-prescribed pricing mechanism(s) and Government-guided price(s) are not applicable.

LETTER FROM GRAM CAPITAL

The Group's procurements of products and services from the CRRC Group of Companies

The Group has formulated a series of measures and procedures for its purchase of products and/or services including Measures for Raw Materials Procurement Management (《物資採購管理辦法》), Measures for Centralized Procurement Management (《集中採購管理辦法》), Price Inquiry Process Procurement Procedures (《詢比價採購流程》) and Procedure for Negotiated Tender Procurement (《議標採購流程》) etc. to standardise various procurement activities carried out or to be carried out by the Group, which apply to both transactions with connected persons and the Independent Third Parties. The procurement centre of the Company has maintained and operated a procurement management platform (<http://scm.csrzic.com/>), where the Group will post its procurement requirements through such platform so that its qualified suppliers (including but not limited to the CRRC Group of Companies) may respond to such procurement request by providing quotations or submitting bids to the platform.

With respect to the purchase of products and/or services by the Group, in determining whether the prices and/or payment terms offered by the CRRC Group of Companies are reasonable or no less favourable than those offered by the Independent Third Parties, the Group will follow the above established effective methods and procedures. Specifically, the Group will obtain and compare the quotations and bids from the suppliers, and further conduct researches on industry websites and obtain and compare price references from the market to the extent that those products and/or services are of comparable nature, quality, quantity and condition and select the supplier in accordance with the established methods and procedures to ensure that the procurement is fair and reasonable. In the event that no comparable Market Price is available, experts in the Group with sufficient industry experience could opine on the fairness and reasonableness of the relevant price and/or payment terms by reference to the comparable price and/or historical transaction price and/or payment terms of the most similar items to ensure that the price and/or payment terms would be fair and reasonable to the Group and no less favourable to the Group than those offered by the Independent Third Parties. In order to further safeguard the Group's interest, the 2023-2025 CRRC Group Mutual Supply Agreement provides that in the event that the price and/or payment terms offered by the CRRC Group of Companies are less favourable than those offered by the Independent Third Parties, the Group will have the right to terminate and cancel such purchases with the CRRC Group of Companies.

As advised by the Directors, the pricing principles of (c) and (d) above which are based on confirmed prices through a bidding and tender process and market price respectively have been most commonly adopted when determining the prices for the products and/or services to be supplied by the CRRC Group of Companies.

LETTER FROM GRAM CAPITAL

The Group's supply of products and services to the CRRC Group of Companies

The Group has formulated a series of measures and procedures for its supply of products and/or services including Administrative Measures for Sales Business and Accounts Receivables (《銷售業務和應收賬款管理辦法》), Administrative Measures for Rewards and Punishments of Sales Receipts (《銷售回款獎懲管理辦法》), Management Procedures for Sales Contract Review and Execution (《銷售合同評審與簽訂管理流程》) etc. and Bidding Management Procedures 《投標管理流程》 to standardise various sale and supply activities carried out or to be carried out by the Group, which apply to both transactions with connected persons and the Independent Third Parties. The legal department of the Company has maintained and operated a legal and sales contract management system and set up different approval procedures to regulate the supply of the Group's products and/or services.

With respect to the supply of products and/or services by the Group, the prices for products and/or services to be charged by the Group to the CRRC Group of Companies will be determined in accordance with the aforesaid pricing policy, and taking into account various factors such as marketing strategy, sales volume, historical cooperation, product costs and reasonable profits. The Group will follow the above established methods and procedures to determine the prices and/or payment terms offered to the CRRC Group of Companies. Specifically, the Group will conduct researches on industry websites and compare prices of recent similar transactions of the Group in the market to the extent that those products and/or services are of comparable nature, quality, quantity and condition, so as to ensure that the prices and/or payment terms would be fair and reasonable to the Group and no less favourable to the Group than those offered to the Independent Third Parties.

As advised by the Directors, based on the Group's historical transactions with the CRRC Group of Companies for the two years ended 31 December 2021, there were only few products and/or services which were supplied by the Group to both the CRRC Group of Companies and Independent Third Parties that can be priced with reference to comparable market prices. We understood that most of the products and/or services supplied by the Group to the CRRC Group of Companies for the two years ended 31 December 2021 were supplied exclusively to the CRRC Group of Companies, as these products and/or services have specifications and requirements which are mostly specific to and tailor-made for CRRC Group's proprietary process and technology. For parts and components which are produced by the Group using CRRC Group's proprietary process and technology, since Independent Third Parties in the market are unlikely and not expected to possess the technology required for the production for such specifications, no direct comparable market price is available for those parts and components. In such cases, pricing is determined with references to the market prices of similar products (if so available) and if is not available, the parties will then resort to the last pricing principle (e) and go for the agreed prices based on the actual or reasonable cost incurred thereof plus a reasonable profit margin to determine the price.

LETTER FROM GRAM CAPITAL

With respect to the few products and/or services which are supplied by the Group to both the CRRC Group of Companies and Independent Third Parties, based on the Group's historical transactions with the CRRC Group of Companies, such products and/or services are mainly priced using the pricing principle (d) relating to market price. The Company will ensure that the price offered to the CRRC Group of Companies for such products and/or services will not be lower than those offered to Independent Third Parties by referencing the historical transaction price offered to Independent Third Parties for similar products and/or services.

Internal control:

With reference to the Board Letter, to ensure that the transactions conducted under the 2023-2025 CRRC Group Mutual Supply Agreement will be conducted in accordance with the terms thereof, on normal terms (or on terms no less favourable than terms available to or from Independent Third Parties) and in accordance with the pricing policies of the Company, the Company adopted certain internal control measures, details of which are set out under the section headed "Internal control procedures" of the Board Letter. As there will be (i) periodical researches on industry websites and compare prices procedures; and (ii) the parties will go through the bidding and/or negotiation for finalising the terms of the contracts, which will be reviewed by expert with industry experience and/or the relevant staff from business unit, audit and risk control department, legal department, finance centre and/or management of the Company for approval before execution; and (iii) there will be a quarterly assessment on the amounts of the continuing connected transactions, we consider that the effective implementation of the internal control procedures will ensure (i) the fair pricing of the transactions contemplated under the 2023-2025 CRRC Group Mutual Supply Agreement; and (ii) the transactions amounts of the 2023-2025 CRRC Group Mutual Supply Agreement will not exceed the New CRRC Group Caps.

With reference to the Company's annual report for the year ended 31 December 2021, the auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions to the Board in accordance with the Rule 14A.56 of the Listing Rules. The Company provided a copy of the said letter to the Stock Exchange. The Directors have reviewed and confirmed that the continuing connected transactions of the Group comply with the agreed procedures and principles and the Group's continuing connected transactions above (including the transactions contemplated under the 2020-2022 CRRC Group Mutual Supply Agreement): (i) were entered into in the ordinary and usual course of business of the Group; (ii) were entered into on normal commercial terms or if there were not sufficient comparable transactions to judge whether they were on normal commercial terms, on terms no less favourable to the Group than those available to or from (as the case may be) independent third parties; (iii) were conducted in accordance with the agreements governing such transactions, and the terms are fair, reasonable and in the interests of the Company and the Shareholders as a whole; and (iv) did not exceed the caps of continuing connected transactions for the financial year ended 31 December 2021 provided for by the relevant continuing connected transactions agreements.

LETTER FROM GRAM CAPITAL

As mentioned above, according to Quarterly Review Announcements, the relevant transactions carried out pursuant under the 2020-2022 CRRC Group Mutual Supply Agreement were entered into in the ordinary and usual course of business of the Group, were on normal commercial terms which were fair and reasonable insofar as the interests of the Company and the Shareholders are concerned as a whole, were conducted in accordance with the Group's pricing policies and the terms of the relevant agreements governing such transactions, and were within the annual cap amounts of the relevant financial years respectively.

Upon our request, we obtained from the Company the following:

- nine individual agreements in respect of the Group's procurement of products from the CRRC Group of Companies pursuant to the 2020-2022 CRRC Group Mutual Supply Agreement, which were provided by the Company on a random selection basis, together with prevailing prices charged by Independent Third Parties suppliers providing the same types of products according to relevant tendering documents.

After reviewing (i) price offered by all suppliers (including CRRC Group of Companies and Independent Third Party suppliers) for same types of products; and (ii) the comprehensive assessment on the background, technical proposal and price offered by all suppliers for such products, we noted that unit prices offered by the CRRC Group of Companies were not less favourable than those offered by Independent Third Parties suppliers. Accordingly, we consider the unit prices offered by the CRRC Group of Companies to be fair and reasonable.

- 22 copies of sales agreements in respect of the Group's supply of products/services to the CRRC Group of Companies pursuant to the 2020-2022 CRRC Group Mutual Supply Agreement, which were provided by the Company on a random selection basis, and to the Independent Third Parties, together with supporting documents/information which indicated the use of pricing principles (c), (d) or (e) above.

After reviewing unit prices of products/services (which (i) could be directly compared as advised by the Directors and (ii) were provided to both CRRC Group of Companies and the Independent Third Parties), we noted that the unit prices offered by the Group to the CRRC Group of Companies were not more favourable than those offered to the Independent Third Parties.

We also reviewed the unit prices of for products/services (which (i) could be directly compared as advised by the Directors and (ii) were provided to CRRC Group of Companies only), the unit prices for similar products/services offered by the Group to different CRRC Group of Companies were approximately the same (with maximum difference of less than 0.01% as a result of rounding).

LETTER FROM GRAM CAPITAL

Having considered the above work done and that (i) the Group recorded gross profit from the transactions contemplated under the above mentioned sales agreements; (ii) the nature of the industry which the Group is involved in; and (iii) the Group adopted the same pricing policy for transactions for the CRRC Group of Companies and other qualified suppliers who are Independent Third Parties, we consider the unit prices offered by the Group to be fair and reasonable. As the unit prices offered by the Group being fair and reasonable and no abnormal key terms observed by us, we consider that such agreements were also entered into in the normal commercial terms.

- To assess whether the numbers of individual agreements as mentioned above are sufficient for us to form our view on the effectiveness of implementation of the internal control mechanism, we conducted the following:
 - (i) as mentioned above, the individual agreements were provided by the Company on a random selection basis. To verify this matter, we (A) obtained written confirmation from the Company that the selection was made on a random basis; (B) discussed with the staff of Company (who is responsible for the collection of such agreements from different departments/subsidiaries) for the bases of selection, and understood that (a) the staff did not set requirement on unit price (i.e. prices offered by/to CRRC Group of Companies being lower/higher than those offered by/to independent third parties) as a contract selection basis; (b) the staff set requirement for individual agreements entered into in 2020 and 2021 as per the requirement set by us; and (c) the staff did not participate in the price determination procedures. Therefore, we accepted that the Company selected the individual agreements on a random basis.
 - (ii) for individual procurement agreements, we noted that such agreements were entered in almost each quarter of 2020 and 2021 respectively, and contract values of which were at different levels (i.e. below RMB1 million; between RMB1 million to RMB10 million; and above RMB10 million).
 - (iii) for individual sales agreements, we noted that such agreements were entered in almost each quarter of 2020 and 2021 respectively, and contract values of which were at different levels (i.e. below RMB1 million; between RMB1 million to RMB10 million; between RMB10 million to RMB100 million; and above RMB100 million).
 - (iv) the purpose of reviewing historical individual agreements was to check the effectiveness of the internal control measures and in addition to review the historical individual agreements, we also (a) reviewed auditors' confirmation; (b) discussed with staff of Company's relevant departments (e.g. audit and risk control department, finance centre, relevant business unit) to check whether they were aware of and would continuously comply with the internal control measures; and (c) reviewed the Quarterly Review Announcements.

LETTER FROM GRAM CAPITAL

As (i) the individual agreements were entered in almost each quarter of 2020 and 2021; (ii) the contract values of such agreements were at different value levels; and (iii) our work done in respect of the bases for selection of relevant agreements as mentioned above, we consider the number of individual agreements are sufficient for us to form our view.

Having considered (i) our findings in respect of the individual purchase agreements and sales agreements as mentioned above; (ii) the Quarterly Review Announcements for the review results of the transactions contemplated under the 2020-2022 CRRC Group Mutual Supply Agreement; and (iii) that we discussed with staff of Company's relevant departments to check and acknowledge whether they were aware of and would continuously comply with the internal control measures, we do not doubt the effectiveness of the implementation of the internal control procedures.

3. Basis of the New CRRC Group Caps

The table below sets out (i) the amount paid to the CRRC Group of Companies by the Group pursuant to the 2020-2022 CRRC Group Mutual Supply Agreement for the two years ended 31 December 2021 and the two months ended 28 February 2022 with existing annual caps; (ii) the amount paid to the Group by the CRRC Group of Companies pursuant to the 2020-2022 CRRC Group Mutual Supply Agreement for the two years ended 31 December 2021 and the two months ended 28 February 2022 with existing annual caps; and (iii) the proposed annual caps for the Purchase Transactions (the "**Purchase Cap(s)**") and the Sales Transactions (the "**Sales Cap(s)**") for the three years ending 31 December 2025:

	For the year ended 31 December 2020 ("FY2020") Approximate RMB'million (audited)	For the year ended 31 December 2021 ("FY2021") Approximate RMB'million (audited)	For the year ending 31 December 2022 ("FY2022") Approximate RMB'million (unaudited)
<i>Purchase Transactions</i>			
Historical amounts –			
Purchase Transactions	2,973.1	2,389.2	164.0 (Note)
Existing annual caps –			
Purchase Transactions	4,200	4,600	5,000
Utilization rates –			
Purchase Transactions	70.8%	51.9%	N/A
<i>Sale Transactions</i>			
Historical amounts – Sales Transactions	7,563.3	6,226.6	295.8 (Note)
Existing annual caps –			
Sales Transactions	13,650	14,950	16,250
Utilization rates – Sales Transactions	55.4%	41.6%	N/A

LETTER FROM GRAM CAPITAL

	For the year ending 31 December 2023 ("FY2023") RMB'million	For the year ending 31 December 2024 ("FY2024") RMB'million	For the year ending 31 December 2025 ("FY2025") RMB'million
The Purchase Caps	4,200	5,000	6,000
The Sales Caps	11,500	13,800	16,500

Note: the figure was for the two months ended 28 February 2022 and was unaudited.

With reference to the Board Letter, the New CRRC Group Caps (i.e. the Purchase Caps and the Sales Caps) for the three years ending 31 December 2025 were determined after taking into account of various factors, details of which are set out under the section headed "New CRRC Group Caps" of the Board Letter.

According to the above tables, we noted that the utilization rates of the existing annual caps for FY2021 were not at high levels. We understood from the Company that such low utilization of existing annual caps was mainly due to the persistent rage of the COVID-19 pandemic across the domestic and international markets decelerated the traffic volume and railway construction progress in China, and led to a significant year-on-year decrease in new investment made by State Railway Group in mobile equipment, which exerted certain impact on the railway transportation industry.

Upon our request, the Directors provided us a calculation of the New CRRC Group Caps for the three years ending 31 December 2025. We noted that the New CRRC Group Caps for the three years ending 31 December 2025 were calculated based on (i) the estimated amounts of the Sale Transactions and the Purchase Transactions for the three years ending 31 December 2025; and (ii) buffers of 10% on the aforesaid estimated amounts.

The estimated amounts

We noted from the calculation that the estimated amounts of the Sale Transactions for the three years ending 31 December 2025 were calculated by (i) the average amounts of the Sale Transactions for the three years ended 31 December 2021 (i.e. RMB7,252 million); and (ii) the annual growth of 20% for Sale Transactions from FY2022 to FY2025. The estimated amounts of the Purchase Transactions for the three years ending 31 December 2025 were calculated by the same methodology (note: the average amounts of the Purchase Transactions for the three years ended 31 December 2021 was approximately RMB2,609 million). The impact of the COVID-19 was considered by using the average amounts of the Purchase Transactions and Sale Transactions for the three years ended 31 December 2021.

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Despite that the Group recorded decrease in the actual amounts of both the Sale Transactions and Purchase Transactions for FY2021 as compared to those for FY2020, the Company assumed an annual growth of 20% for both the Sale Transactions and the Purchase Transactions for FY2022 to FY2025. To assess the fairness and reasonableness of the annual growth of 20% from FY2022 to FY2025, we conducted the following analyses:

- As advised by the Directors, the Transactions are expected to relate to the business prospects of the Group and the CRRC Group of Companies, which will be influenced by the development of the railway and urban rail industry in the PRC as well as the potential of the overseas market. In addition, part of the Transactions will also be influenced by the Group's development of new technologies, new industries, new business types and new models.

PRC railway and urban rail industry

According to “國鐵集團發布《新時代交通強國鐵路先行規劃綱要》” (The Publication of The Program of Building National Strength in Railway Transportation in the New Era by China State Railway Group Co., Ltd*) by People's Railway Daily in August 2020, it is expected that in 2035, 200,000 kilometers of railway network will be constructed, including 70,000 kilometers of high-speed rail (including some intercity railways), 130,000 kilometers of normal-speed railways (including some municipal railways). Railway coverage will be made in cities with a population of more than 200,000, and high-speed rail will be accessible to cities with a population of more than 500,000. The construction of the main high-speed railway of the “eight vertical and eight horizontal lines (八縱八橫)” will be the focus.

We also noted from statistics and reports issued by the China Association of Metros (中國城市軌道交通協會) that the completed construction investment amount (for urban transportation lines) was approximately RMB628.6 billion in 2020, representing an annual growth rate of 5.5%; the length of construction-in-progress of urban transportation lines amounted to 6,797.5 kilometers in 2020, being close to that for previous year. In 2021, the annual completed construction investment amount (for urban transportation lines) was approximately RMB586.0 billion, representing a decrease of approximately 6.8%; and the length of construction-in-progress of urban transportation lines amounted to 6,096.4 kilometers (2020: 6,797.5 kilometers). Despite that both annual completed construction investment amount (for urban transportation lines) and length of construction-in-progress of urban transportation lines decreased in 2021, the movements of aforesaid two indices were in a general increasing trend from 2016 to 2020. According to the latest statistics as published by China Association of Metros (中國城市軌道交通協會), the distance of the newly operating urban transit rail lines in the PRC increased from approximately 534.8 kilometers for 2016 to 1,237.1 kilometers for 2021, representing a compound annual growth rate of approximately 18.26%. The accumulated operating urban transit rail lines in the PRC was 9,206.8 kilometers as at the end of 2021, representing an annual increase of approximately 15.52% as compared to that of 7,969.7 kilometers as at the end of 2020.

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According to《國家綜合立體交通網規劃綱要》(the Guidelines on Developing National Comprehensive Transport Network*) as jointly released by the Central Committee of the Communist Party of China and the State Council of the PRC in February 2021, it is expected that in 2035, the total scale of the national comprehensive transport network will reach about 700,000 kilometers (excluding the foreign parts of international land routes, air routes, sea routes and postal routes), among which the railway amounted to approximately 200,000 kilometers, indicating that the PRC will construct 53,700 kilometers railway during the period of 2021 to 2035, of which high-speed rail amounted to 32,100 kilometers and normal-speed railways amounted to 21,600 kilometers.

In addition, during the period of the 14th Five-Year, it is expected that the development of the urban agglomeration (城市群) and urban circle (都市圈) rail transit will be accelerated and the approved urban fast rails (市域快軌) will be constructed and put into operation gradually. In the first half of 2021, the PRC government issued various favorable policies in respect of the PRC urban rail industry, such as《長江三角洲地區多層次軌道交通規劃》(Multi-level Rail Transit Planning in Yangtze River Delta*),《成渝地區雙城經濟圈綜合交通運輸發展規劃》(Comprehensive Transportation Development Plan of the Twin-City Economic Circle in Chengdu-Chongqing Region*),《關於推動都市圈市域(郊)鐵路加快發展意見》(the “Implementation Opinions on Promoting the Accelerated Development of Urban (Suburb) Railways in the Metropolitan Circle”*), “Comprehensive Transportation Planning Announcement during ‘14th Five-Year’ period”, etc. According to the China Association of Metros (中國城市軌道交通協會), with the advancement of the planning of urban agglomeration (城市群) and urban circle (都市圈) rail transit, it is expected that there will be a large potential in the development of urban fast rail (市域快軌).

According to《“十四五”現代綜合交通運輸體系發展規劃》(“14th Five-Year Plan” Modern Integrated Transportation System Development Plan*) as published by the State Council of the PRC in December 2021, it is expected that in 2025, (i) the operation mileage of the railways will reach 165,000 kilometers, among which the operation mileage of the high-speed railways amounted to approximately 50,000 kilometers; and (ii) the operation mileage of the urban rail transit will reach 10,000 kilometers.

The National Development and Reform Commission of the PRC issued 2022年 新型城鎮化和城鄉融合發展重點任務 (Key Tasks for New Urbanization and Urban-Rural Integration Development in 2022*) in March 2022. Regarding rail transit, the document proposed the construction of urban clusters and metropolitan circles on the rails, acceleration of the planning and construction of intercity railways in key urban clusters such as the Beijing-Tianjin-Hebei, the Yangtze River Delta, and the Guangdong-Hong Kong-Macao Greater Bay Area, and support of rational planning and construction of inter-city rail transit in other urban clusters provided that conditions allow.

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Having considered the above, we concur with the Directors that the prospects of the PRC railway industry and PRC urban rail industry to be positive.

The potential of the overseas railway market

The PRC government has also announced rail expansion plans which include the gradual implementation of international rail plans for the Euroasian high-speed railway, high-speed railway in Central Asia and Pan-Asian high-speed railway etc. These initiative and policies are expected to be new drivers for PRC companies operating within the railway/rolling stock industry to expand their services to the overseas market.

The potential of new technologies, new industries, new business types and new models

In 2021, the first year of the 14th Five-Year Plan, given headwinds such as the increasingly complex international environment, repeated COVID-19 outbreaks, and short-term downward pressure on the macro economy, the rail transit industry was facing development bottlenecks. However, the release and ongoing implementation of the Outline for the Construction of a Transportation Power, the “carbon peak and neutrality” strategy and other national initiatives will bring new opportunities to the Company in terms of developing rail transit and new energy equipment business.

The Outline for the Construction of a Transportation Power explicitly proposes to promote intelligent and digital transportation equipment, vigorously develop intelligent transportation, and advocate low-carbon and eco-friendly development. For the development of advanced rail transit equipment, China aims to develop a new generation of green, intelligent, high-speed and heavy-duty rail transit equipment system, provide users with integrated solutions across the life cycle of the system, and build a world-leading modern rail transit industry. Meanwhile, in the context of the carbon peak and neutrality strategy, the state vigorously improve railway transport capacity under the “highway to railway” initiative, hence heavy-duty freight locomotives still have great growth potential; as a core part of the New Infrastructure Plan, intercity high-speed railway/urban rail transit has ushered in good development opportunities; market opportunities abound in the urban rail industry which is driven by smart technologies and integrated innovation; the rail transit maintenance market is huge in size with a significant growth momentum.

LETTER FROM GRAM CAPITAL

China's "carbon peak and neutrality" strategy is a major decision made based on the international and domestic environment, and is of great significance to building an ecological civilization in China, leading global climate governance and realizing the Two Centenary Goals. In the context of "carbon peaking and neutrality", China's new energy power generation industry is booming, especially in the "wind power, photovoltaic power, energy storage, and hydrogen power" market segments. The new energy market has great prospects and unlimited business opportunities. The key to industrial development is to work with partners to build an end-to-end technology ecosystem with deep integration of wind, solar, energy storage, hydrogen and electronic control technologies. In addition, driven by the "carbon peaking and neutrality" policy, the low-carbon energy transformation will drive the rapid development of electric drives for new energy vehicles, semiconductors and sensors.

- According to the Company's prospectus for the listing of the Company's A Shares dated 1 September 2021, the outbreak of COVID-19 in various countries and areas since the beginning of 2020 affected the operations of the Company, its suppliers and customers at different levels. Therefore, we summarized the historical transaction amounts of the Purchase Transactions and Sales Transactions for 2017 to 2019, being the latest three years immediately before the outbreak of COVID-19 at the beginning of 2020 for Shareholders' information:

	For the year ended 31 December 2017 RMB'million	For the year ended 31 December 2018 RMB'million	For the year ended 31 December 2019 RMB'million
The Purchase Transactions	1,802.6	2,093.2	2,464.4
– <i>Approximate annual growth rate</i>		16%	18%
The Sales Transactions	6,411.8	6,703.8	7,966.3
– <i>Approximate annual growth rate</i>		5%	19%

According to the above table, the annual growth rates of the Purchase Transactions and the Sales Transactions for 2019 were approximately 18% and 19% respectively. The estimated annual growth rate of 20% of the Purchase Transactions and the Sales Transactions for FY2022 to FY2025 were close to the annual growth rates for 2019.

In addition, the average annual growth rates of the Purchase Transactions and the Sales Transactions for 2018 and 2019 were approximately 17% (calculated by $(16\% + 18\%)/2$) and 12% (calculated by $(5\% + 19\%)/2$) respectively.

LETTER FROM GRAM CAPITAL

- The Company completed the issue of A Shares, which was listed and commenced trading on the Science and Technology Innovation Board of the SSE on 7 September 2021. The Company raised a total of approximately RMB7,443.2 million from the issue of A Shares (after deducting the issue related expenses), which will be applied to the following projects: (i) Rail transit traction network technology and system R&D application project; (ii) Smart rail transit bureau and smart urban rail key technology and system R&D application project; (iii) New industry advanced technology R&D application project; (iv) New-type rail engineering machinery R&D manufacturing platform construction project; (v) Innovative experimental platform construction project; and (vi) Replenishment of working capital.

As advised by the Directors, the issue of A Shares and listing on the Science and Technology Innovation Board of the SSE will enable the Company to grasp the major opportunities presented by the capital market reform in the PRC, establish a long-term capital replenishment mechanism, build a diversified financing platform and enhance the Company's strength. The issue of A Shares will provide funds for the Company to realise its future strategic development goals and meet the needs of the Company's core technology and business development, which will continue to inject momentum into the Company's long-term business development, consolidate business performance and improve the Company's overall value.

- As stated in the Company's announcement dated 25 February 2022, during FY2021, affected by the recurring pandemic in China and abroad, the domestic transportation volume and railway construction continued to slacken, and China State Railway Group Co., Ltd.'s investment in manufacturing new rolling stock dropped significantly year-on-year, which caused certain impact on the rail transportation industry sector.

As advised by the Directors, they expected the investment of railway equipment by China State Railway Group Co., Ltd. and the approval progress of urban railway construction plan to recover when the impact of COVID-19 pandemic declines.

- As advised by the Directors, the CRRC Group of Companies may at times make bulk purchases from the Group, and due to the particular nature of the products transacted, the amounts involved could be rather large at times. As such, to obtain operational efficiency and reduce the time of publishing announcements and/or obtaining shareholders' approval in case of revision of the New CRRC Group Caps, therefore, it is reasonable to set the New CRRC Group Cap higher than the historical transaction amounts for the purpose of accommodating for any contingencies, in particular, large purchase/supply orders which may occur frequently in this industry.

LETTER FROM GRAM CAPITAL

Although the estimated annual growth rate of 20% was higher than annual growth rate of Sales Transactions of 5% for the year ended 31 December 2018, having considered that (i) the annual growth rates of the Sales Transactions for 2019 were approximately 19%, which is close to the estimated annual growth rate of 20%; (ii) the average annual growth rates of the Sales Transactions for 2018 and 2019 were approximately 12%; (iii) the proposed use of proceeds from the issue of A Shares (which provided funds for the Company to realise its future strategic development goals and meet the needs of the Company's core technology and business development); and (iv) the prospects of the PRC railway industry, PRC urban rail industry and the overseas railway market to be positive, we are of the view that the estimated annual growth rate of 20%, being higher than annual growth rate of the Sales Transactions of 5% for the year ended 31 December 2018, to be acceptable.

Based on the above factors, in particular, (i) the prospects of the PRC railway industry, PRC urban rail industry and the overseas railway market to be positive; (ii) the estimated annual growth rate of 20% of the Purchase Transactions and the Sales Transactions for FY2022 to FY2025 were close to the annual growth rates for 2019; (iii) despite that the recent development of COVID-19 in mainland China, the recent outbreak of COVID-19 was in Shanghai, where the Group's main production base are located in Hunan Province and Shaanxi Province, etc., therefore the recent impact of COVID-19 in Shanghai was limited; and (iv) the impact of COVID-19 was assumed and expected to be gradually mitigated, we consider that the estimated annual growth rate of 20% of the Purchase Transactions and the Sales Transactions for FY2022 to FY2025 is justifiable.

As mentioned above, the estimated amounts of the Sale/Purchase Transactions for the three years ending 31 December 2025 were calculated by (i) the average amounts of the Sale/Purchase Transactions for the three years ended 31 December 2021; and (ii) the annual growth of 20% for Sale/Purchase Transactions from FY2022 to FY2025.

Having considered that (i) the estimated annual growth rate of 20% of the Purchase Transactions and the Sales Transactions for FY2022 to FY2025 is justifiable as analysed above; (ii) the impact of the COVID-19 was considered by using the average amounts of the Purchase Transactions and Sale Transactions for the three years ended 31 December 2021; and (iii) it is reasonable to set the New CRRC Group Cap higher than the historical transaction amounts for the purpose of accommodating for any contingencies (in particular, large purchase/supply orders which may occur frequently in this industry), we are of the view that the estimated amounts of the Purchase Transactions and the Sales Transactions for the three years ending 31 December 2025 to be fair and reasonable.

LETTER FROM GRAM CAPITAL

Buffer

As mentioned above, the Company applied buffers of 10% as an assumption for the determination of the Purchase Caps and the Sales Caps for each of the three years ending 31 December 2025. Having considered that (I) the additional buffer was applied for unforeseeable circumstances, for instance, (a) the unpredictable increase in actual demand on the estimated amounts of the Purchase Transactions and the Sales Transactions for each of the three years ending 31 December 2025; and (b) the unexpected increase material/commodities cost of the sale/purchase of products & services for each of the three years ending 31 December 2025; and (II) based on our independent research, there were listed companies on the Stock Exchange which had incorporated buffer of 10% or around 10% in the proposed annual caps of their continuing connected transactions (e.g. San Miguel Brewery Hong Kong Limited's (236) circular dated 8 April 2022, Beijing Media Corporation Limited's (1000) circular dated 31 March 2022, Bosideng International Holdings Limited's (3998) circular dated 9 March 2022, Great Wall Motor Company Limited's (2333 & SH601633) circular dated 22 February 2022), we consider the buffers of 10% to be acceptable.

Having considered the above, we are of the view that the Purchase Caps and Sale Caps for the three years ending 31 December 2025 are fair and reasonable.

Shareholders should note that as the Purchase Caps and the Sale Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2025, and they do not represent forecasts of revenues/costs or sales/purchases to be recorded from/related to the Sale Transactions and the Purchase Transactions. Consequently, we express no opinion as to how closely the actual purchase or costs to be incurred under the Purchase Transactions or the Sale Transactions will correspond with the Purchase Caps or the Sale Caps.

4. Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the value of the Transactions must be restricted by the New CRRC Group Caps for the period concerned under the 2023-2025 CRRC Group Mutual Supply Agreement; (ii) the terms of the Transactions must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Transactions must be included in the Company's subsequent published annual reports.

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Transactions (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) has exceeded the annual caps.

LETTER FROM GRAM CAPITAL

In the event that the total amounts of the Transactions are anticipated to exceed the proposed annual caps, or that there is any material amendment to the terms of the 2023-2025 CRRC Group Mutual Supply Agreement, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules and the Company's quarterly review on the continuing connected transactions, we are of the view that there are adequate measures in place to monitor the Transactions and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transactions are on normal commercial terms and are fair and reasonable; and (ii) the Transactions are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the AGM to approve the Transactions and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note:

Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

* *for identification purpose only*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, none of the Directors, supervisors or chief executive of the Company or their respective associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or any personal, family, corporate or other interests or short positions required to be notified to the Company and the Stock Exchange in other ways pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules.

As at the Latest Practicable Date, the Directors were not aware of any Director who is a director or employee of the entities which had interests or short positions in Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors nor supervisors had entered into, or proposed to enter into, any service contract with the Company or any member of the Group which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

4. INTEREST IN CONTRACTS

Save as disclosed herein, no contract or arrangement of significance in relation to the business of the Group, to which the Company or any of its subsidiaries was a party and in which any of the Directors had a material interest, either directly or indirectly, subsisted at the date of this circular.

5. INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates were interested in any business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

6. INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors or the Independent Financial Adviser had any interest, direct or indirect, in any asset which since 31 December 2021, the date to which the latest published audited financial statements of the Group were made up, have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL ADVERSE CHANGES

The Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, the date to which the latest published audited financial statements of the Group were made up, up to the Latest Practicable Date.

8. CONSENT AND QUALIFICATION OF EXPERT

The Independent Financial Adviser is a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. Its letter of advice to the Independent Board Committee and the Independent Shareholders dated as of the date of this circular was given for the purpose of incorporation in this circular.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the reference to its name and its letter in the form and context in which they respectively appear in this circular.

As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

9. DOCUMENTS ON DISPLAY

Copies of the following documents are available on (i) the website of the Company (www.tec.crrcic.cc); and (ii) the website of the Stock Exchange (www.hkexnews.hk) during the period of 14 days from the date of this circular.

- (a) the 2023-2025 CRRC Group Mutual Supply Agreement;
- (b) the letter from Gram Capital, the text of which is set out on pages 39 to 60 of this circular; and
- (c) the consent letter of Gram Capital as referred to in the paragraph headed “8. Consent and Qualification of Expert” in this Appendix.

10. MISCELLANEOUS

This circular is prepared in both Chinese and English versions. In case of any inconsistencies, the Chinese version shall prevail.

In accordance with the Listing Rules, this appendix serves as an explanatory statement to provide you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the special resolution to be proposed at the AGM, the Class Meeting of Holders of A Shares and the Class Meeting of Holders of H Shares for the granting of general mandate to repurchase H Shares to the Board.

REPURCHASE MANDATE

Reasons for Repurchasing H Shares

The Directors believe that the Repurchase Mandate would be beneficial to strengthen the Company's capital market value management and respond to the Shareholders' demands, and is in the interest of the Company and its Shareholders as a whole. The repurchase of H Shares may, depending on market conditions and funding arrangements at such time, enhance the net asset value per Share and/or earnings per Share of the Company. The repurchase of H Shares will only be made by the Directors when they believe that it will benefit the Company and its Shareholders as a whole.

Share Capital

As at the Latest Practicable Date, the total issued capital of the Company was RMB1,416,236,912, comprising 547,329,400 H Shares of RMB1.00 each and 868,907,512 A Shares of RMB1.00 each.

Number of Shares Proposed to be Repurchased

If the relevant special resolution set out in the notices of the AGM and the Class Meetings is passed at each of the meetings, the Board will be granted the Repurchase Mandate until the earlier of (a) the conclusion of the next annual general meeting; or (b) the date on which the authorities conferred by the relevant special resolution is revoked or varied by special resolution by the Shareholders at the general meeting, the class meeting of holders of A Shares and the class meeting of holders of H Shares, respectively (the "**Relevant Period**").

If the Repurchase Mandate is exercised in full (on the basis of 547,329,400 H Shares in issue as at the Latest Practicable Date and assuming no H Shares will be allotted and issued or repurchased by the Company on or prior to the date of the AGM and the Class Meetings), the Shares to be repurchased by the Company during the Relevant Period shall not exceed 54,732,940 H Shares under the Repurchase Mandate, being not exceeding 10% of the total number of H Shares in issue as at the date of passing the relevant special resolution at the AGM and the Class Meetings.

Funding of Repurchase

In repurchasing its H Shares, the Company intends to apply and only apply its own funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws, rules and regulations of the PRC. The Directors consider that there may not be material adverse impact on the working capital or on the gearing position of the Company (as compared with the position disclosed in the latest published audited accounts contained in the financial report of the Company for the year ended 31 December 2021) in the event that the Repurchase Mandate is exercised in full at any time during the Relevant Period.

Prices of H Shares

The highest and lowest prices at which the H Shares have been traded on the Stock Exchange during the 12 months preceding the Latest Practicable Date were as follows:

Month	H Share	
	Highest HK\$	Lowest HK\$
2021		
April	34.45	30.25
May	38.30	31.80
June	46.50	36.90
July	60.60	45.20
August	55.15	45.40
September	46.40	34.30
October	40.25	33.25
November	52.35	42.80
December	48.15	41.00
2022		
January	47.25	40.20
February	42.65	36.00
March	40.05	28.15
April	31.35	24.00
May (up to the Latest Practicable Date)	32.30	29.40

Shares Repurchased by the Company

No repurchase of Shares has been made by the Company during the six months prior to the Latest Practicable Date (whether on the Stock Exchange or other stock exchanges).

Directors' Undertakings and General Information

The Directors have undertaken to the Stock Exchange that, so far as may be applicable, they will exercise the Repurchase Mandate pursuant to the approved special resolution of the Repurchase Mandate in accordance with the Listing Rules and the applicable laws, rules and regulations of the PRC.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined under the Listing Rules) has a present intention to sell H Shares (if any) to the Company pursuant to the Repurchase Mandate, in the event that the Repurchase Mandate is approved by the Shareholders at the AGM and the Class Meetings and the conditions (if any) to which the Repurchase Mandate is subject are fulfilled.

The Company has not been notified by any of the Company's core connected persons (as defined under the Listing Rules) that they have a present intention to sell any H Shares to the Company, nor have they undertaken not to sell any H Shares held by them to the Company in the event that the Repurchase Mandate is approved by the Shareholders at the AGM and the Class Meetings and the conditions (if any) to which the Repurchase Mandate is subject are fulfilled.

Takeovers Code and the Public Float Requirements

Pursuant to Rule 32 of the Takeovers Codes, if as a result of repurchase of Shares by the Company, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Codes. Accordingly, if a Shareholder, or a group of Shareholders acting in concert could, depending on the level of increase of the Shareholder's interest, obtain or consolidate control of the Company following such repurchase made by the Company, such Shareholder or group of Shareholders would become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Codes.

As at the Latest Practicable Date, CRRC was indirectly interested in 650,486,468 Shares (comprising 608,966,468 A Shares and 41,520,000 H Shares) (representing approximately 45.93% of the entire issued share capital of the Company) through its four wholly-owned subsidiaries, namely (i) CRRC ZELRI, which was directly interested in 589,585,699 A Shares (representing approximately 41.63% of the entire issued share capital of the Company); (ii) CRRC Zhuzhou, which was directly interested in 10,000,000 A Shares (representing approximately 0.71% of the entire issued share capital of the Company); (iii) CRRC Investment & Leasing, which was directly interested in 9,380,769 A Shares (representing approximately 0.66% of the entire issued share capital of the Company); and (iv) CRRC Hong Kong, which was directly interested in 41,520,000 H Shares (representing approximately 2.93% of the entire issued share capital of the Company). As each of (i) CRRC ZELRI; and (ii) the concert group comprising CRRC, the parties named in (i) to (iv) above together with the parties acting in concert with them (together "**Concert Group**") held not less than 30% but not more than 50% of the voting rights of the Company, each of CRRC ZELRI and the Concert Group may become obliged to make a mandatory offer under Rule 26 of the Takeovers Code if it acquires additional voting rights and such acquisition has the effect of increasing its holding of voting rights of the Company by more than 2% from the lowest collective percentage holding of such persons in the 12 month period ending on and inclusive of the date of the relevant acquisition.

In the event that that the Directors exercise in full the power to repurchase H Shares which are proposed to be grant pursuant to the Repurchase Mandate, the individual shareholding of CRRZ ZELRI will increase to approximately 43.30% while the collective shareholding of the Concert Group will increase to approximately 47.78%. None of these increases would give rise to an obligation to make a mandatory general offer under the Takeovers Code. In any event, the Directors have no present intention to exercise the Repurchase Mandate to such extent that would result in takeover obligations. The Directors are not aware of any other consequences under the Takeovers Code and any similar applicable laws which would arise from any repurchasing actions under the Repurchase Mandate.

The Directors do not propose to repurchase Shares to the extent that the public float would fall below the minimum requirement under Rule 8.08 of the Listing Rules.

Status of Repurchased Shares

Pursuant to the Listing Rules, the listing status of all repurchased H Shares will be automatically cancelled and the relevant certificates of Shares will be cancelled and destroyed. Under the PRC laws, the repurchased H Shares will be cancelled, and the amount of the Company's registered capital shall be reduced by an amount equal to the aggregate nominal value of the cancelled H Shares accordingly.

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 1 In order to protect the legitimate rights and interests of Zhuzhou CRRC Times Electric Co., Ltd. (hereinafter as the “Company”), shareholders and creditors thereof and to regulate the organisation and behaviour of the Company, the Articles of Association are formulated pursuant to the Company Law of the People’s Republic of China (hereinafter as “Company Law”), the Securities Law of the People’s Republic of China, Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) (hereinafter as “Special Provisions”), the Reply of the State Council on Adjusting the Provisions Applicable to the Notice Period of Shareholders’ General Meetings of Overseas Listed Companies (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》), Mandatory Provisions for the Articles of Association of Companies to Be Listed Overseas (《到境外上市公司章程必備條款》), the Letter on the Opinion Regarding the Supplemental Amendments to the Articles of Association of Companies to be listed in Hong Kong (《關於到香港上市公司對公司章程作補充修改的意見的函》), Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Measures for the Administration of Registration of Initial Public Offering of Shares on the Science and Technology Innovation Board (Trial) (《科創板首次公開發行股票註冊管理辦法(試行)》), the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange (《上海證券交易所科創板股票上市規則》), Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), Code of Corporate Governance for Listed Companies (《上市公司治理準則》) and other relevant laws, regulations and regulatory documents.</p>	<p>Article 1 In order to protect the legitimate rights and interests of Zhuzhou CRRC Times Electric Co., Ltd. (hereinafter as the “Company”), shareholders and creditors thereof and to regulate the organisation and behaviour of the Company, the Articles of Association are formulated pursuant to the Company Law of the People’s Republic of China (hereinafter as “Company Law”), the Securities Law of the People’s Republic of China (hereinafter as “Securities Law”), Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) (hereinafter as “Special Provisions”), the Reply of the State Council on Adjusting the Provisions Applicable to the Notice Period of Shareholders’ General Meetings of Overseas Listed Companies (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》), Mandatory Provisions for the Articles of Association of Companies to Be Listed Overseas (《到境外上市公司章程必備條款》), the Letter on the Opinion Regarding the Supplemental Amendments to the Articles of Association of Companies to be listed in Hong Kong (《關於到香港上市公司對公司章程作補充修改的意見的函》), Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter as the “Listing Rules of the Stock Exchange”), Measures for the Administration of Registration of Initial Public Offering of Shares on the Science and Technology Innovation Board (Trial) (《科創板首次公開發行股票註冊管理辦法(試行)》), the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange (《上海證券交易所科創板股票上市規則》) (hereinafter as “Sci-Tech Listing Rules”), Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), Code of Corporate Governance for Listed Companies (《上市公司治理準則》) and other relevant laws, regulations and regulatory documents.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 2 The Company is a joint stock limited company established in the People’s Republic of China (the “PRC”) in accordance with the Company Law, the Special Regulations and other relevant laws and administrative regulations of the State.</p> <p>The Company was established by way of promotion pursuant to the approval granted by the State-Owned Assets Supervision and Administration Commission of the State Council in the approval, Guo Zi Gai Ge [2005] No. 1095, and was registered with the Hunan Provincial Administration for Industry and Commerce on 26 September 2005 and had obtained business licence.</p> <p>The Promoters of the Company are:</p> <p>Promoter 1: 中車株洲電力機車研究所有限公司 CRRC Zhuzhou Institute Co., Ltd.</p> <p>Promoter 2: 中車株洲電力機車有限公司 CRRC Zhuzhou Locomotive Co., Ltd.</p> <p>Promoter 3: 中車常州實業管理有限公司 CRRC Changzhou Industrial Management Co., Ltd.</p> <p>Promoter 4: 中車投資租賃有限公司 CRRC Investment & Leasing Co., Ltd.</p> <p>Promoter 5: 中國鐵建高新裝備股份有限公司 CRCC High-Tech Equipment Corporation Limited</p>	<p>Article 2 The Company is a joint stock limited company established in the People’s Republic of China (the “PRC”) in accordance with the Company Law, the Special Regulations and other relevant laws and administrative regulations of the State.</p> <p>The Company was established by way of promotion pursuant to the approval granted by the State-Owned Assets Supervision and Administration Commission of the State Council in the approval, Guo Zi Gai Ge [2005] No. 1095, and was registered with the Hunan Provincial Administration for Industry and Commerce on 26 September 2005 and had obtained business licence.</p> <p>The Company's current unified social credit code is: 914300007808508659.</p> <p>The Promoters of the Company are:</p> <p>Promoter 1: 中車株洲電力機車研究所有限公司 CRRC Zhuzhou Institute Co., Ltd.</p> <p>Promoter 2: 中車株洲電力機車有限公司 CRRC Zhuzhou Locomotive Co., Ltd.</p> <p>Promoter 3: 中車常州實業管理有限公司 CRRC Changzhou Industrial Management Co., Ltd.</p> <p>Promoter 4: 中車投資租賃有限公司 CRRC Investment & Leasing Co., Ltd.</p> <p>Promoter 5: 中國鐵建高新裝備股份有限公司 CRCC High-Tech Equipment Corporation Limited</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 7 The Articles of Association take effect on the day on which the Company initially offered Renminbi denominated ordinary shares and listed the same on the Science and Technology Innovation Board of the Shanghai Stock Exchange. From the effective date of the Articles of Association, the original Articles of Association will automatically become invalid.</p> <p>From the date of becoming effective, the Articles of Association constitute a legally binding document regulating the Company’s organisation and activities, and the rights and obligations between the Company and each shareholder and among the shareholders interest.</p>	<p>Article 7 The Articles of Association take effect on the day on which they are considered and approved at the general meeting. From the effective date of the Articles of Association, the original Articles of Association will automatically become invalid.</p> <p>From the date of becoming effective, the Articles of Association constitute a legally binding document regulating the Company’s organisation and activities, and the rights and obligations between the Company and each shareholder and among the shareholders interest.</p>
<p>Article 10 The Company is an independent corporate legal person, all activities of the Company shall comply with laws and regulations of the listing place(s) of domestically and overseas listed foreign shares and shall protect the lawful interests of shareholders.</p> <p>According to the Company Law of the PRC and the Constitution of the Chinese Communist Party, the Company shall set up a Party organisation, establish a working organisation of the Party, assign with sufficient personnel of the Party and guarantee sufficient funding necessary for the activities of the Party organisation. The Party organisation plays a core leading and political role in the Company.</p>	<p>Article 10 The Company is an independent corporate legal person, all the activities of the Company must comply with laws and regulations of the listing place(s) and shall protect the lawful interests of shareholders.</p> <p>According to the Company Law of the PRC and the Constitution of the Chinese Communist Party, the Company shall set up a Party organisation, establish a working organisation of the Party, assign with sufficient personnel of the Party and guarantee sufficient funding necessary for the activities of the Party organisation. The Party organisation plays a core leading and political role in the Company.</p> <p>The Company must comply with laws and regulations, strengthen risk control, implement the general legal counsel system and promote the culture of integrity and honest practices.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 19 Upon approval of the competent securities authorities under the State Council, relevant securities regulatory authorities or stock exchange(s) of the listing place(s), shareholders holding unlisted shares of the Company may list their shares overseas for trading. Shareholders holding unlisted shares of the Company may transfer their shares to overseas investors and list the same overseas for trading. Shareholders holding unlisted shares of the Company may convert them into foreign shares, and the converted shares can be listed and traded overseas. Unless otherwise stipulated by relevant securities regulatory authorities or stock exchange(s) of the listing place(s), there is no need to hold general meeting(s) or class meeting(s) to vote on the listing and trading of the transferred or converted shares on the overseas stock exchange(s). The listing and trading of the above shares on the overseas stock exchange(s) shall also comply with the regulatory procedures, regulations and requirements of the overseas stock exchange(s). After the above shares are listed and traded on the overseas stock exchange(s), they become overseas listed foreign shares, and are of the same class as the original overseas listed foreign shares.</p>	<p>Delete</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 27 The Company may, in accordance with the provisions and procedures of laws, administrative regulations, departmental rules, the securities regulatory rules of the place(s) where the Company's shares are listed and the Articles of Association, repurchase its issued shares under the following circumstances:</p> <p>(1) for the reduction of its registered capital;</p> <p>(2) merging with another company that holds shares in the Company;</p> <p>(3) use of shares for employee stock ownership plans or equity incentives;</p> <p>(4) for acquisition of shares held by shareholders (upon their request) who vote against any resolution proposed in the general meeting on the merger or division of the Company;</p> <p>(5) use of shares for conversion of corporate bonds which are convertible into shares issued by the Company; and</p> <p>(6) where it is necessary for the Company to safeguard its value and the shareholders' interests.</p> <p>Except for the above circumstances, the Company shall not purchase or sell shares of the Company.</p>	<p>Article 26 The Company shall not acquire the shares of the Company except under the following circumstances:</p> <p>(1) for the reduction of its registered capital;</p> <p>(2) merging with another company that holds shares in the Company;</p> <p>(3) use of shares for employee stock ownership plans or equity incentives;</p> <p>(4) for acquisition of shares held by shareholders (upon their request) who vote against any resolution proposed in the general meeting on the merger or division of the Company;</p> <p>(5) use of shares for conversion of corporate bonds which are convertible into shares issued by the Company; and</p> <p>(6) where it is necessary for the Company to safeguard its value and the shareholders' interests.</p>
<p>Article 30 Shares repurchased in accordance with law by the Company shall be cancelled within the period required by laws and administrative regulations, and the Company shall apply to the original companies registration authority for registration of the change of its registered share capital.</p> <p>The amount of the Company's registered share capital shall be reduced by the aggregate par value of those cancelled shares.</p>	<p>Article 29 For cancellation of shares, the Company shall apply to the original companies registration authority for registration of the change of its registered share capital.</p> <p>The amount of the Company's registered share capital shall be reduced by the aggregate par value of those cancelled shares.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 38 Any gains from sale of shares or other securities attaching equity interests in the Company by any director, supervisor, senior management personnel or shareholders holding more than 5% of the shares in the Company within six months after their purchase of the same, and any gains from purchase of shares or other securities attaching equity interests in the Company by any of the aforesaid parties within 6 months after sale of the same, shall be disgorged and paid to the Company. The board of directors of the Company shall forfeit such gains from the abovementioned parties. However, the six-month time limit for sale of the said shares shall not apply to a securities company holding more than 5% of the shares in the Company as a result of its purchase of the remaining shares offered pursuant to an underwriting obligation.</p> <p>The shares or other securities attaching equity interests as mentioned in the preceding paragraph held by the directors, supervisors, senior management personnel and natural person shareholders shall include those held by their spouses, parents and children as well as those held through the accounts of others.</p> <p>If the board of the Company does not act in accordance with the provisions of the first paragraph of this article, the shareholders shall be entitled to require the board to effect the same within 30 days. If the board fails to do so within the said time limit, the shareholders shall be entitled to initiate proceedings in the court directly in their own name for the interests of the Company.</p> <p>Where the board fails to act in accordance with the requirements set out in the first paragraph of this article, the responsible director(s) shall assume joint and several liabilities under laws.</p>	<p>Article 37 Any gains from sale of shares or other securities attaching equity interests in the Company by any director, supervisor, senior management personnel or shareholders holding more than 5% of the shares in the Company within six months after their purchase of the same, and any gains from purchase of shares or other securities attaching equity interests in the Company by any of the aforesaid parties within 6 months after sale of the same, shall be disgorged and paid to the Company. The board of directors of the Company shall forfeit such gains from the abovementioned parties except for a securities company holding more than 5% of the shares in the Company as a result of its purchase of the remaining shares offered pursuant to an underwriting obligation and other circumstances as specified by the CSRC.</p> <p>The shares or other securities attaching equity interests as mentioned in the preceding paragraph held by the directors, supervisors, senior management personnel and natural person shareholders shall include those held by their spouses, parents and children as well as those held through the accounts of others.</p> <p>If the board of the Company does not act in accordance with the provisions of the first paragraph of this article, the shareholders shall be entitled to require the board to effect the same within 30 days. If the board fails to do so within the said time limit, the shareholders shall be entitled to initiate proceedings in the court directly in their own name for the interests of the Company.</p> <p>Where the board fails to act in accordance with the requirements set out in the first paragraph of this article, the responsible director(s) shall assume joint and several liabilities under laws.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 64 The general meeting shall have the following functions and powers:</p> <p>(1) to decide on the Company’s business policies and investment plans;</p> <p>(2) to elect and replace non-employee representative directors and decide on matters relating to their remuneration;</p> <p>(3) to elect and replace non-employee representative supervisors and decide on matters relating to their remuneration;</p> <p>(4) to consider and approve the reports of the board;</p> <p>(5) to consider and approve the reports of the supervisory committee;</p> <p>(6) to consider and approve the Company’s proposed annual financial budgets and final budgetary report;</p> <p>(7) to consider and approve the Company’s profit distribution plans and plans for making up losses;</p> <p>(8) to resolve on the increase or reduction of the Company’s registered capital;</p> <p>(9) to resolve on merger, split, dissolution, liquidation of the Company or change of company type;</p> <p>(10) to resolve the issue of debentures and other marketable securities by the Company and the listing proposal;</p> <p>(11) to resolve the appointment, removal and non-reappointment of the accounting firm of the Company;</p> <p>(12) to amend the Articles of Association, and to consider and approve the Rules of Procedures for the General Meetings, the Rules of Procedures for the Board of Directors and the Rules of Procedures for the Supervisory Committee;</p>	<p>Article 63 The general meeting shall have the following functions and powers:</p> <p>(1) to decide on the Company’s business policies and investment plans;</p> <p>(2) to elect and replace non-employee representative directors and decide on matters relating to their remuneration;</p> <p>(3) to elect and replace non-employee representative supervisors and decide on matters relating to their remuneration;</p> <p>(4) to consider and approve the reports of the board;</p> <p>(5) to consider and approve the reports of the supervisory committee;</p> <p>(6) to consider and approve the Company’s proposed annual financial budgets and final budgetary report;</p> <p>(7) to consider and approve the Company’s profit distribution plans and plans for making up losses;</p> <p>(8) to resolve on the increase or reduction of the Company’s registered capital;</p> <p>(9) to resolve on merger, split, dissolution, liquidation of the Company or change of company type;</p> <p>(10) to resolve the issue of debentures and other marketable securities by the Company and the listing proposal;</p> <p>(11) to resolve the appointment, removal and non-reappointment of the accounting firm of the Company;</p> <p>(12) to amend the Articles of Association, and to consider and approve the Rules of Procedures for the General Meetings, the Rules of Procedures for the Board of Directors and the Rules of Procedures for the Supervisory Committee;</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>(13) to consider the motions raised by shareholders who individually or jointly hold 3% or more (inclusive of 3%) of the total number of voting shares of the Company;</p>	<p>(13) to consider the motions raised by shareholders who individually or jointly hold 3% or more (inclusive of 3%) of the total number of voting shares of the Company;</p>
<p>(14) to consider and approve the guarantee-related matters required to be considered and approved at the general meeting as stipulated in Article 65 of the Articles of Association;</p>	<p>(14) to consider and approve the guarantee-related matters required to be considered and approved at the general meeting as stipulated in Article 65 of the Articles of Association;</p>
<p>(15) to consider and approve matters relating to the acquisition and disposal of major assets and asset pledge that exceed 30% of the Company's latest audited total assets of the Company within one year;</p>	<p>(15) to consider and approve matters relating to the acquisition and disposal of major assets and asset pledge that exceed 30% of the Company's latest audited total assets of the Company within one year;</p>
<p>(16) to consider and approve matters relating to the Company's venture capitals (including but not limited to debentures, futures, stocks and entrusted wealth management), entrusted loan, external investment and other transactions that exceed 30% of the Company's latest audited total assets within one year;</p>	<p>(16) to consider and approve matters relating to the Company's venture capitals (including but not limited to debentures, futures, stocks and entrusted wealth management), entrusted loan, external investment and other transactions that exceed 30% of the Company's latest audited total assets within one year;</p>
<p>(17) to consider and approve matters relating to leasing, renting, entrusted operation, agency operation or joint operation that exceed 30% of the Company's latest audited total assets within one year;</p>	<p>(17) to consider and approve matters relating to leasing, renting, entrusted operation, agency operation or joint operation that exceed 30% of the Company's latest audited total assets within one year;</p>
<p>(18) to consider and approve related party transactions that exceed 1% of the Company's latest audited total assets or market value and exceed RMB30,000,000 in amount (save for provision of guarantee and acceptance of donated cash assets) and related party transactions subject to resolution at the general meetings and/or by independent shareholders (if applicable) according to the securities regulatory rules of the place(s) where the shares of the Company are listed;</p>	<p>(18) to consider and approve related party transactions that exceed 1% of the Company's latest audited total assets or market value and exceed RMB30,000,000 in amount (save for provision of guarantee and acceptance of donated cash assets) and related party transactions subject to resolution at the general meetings and/or by independent shareholders (if applicable) according to the securities regulatory rules of the place(s) where the shares of the Company are listed;</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>(19) to consider and approve matters relating to the change of use of the raised proceeds;</p> <p>(20) to consider and approve the equity incentive plan;</p> <p>(21) to consider and approve other matters as required by laws, administrative regulations, departmental rules, securities regulatory rules of the place(s) where the Company’s shares are listed and the Articles of Association to be resolved at the general meeting and/or by independent shareholders (if applicable).</p> <p>General meetings may authorise or appoint the board to deal with such matters as authorised or appointed to be dealt with. Matters that shall be decided by the general meeting as stipulated by the laws, regulations and the Articles of Association, must be considered and approved at such a meeting to safeguard the shareholders’ right of decision-making for such matters.</p>	<p>(19) to consider and approve matters relating to the change of use of the raised proceeds;</p> <p>(20) to consider and approve the equity incentive plan and employee stock ownership plan;</p> <p>(21) to consider and approve other matters as required by laws, administrative regulations, departmental rules, securities regulatory rules of the place(s) where the Company’s shares are listed and the Articles of Association to be resolved at the general meeting and/or by independent shareholders (if applicable).</p> <p>General meetings may authorise or appoint the board to deal with such matters as authorised or appointed to be dealt with. Matters that shall be decided by the general meeting as stipulated by the laws, regulations and the Articles of Association, must be considered and approved at such a meeting to safeguard the shareholders’ right of decision-making for such matters.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 65 The following external guarantees of the Company shall be considered and approved at the general meeting:</p> <p>(1) guarantee with a single amount exceeding 10% of the latest audited net assets of the Company;</p> <p>(2) any guarantee provided after the total amount of external guarantee of the Company and its controlled subsidiaries reaches or exceeds 50% of the latest audited net assets of the Company;</p> <p>(3) guarantee provided in favour of a guaranteed party with a gearing ratio exceeding 70%;</p> <p>(4) any guarantee provided after the total amount of the Company’s external guarantee reaches or exceeds 30% of the latest audited total assets of the Company on an accumulative basis in consecutive 12 months;</p> <p>(5) guarantees provided to shareholders, actual controller and their related parties;</p> <p>(6) guarantee provided to other related parties of the Company;</p> <p>(7) other guarantees subject to consideration at the general meeting and/or by independent shareholders (if applicable) as prescribed by laws, administrative regulations and the securities regulatory rules of the place(s) where the Company’s shares are listed.</p>	<p>Article 64 The following external guarantees of the Company shall be considered and approved at the general meeting:</p> <p>(1) guarantee with a single amount exceeding 10% of the latest audited net assets of the Company;</p> <p>(2) any guarantee provided after the total amount of external guarantee of the Company and its controlled subsidiaries reaches or exceeds 50% of the latest audited net assets of the Company;</p> <p>(3) guarantee provided in favour of a guaranteed party with a gearing ratio exceeding 70%;</p> <p>(4) any guarantee provided after the total amount of external guarantee provided in 12 consecutive months reaches or exceeds 30% of the latest audited total assets of the Company;</p> <p>(5) the guarantees provided after the amount of guarantee provided by the Company within one year reaches or exceeds 30% of the latest audited total assets of the Company;</p> <p>(6) guarantees provided to shareholders, actual controller and their related parties;</p> <p>(7) guarantee provided to other related parties of the Company;</p> <p>(8) other guarantees subject to consideration at the general meeting and/or by independent shareholders (if applicable) as prescribed by laws, administrative regulations and the securities regulatory rules of the place(s) where the Company’s shares are listed.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>The guarantee referred to in sub-paragraph (4) of the preceding paragraph shall be approved by more than two-thirds of the shareholders holding voting rights present at the general meeting. Where the Company provides guarantees for a wholly-owned subsidiary, or for a controlling subsidiary and other shareholders of the controlling subsidiary provide the same proportion of guarantee according to the rights and interests they enjoy, provided that the interests of the Company are not prejudiced, the provisions of sub-paragraphs (1) to (3) of the preceding paragraph may be exempted. The Company shall summarise and disclose the aforesaid guarantee in the annual report and interim report.</p> <p>Where the general meeting considers the guarantee proposal for shareholders, actual controller and their related parties, such shareholders or shareholders and their related parties (and relevant parties as designated under the securities regulatory rules of the place(s) where shares of the Company are listed) controlled by such actual controller shall not participate in the voting. The proposal shall be passed by more than half of the voting rights held by non-related shareholders present at the general meeting.</p> <p>The term “external guarantee” mentioned in the Articles of Association shall refer to the guarantee provided by the Company for others, including the guarantee provided by the Company for its controlling subsidiaries. The term “total amount of external guarantees of the Company and its controlling subsidiaries” refers to the sum of the Company’s total external guarantees, including the Company’s guarantees to its controlling subsidiaries and the total external guarantees provided by its controlling subsidiaries.</p>	<p>The guarantee referred to in sub-paragraphs (4) and (5) of the preceding paragraph shall be approved by more than two-thirds of the shareholders holding voting rights present at the general meeting. Where the Company provides guarantees for a wholly-owned subsidiary, or for a controlling subsidiary and other shareholders of the controlling subsidiary provide the same proportion of guarantee according to the rights and interests they enjoy, provided that the interests of the Company are not prejudiced, the provisions of sub-paragraphs (1) to (3) of the preceding paragraph may be exempted. The Company shall summarise and disclose the aforesaid guarantee in the annual report and interim report.</p> <p>Where the general meeting considers the guarantee proposal for shareholders, actual controller and their related parties, such shareholders or shareholders and their related parties (and relevant parties as designated under the securities regulatory rules of the place(s) where shares of the Company are listed) controlled by such actual controller shall not participate in the voting. The proposal shall be passed by more than half of the voting rights held by non-related shareholders present at the general meeting.</p> <p>The term “external guarantee” mentioned in the Articles of Association shall refer to the guarantee provided by the Company for others, including the guarantee provided by the Company for its controlling subsidiaries. The term “total amount of external guarantees of the Company and its controlling subsidiaries” refers to the sum of the Company’s total external guarantees, including the Company’s guarantees to its controlling subsidiaries and the total external guarantees provided by its controlling subsidiaries.</p> <p>In the event that the Company’s external guarantee is in breach of the approval authority and consideration procedures and causes losses to the Company, the relevant responsible persons shall be responsible for compensation and the Company shall, depending on the amount of economic losses suffered by the Company and the severity of the situation, impose corresponding penalties on the relevant responsible persons.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 67 General meetings shall include annual general meetings and extraordinary general meetings. General meeting in general shall be convened by the board. The annual general meetings shall be held once every year within six months after the conclusion of the previous accounting year.</p> <p>Under any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the occurrence:</p> <p>(1) when the number of directors is less than the number of directors required by the Company Law or two-thirds of the number of directors specified in the Articles of Association;</p> <p>(2) when the losses of the Company that have not been made up amount to one-third of the total amount of its share capital;</p> <p>(3) when shareholder(s) individually or in aggregate holding 10% or more of the Company’s issued and outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting;</p> <p>(4) when deemed necessary by the board or requested by the supervisory committee;</p> <p>(5) when more than one-half of all independent non-executive directors of the Company agree with the proposal of holding the meeting;</p> <p>(6) other circumstances stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place(s) where the Company’s shares are listed or the Articles of Association.</p> <p>The number of shares held under item (3) above shall be calculated according to the date of written request by shareholders.</p>	<p>Article 66 General meetings shall include annual general meetings and extraordinary general meetings. General meeting in general shall be convened by the board. The annual general meetings shall be held once every financial year within six months after the conclusion of the previous accounting year.</p> <p>Under any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the occurrence:</p> <p>(1) when the number of directors is less than the number of directors required by the Company Law or two-thirds of the number of directors specified in the Articles of Association;</p> <p>(2) when the losses of the Company that have not been made up amount to one-third of the total amount of its share capital;</p> <p>(3) when shareholder(s) individually or in aggregate holding 10% or more of the Company’s issued and outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting;</p> <p>(4) when deemed necessary by the board or requested by the supervisory committee;</p> <p>(5) when more than one-half of all independent non-executive directors of the Company agree with the proposal of holding the meeting;</p> <p>(6) other circumstances stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place(s) where the Company’s shares are listed or the Articles of Association.</p> <p>The number of shares held under item (3) above shall be calculated according to the date of written request by shareholders.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 68 The venue for convening a general meeting shall be the domicile of the Company or the place determined by the convener in the notice of the meeting.</p> <p>General meetings shall be held on-site at the designated place. The Company will also facilitate shareholders’ participation in the general meeting through online voting. Shareholders attending the shareholders’ general meeting through the above-mentioned methods shall be deemed to be present at such meeting. After the notice of the general meeting is served, the venue of the on-site meeting of the general meeting shall not be changed without justifiable reasons. If there is a real need for change, the convener shall make an announcement at least 2 business days before the on-site meeting and explain the reasons.</p>	<p>Article 67 The venue for convening a general meeting shall be the domicile of the Company or the place determined by the convener in the notice of the meeting.</p> <p>General meetings shall be held on-site at the designated place or through teleconference, video and internet or other means as permitted by laws and regulations (including listing rules of the stock exchange(s) where the shares of the Company are listed). The Company shall facilitate shareholders’ participation in the general meeting by adopting safe, economical and convenient means such as internet in accordance with relevant laws, administrative regulations, requirements of the CSRC and the Articles of Association. Directors and shareholders attending the shareholders’ general meeting through the above-mentioned methods shall be deemed to be present at such meeting. After the notice of the general meeting is served, the venue of the on-site meeting of the general meeting shall not be changed without justifiable reasons. If there is a real need for change, the convener shall make an announcement at least 2 business days before the on-site meeting and explain the reasons.</p>
<p>Article 70 More than one-half of the independent non-executive directors have the right to propose to the board to convene an extraordinary general meeting. When proposing to convene an extraordinary general meeting, independent non-executive directors shall submit the proposal to the board in writing. The board shall, in accordance with provisions of the laws, regulations and the Articles of Association, furnish a written reply on whether or not to convene the extraordinary general meeting within 10 days after receiving such proposal.</p> <p>If the board agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within 5 days after the resolution is passed by the board. If the board does not agree to convene the extraordinary general meeting, it shall explain the reasons and make a public announcement thereof.</p>	<p>Article 69 Independent non-executive directors shall have the right to propose to the board to convene an extraordinary general meeting with the approval from more than one-half of the independent non-executive directors. When proposing to convene an extraordinary general meeting, independent non-executive directors shall submit the proposal to the board in writing. The board shall, in accordance with provisions of the laws, regulations and the Articles of Association, furnish a written reply on whether or not to convene the extraordinary general meeting within 10 days after receiving such proposal.</p> <p>If the board agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within 5 days after the resolution is passed by the board. If the board does not agree to convene the extraordinary general meeting, it shall explain the reasons and make a public announcement thereof.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 73 Where the supervisory committee or the shareholder(s) decide to convene a general meeting on its or their own, it or they shall notify the board of directors in writing and file with the local CSRC branch where the Company is domiciled and the stock exchange(s).</p> <p>Before the announcement of the resolutions of the general meeting is made, the shareholding of the convening shareholder(s) shall not be less than 10%.</p> <p>Upon service of the notice of the general meeting and the announcement of the resolutions of the general meeting, the supervisory committee or the convening shareholder(s) shall submit the relevant supporting materials to the local CSRC branch where the Company is domiciled and the stock exchange(s) of the place(s) where the Company's shares are listed.</p>	<p>Article 72 Where the supervisory committee or the shareholder(s) decide to convene a general meeting on its or their own, it or they shall notify the board of directors in writing and file with the stock exchange(s).</p> <p>Before the announcement of the resolutions of the general meeting is made, the shareholding of the convening shareholder(s) shall not be less than 10%.</p> <p>Upon service of the notice of the general meeting and the announcement of the resolutions of the general meeting, the supervisory committee or the convening shareholder(s) shall submit the relevant supporting materials to the stock exchange(s) of the place(s) where the Company's shares are listed.</p>
<p>Article 74 Where the supervisory committee or the shareholder(s) convene a general meeting on its or their own, the board of directors and the secretary to the board shall provide assistance. The board shall provide the register of members as of the date of the share registration. In the event that the board fails to provide the register of members, the convener may apply to the securities registration and clearing institution or the agency with the relevant notice or announcement on the convening of the general meeting for obtaining the register of members. The register of members obtained by the convener shall not be used for purposes other than convening the general meeting.</p>	<p>Article 73 Where the supervisory committee or the shareholder(s) convene a general meeting on its or their own, the board of directors and the secretary to the board shall provide assistance. The board will provide the register of members as of the date of the share registration. In the event that the board fails to provide the register of members, the convener may apply to the securities registration and clearing institution or the agency with the relevant notice or announcement on the convening of the general meeting for obtaining the register of members. The register of members obtained by the convener shall not be used for purposes other than convening the general meeting.</p>
<p>Article 77 Subject to compliance with the laws, regulations and the securities regulatory rules of the place(s) where the Company's shares are listed, when the Company convenes an annual general meeting, a written notice of the meeting shall be given 20 days before the date of the meeting; when the Company convenes an extraordinary general meeting, a written notice of the meeting shall be given 15 days before the date of the meeting, to notify all of the shareholders in the share register for the matters to be considered and the date and the place of the meeting.</p> <p>In determining the commencement date and the period, the date of the meeting shall be excluded.</p>	<p>Article 76 Subject to compliance with the laws, regulations and the securities regulatory rules of the place(s) where the Company's shares are listed, when the Company convenes an annual general meeting, a written notice of the meeting shall be given 21 days before the date of the meeting; when the Company convenes an extraordinary general meeting, a written notice of the meeting shall be given 15 days before the date of the meeting, to notify all of the shareholders in the share register for the matters to be considered and the date and the place of the meeting.</p> <p>In determining the commencement date and the period, the date of the meeting shall be excluded.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 79 A notice of a general meeting shall include the following:</p> <p>(1) it shall be in writing;</p> <p>(2) it shall specify the place, the date and the time of the meeting;</p> <p>(3) it shall state the matters to be discussed at the meeting and shall make full disclosure of the contents of each proposal. If it is required to alter matters involved in the resolutions of the previous general meeting, the contents of the proposal shall be complete rather than merely setting out the changed contents. Matters included in “Other Matters” without specific contents shall not be deemed as a proposal, and shall not be voted on at the general meeting;</p> <p>(4) provide such information and explanation as are necessary for the shareholders to exercise an informed decision on the proposals before them, including (but not limited to) where a proposal is made to merger, to repurchase shares, to reorganise the share capital, or to restructure the Company in any other way, the terms of the transaction proposed to be considered must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;</p> <p>(5) contains a disclosure of the nature and extent, of the material interests, if any, of any director, supervisor, general manager and other member of the senior management in the matter(s) to be discussed and the effect on them in their capacities as shareholders in so far as it is different from the effect on other shareholders of the same class;</p>	<p>Article 78 A notice of a general meeting shall include the following:</p> <p>(1) it shall be in writing;</p> <p>(2) it shall specify the place, the date and the time of the meeting;</p> <p>(3) it shall state the matters to be discussed at the meeting and shall make full disclosure of the contents of each proposal. If it is required to alter matters involved in the resolutions of the previous general meeting, the contents of the proposal shall be complete rather than merely setting out the changed contents. Matters included in “Other Matters” without specific contents shall not be deemed as a proposal, and shall not be voted on at the general meeting;</p> <p>(4) provide such information and explanation as are necessary for the shareholders to exercise an informed decision on the proposals before them, including (but not limited to) where a proposal is made to merger, to repurchase shares, to reorganise the share capital, or to restructure the Company in any other way, the terms of the transaction proposed to be considered must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;</p> <p>(5) contains a disclosure of the nature and extent, of the material interests, if any, of any director, supervisor, general manager and other member of the senior management in the matter(s) to be discussed and the effect on them in their capacities as shareholders in so far as it is different from the effect on other shareholders of the same class;</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>(6) contains the full text of any special resolutions proposed to be adopted at the meeting;</p> <p>(7) contains conspicuously a statement that: all the shareholders are entitled to attend the general meeting, and may appoint in writing proxy to attend and vote on their behalf and that proxy need not be a shareholder of the Company;</p> <p>(8) specifies the time and place for lodging proxy forms for the relevant meeting;</p> <p>(9) specifies the record date for shareholders entitled to attend the shareholders’ general meeting, and that interval between record date and the date of the meeting shall comply with the provisions of the relevant stock exchanges or regulatory agencies where the Company’s shares are listed;</p> <p>(10) the name and telephone number of the permanent contact person for the conference.</p> <p>The notice and/or the supplementary notice of the general meeting shall fully and completely disclose all specific contents of all proposals. If the matters to be discussed require the independent non-executive directors to express their opinions, the opinions and reasons thereof of the independent non-executive directors shall be disclosed at the same time when the notice or the supplementary notice of the general meeting is served.</p> <p>In the event that the general meeting adopt online transmission or other means, the time and procedures for voting via internet or by other ways will be specifically stated in the notice of the general meeting.</p>	<p>(6) contains the full text of any special resolutions proposed to be adopted at the meeting;</p> <p>(7) contains conspicuously a statement that: all the shareholders are entitled to attend the general meeting, and may appoint in writing proxy to attend and vote on their behalf and that proxy need not be a shareholder of the Company;</p> <p>(8) specifies the time and place for lodging proxy forms for the relevant meeting;</p> <p>(9) specifies the record date for shareholders entitled to attend the shareholders’ general meeting, and that interval between record date and the date of the meeting shall comply with the provisions of the relevant stock exchanges or regulatory agencies where the Company’s shares are listed;</p> <p>(10) the name and telephone number of the permanent contact person for the conference;</p> <p>(11) the time and procedure for voting by internet or other means.</p> <p>The notice and/or the supplementary notice of the general meeting shall fully and completely disclose all specific contents of all proposals. If the matters to be discussed require the independent non-executive directors to express their opinions, the opinions and reasons thereof of the independent non-executive directors shall be disclosed at the same time when the notice or the supplementary notice of the general meeting is served.</p> <p>In the event that the general meeting adopt online transmission or other means, the time and procedures for voting via internet or by other ways will be specifically stated in the notice of the general meeting.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p data-bbox="204 257 783 431">Article 85 All shareholders registered on the record date or their proxies shall be entitled to attend the general meeting and exercise their voting rights in accordance with the relevant laws, regulations and the Articles of Association.</p> <p data-bbox="204 480 783 549">Shareholders may attend the general meeting in person or appoint proxies to attend and vote on their behalf.</p>	<p data-bbox="813 257 1393 580">Article 84 All shareholders registered on the record date or their proxies shall be entitled to attend and speak at the general meeting and exercise their voting rights in accordance with the relevant laws, regulations and the Articles of Association, unless an individual shareholder is required by law, regulation, the listing rules of the stock exchange(s) on which the Company's shares are listed or these Articles to abstain from voting on individual matters.</p> <p data-bbox="813 629 1393 697">Shareholders may attend the general meeting in person or appoint proxies to attend and vote on their behalf.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 90 The instrument appointing a proxy shall be deposited, at least 24 hours before the relevant meeting at which the proxy is appointed for voting is held, or 24 hours before the designated voting time, at the Company’s residence or at other places designated in the notice for convening the meeting. Where the proxy form is signed by another person organised by the entrustor, the power of attorney or other authorisation documents organised to be signed shall be notarised. The notarised power of attorney or other authorisation documents and the proxy form shall be kept at the domicile of the Company or at other places designated in the notice of the meeting.</p> <p>If the appointor is a legal entity, its legal representative or such person as is authorised by resolution of its board of directors or other governing body to act as its representative may attend at any general meeting of the Company as the representative of the appointor.</p> <p>Where a shareholder is a recognised clearing house (or its nominee(s)) as defined in the Securities and Futures Ordinance, it may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any meeting of any class shareholders provided that if more than one person is authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. Such authorised person shall be entitled to exercise the same rights and power on behalf of the recognised clearing house (or its nominee(s)) which he or they represent as if such person is an individual shareholder of the Company.</p>	<p>Article 89 The instrument appointing a proxy shall be deposited, at least 24 hours before the relevant meeting at which the proxy is appointed for voting is held, or 24 hours before the designated voting time, at the Company’s residence or at other places designated in the notice for convening the meeting. Where the proxy form is signed by another person organised by the entrustor, the power of attorney or other authorisation documents organised to be signed shall be notarised. The notarised power of attorney or other authorisation documents and the proxy form shall be kept at the domicile of the Company or at other places designated in the notice of the meeting.</p> <p>If the appointor is a legal entity, its legal representative or such person as is authorised by resolution of its board of directors or other governing body to act as its representative may attend and vote at any general meeting of the Company as the representative of the appointor, and such legal entity shall be deemed to be present in person if it has appointed a proxy to attend any meeting.</p> <p>Where a shareholder is a recognised clearing house (or its nominee(s)) as defined in the Securities and Futures Ordinance, it may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any meeting of any class shareholders and/or creditors’ meeting provided that if more than one person is authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. Such authorised person shall be entitled to exercise the same statutory rights and power (including the right to speak and vote) as other shareholders on behalf of the recognised clearing house (or its nominee(s)) which he or they represent as if such person is an individual shareholder of the Company.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 94 The convener and lawyers engaged by the Company shall together verify the validity of qualification of shareholders in accordance with the register of shareholders provided by the securities registration and clearing institution, and shall register the name of shareholders as well as the number of shares carrying voting rights held by them. Attendance registration of the meeting shall end before the chair of the meeting announces the number of shareholders and their proxies present at the meeting and the total number of voting shares held by them.</p>	<p>Article 93 The convener and lawyers engaged by the Company shall together verify the validity of qualification of shareholders in accordance with the register of shareholders provided by the securities registration and clearing institution, and shall register the name of shareholders as well as the number of shares carrying voting rights held by them. Attendance registration of the meeting shall end before the chair of the meeting announces the number of shareholders and their proxies present at the on-site meeting and the total number of voting shares held by them.</p>
<p>Article 96 Where the general meetings are convened by the board, they shall be chaired and presided over by the chairman. Where the chairman is unable to or fails to do so, the vice chairman shall preside over such a meeting; and where the vice chairman is unable to or fails to do so, a director jointly elected by more than half of the directors shall preside over it.</p> <p>For a general meeting convened by the supervisory committee on its own according to legal procedures, it shall be presided over by the chairman of the supervisory committee. Where the chairman of the supervisory committee is unable or fails to perform duties, the meeting shall be presided over by a supervisor jointly elected by more than half of the supervisors.</p> <p>For a general meeting convened by the shareholder(s) according to legal procedures, a representative nominated by the convener shall preside over the meeting.</p> <p>When a general meeting is held and the chairman of the meeting violates the rules of procedures such that the general meeting cannot proceed, a person may be elected to preside over the meeting by over one half of the attending shareholders with voting rights so as to carry on the general meeting. If the shareholders fail to elect a chairman for whatever reason, the shareholder present at the meeting (including any proxy of such a shareholder) holding the most voting shares shall chair and preside over the meeting.</p>	<p>Article 95 Where the general meetings are convened by the board, they shall be chaired and presided over by the chairman. Where the chairman is unable to or fails to do so, the vice chairman shall preside over such a meeting; and where the vice chairman is unable to or fails to do so, a director jointly elected by more than half of the directors shall preside over it.</p> <p>For a general meeting convened by the supervisory committee on its own according to legal procedures, it shall be presided over by the chairman of the supervisory committee. Where the chairman of the supervisory committee is unable or fails to perform duties, the meeting shall be convened and presided over by the vice chairman of the supervisory committee; where there is no vice chairman of the supervisory committee or such vice chairman is unable or fails to perform duties, the meeting shall be presided over by a supervisor jointly elected by more than half of the supervisors.</p> <p>For a general meeting convened by the shareholder(s) according to legal procedures, a representative nominated by the convener shall preside over the meeting.</p> <p>When a general meeting is held and the chairman of the meeting violates the rules of procedures such that the general meeting cannot proceed, a person may be elected to preside over the meeting by over one half of the shareholders attending the meeting on-site and with voting rights so as to carry on the general meeting. If the shareholders fail to elect a chairman for whatever reason, the shareholder present at the meeting (including any proxy of such a shareholder) holding the most voting shares shall chair and preside over the meeting.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 104 Resolutions of general meeting shall be classified into ordinary resolutions and special resolutions.</p> <p>To adopt an ordinary resolution, votes representing more than half of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.</p> <p>To adopt a special resolution, votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.</p>	<p>Article 103 Resolutions of general meeting shall be classified into ordinary resolutions and special resolutions.</p> <p>To adopt an ordinary resolution, votes representing more than half of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.</p> <p>To adopt a special resolution, votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.</p>
<p>Article 105 A shareholder (including proxy) may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.</p> <p>If any shareholder is, under the applicable laws and regulations and the securities regulatory rules of the place(s) where the shares of the Company are listed, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.</p> <p>When significant matters affecting the interests of the minority shareholders are considered at the general meeting, the votes cast by minority investors shall be counted separately. The results of separate counting shall be disclosed to the public in a timely manner.</p> <p>The shares held by the Company in the Company have no voting rights, and that part of the shareholding shall not be counted as the total number of shares with voting rights held by shareholders attending the meeting.</p>	<p>Article 104 A shareholder (including proxy) may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.</p> <p>If any shareholder is, under the applicable laws and regulations and the securities regulatory rules of the place(s) where the shares of the Company are listed, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.</p> <p>When significant matters affecting the interests of the minority shareholders are considered at the general meeting, the votes cast by minority investors shall be counted separately. The results of separate counting shall be disclosed to the public in a timely manner.</p> <p>The shares held by the Company in the Company have no voting rights, and that part of the shareholding shall not be counted as the total number of shares with voting rights held by shareholders attending the meeting.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>The board of the Company, independent non-executive directors, shareholders holding more than 1% of the shares carrying voting rights and other shareholders satisfying the relevant requirements may publicly solicit shareholders’ voting rights. The specific voting intentions and other information shall be fully disclosed to the persons whose voting rights are being solicited when soliciting shareholders’ voting rights. It is forbidden to solicit shareholders’ voting rights with compensation or compensation in disguised form. The Company shall not impose a minimum shareholding proportion limit on the solicitation of voting rights.</p>	<p>If a shareholder purchases voting shares of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such shares in excess of the prescribed proportion shall not be exercised for a period of thirty-six months after the purchase and shall not be counted as part of the total number of voting shares present at the general meeting.</p> <p>The board of the Company, independent non-executive directors, shareholders holding more than 1% of the shares carrying voting rights or investor protection agencies established in accordance with laws, administrative regulations or requirements of the CSRC may publicly solicit shareholders’ voting rights. The specific voting intentions and other information shall be fully disclosed to the persons whose voting rights are being solicited when soliciting shareholders’ voting rights. It is forbidden to solicit shareholders’ voting rights with compensation or compensation in disguised form. The Company shall not impose a minimum shareholding proportion limit on the solicitation of voting rights except for statutory conditions.</p>
<p>Article 112 The Company shall, on the premise of ensuring the lawfulness and validity of the general meetings, adopt various means and channels including prioritising the use of modern information technology to provide a network voting platform, to facilitate participation of shareholders in the general meeting.</p>	<p>Delete</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 115 The following matters shall be resolved by an ordinary resolution at a general meeting:</p> <p>(1) work reports of the board and the supervisory committee;</p> <p>(2) plans formulated by the board for the distribution of profits and for making up losses;</p> <p>(3) appointment and removal of the non-employee representative directors and supervisors, their remunerations and methods of payment;</p> <p>(4) annual budget reports and final budgetary reports, balance sheets and profit statements and other financial statements of the Company;</p> <p>(5) the Company’s operating policies and investment plans;</p> <p>(6) the annual report of the Company;</p> <p>(7) engagement, dismissal or non-reappointment of auditors;</p> <p>(8) matters concerning change of use of the raised proceeds;</p> <p>(9) matters other than those required by the laws and administrative regulations and the securities regulatory rules of the place(s) where the shares of the Company are listed or by the Articles of Association to be adopted by special resolution.</p>	<p>Article 113 The following matters shall be resolved by an ordinary resolution at a general meeting:</p> <p>(1) work reports of the board and the supervisory committee;</p> <p>(2) plans formulated by the board for the distribution of profits and for making up losses;</p> <p>(3) appointment and removal of the non-employee representative directors and supervisors, their remunerations and methods of payment;</p> <p>(4) annual budget reports and final budgetary reports, balance sheets and profit statements and other financial statements of the Company;</p> <p>(5) the Company’s operating policies and investment plans;</p> <p>(6) the annual report of the Company;</p> <p>(7) engagement, dismissal or non-reappointment and remuneration of auditors;</p> <p>(8) matters concerning change of use of the raised proceeds;</p> <p>(9) matters other than those required by the laws and administrative regulations and the securities regulatory rules of the place(s) where the shares of the Company are listed or by the Articles of Association to be adopted by special resolution.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 116 The following matters shall be resolved by a special resolution at a general meeting:</p> <p>(1) the increase or reduction of share capital and the issue of any classes of shares, warrants and other similar securities;</p> <p>(2) the issue of the debentures of the Company;</p> <p>(3) the split, merger, dissolution and liquidation of the Company or change of company type;</p> <p>(4) amendments to the Articles of Association;</p> <p>(5) the acquisition or disposal of major assets or guarantees within 12 consecutive months reaches or exceeds 30% of the Company’s latest audited total assets;</p> <p>(6) equity incentive plan;</p> <p>(7) any other matters as required by the laws, regulations, the securities regulatory rules of the place(s) where the shares of the Company are listed or the Articles of Association, and considered by the general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be adopted by a special resolution.</p>	<p>Article 114 The following matters shall be resolved by a special resolution at a general meeting:</p> <p>(1) the increase or reduction of share capital and the issue of any classes of shares, warrants and other similar securities;</p> <p>(2) the issue of the debentures of the Company;</p> <p>(3) the split, spin-off, merger, dissolution and liquidation (including voluntary winding-up) of the Company or change of company type;</p> <p>(4) amendments to the Articles of Association;</p> <p>(5) the acquisition or disposal of major assets or guarantees within 12 consecutive months reaches or exceeds 30% of the Company’s latest audited total assets;</p> <p>(6) guarantee provided after the amount of guarantee provided by the Company within one year reaches or exceeds 30% of the latest audited total assets of the Company;</p> <p>(7) equity incentive plan;</p> <p>(8) any other matters as required by the laws, regulations, the securities regulatory rules of the place(s) where the shares of the Company are listed or the Articles of Association, and considered by the general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be adopted by a special resolution.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 119 Before a proposal is voted on at a general meeting, two shareholder representatives shall be elected for counting the votes and scrutinising the poll. Any shareholder who is interested in the matter under consideration and his/her proxies shall not participate in vote counting or scrutinising.</p> <p>When the shareholders are voting on the proposals at a general meeting, the votes shall be counted and scrutinised jointly by the lawyers, shareholder representatives and supervisor representatives, and the voting results shall be announced on the spot. Voting results on the proposals shall be recorded in the minutes of the meeting.</p> <p>Shareholders of the Company or their proxies who cast their vote online or by other means shall have the right to check and inspect their voting results through the relevant voting system.</p>	<p>Article 117 Before a proposal is voted on at a general meeting, two shareholder representatives shall be elected for counting the votes and scrutinising the poll. Any shareholder who is related to the matter under consideration and his/her proxies shall not participate in vote counting or scrutinising.</p> <p>When the shareholders are voting on the proposals at a general meeting, the votes shall be counted and scrutinised jointly by the lawyers, shareholder representatives and supervisor representatives, and the voting results shall be announced on the spot. Voting results on the proposals shall be recorded in the minutes of the meeting.</p> <p>Shareholders of the Company or their proxies who cast their vote online or by other means shall have the right to check and inspect their voting results through the relevant voting system.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 143 Directors may request to resign before their terms of office expire. The director who resigns shall submit a written resignation report to the board. The board shall, as soon as possible and in any event, disclose the relevant information within 2 days.</p> <p>If the number of board members of the Company falls below the legal minimum requirement due to the resignation of the directors, or the number of independent non-executive directors falls below one-third of the board members due to the resignation of independent non-executive directors, or there is no accounting professional among the independent non-executive directors, the board shall convene an extraordinary general meeting within two months to elect directors to fill the vacancy caused by the resignation of directors. Before the re-elected director takes office, the resignation report of the director shall not take effect until a new director is re-elected to fill the vacancy arising from his/her resignation. The existing director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.</p> <p>Except for the aforesaid circumstances, the resignation of directors shall take effect on the receipt of the resignation report by the board.</p>	<p>Article 141 Directors may request to resign before their terms of office expire. The director who resigns shall submit a written resignation report to the board. The board shall, as soon as possible and in any event, disclose the relevant information within 2 days.</p> <p>If the number of board members of the Company falls below the legal minimum requirement due to the resignation of the directors, or the number of independent non-executive directors falls below one-third of the board members due to the resignation of independent non-executive directors, or there is no accounting professional among the independent non-executive directors, the board shall convene an extraordinary general meeting within two months to elect directors to fill the vacancy caused by the resignation of directors. Before the re-elected director takes office, the resignation report of the director shall not take effect until a new director is re-elected to fill the vacancy arising from his/her resignation. The existing director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.</p> <p>Except for the aforesaid circumstances, the resignation of directors shall take effect on the receipt of the resignation report by the board.</p> <p>Subject to the relevant laws, regulations and regulatory rules of the place(s) where the shares of the Company are listed, if the board appoints a director to fill a casual vacancy or as an addition to the board, the director so appointed shall hold office until the first annual general meeting after his/her appointment and shall then be eligible for re-election.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 153 The board is responsible to the general meeting and exercises the following powers:</p> <p>(1) to be responsible for convening general meetings and to report on its works to the general meeting;</p> <p>(2) to implement the resolutions of the general meetings;</p> <p>(3) to decide on the Company’s business plans, investment plans and annual financing plans;</p> <p>(4) to draw up the Company’s proposed annual financial budgets and final budgetary reports;</p> <p>(5) to draw up the Company’s profit distribution plan and plan for making up losses;</p> <p>(6) to draw up proposals for increases or reductions of the Company’s registered capital and the issue of debentures or other securities and listing plan;</p> <p>(7) to draw up plans for the material acquisitions, repurchase of its shares or merger, split, reorganisation and dissolution of the Company and change of company type;</p> <p>(8) to appoint or remove the Company’s general manager and secretary to the board, to appoint or remove the other senior management personnel based on the nominations by the general manager, and to determine the matters relating to their remuneration, incentives and punishments;</p>	<p>Article 151 The board is responsible to the general meeting and exercises the following powers:</p> <p>(1) to be responsible for convening general meetings and to report on its works to the general meeting;</p> <p>(2) to implement the resolutions of the general meetings;</p> <p>(3) to decide on the Company’s business plans, investment plans and annual financing plans;</p> <p>(4) to draw up the Company’s proposed annual financial budgets and final budgetary reports;</p> <p>(5) to draw up the Company’s profit distribution plan and plan for making up losses;</p> <p>(6) to draw up proposals for increases or reductions of the Company’s registered capital and the issue of debentures or other securities and listing plan;</p> <p>(7) to draw up plans for the material acquisitions, repurchase of its shares or merger, split, reorganisation and dissolution of the Company and change of company type;</p> <p>(8) to decide on appointment or removal of the Company’s general manager, secretary to the board and other senior management, and to determine the matters relating to their remuneration, incentives and punishments; to decide on appointment or removal of deputy general manager, financial controller and other senior management personnel of the Company based on the nominations by the general manager, and to determine the matters relating to their remuneration, incentives and punishments;</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>(9) to decide on the establishment of the Company’s internal management structure;</p> <p>(10) to decide on the establishment of the special committees of the board and consider and approve the proposals put forward by the special committees of the board;</p> <p>(11) to draw up the Company’s basic management system;</p> <p>(12) to draw up proposals for any modifications to the Articles of Association, the Rules of Procedures for the General Meetings and the Rules of Procedures for the Board of Directors;</p> <p>(13) within the scope as authorised by the general meeting, to decide on matters relating to investment, financing and borrowing and to decide on the investment, acquisition and disposal of assets, asset pledge, external guarantee, entrusted wealth management, entrusted loans, related party transactions and other matters; as well as to organise the general manager to exercise its right under certain circumstances pursuant to this provision;</p> <p>(14) to propose to the general meeting to engage, dismiss or not to reappoint the auditors of the Company;</p> <p>(15) to listen to the work report of the Company’s general manager and inspect the work of the general manager and other senior management personnel;</p> <p>(16) to formulate the Company’s equity incentive plan;</p> <p>(17) to manage information disclosure of the Company;</p> <p>(18) to decide on other major affairs and administrative matters of the Company subject to the compliance with the relevant laws, regulations and the requirements of the Articles of Association, save for matters to be resolved at general meetings as required by relevant laws, regulations, and the Articles of Association;</p>	<p>(9) to decide on the establishment of the Company’s internal management structure;</p> <p>(10) to decide on the establishment of the special committees of the board and consider and approve the proposals put forward by the special committees of the board;</p> <p>(11) to draw up the Company’s basic management system;</p> <p>(12) to draw up proposals for any modifications to the Articles of Association, the Rules of Procedures for the General Meetings and the Rules of Procedures for the Board of Directors;</p> <p>(13) within the scope as authorised by the general meeting, to decide on matters relating to investment, financing and borrowing and to decide on the investment, acquisition and disposal of assets, asset pledge, external guarantee, entrusted wealth management, entrusted loans, related party transactions, external donation and other matters; as well as to organise the general manager to exercise its right under certain circumstances pursuant to this provision;</p> <p>(14) to propose to the general meeting to engage, dismiss or not to reappoint the auditors of the Company;</p> <p>(15) to listen to the work report of the Company’s general manager and inspect the work of the general manager and other senior management personnel;</p> <p>(16) to formulate the Company’s equity incentive plan;</p> <p>(17) to manage information disclosure of the Company;</p> <p>(18) to decide on other major affairs and administrative matters of the Company subject to the compliance with the relevant laws, regulations and the requirements of the Articles of Association, save for matters to be resolved at general meetings as required by relevant laws, regulations, and the Articles of Association;</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>(19) other powers and functions conferred by the Articles of Association or the general meetings.</p> <p>Except the resolutions of the board in respect of the matters specified in paragraphs (6), (7) and (12) above which shall be passed by more than two-thirds of the directors, and the guarantee-related matters within the scope of authority of the board shall be approved by more than half of all directors and two-thirds of the directors present at the board meeting, the resolutions of the board in respect of all other matters may be passed by more than half of the directors.</p> <p>Where the above matters within the powers of the board of directors or any transaction or arrangement of the Company are subject to consideration by the general meeting or go beyond the scope as authorised by the general meeting according to the securities regulatory rules of the place(s) where the Company’s shares are listed, such matters shall be submitted to the general meeting for consideration. The board shall act in strict accordance with the authorisation of the general meeting and the Articles of Association and shall not reach resolutions that go beyond such scope of authorisation.</p> <p>Under necessary, reasonable and legal circumstances, the board shall authorise the chairman of the board and his/her authorised persons to decide on specific matters in relation to the matters to be resolved which cannot or are not necessary to be decided at the board meeting.</p> <p>With the authorisation of the board, the chairman of the board may exercise certain powers of the board when the board meeting is not in session. The scope authorised by the board shall be clear and specific.</p> <p>The board shall take into account the advice of the Party organisation before making any major decision in relation to the directions of reform and development, major goals and tasks and key work arrangements for the Company. When the board appoints any management personnel of the Company, the Party organisation shall be entitled to consider and provide advice on the candidates proposed by the board or the general manager, or recommend to the board or the general manager of any candidate.</p>	<p>(19) other powers and functions conferred by the Articles of Association or the general meetings.</p> <p>Except the resolutions of the board in respect of the matters specified in paragraphs (6), (7) and (12) above which shall be passed by more than two-thirds of the directors, and the guarantee-related matters within the scope of authority of the board shall be approved by more than half of all directors and two-thirds of the directors present at the board meeting, the resolutions of the board in respect of all other matters may be passed by more than half of the directors.</p> <p>Where the above matters within the powers of the board of directors or any transaction or arrangement of the Company are subject to consideration by the general meeting or go beyond the scope as authorised by the general meeting according to the securities regulatory rules of the place(s) where the Company’s shares are listed, such matters shall be submitted to the general meeting for consideration. The board shall act in strict accordance with the authorisation of the general meeting and the Articles of Association and shall not reach resolutions that go beyond such scope of authorisation.</p> <p>Under necessary, reasonable and legal circumstances, the board shall authorise the chairman of the board and his/her authorised persons to decide on specific matters in relation to the matters to be resolved which cannot or are not necessary to be decided at the board meeting.</p> <p>With the authorisation of the board, the chairman of the board may exercise certain powers of the board when the board meeting is not in session. The scope authorised by the board shall be clear and specific.</p> <p>The board shall take into account the advice of the Party organisation before making any major decision in relation to the directions of reform and development, major goals and tasks and key work arrangements for the Company. When the board appoints any management personnel of the Company, the Party organisation shall be entitled to consider and provide advice on the candidates proposed by the board or the general manager, or recommend to the board or the general manager of any candidate.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 157 The board has the right to decide on the following matters of the Company (including its subsidiaries):</p> <p>(1) acquisition and disposal of assets and asset pledge accounting for less than 30% of the Company’s latest audited total assets;</p> <p>(2) venture capitals (including but not limited to debentures, futures, stocks and entrusted wealth management), entrusted loan, external investment and other transactions accounting for less than 30% of the Company’s latest audited net assets;</p> <p>(3) matters such as lease, rent, entrusted operation, agency operation or joint operation of property accounting for less than 30% of the Company’s latest audited total assets;</p> <p>(4) related party transactions accounting for less than 1% of the Company’s latest audited total assets and market value or less than RMB30,000,000 in amount (save for provision of guarantee and acceptance of donated cash assets) and related party transactions subject to consideration by the board of directors according to the securities regulatory rules of the place(s) where the shares of the Company are listed. For related party transactions that may be exempted from or waived for consideration and disclosure in the form of related party transactions according to relevant provisions of laws, regulations, departmental rules and the securities regulatory rules of the place(s) where the Company’s shares are listed, the Company may be exempted from or apply for waiver for consideration and disclosure in the form of related party transactions according to relevant provisions;</p>	<p>Article 155 The board has the right to decide on the following matters of the Company (including its subsidiaries):</p> <p>(1) acquisition and disposal of assets and asset pledge accounting for less than 30% of the Company’s latest audited total assets;</p> <p>(2) venture capitals (including but not limited to debentures, futures, stocks and entrusted wealth management), entrusted loan, external investment, external donation and other transactions accounting for less than 30% of the Company’s latest audited net assets;</p> <p>(3) matters such as lease, rent, entrusted operation, agency operation or joint operation of property accounting for less than 30% of the Company’s latest audited total assets;</p> <p>(4) related party transactions accounting for less than 1% of the Company’s latest audited total assets and market value or less than RMB30,000,000 in amount (save for provision of guarantee and acceptance of donated cash assets) and related party transactions subject to consideration by the board of directors according to the securities regulatory rules of the place(s) where the shares of the Company are listed. For related party transactions that may be exempted from or waived for consideration and disclosure in the form of related party transactions according to relevant provisions of laws, regulations, departmental rules and the securities regulatory rules of the place(s) where the Company’s shares are listed, the Company may be exempted from or apply for waiver for consideration and disclosure in the form of related party transactions according to relevant provisions;</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>(5) to determine the Company's external guarantees beyond the scope of consideration by the general meeting as stipulated in the Articles of Association;</p> <p>(6) to consider other matters to be determined by the board as required by laws, regulations, departmental rules, securities regulatory rules of the place(s) where the Company's shares are listed and the Articles of Association.</p> <p>The board shall authorise the general manager to exercise the following powers within the above scope of authorisation:</p> <p>(1) to decide on acquisition, disposal and pledge of assets with a single amount accounting for less than 5% of the Company's latest audited total assets;</p> <p>(2) to decide on matters such as external investment, venture capitals (including but not limited to debentures, futures, stocks and entrusted wealth management), entrusted loans, etc. with a single amount accounting for less than 5% of the Company's latest audited net assets;</p> <p>(3) to decide on matters such as property lease, rent, entrusted operation, agency operation or joint operation with a single amount accounting for less than 5% of the Company's latest audited total assets;</p> <p>(4) to decide on transactions with related natural persons with an amount less than RMB300,000 (save for provision of guarantees); transactions with related legal persons with an amount accounting for less than 0.1% of the Company's latest audited total assets and market value or less than RMB3,000,000 (save for provision of guarantees) and related party transactions that may be determined by the general manager of the Company according to the securities regulatory rules of the place(s) where the Company's shares are listed, the Company's Management Policy for Related Party Transactions and its detailed management rules;</p> <p>(5) other functions and powers stipulated in the Articles of Association and granted by the board of directors.</p>	<p>(5) to determine the Company's external guarantees beyond the scope of consideration by the general meeting as stipulated in the Articles of Association;</p> <p>(6) to consider other matters to be determined by the board as required by laws, regulations, departmental rules, securities regulatory rules of the place(s) where the Company's shares are listed and the Articles of Association.</p> <p>The board shall authorise the general manager to exercise the following powers within the above scope of authorisation:</p> <p>(1) to decide on acquisition, disposal and pledge of assets with a single amount accounting for less than 5% of the Company's latest audited total assets;</p> <p>(2) to decide on matters such as external investment, venture capitals (including but not limited to debentures, futures, stocks and entrusted wealth management), entrusted loans, external donation, etc. with a single amount accounting for less than 5% of the Company's latest audited net assets;</p> <p>(3) to decide on matters such as property lease, rent, entrusted operation, agency operation or joint operation with a single amount accounting for less than 5% of the Company's latest audited total assets;</p> <p>(4) to decide on transactions with related natural persons with an amount less than RMB300,000 (save for provision of guarantees); transactions with related legal persons with an amount accounting for less than 0.1% of the Company's latest audited total assets and market value or less than RMB3,000,000 (save for provision of guarantees) and related party transactions that may be determined by the general manager of the Company according to the securities regulatory rules of the place(s) where the Company's shares are listed, the Company's Management Policy for Related Party Transactions and its detailed management rules;</p> <p>(5) other functions and powers stipulated in the Articles of Association and granted by the board of directors.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 170 A board meeting shall be attended by the directors in person. If a director is unable to attend, he/she may appoint in writing another director to attend on his/her behalf. The authorization letter shall specify the scope of authorization.</p> <p>The appointed director who attends the meeting shall exercise such director’s right within the scope of authorization. If a director is unable to attend the board meeting in person and has not appointed a representative to attend the meeting, he/she shall be deemed to have abstained from voting at such meeting.</p>	<p>Article 168 A board meeting shall be attended by the directors in person. If a director is unable to attend, he/she may appoint in writing another director to attend on his/her behalf. The authorization letter shall specify the name of proxy and the matters, scope and validity period of the authorization, and shall be signed or sealed by the appointor.</p> <p>The appointed director who attends the meeting shall exercise such director’s right within the scope of authorization. If a director is unable to attend the board meeting in person and has not appointed a representative to attend the meeting, he/she shall be deemed to have abstained from voting at such meeting.</p>
<p>Article 178 Article 206 of the Articles of Association regarding situations for the disqualification of directors shall also apply to senior management personnel. The provisions of Article 210 of the Articles of Association on the fiduciary duty of directors and Article 209 on the duty of diligence shall also apply to senior management personnel.</p>	<p>Article 176 The provisions of Article 208 of the Articles of Association on the fiduciary duty of directors and Article 207 on the duty of diligence shall also apply to senior management personnel.</p>
<p>Article 185 The general manager and other senior management members, in performing their duties and powers, shall act honestly and diligently and in accordance with the laws, administrative regulations and the Articles of Association. If they violate provisions of the laws, regulations or the Articles of Association in the course of performing their duties and cause losses to the Company, they shall be liable for compensation.</p>	<p>Article 183 Senior management personnel of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. Senior management personnel of the Company shall be liable for compensation in accordance with relevant laws if they fail to faithfully perform their duties or breach their fiduciary duty and cause damage to the interests of the Company and the shareholders of public shares.</p>
<p>Article 192 Supervisors shall ensure the truthfulness, accuracy and completeness of the information disclosed by the Company.</p>	<p>Article 190 Supervisors shall ensure the truthfulness, accuracy and completeness of the information disclosed by the Company and shall sign written confirmation for the regular reports.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 206 A person may not serve as a director, supervisor, general manager, deputy general manager or any other senior management members of the Company if he/she is:</p> <p>(1) a person without legal or with restricted civil capacity;</p> <p>(2) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offense; or who has been deprived of his political rights, in each case where less than five years have elapsed since the date of the completion of implementation of such punishment or deprivation;</p> <p>(3) a person who is a director or factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of that company or enterprise;</p> <p>(4) a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where less than three years have elapsed since the date of the revocation of the business license;</p> <p>(5) a person who has a relatively large amount of debts due and outstanding;</p>	<p>Article 204 A person may not serve as a director, supervisor, general manager, deputy general manager or any other senior management members of the Company if he/she is:</p> <p>(1) a person without legal or with restricted civil capacity;</p> <p>(2) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offense; or who has been deprived of his political rights, in each case where less than five years have elapsed since the date of the completion of implementation of such punishment or deprivation;</p> <p>(3) a person who is a director or factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of that company or enterprise;</p> <p>(4) a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where less than three years have elapsed since the date of the revocation of the business license;</p> <p>(5) a person who has a relatively large amount of debts due and outstanding;</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>(6) a person who is under criminal investigation by judicial authority for violation of the criminal law which investigation is not yet concluded;</p> <p>(7) a person who has been prohibited from entering the securities market by the CSRC or the Hong Kong Securities and Futures Commission and such prohibitions period has not elapsed;</p> <p>(8) a person who is not eligible for enterprise leadership according to laws and administrative regulations;</p> <p>(9) a non-natural person; or</p> <p>(10) a person convicted of the contravention of relevant securities regulations by a relevant government authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five years have elapsed since the date of the conviction.</p> <p>For any election, appointment or engagement of a director, supervisor, general manager, deputy general manager or other senior management personnel in contravention of the provisions prescribed by this article, such election, appointment or engagement shall be void and null.</p>	<p>(6) a person who is under criminal investigation by judicial authority for violation of the criminal law which investigation is not yet concluded;</p> <p>(7) a person who has been prohibited from entering the securities market/subject to penalty imposed by the CSRC or the Hong Kong Securities and Futures Commission and such prohibitions period has not elapsed;</p> <p>(8) a person who is not eligible for enterprise leadership according to laws and administrative regulations;</p> <p>(9) a non-natural person; or</p> <p>(10) a person convicted of the contravention of relevant securities regulations by a relevant government authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five years have elapsed since the date of the conviction.</p> <p>For any election, appointment or engagement of a director, supervisor, general manager, deputy general manager or other senior management personnel in contravention of the provisions prescribed by this article, such election, appointment or engagement shall be void and null.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 226 The Company shall publish its financial reports twice every accounting year, that is, the interim financial report shall be published within 60 days after the end of the first six months of each accounting year and the annual financial report shall be published within 120 days after the end of each accounting year.</p> <p>The Company shall submit its annual financial and accounting reports to CSRC and the stock exchange(s) within four months from the ending date of each financial year, its interim financial reports to the local office of CSRC and the stock exchange(s) within two months from the ending date of the first six months of each financial year, and its quarterly reports to the local office of CSRC and the stock exchange(s) within one month from the ending dates of the first three and first nine months of each financial year respectively.</p> <p>The above-mentioned financial and accounting reports shall be prepared in accordance with the provisions of the relevant laws, administrative regulations, departmental rules and the securities regulatory rules of the place(s) where the Company’s shares are listed, and shall be announced in accordance with the relevant provisions of the securities regulatory authorities of the place(s) where the Company’s shares are listed.</p>	<p>Article 224 Unless otherwise required by laws, administrative regulations, departmental rules, regulatory documents and the relevant stock exchange(s) or regulatory authorities of the place(s) where the Company's shares are listed, the Company shall publish its financial reports twice every accounting year, that is, the interim financial report shall be published within 60 days after the end of the first six months of each accounting year and the annual financial report shall be published within 120 days after the end of each accounting year.</p> <p>Unless otherwise required by laws, administrative regulations, departmental rules, regulatory documents and the relevant stock exchange(s) or regulatory authorities of the place(s) where the Company's shares are listed, the Company shall submit and disclose its annual reports to CSRC and the stock exchange(s) within four months from the ending date of each financial year, and its interim reports to the local office of CSRC and the stock exchange(s) within two months from the ending date of the first half of each financial year, respectively.</p> <p>The above-mentioned annual and interim reports shall be prepared in accordance with the provisions of the relevant laws, administrative regulations, departmental rules and the securities regulatory rules of the place(s) where the Company’s shares are listed, and shall be announced in accordance with the relevant provisions of the securities regulatory authorities of the place(s) where the Company’s shares are listed.</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>Article 246 The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the PRC laws to carry out the audit of accounting statements, verification of net assets and other related consulting services.</p> <p>Engagement of an accounting firm shall be decided at the general meeting, and the board of directors shall not appoint an accounting firm prior to the decision of the general meeting.</p> <p>If the inaugural meeting fails to exercise its power to appoint the first accounting firm, that power shall be exercised by the board.</p>	<p>Article 244 The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the PRC laws to carry out the audit of accounting statements, verification of net assets and other related consulting services for a term of one year which can be re-appointed.</p> <p>Engagement of an accounting firm shall be decided at the general meeting, and the board of directors shall not appoint an accounting firm prior to the decision of the general meeting.</p> <p>If the inaugural meeting fails to exercise its power to appoint the first accounting firm, that power shall be exercised by the board.</p>
<p>Article 253 The Company’s appointment, dismissal and non-renewal of the appointment of an accounting firm shall be resolved by shareholders in general meeting. The resolution of the shareholders’ general meeting shall be filed with the securities regulatory authorities of the State Council.</p> <p>Where it is proposed that any resolution be passed at a general meeting concerning the appointment of an accounting firm, which is not an incumbent firm, to fill a casual vacancy in the office of the accounting firm, reappointment of a retiring accounting firm which was appointed by the board to fill a casual vacancy, or dismissal of the accounting firm before the expiration of its term of office, the following provisions shall apply:</p> <p>(1) A copy of the proposal shall be sent to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post in the relevant accounting year before notice of meeting is given to the shareholders (leaving its post includes being dismissed, resignation and retirement).</p> <p>(2) If the firm leaving its post makes representations in writing and requests the Company to notify the shareholders of such representations, the Company shall (unless the representations are received too late):</p>	<p>Article 251 The Company’s appointment, dismissal and non-renewal of the appointment of an accounting firm shall be resolved by shareholders in general meeting. The resolution of the shareholders’ general meeting shall be filed with the securities regulatory authorities of the State Council (if required).</p> <p>Where it is proposed that any resolution be passed at a general meeting concerning the appointment of an accounting firm, which is not an incumbent firm, to fill a casual vacancy in the office of the accounting firm, reappointment of a retiring accounting firm which was appointed by the board to fill a casual vacancy, or dismissal of the accounting firm before the expiration of its term of office, the following provisions shall apply:</p> <p>(1) A copy of the proposal shall be sent to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post in the relevant accounting year before notice of meeting is given to the shareholders (leaving its post includes being dismissed, resignation and retirement).</p> <p>(2) If the firm leaving its post makes representations in writing and requests the Company to notify the shareholders of such representations, the Company shall (unless the representations are received too late):</p>

APPENDIX III PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Existing provisions	Amended provisions
<p>(i) in any notice given to shareholders about a resolution to be made, state the representations that has been made by the accounting firm which is about to leave;</p> <p>(ii) attach a copy of such representation to the notice and serve it to the shareholders who are entitled thereto in the manner stipulated in the Articles of Association.</p> <p>(3) If the firm’s representations are not sent in accordance with paragraph (2) of this article, the relevant firm may require that the representations be read out at the general meeting and may lodge further complaints.</p> <p>(4) An accounting firm which is leaving its post shall be entitled to attend:</p> <p>(i) the general meeting at which its term of office would otherwise have expired;</p> <p>(ii) any general meeting at which it is proposed to fill the vacancy caused by its leaving its post;</p> <p>(iii) any general meeting convened on its resignation;</p> <p>and to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meetings in relation to matters concerning its role as the former accounting firm of the Company.</p>	<p>(i) in any notice given to shareholders about a resolution to be made, state the representations that has been made by the accounting firm which is about to leave;</p> <p>(ii) attach a copy of such representation to the notice and serve it to the shareholders who are entitled thereto in the manner stipulated in the Articles of Association.</p> <p>(3) If the firm’s representations are not sent in accordance with paragraph (2) of this article, the relevant firm may require that the representations be read out at the general meeting and may lodge further complaints.</p> <p>(4) An accounting firm which is leaving its post shall be entitled to attend:</p> <p>(i) the general meeting at which its term of office would otherwise have expired;</p> <p>(ii) any general meeting at which it is proposed to fill the vacancy caused by its leaving its post;</p> <p>(iii) any general meeting convened on its resignation;</p> <p>and to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meetings in relation to matters concerning its role as the former accounting firm of the Company.</p>
<p>Article 288 The Articles of Association shall take effect upon approval at the general meeting and upon initial public offering of Renminbi ordinary shares (A shares) and listing on the Science and Technology Innovation Board of the Shanghai Stock Exchange and shall be filed and registered with the competent market regulation administrations.</p>	<p>Article 286 The Articles of Association shall take effect upon approval at the general meeting and shall be filed and registered with the competent market regulation administrations.</p>

Notes:

- (1) As the proposed amendments involve additions and deletions of articles, references to articles and footnotes in the Articles of Association shall be re-numbered accordingly. For the cross-referencing by article number in the original Articles of Association, corresponding changes shall be made to the revised Articles of Association.
- (2) The Articles of Association are written in Chinese. In case of any inconsistencies between the Chinese and the English version, the Chinese version shall prevail.

**ZHUZHOU CRRC TIMES ELECTRIC CO., LTD.
2021 WORK REPORT OF THE BOARD OF DIRECTORS**

In 2021, the board of directors of Zhuzhou CRRC Times Electric Co., Ltd. (the “Company”) strictly complied with the duties imposed by the Company Law, the Articles of Association and the Rules of Procedure of the Board of Directors of the Company, took actions to maximize shareholders’ value, conscientiously implemented the resolutions of the shareholders’ general meetings, faithfully and diligently performed the duties of the board of directors, and continuously strengthened itself to effectively safeguard the interests of the Company and all shareholders. The work of the board of directors for 2021 is reported as follows:

I. PRINCIPAL OPERATIONS IN 2021

The year of 2021 is the first year under the “14th Five-Year” plan, and was also an extraordinary and challenging year. Persistent rage of the COVID-19 pandemic across the domestic and international markets decelerated the traffic volume and railway construction progress in China, and led to a significant year-on-year decrease in new investment made by China State Railway Group Co., Ltd. in mobile equipment, which exerted certain impact on the railway transportation industry. Amidst the complicated challenges, the Company redirected pressure to motivation through rapidly adapting to the new environment and economic normal. It griped on the strategic opportunities presented by the “emission peak and carbon neutrality” goal and overcame headwinds such as the adverse impact of the pandemic, chip supply shortage and surging raw material prices to maintain stable growth in its new business segment. During the reporting period, the Company achieved operating revenue of RMB15,121,167,400, representing a year-on-year decrease of 5.69%; operating profit of RMB2,101,465,300, representing a year-on-year decrease of 24.34%; total profit of RMB2,123,083,500, representing a year-on-year decrease of 25.16%; and net profit attributable to the parent company of RMB2,017,694,800, representing a year-on-year decrease of 18.49%

II. WORK OF THE BOARD OF DIRECTORS IN 2021

(I) Board meetings

In 2021, the Company held a total of 10 board meetings and considered a total of 51 resolutions. The convening and convening procedures of the meetings, qualifications of the attendees, qualifications of the conveners and voting procedures were in compliance with the relevant provisions of the laws, regulations and the Articles of Association, and the resolutions of the meetings were legal and valid. The matters considered and approved at the meetings were effectively implemented by the board of directors.

APPENDIX IV 2021 WORK REPORT OF THE BOARD OF DIRECTORS

(II) Performance of duties of directors

In 2021, the directors of the Company performed their duties faithfully and diligently and participated in board meetings and general meetings in a conscientious and responsible manner and took part in the decision-making of the Company. The directors had in-depth discussions on the various proposals submitted to the board of directors for consideration, expressed their views and made suggestions for the operation and development of the Company, fully considered the interests and demands of the minority shareholders when making decisions, which effectively strengthened the scientific decision-making of the board of directors and promoted the sustainable, stable and healthy development of the Company's production and operation. The independent directors performed their duties diligently in accordance with the relevant provisions of the Company Law, the Securities Law and the Articles of Association, strictly considered the proposals and made independent, objective and impartial judgments without being influenced by the Company and the shareholders of the Company, and expressed independent opinions on matters such as profit distribution, related (connected) transactions, reappointment of auditors, internal control assessment reports, deposit and use of proceeds in accordance with the relevant requirements, thereby effectively safeguarding the interests of the Company and the minority shareholders.

Attendance of the board meetings and general meetings by the directors is as follows:

Name of director	Independent director or not	Number of attendance at board meetings during the year	Attendance at board meetings				Attendance at the general meetings	
			Number of attendance in person	Number of attendance by means of telecommunications	Number of attendance by proxy	Number of absence	Failure to attend in person for two consecutive times	Number of attendance at the general meetings
Li Donglin	No	10	10	4	0	0	No	1
Liu Ke'an	No	10	10	4	0	0	No	2
Shang Jing	No	10	10	4	0	0	No	2
Yan Wu	No	10	10	4	0	0	No	2
Zhang Xinning	No	10	10	4	0	0	No	2
Chan Kam Wing, Clement	Yes	10	10	4	0	0	No	2
Pao Ping Wing	Yes	10	10	4	0	0	No	2
Liu Chunru	Yes	10	10	4	0	0	No	2
Chen Xiaoming	Yes	10	10	4	0	0	No	2
Gao Feng	Yes	10	10	4	0	0	No	2

(III) Performance of duties of board committees

The board has set up five special committees, namely, the strategy committee, the audit committee, the risk control committee, the remuneration committee and the nomination committee. During the reporting period, the Company held one meeting of the strategy committee, six meetings of the audit committee, two meetings of the risk control committee, two meetings of the remuneration committee and three meetings of the nomination committee. The convening, holding and deliberation procedures of the meetings were in compliance with the provisions of the Articles of Association and the working rules of the relevant special committees, and the meeting materials were compliant, adequate and delivered in a timely manner. The special committees carried out their work diligently in 2021, fully performed their professional functions, and assisted the Company in making decisions on major matters and facilitating the effective operation of the board of directors in a more regulatory and satisfactory manner.

(IV) Convening of general meetings and implementation of resolutions

In 2021, the Company held the 2020 annual general meeting and the 2021 first extraordinary general meeting, at which 10 resolutions were considered and approved. The convening and holding of the general meetings, qualifications of the attendees, voting procedures and poll results were in compliance with the provisions of relevant laws and regulations, and the resolutions of the general meetings were legal and valid. The board of directors, in strict accordance with the requirements of the Company Law and the Articles of Association, fully implemented the resolutions of the general meeting of the Company, conscientiously performed the duties imposed by the general meeting and made effective contributions to the scientific decision-making and effective implementation of various major matters of the Company.

(V) Corporate governance

In strict accordance with the laws and regulations as well as the relevant rules and requirements of the regulatory authorities, the Company persisted in compliant operation, strengthened strategic leadership, maintained sustainable and healthy corporate development and safeguarded the interests of all shareholders of the Company. The actual situation of the corporate governance structure of the Company did not substantially deviate from the provisions and requirements of the relevant documents of the CSRC.

- 1. Continuously strengthening corporate governance to regulate operations.** The Company has integrated the strengthening of the Party's leadership into its corporate governance, and continued to improve the corporate governance mechanism with clear division of work and responsibilities, coordinated operation and effective checks and balances in strict accordance with, among others, the Articles of Association, the Rules of Procedure of the Shareholders' General Meeting, the Rules of Procedure of the Board of Directors, the Rules of Procedure of the Supervisory Committee, the Rules of Work of the General Manager and the rules of work of special committees. In 2021, the Company successfully listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange (the "SSE"). The Company revised, formulated, released and implemented 25 rules, including the Articles of Association in order to meet the regulatory requirements for A shares.

2. **Continuously strengthening information disclosure management.** The Company disclosed information in strict compliance with the legal and regulatory requirements of the CSRC, the SSE and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the relevant provisions of the Administrative Measures on Information Disclosure of the Company, and ensured that the information was disclosed in a true, accurate, complete, timely and fair manner. During the reporting period, the Company published and disclosed 50 announcements and documents on the SSE as well as 107 announcements in traditional Chinese and 64 announcements in English on the Stock Exchange. We continuously monitored the information disclosure of the Company. The Company’s announcements and circulars were disclosed on the SSE, the Stock Exchange and the Company’s website and designated newspapers (if required) in accordance with the requirements of the listing rules of the listed places, and there were no false records, misleading statements or material omissions, which effectively fulfilled the information disclosure obligations and safeguarded the legitimate rights and interests of the investors.
3. **Effectively managing investor relations.** In 2021, the Company communicated with investors and analysts through various means such as organizing results conferences, conference calls, roadshows, reverse roadshows and general meetings to expand the Company’s influence in the capital market. The Company held results presentation after publication of quarterly, interim and annual reports, at which senior management reported on the Company’s performance and latest developments and answered questions from investors and analysts. On 25 August 2021, we held a roadshow for the IPO on the Science and Technology Innovation Board at the SSE Roadshow Center to provide investors with an introduction to the Company. On 5 November 2021, we organized a reverse roadshow and invited investors and analysts to visit the Company and communicated with investors and analysts on issues of concern to investors such as corporate governance, operating conditions and future development. The Company arranged dedicated staff to answer calls and receive emails from investors, and patiently and meticulously recorded and answered questions raised by investors. Through various channels and means, we maintained good communication with investors, thereby continuously enhancing our corporate image and social influence.

(VI) Compliance with Corporate Governance Code

The Company has established a corporate governance system in accordance with the relevant requirements of the Corporate Governance Code and the Corporate Governance Report (the “**CG Code**”) in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, which were applicable in 2021. The Articles of Association, the terms of reference of the strategy committee, the audit committee, the risk control committee, the remuneration committee and the nomination committee, the terms of reference of the supervisory committee and the code of conduct for dealing in securities by directors and relevant employees collectively form the reference for the Company’s code of corporate governance practices. In 2021, the Company has complied with the requirements of the code provisions as set out in the CG Code and has adopted recommended best practices where applicable.

III. WORK PLAN FOR 2022

2022 is a critical year for achieving the objectives of the Company's 14th Five-Year Plan, and a year for the Company to make breakthroughs and forge ahead. Bearing the high expectations of our shareholders in mind, the board of directors will continue to improve its corporate governance and management, lead the Company to focus on high-quality development, carry out key tasks to facilitate industrial development, upgrade the core system of resource support, and achieve steady and sustainable growth in scale and efficiency to create greater returns and value for the society, shareholders and employees with better performance!

Board of directors of Zhuzhou CRRC Times Electric Co., Ltd.

* *The 2021 work report of the Board of Directors is written in Chinese. In case of any inconsistencies between the Chinese and the English version, the Chinese version shall prevail.*

**ZHUZHOU CRRC TIMES ELECTRIC CO., LTD.
2021 WORK REPORT OF THE SUPERVISORY COMMITTEE**

In 2021, strictly in accordance with the relevant provisions of the Company Law of the PRC (the “**Company Law**”) and other laws and regulations and the Articles of Association and the Rules of Procedure of the Supervisory Committee, all members of the supervisory committee of Zhuzhou CRRC Times Electric Co., Ltd. (the “**Company**”) exercised their powers and functions in compliance with the law, performed their duties diligently and conscientiously to safeguard the interests of all shareholders, conducted supervision and examination on the legal compliance of the Company’s financial affairs, the implementation of the resolutions of the general meetings, the major decision-making procedures of the board of directors and the operation and management activities of the Company and the performance of the duties of directors and senior management, safeguarded the interests of all shareholders, actively exercised supervisory functions and strengthened the effectiveness of supervision, thereby effectively ensuring the sustainable and healthy development of the Company. The sixth session of the supervisory committee of the Company consists of four members, namely Mr. Li Lue, being the chairman of the supervisory committee, Mr. Pang Yiming and Mr. Zhou Guifa, being the employee representative supervisors, and Mr. Geng Jianxin, being the independent supervisor.

I. WORK OF THE SUPERVISORY COMMITTEE IN 2021

During the 12 months ended 31 December 2021 (the “**Reporting Period**”), the Company’s supervisors strengthened their study and diligently performed their duties, supervised the Company’s financial status, the use of proceeds, the implementation of the decisions made by the board of directors, the operation of the risk control system and major operation and management; and supervised the performance of duties of the Company’s directors and senior management. The specific work is as follows:

(I) Meetings

During the Reporting Period, the supervisory committee held 10 meetings to consider 33 resolutions. The meetings were convened in strict accordance with the relevant provisions of the Company Law of the PRC, the Articles of Association and the Rules of Procedure of the Supervisory Committee. Details of the meetings are as follows:

1. On 30 March 2021, the seventh meeting of the sixth session of the supervisory committee was convened in the form of on-site meeting, at which 12 resolutions, including the Resolution on the Report of the Supervisory Committee of the Company for 2020, the Resolution on Final Financial Statements of the Company for 2020, the Resolution on the Profit Distribution Plan of the Company for 2020, the Resolution on Engagement of Auditor of the Company for 2021, the Resolution on Provision of Guarantees to Controlling Subsidiaries and the Resolution on the 2020 Annual Report of the Company, were considered and approved.

2. On 9 April 2021, the eighth meeting of the sixth session of the supervisory committee was convened through correspondence, at which three resolutions, including the Resolution on the Audit Reports of the Company for the Past Three Years and Other Special Reports, the Resolution on the Internal Control Assessment Report and Internal Control Audit Report of the Company and the Resolution on Confirmation of Related-party Transactions During the Reporting Period, were considered and approved.
3. On 29 April 2021, the ninth meeting of the sixth session of the supervisory committee was convened through correspondence, at which the Resolution on the Financial Review Report of the Company for the First Quarter of 2021 was considered and approved.
4. On 21 July 2021, the tenth meeting of the sixth session of the supervisory committee was convened through correspondence, at which the Resolution on Establishment of Broker-managed Collective Asset Management Plan for Certain Senior Management Members and Key Employees of the Company Who Participated in the Strategic Placement of Shares was considered and approved.
5. On 9 August 2021, the 11th meeting of the sixth session of the supervisory committee was convened in the combined forms of on-site meeting and teleconference, at which three resolutions, including the Resolution on the Review of the Interim Financial Report of the Company for the Six Months Ended 30 June 2021, the Resolution on the 2021 Interim Results Announcement of the Company and the Resolution on the 2021 Interim Report of the Company, were considered and approved.
6. On 31 August 2021, the 12th meeting of the sixth session of the supervisory committee was convened through correspondence, at which three resolutions, including the Resolution on Estimations on Ordinary Related Party Transactions for 2021-2023, the Resolution on Opening Special Account of Proceeds and Authorisation to Execute the Tripartite Supervision Agreement for the Account and the Resolution on Amendments to the Information Disclosure Management Policy of the Company, were considered and approved.
7. On 27 September 2021, the 13th meeting of the sixth session of the supervisory committee was convened in the form of on-site meeting and correspondence, at which six resolutions, including the Resolution on Adjusting the Amount of Proceeds Used for Projects to be Funded with Proceeds, the Resolution on Lending the Proceeds to Units Responsible for the Projects to be Funded with Proceeds to Implement Such Projects and Executing the Quartet Supervision Agreement on the Special Account for Proceeds, the Resolution on Utilisation of Partial Idle Proceeds for Cash Management and the Resolution on Utilisation of Self-owned Idle Funds for Cash Management, were considered and approved.

8. On 12 October 2021, the 14th meeting of the sixth session of the supervisory committee was convened through correspondence, at which the Resolution on the Interim Profit Distribution Plan of the Company for the First Half of 2021 was considered and approved.
9. On 29 October 2021, the 15th meeting of the sixth session of the supervisory committee was convened in the combined forms of on-site meeting and correspondence, at which the Resolution on the Third Quarterly Report of the Company for 2021 was considered and approved.
10. On 23 December 2021, the 16th meeting of the sixth session of the supervisory committee was convened in the form of on-site meeting and correspondence, at which two resolutions, including the Resolution on Change of Use of Proceeds and Capital Increase to a Subsidiary and the Resolution on the 2022-2024 Product and Supporting Service Mutual Supply Framework Agreement Between the Company and Taiyuan CRRC Times Rail Engineering Machinery Co., Ltd. and Routine Related Party Transactions, were considered and approved.

(II) Attendance/presence at other important meetings

During the Reporting Period, members of the supervisory committee attended ten board meetings and presented as non-voting attendees at two general meeting, conducted effective supervision on the convening procedures, resolutions and voting procedures of the Company's general meetings and board meetings in accordance with relevant national laws and regulations, and upon listing on the Science and Technology Innovation Board of the Shanghai Stock Exchange, sent a supervisor to supervise the voting process at the general meetings and board meetings in accordance with newly revised rules and regulations, and supervised the implementation of the resolutions of the general meetings by directors and senior management.

II. OPINION OF THE SUPERVISORY COMMITTEE REGARDING COMPLIANT AND LEGAL OPERATIONS OF THE COMPANY

In 2021, the supervisory committee supervised over and checked on the legal performance of duties of the directors and senior management of the Company, establishment of the internal control system of the Company as well as its sound and consistent implementation. The supervisory committee was of the view that the directors and senior management of the Company complied with national laws and regulations, performed their duties diligently and conscientiously implemented the resolutions and authorisations of the general meetings and board meetings. The major decisions for the operation of the Company were made in a reasonable, legitimate and effective way, information disclosure was in line with norms, and there were no acts detrimental to the interests of the Company and shareholders' rights and interests.

III. OPINION OF THE SUPERVISORY COMMITTEE REGARDING EXAMINATION ON THE COMPANY'S FINANCIAL CONDITIONS

During the Reporting Period, members of the supervisory committee reviewed the Company's financial reports, considered the Company's regular reports and the audit reports of the accounting firm, and inspected and supervised the Company's financial operations. The supervisory committee was of the view that the contents of the Company's financial reports were a true, accurate and complete representation of the financial position and operating results of the Company and its subsidiaries (the "Group"), and the financial budget was effectively implemented. Deloitte Touche Tohmatsu Certified Public Accountants LLP, the Company's auditor, issued a standard unqualified opinion in its audit report on the 2020 financial report of the Company.

IV. SUPERVISION ON IMPLEMENTATION OF NON-COMPETITION AND INDEMNITY DEEDS BY CONTROLLING SHAREHOLDERS

The supervisory committee was of the view that (1) CRRC Zhuzhou Institute Co., Ltd. complied with the relevant terms of the Non-Competition and Indemnity Deed in 2020, and CRRC Zhuzhou Institute Co., Ltd. carried on its businesses independent of the Group's businesses, having different technology applications and different customers, which would not be in competition with that of the Group; (2) in 2020, CRRC Group Co., Ltd. continued to procure CRRC Corporation Limited to perform its undertakings to the Company, and continued to promote the resolution of the business competition with the Group arising from the merger of CSR and CNR; and (3) the board operated and managed the Company's businesses independently in the interests of the Company and its shareholders as a whole.

V. OPINION OF THE SUPERVISORY COMMITTEE REGARDING THE MANAGEMENT AND USE OF THE FUNDS RAISED BY THE COMPANY

During the Reporting Period, the supervisory committee supervised the use of funds raised by the Company. The supervisory committee was of the view that the use of the fund raised was in compliance with the Regulatory Guidelines for Listed Companies No. 2 – Regulatory Requirements for the Management and Use of Fund Raised by Listed Companies, the Self-regulatory Guidelines for Listed Companies on the Science and Technology Innovation Board of the Shanghai Stock Exchange No. 1 – Compliant Operation, the Rules Governing the Listing of Securities on the Science and Technology Innovation Board of the Shanghai Stock Exchange, the Rules for Management of Funds Raised through A Share Issuance of the Company and other relevant requirements.

VI. SUPERVISION ON CONNECTED TRANSACTIONS OF THE COMPANY

In 2021, the supervisory committee supervised the connected transactions conducted by the Company during the Reporting Period. The supervisory committee was of the view that the connected transactions of the Company were carried out in accordance with the laws and regulations such as the Company Law, the Securities Law, the listing rules of the places where the Company are listed and the provisions of the Articles of Association of the Company and the Administrative Measures on Connected Transactions of the Company, and that the pricing of the connected transactions was fair and did not violate the principles of openness, fairness and impartiality, and that there was no damage to the interests of the Company and the minority shareholders.

VII. SPECIAL EXPLANATION OF THE SUPERVISORY COMMITTEE ON THE INTERNAL CONTROL OF THE COMPANY

In 2021, the supervisory committee reviewed the 2020 Internal Control Evaluation Report of Zhuzhou CRRC Times Electric Co., Ltd. and had no objection to the report. In addition, Deloitte Touche Tohmatsu Certified Public Accountants LLP issued the Internal Control Assessment Report of Zhuzhou CRRC Times Electric Co., Ltd., and considered that the Company maintained effective internal control of financial statements in all material respects in accordance with the requirements of the Basic Practices of Internal Control of Enterprises as at 31 December 2020. In 2021, the Company's key internal control activities were compliant, legal and effective without breaching the relevant requirements of the securities regulatory authorities and the Company's internal control system.

In 2022, the supervisory committee will continue to perform its duties in strict accordance with the Company Law, the Articles of Association and other relevant regulations, fully express its opinions, consider and vote on matters in a prudent and independent manner, fully utilize the functions of the supervisory committee in the governance of listed company and provide effective protection for the high-quality development of the Company.

Supervisory committee of Zhuzhou CRRC Times Electric Co., Ltd.

* *The 2021 work report of the Supervisory Committee is written in Chinese. In case of any inconsistencies between the Chinese and the English version, the Chinese version shall prevail.*

APPENDIX VI PROPOSED AMENDMENTS TO THE GENERAL MEETING RULES

Existing provisions	Amended provisions
<p>Article 7 The general meeting shall exercise the following functions and powers:</p> <p>(1) to decide on the Company’s business policies and investment plans;</p> <p>(2) to elect and replace non-employee representative directors and decide on matters relating to their remuneration;</p> <p>(3) to elect and replace non-employee representative supervisors and decide on matters relating to their remuneration;</p> <p>(4) to consider and approve the reports of the board;</p> <p>(5) to consider and approve the reports of the supervisory committee;</p> <p>(6) to consider and approve the Company’s proposed annual financial budgets and final budgetary report;</p> <p>(7) to consider and approve the Company’s profit distribution plans and plans for making up losses;</p> <p>(8) to resolve on the increase or reduction of the Company’s registered capital;</p> <p>(9) to resolve on matters such as merger, split, dissolution and liquidation of the Company and change of company type;</p> <p>(10) to resolve the issue of debentures, other marketable securities by the Company and the listing proposal;</p>	<p>Article 7 The general meeting shall exercise the following functions and powers:</p> <p>(1) to decide on the Company’s business policies and investment plans;</p> <p>(2) to elect and replace non-employee representative directors and decide on matters relating to their remuneration;</p> <p>(3) to elect and replace non-employee representative supervisors and decide on matters relating to their remuneration;</p> <p>(4) to consider and approve the reports of the board;</p> <p>(5) to consider and approve the reports of the supervisory committee;</p> <p>(6) to consider and approve the Company’s proposed annual financial budgets and final budgetary report;</p> <p>(7) to consider and approve the Company’s profit distribution plans and plans for making up losses;</p> <p>(8) to resolve on the increase or reduction of the Company’s registered capital;</p> <p>(9) to resolve on matters such as merger, split, dissolution and liquidation of the Company and change of company type;</p> <p>(10) to resolve the issue of debentures, other marketable securities by the Company and the listing proposal;</p>

APPENDIX VI PROPOSED AMENDMENTS TO THE GENERAL MEETING RULES

Existing provisions	Amended provisions
(11) to resolve the appointment, removal and non-reappointment of the accounting firm of the Company;	(11) to resolve the appointment, removal and non-reappointment of the accounting firm of the Company;
(12) to amend the Articles of Association, and to consider and approve the Rules of Procedures for General Meetings, the Rules of Procedures for the Board of Directors and the Rules of Procedures for the Supervisory Committee;	(12) to amend the Articles of Association, and to consider and approve the Rules of Procedures for General Meetings, the Rules of Procedures for the Board of Directors and the Rules of Procedures for the Supervisory Committee;
(13) to consider the motions raised by shareholders holding individually or jointly 3% or more of the total number of voting shares of the Company;	(13) to consider the motions raised by shareholders holding individually or jointly 3% or more of the total number of voting shares of the Company;
(14) to consider and approve the guarantee-related matters required to be considered and approved at the general meeting as stipulated in the Articles of Association;	(14) to consider and approve the guarantee-related matters required to be considered and approved at the general meeting as stipulated in the Articles of Association;
(15) to consider and approve matters relating to the acquisition and disposal of major assets and asset pledge that exceed 30% of the Company's latest audited total assets of the Company within one year;	(15) to consider and approve matters relating to the acquisition and disposal of major assets and asset pledge that exceed 30% of the Company's latest audited total assets of the Company within one year;
(16) to consider and approve matters relating to the Company's venture capitals (including but not limited to debentures, futures, stocks and entrusted wealth management), entrusted loan, external investment and other transactions that exceed 30% of the Company's latest audited net assets within one year;	(16) to consider and approve matters relating to the Company's venture capitals (including but not limited to debentures, futures, stocks and entrusted wealth management), entrusted loan, external investment and other transactions that exceed 30% of the Company's latest audited net assets within one year;
(17) to consider and approve matters relating to leasing, renting, entrusted operation, agency operation or joint operation that exceed 30% of the Company's latest audited total assets within one year;	(17) to consider and approve matters relating to leasing, renting, entrusted operation, agency operation or joint operation that exceed 30% of the Company's latest audited total assets within one year;

APPENDIX VI PROPOSED AMENDMENTS TO THE GENERAL MEETING RULES

Existing provisions	Amended provisions
<p>(18) to consider and approve related party transactions that exceed 1% of the Company’s latest audited total assets or market value, and exceed RMB30,000,000 in amount (save for provision of guarantee and acceptance of donated cash assets) and other related party transactions subject to resolution at the general meetings and/or by independent shareholders (if applicable) according to the securities regulatory rules of the place(s) where the shares of the Company are listed;</p> <p>(19) to consider and approve matters relating to the change of use of the raised proceeds;</p> <p>(20) to consider and approve the equity incentive plan;</p> <p>(21) to consider and approve other matters as required by laws, administrative regulations, departmental rules, securities regulatory rules of the place(s) where the Company’s shares are listed, or the Articles of Association to be resolved at the general meeting and/or by independent shareholders (if applicable).</p> <p>General meetings may authorise or appoint the board to deal with such matters as authorised or appointed to be dealt with. Matters that shall be decided by the general meeting as stipulated by the laws, regulations and the Articles of Association, must be considered and approved at such a meeting to safeguard the shareholders’ right of decision-making for such matters.</p>	<p>(18) to consider and approve related party transactions that exceed 1% of the Company’s latest audited total assets or market value, and exceed RMB30,000,000 in amount (save for provision of guarantee and acceptance of donated cash assets) and other related party transactions subject to resolution at the general meetings and/or by independent shareholders (if applicable) according to the securities regulatory rules of the place(s) where the shares of the Company are listed;</p> <p>(19) to consider and approve matters relating to the change of use of the raised proceeds;</p> <p>(20) to consider and approve the equity incentive plan and employee stock ownership plan;</p> <p>(21) to consider and approve other matters as required by laws, administrative regulations, departmental rules, securities regulatory rules of the place(s) where the Company’s shares are listed, or the Articles of Association to be resolved at the general meeting and/or by independent shareholders (if applicable).</p> <p>General meetings may authorise or appoint the board to deal with such matters as authorised or appointed to be dealt with. Matters that shall be decided by the general meeting as stipulated by the laws, regulations and the Articles of Association, must be considered and approved at such a meeting to safeguard the shareholders’ right of decision-making for such matters.</p>
<p>Article 9 The annual general meeting shall be held once every year within six months after the conclusion of the previous accounting year.</p>	<p>Article 9 The annual general meeting shall be held once every financial year within six months after the conclusion of the previous accounting year.</p>

APPENDIX VI PROPOSED AMENDMENTS TO THE GENERAL MEETING RULES

Existing provisions	Amended provisions
<p>Article 12 More than one-half of the independent non-executive directors have the right to propose to the board to convene an extraordinary general meeting. When proposing to convene an extraordinary general meeting, independent non-executive directors shall submit the proposal to the board in writing. The board shall, in accordance with provisions of the laws, regulations and the Articles of Association, issue written feedback on whether to convene the extraordinary general meeting within 10 days upon the receipt of such proposal.</p> <p>If the board agrees to convene the extraordinary general meeting, it will issue a notice of the general meeting within five days after the resolution is passed by the board. If the board does not agree to convene an extraordinary general meeting, it shall explain the reasons and make a public announcement thereof.</p>	<p>Article 12 Independent non-executive directors have the right to propose to the board to convene an extraordinary general meeting with the approval from more than one-half of the independent non-executive directors. When proposing to convene an extraordinary general meeting, independent non-executive directors shall submit the proposal to the board in writing. The board shall, in accordance with provisions of the laws, regulations and the Articles of Association, issue written feedback on whether to convene the extraordinary general meeting within 10 days upon the receipt of such proposal.</p> <p>If the board agrees to convene the extraordinary general meeting, it will issue a notice of the general meeting within five days after the resolution is passed by the board. If the board does not agree to convene an extraordinary general meeting, it shall explain the reasons and make a public announcement thereof.</p>
<p>Article 14 The shareholders shall comply with the following procedures when they propose to convene an extraordinary general meeting or a class meeting:</p> <p>Any shareholder(s) individually or in aggregate holding more than 10% of the Company’s shares carrying the right to vote at the meeting proposed to be held may sign one or more written request(s) of identical form and substance requesting the board to convene an extraordinary general meeting or a class meeting and stating the subject of the meeting. The board shall, in accordance with the laws, regulations and the Articles of Association, furnish a written reply on whether or not to convene the extraordinary general meeting or class meeting within 10 days after receiving such request. The aforesaid number of shares shall be calculated at the market close on the date which the shareholder(s) propose such written request (if it falls on a non-trading date, the trading date immediately prior to the date which the shareholder(s) propose such written request).</p> <p>If the board agrees to convene an extraordinary general meeting or a class meeting, it shall serve the notice of such meeting within five days after the resolution is passed by the board. Consent of the relevant shareholder(s) shall be obtained in the event of any changes made to the original proposal in the notice.</p>	<p>Article 14 The shareholders shall comply with the following procedures when they propose to convene an extraordinary general meeting or a class meeting:</p> <p>Any shareholder(s) individually or in aggregate holding more than 10% of the Company’s shares carrying the right to vote at the meeting proposed to be held may sign one or more written request(s) of identical form and substance requesting the board to convene an extraordinary general meeting or a class meeting and stating the subject of the meeting. The board shall, in accordance with the laws, regulations and the Articles of Association, furnish a written reply on whether or not to convene the extraordinary general meeting or class meeting within 10 days after receiving such request. The aforesaid number of shares shall be calculated at the market close on the date which the shareholder(s) propose such written request (if it falls on a non-trading date, the trading date immediately prior to the date which the shareholder(s) propose such written request).</p> <p>If the board agrees to convene an extraordinary general meeting or a class meeting, it shall serve the notice of such meeting within five days after the resolution is passed by the board. Consent of the relevant shareholder(s) shall be obtained in the event of any changes made to the original proposal in the notice.</p>

APPENDIX VI PROPOSED AMENDMENTS TO THE GENERAL MEETING RULES

Existing provisions	Amended provisions
<p>If the board does not agree to convene an extraordinary general meeting or a class meeting or fails to furnish a written reply within 10 days after receiving such proposal, any shareholder(s) individually or in aggregate holding more than 10% of the Company’s shares carrying the right to vote at the meeting proposed to be held is/are entitled to propose to the supervisory committee for convening an extraordinary general meeting or a class meeting and such proposal shall be made in writing.</p>	<p>If the board does not agree to convene an extraordinary general meeting or a class meeting or fails to furnish a written reply within 10 days after receiving such proposal, any shareholder(s) individually or in aggregate holding more than 10% of the Company’s shares carrying the right to vote at the meeting proposed to be held is/are entitled to propose to the supervisory committee for convening an extraordinary general meeting or a class meeting and such proposal shall be made in writing.</p>
<p>If the supervisory committee agrees to convene an extraordinary general meeting or a class meeting, it shall serve the notice of such meeting within five days after receiving such proposal. Consent of such shareholder(s) shall be obtained in the event of any changes made to the original proposal in the notice.</p>	<p>If the supervisory committee agrees to convene an extraordinary general meeting or a class meeting, it shall serve the notice of such meeting within five days after receiving such proposal. Consent of such shareholder(s) shall be obtained in the event of any changes made to the original proposal in the notice.</p>
<p>If the supervisory committee fails to serve any notice of an extraordinary general meeting or a class meeting within the prescribed period after receiving such proposal, the supervisory committee is deemed not to convene and preside over such meeting, in which case the shareholder(s) individually or in aggregate holding more than 10% of the Company’s shares carrying the right to vote at the meeting proposed to be held for more than 90 consecutive days may convene and preside over such a meeting on his or their own accordingly.</p>	<p>If the supervisory committee fails to serve any notice of an extraordinary general meeting or a class meeting within the prescribed period after receiving such proposal, the supervisory committee is deemed not to convene and preside over such meeting, in which case the shareholder(s) individually or in aggregate holding more than 10% of the Company’s shares carrying the right to vote at the meeting proposed to be held for more than 90 consecutive days may convene and preside over such a meeting on his or their own accordingly.</p>
<p>After the notice is issued, the board cannot propose new proposals and cannot change or postpone further the date of the general meeting without obtaining the consent of the proposing shareholders.</p>	<p>After the notice is issued, the board cannot propose new proposals and cannot change or postpone further the date of the general meeting without obtaining the consent of the proposing shareholders.</p>

APPENDIX VI PROPOSED AMENDMENTS TO THE GENERAL MEETING RULES

Existing provisions	Amended provisions
<p>Article 15 Where the supervisory committee or the shareholder(s) decide to convene a general meeting on its or their own, it or they shall notify the board in writing and at the same time file with the local branch of the CSRC where the Company is domiciled and the stock exchanges on which the Company's shares are listed.</p> <p>Before the announcement of the resolutions of the general meeting is made, the shareholding of the convening shareholder(s) shall not be less than 10%.</p> <p>Upon service of the notice of the general meeting and the announcement of the resolutions of the general meeting, the supervisory committee or the convening shareholder(s) shall submit the relevant supporting materials to local branch of the CSRC where the Company is domiciled and the stock exchange(s) where the Company's shares are listed.</p>	<p>Article 15 Where the supervisory committee or the shareholder(s) decide to convene a general meeting on its or their own, it or they shall notify the board in writing and at the same time file with the stock exchanges on which the Company's shares are listed.</p> <p>Before the announcement of the resolutions of the general meeting is made, the shareholding of the convening shareholder(s) shall not be less than 10%.</p> <p>Upon service of the notice of the general meeting and the announcement of the resolutions of the general meeting, the supervisory committee or the convening shareholder(s) shall submit the relevant supporting materials to the stock exchange(s) where the Company's shares are listed.</p>
<p>Article 16 Where the supervisory committee or the shareholder(s) convene a general meeting on its or their own, the board of directors and the secretary to the board shall provide assistance. The board shall provide the register of members as of the date of the share registration. In the event that the board fails to provide the register of members, the convener may apply to the securities registration and clearing institution or the agency with the relevant notice or announcement on the convening of the general meeting for obtaining the register of members. The register of members obtained by the convener shall not be used for purposes other than convening the general meeting.</p> <p>Any necessary expenses incurred in connection with the convening and holding of the general meeting by the supervisory committee or the shareholders on its or their own shall be borne by the Company.</p>	<p>Article 16 Where the supervisory committee or the shareholder(s) convene a general meeting on its or their own, the board of directors and the secretary to the board shall provide assistance. The board will provide the register of members as of the date of the share registration. In the event that the board fails to provide the register of members, the convener may apply to the securities registration and clearing institution or the agency with the relevant notice or announcement on the convening of the general meeting for obtaining the register of members. The register of members obtained by the convener shall not be used for purposes other than convening the general meeting.</p> <p>Any necessary expenses incurred in connection with the convening and holding of the general meeting by the supervisory committee or the shareholders on its or their own shall be borne by the Company.</p>

APPENDIX VI PROPOSED AMENDMENTS TO THE GENERAL MEETING RULES

Existing provisions	Amended provisions
<p data-bbox="201 251 783 580">Article 20 Subject to compliance with the relevant laws, regulations and the securities regulatory rules of the place(s) where the shares of the Company are listed, the Company shall issue a written notice 20 days prior to the convening of the annual general meeting, and shall issue a written notice 15 days prior to the convening of an extraordinary general meeting, to notify all the shareholders in the share register of the matters to be considered at the meeting and the date and place of the meeting.</p> <p data-bbox="201 629 783 691">In determining the commencement date and the period, the date of the meeting shall be excluded.</p>	<p data-bbox="810 251 1393 580">Article 20 Subject to compliance with the relevant laws, regulations and the securities regulatory rules of the place(s) where the shares of the Company are listed, the Company shall issue a written notice 21 days prior to the convening of the annual general meeting, and shall issue a written notice 15 days prior to the convening of an extraordinary general meeting, to notify all the shareholders in the share register of the matters to be considered at the meeting and the date and place of the meeting.</p> <p data-bbox="810 629 1393 691">In determining the commencement date and the period, the date of the meeting shall be excluded.</p>

APPENDIX VI PROPOSED AMENDMENTS TO THE GENERAL MEETING RULES

Existing provisions	Amended provisions
<p>Article 22 A notice of a general meeting shall comply with the following requirements:</p> <p>(1) it shall be in writing;</p> <p>(2) it shall specify the place, the date and the time of the meeting;</p> <p>(3) it shall state the matters to be discussed at the meeting and shall make full disclosure of the contents of each proposal. If it is required to alter matters involved in the resolutions of the previous general meeting, the contents of the proposal shall be complete rather than merely setting out the changed contents. Matters included in “Other Matters” without specific contents shall not be deemed as a proposal, and shall not be voted on at the general meeting;</p> <p>(4) provide such information and explanation as are necessary for the shareholders to exercise an informed decision on the proposals before them, including (but not limited to) where a proposal is made to merger, to repurchase shares, to reorganise the share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;</p> <p>(5) contains a disclosure of the nature and extent, of the material interests, if any, of any director, supervisor, general manager and other member of the senior management in the matter(s) to be discussed and the effect on them in their capacities as shareholders in so far as it is different from the effect on other shareholders of the same class;</p>	<p>Article 22 A notice of a general meeting shall comply with the following requirements:</p> <p>(1) it shall be in writing;</p> <p>(2) it shall specify the place, the date and the time of the meeting;</p> <p>(3) it shall state the matters to be discussed at the meeting and shall make full disclosure of the contents of each proposal. If it is required to alter matters involved in the resolutions of the previous general meeting, the contents of the proposal shall be complete rather than merely setting out the changed contents. Matters included in “Other Matters” without specific contents shall not be deemed as a proposal, and shall not be voted on at the general meeting;</p> <p>(4) provide such information and explanation as are necessary for the shareholders to exercise an informed decision on the proposals before them, including (but not limited to) where a proposal is made to merger, to repurchase shares, to reorganise the share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;</p> <p>(5) contains a disclosure of the nature and extent, of the material interests, if any, of any director, supervisor, general manager and other member of the senior management in the matter(s) to be discussed and the effect on them in their capacities as shareholders in so far as it is different from the effect on other shareholders of the same class;</p>

APPENDIX VI PROPOSED AMENDMENTS TO THE GENERAL MEETING RULES

Existing provisions	Amended provisions
<p>(6) contains the full text of any special resolutions proposed to be adopted at the meeting;</p> <p>(7) contains conspicuously a statement that all shareholders are entitled to attend the general meeting and may appoint proxies in writing to attend and vote at the meeting and that proxy need not be a shareholder;</p> <p>(8) specifies the time and place for lodging proxy forms for the relevant meeting;</p> <p>(9) specifies the record date for shareholders entitled to attend the shareholders' general meeting, and that interval between record date and the date of the meeting shall comply with the provisions of the relevant stock exchange(s) or regulatory agency(ies) where the Company's shares are listed; and</p> <p>(10) the name and telephone number of the permanent contact person for the conference.</p>	<p>(6) contains the full text of any special resolutions proposed to be adopted at the meeting;</p> <p>(7) contains conspicuously a statement that all shareholders are entitled to attend the general meeting and may appoint proxies in writing to attend and vote at the meeting and that proxy need not be a shareholder;</p> <p>(8) specifies the time and place for lodging proxy forms for the relevant meeting;</p> <p>(9) specifies the record date for shareholders entitled to attend the shareholders' general meeting, and that interval between record date and the date of the meeting shall comply with the provisions of the relevant stock exchange(s) or regulatory agency(ies) where the Company's shares are listed;</p> <p>(10) the name and telephone number of the permanent contact person for the conference; and</p> <p>(11) the time and procedure for voting by internet or other means.</p>

APPENDIX VI PROPOSED AMENDMENTS TO THE GENERAL MEETING RULES

Existing provisions	Amended provisions
<p>Article 27 The venue for convening a general meeting shall be the domicile of the Company or the place determined by the convener in the notice of the meeting. General meetings shall be held on-site at the designated place. The Company will also facilitate shareholders' participation in the general meeting through online voting. Shareholders attending the general meeting through the above-mentioned methods shall be deemed to be present at such meeting.</p> <p>The time and place for convening the on-site general meeting shall be selected for the ease of participation by the shareholders. After the notice of the general meeting is issued, the venue of the on-site meeting of the general meeting shall not be changed without justifiable reasons. If there is a real need for change, the convener shall make an announcement at least 2 business days before the on-site meeting and explain the reasons.</p>	<p>Article 27 The venue for convening a general meeting shall be the domicile of the Company or the place determined by the convener in the notice of the meeting. General meetings shall be held on-site at the designated place or through teleconference, video and internet or other means as permitted by laws and regulations (including listing rules of the stock exchange(s) where the shares of the Company are listed). The Company shall facilitate shareholders' participation in the general meeting by adopting safe, economical and convenient means such as internet in accordance with relevant laws, administrative regulations, requirements of the CSRC and the Articles of Association. Shareholders attending the general meeting through the above-mentioned methods shall be deemed to be present at such meeting.</p> <p>The time and place for convening the on-site general meeting shall be selected for the ease of participation by the shareholders. After the notice of the general meeting is issued, the venue of the on-site meeting of the general meeting shall not be changed without justifiable reasons. If there is a real need for change, the convener shall make an announcement at least 2 business days before the on-site meeting and explain the reasons.</p>

APPENDIX VI PROPOSED AMENDMENTS TO THE GENERAL MEETING RULES

Existing provisions	Amended provisions
<p>Article 29 All shareholders registered on the record date or their proxies shall be entitled to attend the general meeting and exercise their voting rights in accordance with the relevant laws, regulations and the Articles of Association.</p> <p>Any shareholder entitled to attend and vote at a general meeting shall be entitled to appoint one or more persons (whether a shareholder or not) as his proxy to attend and vote on his/her behalf. Such proxy may exercise the following rights in accordance with the shareholder’s authorisation:</p> <p>(1) have the same right as the shareholder to speak at the meeting;</p> <p>(2) have authority to demand or join in demanding a poll; and</p> <p>(3) have the right to vote by hand or on a poll, but when there are more than one proxy, that proxy may only exercise his/her voting rights on a poll.</p>	<p>Article 29 All shareholders registered on the record date or their proxies shall be entitled to attend and speak at the general meeting and exercise their voting rights in accordance with the relevant laws, regulations and the Articles of Association, unless an individual shareholder is required by law, regulation, the listing rules of the stock exchange(s) on which the Company's shares are listed or these Articles to abstain from voting on individual matters.</p> <p>Any shareholder entitled to attend and vote at a general meeting shall be entitled to appoint one or more persons (whether a shareholder or not) as his proxy to attend and vote on his/her behalf. Such proxy may exercise the following rights in accordance with the shareholder’s authorisation:</p> <p>(1) have the same right as the shareholder to speak at the meeting;</p> <p>(2) have authority to demand or join in demanding a poll; and</p> <p>(3) have the right to vote by hand or on a poll, but when there are more than one proxy, that proxy may only exercise his/her voting rights on a poll.</p>

APPENDIX VI PROPOSED AMENDMENTS TO THE GENERAL MEETING RULES

Existing provisions	Amended provisions
<p>Article 34 The instrument appointing a proxy shall be deposited, at least 24 hours before the relevant meeting at which the proxy is appointed for voting is held, or 24 hours before the designated voting time, at the Company's residence or at other places designated in the notice for convening the meeting. Where the instrument appointing a proxy is signed by another person authorised by the appointer, the power of attorney or other authorisation documents authorised to be signed shall be notarised. The notarised power of attorney or other authorisation documents and the instrument appointing a proxy shall be kept at the domicile of the Company or at other places designated in the notice of the meeting.</p> <p>If the appointor is a legal entity, its legal representative or such person as is authorised by resolution of its board of directors or other governing body to act as its representative may attend at any general meeting of the Company as the representative of the appointor.</p> <p>Where a shareholder is a recognised clearing house (or its nominee(s)) as defined in the Securities and Futures Ordinance of Hong Kong, it may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any meeting of any class shareholders provided that if more than one person is authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. Such authorised person shall be entitled to exercise the same rights and power on behalf of the recognised clearing house (or its nominee(s)) which he or they represent as if such person is an individual shareholder of the Company.</p>	<p>Article 34 The instrument appointing a proxy shall be deposited, at least 24 hours before the relevant meeting at which the proxy is appointed for voting is held, or 24 hours before the designated voting time, at the Company's residence or at other places designated in the notice for convening the meeting. Where the instrument appointing a proxy is signed by another person authorised by the appointer, the power of attorney or other authorisation documents authorised to be signed shall be notarised. The notarised power of attorney or other authorisation documents and the instrument appointing a proxy shall be kept at the domicile of the Company or at other places designated in the notice of the meeting.</p> <p>If the appointor is a legal entity, its legal representative or such person as is authorised by resolution of its board of directors or other governing body to act as its representative may attend and vote at any general meeting of the Company as the representative of the appointor, and such legal entity shall be deemed to be present in person if it has appointed a proxy to attend any meeting.</p> <p>Where a shareholder is a recognised clearing house (or its nominee(s)) as defined in the Securities and Futures Ordinance of Hong Kong, it may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any meeting of any class shareholders and/or creditors' meeting provided that if more than one person is authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. Such authorised person shall be entitled to exercise the same statutory rights and power (including the right to speak and vote) as other shareholders on behalf of the recognised clearing house (or its nominee(s)) which he or they represent as if such person is an individual shareholder of the Company.</p>

APPENDIX VI PROPOSED AMENDMENTS TO THE GENERAL MEETING RULES

Existing provisions	Amended provisions
<p data-bbox="204 257 780 321">Article 45 Resolutions of general meeting shall be classified into ordinary resolutions and special resolutions.</p> <p data-bbox="204 370 780 549">To adopt an ordinary resolution, votes representing more than half of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.</p> <p data-bbox="204 597 780 772">To adopt a special resolution, votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.</p>	<p data-bbox="813 257 1390 321">Article 45 Resolutions of general meeting shall be classified into ordinary resolutions and special resolutions.</p> <p data-bbox="813 370 1390 549">To adopt an ordinary resolution, votes representing more than half of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.</p> <p data-bbox="813 597 1390 772">To adopt a special resolution, votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.</p>

APPENDIX VI PROPOSED AMENDMENTS TO THE GENERAL MEETING RULES

Existing provisions	Amended provisions
<p>Article 46 The following matters shall be resolved by an ordinary resolution at a general meeting:</p> <p>(1) work reports of the board and the supervisory committee;</p> <p>(2) plans formulated by the board for the distribution of profits and for making up losses;</p> <p>(3) appointment and removal of the non-employee representative directors and supervisors, their remunerations and methods of payment;</p> <p>(4) annual budget reports and final budgetary reports, balance sheets and profit statements and other financial statements of the Company;</p> <p>(5) the Company’s operating policies and investment plans;</p> <p>(6) the annual report of the Company;</p> <p>(7) engagement, dismissal or non-reappointment of auditors;</p> <p>(8) matters concerning change of use of the raised proceeds;</p> <p>(9) matters other than those required by the laws and administrative regulations and the securities regulatory rules of the place(s) where the shares of the Company are listed or by the Articles of Association to be adopted by special resolution.</p>	<p>Article 46 The following matters shall be resolved by an ordinary resolution at a general meeting:</p> <p>(1) work reports of the board and the supervisory committee;</p> <p>(2) plans formulated by the board for the distribution of profits and for making up losses;</p> <p>(3) appointment and removal of the non-employee representative directors and supervisors, their remunerations and methods of payment;</p> <p>(4) annual budget reports and final budgetary reports, balance sheets and profit statements and other financial statements of the Company;</p> <p>(5) the Company’s operating policies and investment plans;</p> <p>(6) the annual report of the Company;</p> <p>(7) engagement, dismissal or non-reappointment and remuneration of auditors;</p> <p>(8) matters concerning change of use of the raised proceeds;</p> <p>(9) matters other than those required by the laws and administrative regulations and the securities regulatory rules of the place(s) where the shares of the Company are listed or by the Articles of Association to be adopted by special resolution.</p>

APPENDIX VI PROPOSED AMENDMENTS TO THE GENERAL MEETING RULES

Existing provisions	Amended provisions
<p>Article 47 The following matters shall be resolved by a special resolution at a general meeting:</p> <p>(1) the increase or reduction of share capital and the issue of any classes of shares, warrants and other similar securities;</p> <p>(2) the issue of the debentures of the Company;</p> <p>(3) the split, merger, dissolution and liquidation of the Company and change of company type;</p> <p>(4) amendments to the Articles of Association;</p> <p>(5) the acquisition or disposal of major assets or guarantees within 12 consecutive months reaches or exceeds 30% of the Company's latest audited total assets;</p> <p>(6) equity incentive plan;</p> <p>(7) any other matters as required by the laws, regulations, the securities regulatory rules of the place(s) where the shares of the Company are listed or the Articles of Association, and any other matters considered by the general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be adopted by a special resolution.</p>	<p>Article 47 The following matters shall be resolved by a special resolution at a general meeting:</p> <p>(1) the increase or reduction of share capital and the issue of any classes of shares, warrants and other similar securities;</p> <p>(2) the issue of the debentures of the Company;</p> <p>(3) the split, spin-off, merger, dissolution and liquidation (including voluntary winding-up) of the Company and change of company type;</p> <p>(4) amendments to the Articles of Association;</p> <p>(5) the acquisition or disposal of major assets or guarantees within 12 consecutive months reaches or exceeds 30% of the Company's latest audited total assets;</p> <p>(6) guarantee provided after the amount of guarantee provided by the Company within one year reaches or exceeds 30% of the latest audited total assets of the Company;</p> <p>(7) equity incentive plan;</p> <p>(8) any other matters as required by the laws, regulations, the securities regulatory rules of the place(s) where the shares of the Company are listed or the Articles of Association, and any other matters considered by the general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be adopted by a special resolution.</p>

APPENDIX VI PROPOSED AMENDMENTS TO THE GENERAL MEETING RULES

Existing provisions	Amended provisions
<p>Article 48 A shareholder (including proxy) may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.</p> <p>If any shareholder is, under the applicable laws and regulations and the securities regulatory rules of the place(s) where the shares of the Company are listed, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.</p> <p>When significant matters affecting the interests of the minority shareholders are considered at the general meeting, the votes cast by minority investors shall be counted separately. The results of separate counting shall be disclosed to the public in a timely manner.</p> <p>The shares held by the Company have no voting rights, and that part of the shareholding shall not be counted as the total number of shares with voting rights held by shareholders attending the meeting.</p> <p>The board of the Company, independent non-executive directors, shareholders holding more than 1% of the shares carrying voting rights and other shareholders satisfying the relevant requirements may publicly solicit shareholders' voting rights. The specific voting intentions and other information shall be fully disclosed to the persons whose voting rights are being solicited when soliciting shareholders' voting rights. It is forbidden to solicit shareholders' voting rights with compensation or compensation in disguised form. The Company shall not impose a minimum shareholding proportion limit on the solicitation of voting rights.</p>	<p>Article 48 A shareholder (including proxy) may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.</p> <p>If any shareholder is, under the applicable laws and regulations and the securities regulatory rules of the place(s) where the shares of the Company are listed, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.</p> <p>When significant matters affecting the interests of the minority shareholders are considered at the general meeting, the votes cast by minority investors shall be counted separately. The results of separate counting shall be disclosed to the public in a timely manner.</p> <p>The shares held by the Company have no voting rights, and that part of the shareholding shall not be counted as the total number of shares with voting rights held by shareholders attending the meeting.</p> <p>If a shareholder purchases voting shares of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such shares in excess of the prescribed proportion shall not be exercised for a period of thirty-six months after the purchase and shall not be counted as part of the total number of voting shares present at the general meeting.</p> <p>The board of the Company, independent non-executive directors, shareholders holding more than 1% of the shares carrying voting rights or investor protection agencies established in accordance with laws, administrative regulations or requirements of the CSRC may publicly solicit shareholders' voting rights. The specific voting intentions and other information shall be fully disclosed to the persons whose voting rights are being solicited when soliciting shareholders' voting rights. It is forbidden to solicit shareholders' voting rights with compensation or compensation in disguised form. The Company shall not impose a minimum shareholding proportion limit on the solicitation of voting rights except for statutory conditions.</p>

APPENDIX VI PROPOSED AMENDMENTS TO THE GENERAL MEETING RULES

Existing provisions	Amended provisions
<p>Article 60 Before a proposal is voted on at a general meeting, two shareholder representatives shall be elected for counting the votes and scrutinising the poll. Any shareholder who is interested in the matter under consideration and his/her proxies shall not participate in vote counting or scrutinising.</p> <p>When the shareholders are voting on the proposals, the votes shall be counted and scrutinised jointly by lawyers, shareholder representatives and supervisor representatives, and the voting results shall be announced on the spot. Voting results on the resolutions shall be recorded in the minutes of the meeting.</p> <p>Shareholders of the Company or their proxies who cast their vote online or by other means shall have the right to check and inspect their voting results through the relevant voting system.</p>	<p>Article 60 Before a proposal is voted on at a general meeting, two shareholder representatives shall be elected for counting the votes and scrutinising the poll. Any shareholder who is related to the matter under consideration and his/her proxies shall not participate in vote counting or scrutinising.</p> <p>When the shareholders are voting on the proposals, the votes shall be counted and scrutinised jointly by lawyers, shareholder representatives and supervisor representatives, and the voting results shall be announced on the spot. Voting results on the resolutions shall be recorded in the minutes of the meeting.</p> <p>Shareholders of the Company or their proxies who cast their vote online or by other means shall have the right to check and inspect their voting results through the relevant voting system.</p>
<p>Article 86 In case of any matters not covered in the Rules or any conflict occurs between the Rules and the provisions of the laws, administrative regulations, other relevant regulatory documents, securities regulatory rules of the place(s) where the Company's shares are listed promulgated from time to time and the Articles of Association, such provisions shall prevail.</p>	<p>Article 86 In case of any matters not covered in the Rules or any conflict occurs between the Rules and the provisions of the laws, administrative regulations, other relevant regulatory documents, securities regulatory rules of the place(s) where the Company's shares are listed promulgated from time to time and the Articles of Association, such provisions shall prevail, and amendments will be made to these Rules in a timely manner.</p>
<p>Article 88 The Rules are attached as an appendix to the Articles of Association, and shall come into effect upon approval at the general meeting and completion of initial public offering of A shares by the Company and listing on the Science and Technology Innovation Board of the Shanghai Stock Exchange.</p>	<p>Article 88 The Rules are attached as an appendix to the Articles of Association, and shall come into effect upon approval at the general meeting.</p>

Notes:

- (1) Terms used in the General Meeting Rules shall be the same as those used in the Articles of Association.
- (2) The General Meeting Rules are written in Chinese. In case of any inconsistencies between the Chinese and the English version, the Chinese version shall prevail.

APPENDIX VII PROPOSED AMENDMENTS TO THE BOARD MEETING RULES

Existing provisions	Amended provisions
<p>Article 1 In order to ensure the board of directors of Zhuzhou CRRC Times Electric Co., Ltd. (the “Company”) perform its duties authorised by all its shareholders, initiate constructive discussions, make decisions on a scientific, prompt and prudent basis and regulate the operational procedures of the board, the Rules of Procedures for the Board of Directors of the Company are hereby formulated according to the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Opinion on the Further Promotion of the Standardised Operation and In-depth Reform of Companies Listed Overseas, the Mandatory Provisions for the Articles of Association of Companies Listed Overseas, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange, the Model Rules of Procedures of the Board of Directors of Listed Companies of Shanghai Stock Exchange and other relevant laws, administrative regulations as well as the Articles of Association of Zhuzhou CRRC Times Electric Co., Ltd. (the “Articles of Association”).</p>	<p>Article 1 In order to ensure the board of directors of Zhuzhou CRRC Times Electric Co., Ltd. (the “Company”) perform its duties authorised by all its shareholders, initiate constructive discussions, make decisions on a scientific, prompt and prudent basis and regulate the operational procedures of the board, the Rules of Procedures for the Board of Directors of the Company are hereby formulated according to the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Opinion on the Further Promotion of the Standardised Operation and In-depth Reform of Companies Listed Overseas, the Mandatory Provisions for the Articles of Association of Companies Listed Overseas, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange and other relevant laws, administrative regulations as well as the Articles of Association of Zhuzhou CRRC Times Electric Co., Ltd. (the “Articles of Association”).</p>

APPENDIX VII PROPOSED AMENDMENTS TO THE BOARD MEETING RULES

Existing provisions	Amended provisions
<p>Article 5 The board is responsible to the general meeting and exercises the following powers:</p> <p>(1) to be responsible for convening general meetings and to report on its works to the general meeting;</p> <p>(2) to implement the resolutions of the general meetings;</p> <p>(3) to decide on the Company's business plans, investment plans and annual financing plans;</p> <p>(4) to draw up the Company's proposed annual financial budgets and final budgetary reports;</p> <p>(5) to draw up the Company's profit distribution plan and plan for making up losses;</p> <p>(6) to draw up proposals for increases or reductions of the Company's registered capital and the issue of debentures or other securities and listing plan;</p> <p>(7) to draw up plans for the material acquisitions, repurchase of its shares or merger, split, reorganisation and dissolution of the Company and change of company type;</p> <p>(8) to decide on the appointment or removal of the Company's general manager and secretary to the board, to appoint or remove the other senior management based on the nominations by the general manager, and to determine the matters relating to the remuneration, incentives and punishments of the abovementioned senior management;</p>	<p>Article 5 The board is responsible to the general meeting and exercises the following powers:</p> <p>(1) to be responsible for convening general meetings and to report on its works to the general meeting;</p> <p>(2) to implement the resolutions of the general meetings;</p> <p>(3) to decide on the Company's business plans, investment plans and annual financing plans;</p> <p>(4) to draw up the Company's proposed annual financial budgets and final budgetary reports;</p> <p>(5) to draw up the Company's profit distribution plan and plan for making up losses;</p> <p>(6) to draw up proposals for increases or reductions of the Company's registered capital and the issue of debentures or other securities and listing plan;</p> <p>(7) to draw up plans for the material acquisitions, repurchase of its shares or merger, split, reorganisation and dissolution of the Company and change of company type;</p> <p>(8) to decide on appointment or removal of the Company's general manager, secretary to the board and other senior management, and to determine the matters relating to their remuneration, incentives and punishments; to decide on appointment or removal of deputy general manager, financial controller and other senior management personnel of the Company based on the nominations by the general manager, and to determine the matters relating to their remuneration, incentives and punishments;</p>

APPENDIX VII PROPOSED AMENDMENTS TO THE BOARD MEETING RULES

Existing provisions	Amended provisions
(9) to decide on the establishment of the Company's internal management structure;	(9) to decide on the establishment of the Company's internal management structure;
(10) to decide on the establishment of the special committees of the board and consider and approve the proposals put forward by the special committees of the board;	(10) to decide on the establishment of the special committees of the board and consider and approve the proposals put forward by the special committees of the board;
(11) to draw up the Company's basic management system;	(11) to draw up the Company's basic management system;
(12) to draw up proposals for any modifications to the Articles of Association, the Rules of Procedures for General Meetings and the Rules of Procedure for the Board of Directors;	(12) to draw up proposals for any modifications to the Articles of Association, the Rules of Procedures for General Meetings and the Rules of Procedure for the Board of Directors;
(13) within the scope as authorised by the general meeting, to decide on matters relating to investment, financing and borrowing and to decide on the investment, acquisition and disposal of assets, asset pledge, external guarantee, entrusted wealth management, entrusted loans, related party transactions and other matters; as well as to authorise the general manager to exercise its right under certain circumstances pursuant to this provision;	(13) within the scope as authorised by the general meeting, to decide on matters relating to investment, financing and borrowing and to decide on the investment, acquisition and disposal of assets, asset pledge, external guarantee, entrusted wealth management, entrusted loans, related party transactions, external donation and other matters; as well as to authorise the general manager to exercise its right under certain circumstances pursuant to this provision;
(14) to propose to the general meeting to engage, dismiss or not to reappoint the auditors of the Company;	(14) to propose to the general meeting to engage, dismiss or not to reappoint the auditors of the Company;
(15) to listen to the work report of the Company's general manager and inspect the work of the general manager and other senior management personnel;	(15) to listen to the work report of the Company's general manager and inspect the work of the general manager and other senior management personnel;
(16) to formulate the Company's equity incentive plan;	(16) to formulate the Company's equity incentive plan;
(17) to manage information disclosure of the Company;	(17) to manage information disclosure of the Company;

APPENDIX VII PROPOSED AMENDMENTS TO THE BOARD MEETING RULES

Existing provisions	Amended provisions
<p>(18) to decide on other major affairs and administrative matters of the Company subject to the compliance with the relevant laws, regulations and the requirements of the Articles of Association, save for matters to be resolved at general meetings as required by relevant laws, regulations and the Articles of Association;</p> <p>(19) other powers and functions conferred by the Articles of Association or the general meetings.</p> <p>Except the resolutions of the board in respect of the matters specified in paragraphs (6), (7) and (12) above which shall be passed by more than two-thirds of the directors, and the guarantee-related matters within the scope of authority of the board shall be approved by more than half of all directors and two-thirds of the directors present at the board meeting, the resolutions of the board in respect of all other matters may be passed by more than half of the directors.</p> <p>If the matter of authority to be exercised by the board of directors above or any transaction or arrangement of the Company shall be subject to review by the general meeting according to the securities regulatory rules of the place(s) where the Company’s shares are listed or go beyond the scope as authorised by the general meeting, such matters shall be submitted to the general meeting for consideration. The board shall act in strict accordance with the authorisation of the general meeting and the Articles of Association and shall not reach resolutions that go beyond such scope of authorisation.</p>	<p>(18) to decide on other major affairs and administrative matters of the Company subject to the compliance with the relevant laws, regulations and the requirements of the Articles of Association, save for matters to be resolved at general meetings as required by relevant laws, regulations and the Articles of Association;</p> <p>(19) other powers and functions conferred by the Articles of Association or the general meetings.</p> <p>Except the resolutions of the board in respect of the matters specified in paragraphs (6), (7) and (12) above which shall be passed by more than two-thirds of the directors, and the guarantee-related matters within the scope of authority of the board shall be approved by more than half of all directors and two-thirds of the directors present at the board meeting, the resolutions of the board in respect of all other matters may be passed by more than half of the directors.</p> <p>If the matter of authority to be exercised by the board of directors above or any transaction or arrangement of the Company shall be subject to review by the general meeting according to the securities regulatory rules of the place(s) where the Company’s shares are listed or go beyond the scope as authorised by the general meeting, such matters shall be submitted to the general meeting for consideration. The board shall act in strict accordance with the authorisation of the general meeting and the Articles of Association and shall not reach resolutions that go beyond such scope of authorisation.</p>

APPENDIX VII PROPOSED AMENDMENTS TO THE BOARD MEETING RULES

Existing provisions	Amended provisions
<p>Under necessary, reasonable and legal circumstances, the board shall authorise the chairman of the board and his/her authorised persons to decide on specific matters which cannot or are not necessary to be decided by the board in relation to the matters to be resolved.</p>	<p>Under necessary, reasonable and legal circumstances, the board shall authorise the chairman of the board and his/her authorised persons to decide on specific matters which cannot or are not necessary to be decided by the board in relation to the matters to be resolved.</p>
<p>With the authorisation of the board, the chairman of the board may exercise certain powers of the board when the board meeting is not in session. The scope authorised by the board shall be clear and specific.</p>	<p>With the authorisation of the board, the chairman of the board may exercise certain powers of the board when the board meeting is not in session. The scope authorised by the board shall be clear and specific.</p>
<p>The board shall take into account the advice of the Party organisation before making any major decision in relation to the directions of reform and development, major goals and tasks and key work arrangements for the Company. When the board appoints any management personnel of the Company, the Party organisation shall be entitled to consider and provide advice on the candidates proposed by the board or the general manager, or recommend to the board or the general manager of any candidate.</p>	<p>The board shall take into account the advice of the Party organisation before making any major decision in relation to the directions of reform and development, major goals and tasks and key work arrangements for the Company. When the board appoints any management personnel of the Company, the Party organisation shall be entitled to consider and provide advice on the candidates proposed by the board or the general manager, or recommend to the board or the general manager of any candidate.</p>

APPENDIX VII PROPOSED AMENDMENTS TO THE BOARD MEETING RULES

Existing provisions	Amended provisions
<p>Article 11 According to the Articles of Association and the authorisation of the general meeting, the board shall determine the following matters of the Company (including its subsidiaries):</p> <p>(1) acquisition and disposal of assets and asset pledge accounting for less than 30% of the Company's latest audited total assets;</p> <p>(2) venture capitals (including but not limited to debentures, futures, stocks and entrusted wealth management), entrusted loan, external investment and other transactions accounting for less than 30% of the Company's latest audited net assets;</p> <p>(3) matters such as lease, rent, entrusted operation, agency operation or joint operation of property, accounting for less than 30% of the Company's latest audited total assets;</p> <p>(4) related party transactions accounting for less than 1% of the Company's latest audited total assets and market value, or less than RMB30,000,000 in amount (save for provision of guarantees and acceptance of donated cash assets, the same hereinafter) and other related party transactions subject to resolution at the board meetings according to the securities regulatory rules of the place(s) where the shares of the Company are listed. For related party transactions that may be exempted from or waived for consideration and disclosure in the form of related party transactions according to relevant provisions of laws, regulations, departmental rules and the securities regulatory rules of the place(s) where the Company's shares are listed, the Company may be exempted or apply for waiver for consideration and disclosure in the form of related party transactions according to relevant provisions;</p>	<p>Article 11 According to the Articles of Association and the authorisation of the general meeting, the board shall determine the following matters of the Company (including its subsidiaries):</p> <p>(1) acquisition and disposal of assets and asset pledge accounting for less than 30% of the Company's latest audited total assets;</p> <p>(2) venture capitals (including but not limited to debentures, futures, stocks and entrusted wealth management), entrusted loan, external investment, external donation and other transactions accounting for less than 30% of the Company's latest audited net assets;</p> <p>(3) matters such as lease, rent, entrusted operation, agency operation or joint operation of property, accounting for less than 30% of the Company's latest audited total assets;</p> <p>(4) related party transactions accounting for less than 1% of the Company's latest audited total assets and market value, or less than RMB30,000,000 in amount (save for provision of guarantees and acceptance of donated cash assets, the same hereinafter) and other related party transactions subject to resolution at the board meetings according to the securities regulatory rules of the place(s) where the shares of the Company are listed. For related party transactions that may be exempted from or waived for consideration and disclosure in the form of related party transactions according to relevant provisions of laws, regulations, departmental rules and the securities regulatory rules of the place(s) where the Company's shares are listed, the Company may be exempted or apply for waiver for consideration and disclosure in the form of related party transactions according to relevant provisions;</p>

APPENDIX VII PROPOSED AMENDMENTS TO THE BOARD MEETING RULES

Existing provisions	Amended provisions
<p>(5) to determine the Company’s external guarantees beyond the scope of consideration by the general meeting as stipulated in the Articles of Association;</p> <p>(6) to consider other matters as required by the laws, regulations, departmental rules, securities regulatory rules of the place(s) where the Company’s shares are listed and the Articles of Association to be decided by the board.</p> <p>The board shall authorise the general manager to exercise the following powers within the above scope of authority:</p> <p>(1) to decide on acquisition, disposal and pledge of assets with a single amount accounting for less than 5% of the Company’s latest audited total assets;</p> <p>(2) to decide on matters such as external investment, venture capitals (including but not limited to debentures, futures, stocks and entrusted wealth management), entrusted loan, etc. with a single amount accounting for less than 5% of the Company’s latest audited net assets;</p> <p>(3) to decide on matters such as property lease, rent, entrusted operation, agency operation or joint operation of property with a single amount accounting for less than 5% of the Company’s latest audited total assets;</p> <p>(4) to decide on transactions with related natural persons with an amount less than RMB300,000 (save for provision of guarantees); transactions with related legal persons with an amount accounting for less than 0.1% of the Company’s latest audited total assets and market value or less than RMB3,000,000 in amount (save for provision of guarantees) and related party transactions that may be determined by the general manager of the Company according to the securities regulatory rules of the place(s) where the Company’s shares are listed, the Company’s Management Policy for Related Party Transactions and its detailed management rules;</p> <p>(5) other functions and powers stipulated in laws, regulations, regulatory documents, securities regulatory rules of the place(s) where shares of the Company are listed and the Articles of Association and granted by the board of directors.</p>	<p>(5) to determine the Company’s external guarantees beyond the scope of consideration by the general meeting as stipulated in the Articles of Association;</p> <p>(6) to consider other matters as required by the laws, regulations, departmental rules, securities regulatory rules of the place(s) where the Company’s shares are listed and the Articles of Association to be decided by the board.</p> <p>The board shall authorise the general manager to exercise the following powers within the above scope of authority:</p> <p>(1) to decide on acquisition, disposal and pledge of assets with a single amount accounting for less than 5% of the Company’s latest audited total assets;</p> <p>(2) to decide on matters such as external investment, venture capitals (including but not limited to debentures, futures, stocks and entrusted wealth management), entrusted loan, external donation, etc. with a single amount accounting for less than 5% of the Company’s latest audited net assets;</p> <p>(3) to decide on matters such as property lease, rent, entrusted operation, agency operation or joint operation of property with a single amount accounting for less than 5% of the Company’s latest audited total assets;</p> <p>(4) to decide on transactions with related natural persons with an amount less than RMB300,000 (save for provision of guarantees); transactions with related legal persons with an amount accounting for less than 0.1% of the Company’s latest audited total assets and market value or less than RMB3,000,000 in amount (save for provision of guarantees) and related party transactions that may be determined by the general manager of the Company according to the securities regulatory rules of the place(s) where the Company’s shares are listed, the Company’s Management Policy for Related Party Transactions and its detailed management rules;</p> <p>(5) other functions and powers stipulated in laws, regulations, regulatory documents, securities regulatory rules of the place(s) where shares of the Company are listed and the Articles of Association and granted by the board of directors.</p>

APPENDIX VII PROPOSED AMENDMENTS TO THE BOARD MEETING RULES

Existing provisions	Amended provisions
Article 43 The Rules shall take effect upon approval at the general meeting and completion of the initial public issue of A shares and listing on the Science and Technology Innovation board of the Shanghai Stock Exchange. Any amendment to the Rules shall be proposed by the board in form of an amendment proposal, and shall come into effect upon approval of the general meeting.	Article 43 The Rules shall take effect upon approval at the general meeting. Any amendment to the Rules shall be proposed by the board in the form of an amendment proposal, and shall come into effect upon approval of the general meeting.

Notes:

- (1) Terms used in the Board Meeting Rules shall be the same as those used in the Articles of Association.
- (2) The Board Meeting Rules are written in Chinese. In case of any inconsistencies between the Chinese and the English version, the Chinese version shall prevail.

Existing provisions	Amended provisions
<p>Article 1 In order to safeguard the interests of the shareholders and employees of Zhuzhou CRRC Times Electric Co., Ltd. (the “Company”) and improve the Company’s internal supervision and balance system, the Rules of Procedures for the Supervisory Committee (the “Supervisory Committee”) of the Company (these “Rules”) are hereby formulated according to the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China, the Opinion on the Further Promotion of the Standardised Operation and In depth Reform of Companies Listed Overseas, the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas, the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange (the “Sci-tech Innovation Board Listing Rules”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange Listing Rules”), Model Rules of Procedures of the Supervisory Committee of Listed Companies of Shanghai Stock Exchange and other relevant laws, administrative regulations as well as the Articles of Association of Zhuzhou CRRC Times Electric Co., Ltd. (the “Articles of Association”).</p>	<p>Article 1 In order to safeguard the interests of the shareholders and employees of Zhuzhou CRRC Times Electric Co., Ltd. (the “Company”) and improve the Company’s internal supervision and balance system, the Rules of Procedures for the Supervisory Committee (the “Supervisory Committee”) of the Company (these “Rules”) are hereby formulated according to the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China, the Opinion on the Further Promotion of the Standardised Operation and In depth Reform of Companies Listed Overseas, the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas, the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange (the “Sci-tech Innovation Board Listing Rules”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange Listing Rules”) and other relevant laws, administrative regulations as well as the Articles of Association of Zhuzhou CRRC Times Electric Co., Ltd. (the “Articles of Association”).</p>

Existing provisions	Amended provisions
<p>Article 11 The supervisors shall perform the following obligations:</p> <p>(1) to comply with the Articles of Association and implement the resolutions of the Supervisory Committee;</p> <p>(2) to ensure timely and fair information disclosure by the Company, and the truthfulness, accuracy and completeness of the information disclosed. Where the supervisors cannot guarantee the truthfulness, accuracy and completeness of the securities issuance documents and regular reports or object to such documents and reports, they shall express opinions and state reasons in the written confirmations and the Company shall disclose the same. Where the Company fails to disclose, the supervisors may directly apply for disclosure;</p> <p>(3) to perform his/her supervision duties faithfully and protect the Company's interests, and not to exploit his/her position and power in the Company to advance his/her own or others' private benefits, abuse his/her powers to accept bribes or other unlawful income or misappropriate the Company's properties;</p> <p>(4) not to divulge confidential information of the Company unless required under laws or approved by the general meeting;</p> <p>(5) to be responsible for the truthfulness and compliance of the reports or supervisory documents submitted to the general meeting;</p> <p>(6) the supervisors shall strengthen the study of laws, regulations and policies, focus on investigation and research, and improve their professional capability.</p>	<p>Article 11 The supervisors shall perform the following obligations:</p> <p>(1) to comply with the Articles of Association and implement the resolutions of the Supervisory Committee;</p> <p>(2) to ensure timely and fair information disclosure by the Company, and the truthfulness, accuracy and completeness of the information disclosed and sign written confirmation for the regular reports. Where the supervisors cannot guarantee the truthfulness, accuracy and completeness of the securities issuance documents and regular reports or object to such documents and reports, they shall express opinions and state reasons in the written confirmations and the Company shall disclose the same. Where the Company fails to disclose, the supervisors may directly apply for disclosure;</p> <p>(3) to perform his/her supervision duties faithfully and protect the Company's interests, and not to exploit his/her position and power in the Company to advance his/her own or others' private benefits, abuse his/her powers to accept bribes or other unlawful income or misappropriate the Company's properties;</p> <p>(4) not to divulge confidential information of the Company unless required under laws or approved by the general meeting;</p> <p>(5) to be responsible for the truthfulness and compliance of the reports or supervisory documents submitted to the general meeting;</p> <p>(6) the supervisors shall strengthen the study of laws, regulations and policies, focus on investigation and research, and improve their professional capability.</p>

Notes:

- (1) Terms used in the Supervisory Committee Meeting Rules shall be the same as those used in the Articles of Association.
- (2) The Supervisory Committee Meeting Rules are written in Chinese. In case of any inconsistencies between the Chinese and the English version, the Chinese version shall prevail.

Existing provisions	Amended provisions
<p>Article 1 In order to improve the corporate governance of Zhuzhou CRRC Times Electric Co., Ltd. (the “Company”), promote the standardised operation of the Company and safeguard the interests of the Company and the shareholders, these terms (the “Terms”) are hereby formulated in accordance with the requirements of the Company Law of the People’s Republic of China, the Guiding Opinions on the Establishment of Systems of Independent Directors of Listed Companies (the “Guiding Opinions”), the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange (the “Sci-tech Innovation Board Listing Rules”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange Listing Rules”) and other laws, regulations, regulatory documents as well as the Articles of Association of Zhuzhou CRRC Times Electric Co., Ltd. (the “Articles of Association”) and combined with the actual circumstances of the Company.</p>	<p>Article 1 In order to improve the corporate governance of Zhuzhou CRRC Times Electric Co., Ltd. (the “Company”), promote the standardised operation of the Company and safeguard the interests of the Company and the shareholders, these terms (the “Terms”) are hereby formulated in accordance with the requirements of the Company Law of the People’s Republic of China, the Rules of Independent Directors of Listed Companies (the “Rules of Independent Directors”), the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange (the “Sci-tech Innovation Board Listing Rules”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange Listing Rules”) and other laws, regulations, regulatory documents as well as the Articles of Association of Zhuzhou CRRC Times Electric Co., Ltd. (the “Articles of Association”) and combined with the actual circumstances of the Company.</p>
<p>Article 4 An independent non executive director shall perform his/her duties independently and not be affected by the Company’s substantial shareholders, de facto controller or other entities or individuals interested in the Company.</p>	<p>Article 4 An independent non executive director shall perform his/her duties independently and impartially and not be affected by the Company’s substantial shareholders, de facto controller or other entities or individuals interested in the Company.</p>

Existing provisions	Amended provisions
<p>Article 9 Independent non executive directors shall meet the following basic requirements:</p> <ol style="list-style-type: none"> (1) being qualified as a director of a listed company according to laws, regulations, other regulatory documents, the securities regulatory rules of the place(s) where the Company’s shares are listed and other relevant provisions; (2) satisfying the independence requirements of the Guiding Opinions issued by the CSRC and the Stock Exchange Listing Rules; (3) having basic knowledge of operations of listed companies, the acquaintance with relevant laws, administrative regulations, rules and regulations; (4) having at least five years of work experiences in legal, economic or other work experiences indispensable for performing the duties as independent non executive directors; (5) having the personality, experience and integrity suitable for being a director of a listed company, and proving that he/she has sufficient talents to be competent for the position; (6) other conditions stipulated in the Articles of Association and the securities regulatory rules of the place(s) where the Company’s shares are listed. 	<p>Article 9 Independent non executive directors shall meet the following basic requirements:</p> <ol style="list-style-type: none"> (1) being qualified as a director of a listed company according to laws, regulations, other regulatory documents, the securities regulatory rules of the place(s) where the Company’s shares are listed and other relevant provisions; (2) satisfying the independence requirements of the Rules of Independent Directors issued by the CSRC and the Stock Exchange Listing Rules; (3) having basic knowledge of operations of listed companies, the acquaintance with relevant laws, administrative regulations, rules and regulations; (4) having at least five years of work experiences in legal, economic or other work experiences indispensable for performing the duties as independent non executive directors; (5) having the personality, experience and integrity suitable for being a director of a listed company, and proving that he/she has sufficient talents to be competent for the position; (6) other conditions stipulated in the Articles of Association and the securities regulatory rules of the place(s) where the Company’s shares are listed.

Existing provisions	Amended provisions
<p>Article 18 Any independent non executive director who fails to attend the board meeting in person for three consecutive times shall be removed from his office as proposed by the board of directors to the general meeting. Except for the above circumstances and other circumstances stipulated in the Company Law and the securities regulatory rules of the place(s) where the Company’s shares are listed prohibiting persons from serving as independent non executive directors, an independent non executive director shall not be removed from office without cause before the expiration of his/her term of office. In case of an independent non executive director being dismissed before expiry of his/her term, the Company shall specifically disclose the dismissal. If the independent non executive director being dismissed believes that his/her dismissal is unreasonable, he/she may make a public declaration.</p>	<p>Article 18 Any independent non executive director who fails to attend the board meeting in person for three consecutive times shall be removed from his office as proposed by the board of directors to the general meeting.</p> <p>An independent non-executive director may be removed from office by the Company through statutory procedures prior to the expiry of his or her term of office. In the event of early dismissal, the Company shall disclose it as a special matter.</p>

Existing provisions	Amended provisions
<p>Article 21 If the number of independent non executive directors in the Company’s board of directors fails to meet the minimum number stipulated in the Terms, the securities regulatory rules of the place(s) where the Company’s shares are listed, the Guiding Opinions and the Articles of Association due to the resignation or dismissal of independent non executive directors or other reasons, the board of directors shall immediately notify the Shanghai Stock Exchange and the Hong Kong Stock Exchange, publish an announcement according to the requirements of the securities regulatory rules of the place(s) where the Company’s shares are listed, announce the relevant details and reasons, and appoint a sufficient number of independent non executive directors within three months after failing to meet the relevant regulations. The resignation report/letter of the independent non executive director shall take effect after the new independent non executive director fills the vacancy or under other circumstances stipulated by the regulatory rules of the place(s) where the Company’s shares are listed.</p> <p>Save for the circumstances referred to in the preceding paragraph, an independent non executive director’s resignation report/letter shall become effective upon service to the board of directors.</p>	<p>Article 21 If the number of independent non executive directors in the Company’s board of directors fails to meet the minimum number stipulated in the Terms, the securities regulatory rules of the place(s) where the Company’s shares are listed, the Rules of Independent Directors and the Articles of Association due to the resignation or dismissal of independent non executive directors or other reasons, the board of directors shall immediately notify the Shanghai Stock Exchange and the Hong Kong Stock Exchange, publish an announcement according to the requirements of the securities regulatory rules of the place(s) where the Company’s shares are listed, announce the relevant details and reasons, and appoint a sufficient number of independent non executive directors within three months after failing to meet the relevant regulations. The resignation report/letter of the independent non executive director shall take effect after the new independent non executive director fills the vacancy or under other circumstances stipulated by the regulatory rules of the place(s) where the Company’s shares are listed.</p> <p>Save for the circumstances referred to in the preceding paragraph, an independent non executive director’s resignation report/letter shall become effective upon service to the board of directors.</p>

Existing provisions	Amended provisions
<p>Article 22 The independent non executive directors shall be vested with the following special rights in addition to the rights vested by the Company Law, other relevant laws and regulations:</p> <p>(1) related party transactions (including “related party transactions” as defined in the Sci tech Innovation Board Listing Rules and/or “connected transactions” or “continuing connected transactions” as defined in the Stock Exchange Listing Rules, the same hereinafter) that meet the criteria for consideration by the board of directors shall be submitted to the board of directors for discussion after being approved by the independent non executive directors. Related party transactions that need to be submitted to the general meeting for approval according to the securities regulatory rules of the place(s) where the Company’s shares are listed shall be confirmed by independent non executive directors who do not have material interests in the relevant transactions to be conducted in the ordinary and usual course of business of the Company in normal commercial terms or better that are fair and reasonable and in the interests of the Company and its shareholders as a whole. Before an independent non executive director makes his/her judgment, the Company shall engage an intermediary to issue an independent financial advisory report as the basis for the judgment of the independent non executive director where necessary;</p> <p>(2) to propose to the board for the appointment or dismissal of accounting firms;</p> <p>(3) to propose to the board for the convening of extraordinary general meeting;</p>	<p>Article 22 The independent non executive directors shall be vested with the following special rights in addition to the rights vested by the Company Law, other relevant laws and regulations:</p> <p>(1) related party transactions (including “related party transactions” as defined in the Sci tech Innovation Board Listing Rules and/or “connected transactions” or “continuing connected transactions” as defined in the Stock Exchange Listing Rules, the same hereinafter) that meet the criteria for consideration by the board of directors shall be submitted to the board of directors for discussion after being approved by the independent non executive directors. Related party transactions that need to be submitted to the general meeting for approval according to the securities regulatory rules of the place(s) where the Company’s shares are listed shall be confirmed by independent non executive directors who do not have material interests in the relevant transactions to be conducted in the ordinary and usual course of business of the Company in normal commercial terms or better that are fair and reasonable and in the interests of the Company and its shareholders as a whole. Before an independent non executive director makes his/her judgment, the Company shall engage an intermediary to issue an independent financial advisory report as the basis for the judgment of the independent non executive director where necessary;</p> <p>(2) to propose to the board for the appointment or dismissal of accounting firms;</p> <p>(3) to propose to the board for the convening of extraordinary general meeting;</p>

Existing provisions	Amended provisions
<p>(4) to propose the convening of a board meeting;</p> <p>(5) to independently engage external auditors and consultants;</p> <p>(6) publicly solicit the rights to vote from the shareholders prior to the general meetings.</p> <p>To exercise the above mentioned duties, the independent non executive directors shall secure the consent of more than half of all the independent non executive directors.</p> <p>If any of the above proposals have not been adopted or if any the above functions and powers cannot be exercised properly, the Company shall disclose the relevant details.</p>	<p>(4) to propose the convening of a board meeting;</p> <p>(5) publicly solicit the rights to vote from the shareholders prior to the general meetings;</p> <p>(6) to independently engage external auditors and consultants to audit and consult on specific matters of the Company.</p> <p>The independent non-executive directors shall exercise the duties set out in items (1) to (5) above with the consent of more than one-half of all the independent non-executive directors; and exercise the duties set out in item (6) above with the consent of all the independent non-executive directors.</p> <p>Matters set out in items (1) and (2) of the first paragraph of this Article shall be submitted to the board of directors for discussion after being approved by more than one-half of the independent non-executive directors.</p> <p>If any of the above proposals have not been adopted or if any the above functions and powers cannot be exercised properly, the Company shall disclose the relevant details.</p> <p>Where otherwise provided by laws, administrative regulations and the CSRC, such provisions shall prevail.</p>

Existing provisions	Amended provisions
<p>Article 23 As members of the board of directors, independent non executive directors shall enjoy the same status as other directors. The Company shall provide the working conditions necessary for independent non executive directors to perform their duties and ensure that independent non executive directors enjoy the same right to information as other directors. When independent non executive directors exercise their functions and powers, the secretary to the board of directors and other relevant personnel shall actively cooperate.</p> <p>In order to ensure that independent non executive directors can effectively exercise their powers, the Company shall provide necessary conditions for independent non executive directors:</p> <p>(1) the Company shall undertake that independent non executive directors will enjoy the same right to information as other directors. For the matters subject to decisions by the board of directors, the Company shall lawfully notify the independent non executive directors in advance and provide them with adequate information; and if the said information is considered as inadequate, the independent non executive directors may request for supplementary information. If two or more of the independent non executive directors considers that the information is insufficient or the argumentation is unclear, they can jointly propose in writing to postpone the board meeting or postpone the consideration of such matters, and the board shall accept the proposal. The information provided by the Company to the independent non executive directors shall be preserved by the Company and the independent non executive directors themselves for at least five years;</p>	<p>Article 23 As members of the board of directors, independent non executive directors shall enjoy the same status as other directors. The Company shall provide the working conditions necessary for independent non executive directors to perform their duties and ensure that independent non executive directors enjoy the same right to information as other directors. When independent non executive directors exercise their functions and powers, the secretary to the board of directors and other relevant personnel shall actively cooperate.</p> <p>In order to ensure that independent non executive directors can effectively exercise their powers, the Company shall provide necessary conditions for independent non executive directors:</p> <p>(1) the Company shall undertake that independent non executive directors will enjoy the same right to information as other directors. For the matters subject to decisions by the board of directors, the Company shall lawfully notify the independent non executive directors in advance and provide them with adequate information; and if the said information is considered as inadequate, the independent non executive directors may request for supplementary information. If two or more of the independent non executive directors considers that the information is insufficient or the argumentation is unclear, they can jointly propose in writing to postpone the board meeting or postpone the consideration of such matters, and the board shall accept the proposal. The information provided by the Company to the independent non executive directors shall be preserved by the Company and the independent non executive directors themselves for at least five years;</p>

Existing provisions	Amended provisions
<p>(2) the Company shall be obliged to provide the independent non executive directors with the necessary conditions to perform their duties. The secretary to the board of directors shall actively assist the independent non executive directors in performing their duties by providing briefing, materials, etc. In the event that independent opinion, proposal and written statement of the independent non executive directors should be announced, the secretary to the board shall handle the matters in respect of the announcement at the stock exchange(s) on which the Company is listed in a timely manner. Independent non executive directors shall have the right to require the Company to disclose the status of proposals proposed by them but were not adopted and the reasons thereof;</p> <p>(3) when the independent non executive directors are performing their duties and rights, relevant employees of the Company shall actively assist and shall not refuse, obstruct, or conceal, or interfere with their independent exercise of powers;</p>	<p>(2) the Company shall be obliged to provide the independent non executive directors with the necessary conditions to perform their duties. The secretary to the board of directors shall actively assist the independent non executive directors in performing their duties by providing briefing, materials, etc., regularly reporting the operating conditions of the Company and organizing independent non-executive directors to carry out on-site visits if necessary. In the event that independent opinion, proposal and written statement of the independent non executive directors should be announced, the secretary to the board shall handle the matters in respect of the announcement at the stock exchange(s) on which the Company is listed in a timely manner. Independent non executive directors shall have the right to require the Company to disclose the status of proposals proposed by them but were not adopted and the reasons thereof;</p> <p>(3) when the independent non executive directors are performing their duties and rights, relevant employees of the Company shall actively assist and shall not refuse, obstruct, or conceal, or interfere with their independent exercise of powers;</p>

Existing provisions	Amended provisions
<p>(4) the expenditures of employing intermediaries by the independent non executive directors or the expenditures of performing their other duties shall be borne by the Company;</p> <p>(5) the Company may establish necessary insurance mechanism for independent non executive directors to reduce risks possibly incurred by normal performance of the duties by the independent non executive directors;</p> <p>(6) the transportation expenses incurred by the independent non executive directors for attending the board meeting (from the place where the independent non executive directors are resided to the meeting venue) and the accommodation expenses during the meeting shall be borne by the Company, and other expenses shall be borne by the independent non executive directors themselves.</p>	<p>(4) the expenditures of employing intermediaries by the independent non executive directors or the expenditures of performing their other duties shall be borne by the Company;</p> <p>(5) the Company may establish necessary insurance mechanism for independent non executive directors to reduce risks possibly incurred by normal performance of the duties by the independent non executive directors;</p> <p>(6) the transportation expenses incurred by the independent non executive directors for attending the board meeting (from the place where the independent non executive directors are resided to the meeting venue) and the accommodation expenses during the meeting shall be borne by the Company, and other expenses shall be borne by the independent non executive directors themselves.</p>
<p>Article 46 The Terms shall take effect from approval at the general meeting and completion of the initial public issue of A shares and listing on the Science and Technology Innovation Board of the Shanghai Stock Exchange.</p>	<p>Article 46 The Terms shall take effect and be implemented upon approval at the general meeting.</p>

Existing provisions	Amended provisions
<p>Article 1 In order to safeguard the interests of investors, regulate the external guarantees of Zhuzhou CRRC Times Electric Co., Ltd. (the “Company”), control the asset operation risks of the Company and facilitate the healthy and steady development of the Company, the Management Policy for External Guarantees (the “Policy”) is hereby formulated according to relevant requirements of the Company Law of the People’s Republic of China (the “Company Law”), the Guarantee Law of the People’s Republic of China, the Notice of Regulation on External Guaranties of Listed Companies, the Notice on Certain Issues relating to Regulating Capital Transactions between Listed Companies and Related Parties and External Guarantees of Listed Companies, the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange Listing Rules”) and the Articles of Association of Zhuzhou CRRC Times Electric Co., Ltd. (the “Articles of Association”).</p>	<p>Article 1 In order to safeguard the interests of investors, regulate the external guarantees of Zhuzhou CRRC Times Electric Co., Ltd. (the “Company”), control the asset operation risks of the Company and facilitate the healthy and steady development of the Company, the Management Policy for External Guarantees (the “Policy”) is hereby formulated according to relevant requirements of the Company Law of the People’s Republic of China (the “Company Law”), the Civil Code of the People’s Republic of China, the Regulatory Guidelines for Listed Companies No. 8 – Regulatory Requirements on Capital Transactions and External Guarantees of Listed Companies (the “Regulatory Guidelines for Listed Companies No. 8”), the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange Listing Rules”) and the Articles of Association of Zhuzhou CRRC Times Electric Co., Ltd. (the “Articles of Association”).</p>

Existing provisions	Amended provisions
<p>Article 6 The board of directors and the general meeting of shareholders are the consultation and decision making bodies for the Company’s guarantee behaviors. All guarantee behaviours of the Company must be approved by the board of directors and/or the general meeting of shareholders according to procedures. When the general meeting of shareholders or the board of directors makes a resolution on the guarantee, the shareholders or directors (as the case may be) who are related to or have an interest in the guarantee shall abstain from voting. Independent non executive directors of the Company shall make special explanations of the Company’s accumulated and current external guarantees and the implementation of relevant regulations, and express independent opinions thereon in the annual report.</p>	<p>Article 6 The board of directors and the general meeting of shareholders are the consultation and decision making bodies for the Company’s guarantee behaviors. All guarantee behaviours of the Company must be approved by the board of directors and/or the general meeting of shareholders according to procedures. When the general meeting of shareholders or the board of directors makes a resolution on the guarantee, the shareholders or directors (as the case may be) who are related to or have an interest in the guarantee shall abstain from voting. Independent non executive directors of the Company shall make special explanations of the Company’s outstanding external guarantees at the end of the reporting period and those incurred in the current period and the implementation of relevant requirements of the Regulatory Guidelines for Listed Companies No. 8, and express independent opinions thereon in the annual report.</p>
<p>Article 19 All guarantee related matters of the Company shall be considered and approved by the board of directors. In addition to being approved by more than half of all directors, it shall also be approved by more than two thirds of the directors present at the board meeting.</p>	<p>Article 19 All guarantee related matters of the Company shall be considered and approved by the board of directors. In addition to being considered and approved by more than half of all directors, it shall also be approved and resolved by more than two thirds of the directors present at the board meeting with timely disclosure, and directors who have an interest in such guarantee shall abstain from voting.</p>

Existing provisions	Amended provisions
<p>Article 21 The following external guarantees of the Company shall be submitted to the shareholders' general meeting for consideration after being considered and approved by the board of directors:</p> <p>(1) guarantee with a single amount exceeding 10% of the Company's latest audited net assets;</p> <p>(2) any provision of guarantee after the total amount of external guarantees of the Company and its controlling subsidiaries reaches 50% or above of the latest audited net assets of the Company;</p> <p>(3) any guarantee provided in favour of a guaranteed party with an asset to liability ratio exceeding 70%;</p> <p>(4) any provision of guarantee after the total external guarantee of the Company exceeds 30% of the latest audited total assets of the Company on an accumulative basis for consecutive 12 months;</p> <p>(5) a guarantee provided to the shareholder, de facto controller or their respective related parties;</p> <p>(6) a guarantee provided to other related parties of the Company; or</p>	<p>Article 21 The following external guarantees of the Company shall be submitted to the shareholders' general meeting for consideration after being considered and approved by the board of directors:</p> <p>(1) guarantee with a single amount exceeding 10% of the Company's latest audited net assets;</p> <p>(2) any provision of guarantee after the total amount of external guarantees of the Company and its controlling subsidiaries reaches 50% or above of the latest audited net assets of the Company;</p> <p>(3) any guarantee provided in favour of a guaranteed party with an asset to liability ratio exceeding 70%;</p> <p>(4) any provision of guarantee after the total external guarantee of the Company exceeds 30% of the latest audited total assets of the Company on an accumulative basis for consecutive 12 months;</p> <p>(5) guarantee provided after the amount of guarantee provided by the Company within one year reaches or exceeds 30% of the latest audited total assets of the Company;</p> <p>(6) a guarantee provided to the shareholder, de facto controller or their respective related parties;</p>

Existing provisions	Amended provisions
<p>(7) other guarantees required to be considered by the shareholders' general meeting and/or independent shareholders (if applicable) as stipulated by laws, administrative regulations and the securities regulatory rules of the place(s) where the Company's shares are listed.</p> <p>References to "the aggregate amount of external guarantees provided by the Company and its controlling subsidiaries" are to the sum of the aggregate amount of external guarantees provided by the Company, including those in favour of its controlling subsidiaries, and the aggregate amount of external guarantees provided by controlling subsidiaries of the Company.</p> <p>A guarantee provided in subparagraph (4) above, when considered at a shareholders' general meeting, is subject to approval by two thirds or more of the voting rights represented by the shareholders present at the meeting.</p>	<p>(7) a guarantee provided to other related parties of the Company; or</p> <p>(8) other guarantees required to be considered by the shareholders' general meeting and/or independent shareholders (if applicable) as stipulated by laws, administrative regulations and the securities regulatory rules of the place(s) where the Company's shares are listed.</p> <p>References to "the aggregate amount of external guarantees provided by the Company and its controlling subsidiaries" are to the sum of the aggregate amount of external guarantees provided by the Company, including those in favour of its controlling subsidiaries, and the aggregate amount of external guarantees provided by controlling subsidiaries of the Company.</p> <p>A guarantee provided in subparagraphs (4) and (5) above, when considered at a shareholders' general meeting, is subject to approval by two thirds or more of the voting rights represented by the shareholders present at the meeting.</p>
<p>Article 53 The board of directors of the Company shall be responsible for the interpretation of the Policy and its amendments, and it shall come into effect from approval at the general meeting of the Company and completion of initial public issue of A shares of the Company and listing on the Science and Technology Innovation Board of Shanghai Stock Exchange.</p>	<p>Article 53 The board of directors of the Company shall be responsible for the interpretation of the Policy and its amendments, and it shall come into effect and be implemented upon approval at the general meeting of the Company.</p>

Existing provisions	Amended provisions
<p>Article 1 In order to standardise the management and utilisation of raised proceeds of Zhuzhou CRRC Times Electric Co., Ltd. (the “Company”), improve utilisation efficiency of the raised proceeds and protect the rights and interests of investors, the policy (the “Policy”) is hereby formulated in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Administrative Measures for the Issue of Securities by Listed Companies, the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange (the “Sci-tech Innovation Board Listing Rules”), the Guideline No. 2 on Supervision and Administration of Listed Companies – Regulatory Requirements on Management and Use of Raised Proceeds of Listed Companies, the Policy on Management of Raised Proceeds by Listed Companies of the Shanghai Stock Exchange (the “Policy on Management of Raised Proceeds”), Guideline No. 1 for the Application of Self regulatory Rules for Companies Listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange – Standardised Operation and other laws and regulations as well as the Articles of Association of Zhuzhou CRRC Times Electric Co., Ltd. (the “Articles of Association”) combined with the actual situation of the Company.</p>	<p>Article 1 In order to standardise the management and utilisation of raised proceeds of Zhuzhou CRRC Times Electric Co., Ltd. (the “Company”), improve utilisation efficiency of the raised proceeds and protect the rights and interests of investors, the policy (the “Policy”) is hereby formulated in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Administrative Measures for the Issue of Securities by Listed Companies, the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange (the “Sci-tech Innovation Board Listing Rules”), the Guideline No. 2 on Supervision and Administration of Listed Companies – Regulatory Requirements on Management and Use of Raised Proceeds of Listed Companies, the Guideline No. 1 for Self regulatory Rules for Companies Listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange – Standardised Operation and other laws and regulations as well as the Articles of Association of Zhuzhou CRRC Times Electric Co., Ltd. (the “Articles of Association”) combined with the actual situation of the Company.</p>

Existing provisions	Amended provisions
<p>Article 10 The Company shall support and cooperate with the sponsor(s) or independent financial advisers in performing the sponsoring and/or continuous supervision duties on the management and use of the Company's raised proceeds in accordance with the Administrative Measures for the Sponsorship Business of the Issue and Listing of Securities and the Measures for the Administration of Raised Proceeds.</p>	<p>Article 10 The Company shall support and cooperate with the sponsor(s) or independent financial advisers in performing the sponsoring and/or continuous supervision duties on the management and use of the Company's raised proceeds in accordance with, among others, the Administrative Measures for the Sponsorship Business of the Issue and Listing of Securities.</p>
<p>Article 18 The raised proceeds which are temporarily idle may be arranged for cash management, and the products invested must meet the following conditions:</p> <p>(1) high safety, meeting the requirements of principal guarantee and the issuer of the products having made a commitment on principal guarantee;</p> <p>(2) adequate liquidity without affecting the normal progress of the investment plan of the proceeds.</p> <p>The investment products shall not be pledged, and the special product settlement account (if applicable) shall not be used for the deposition of the proceeds other than proceeds or for any other purposes. In case of opening or cancelling a special product settlement account, the Company shall file with the Shanghai stock exchange and make an announcement thereon within 2 trading days.</p>	<p>Article 18 The raised proceeds which are temporarily idle may be arranged for cash management, and the products invested must meet the following conditions:</p> <p>(1) Highly secure and principal protected products such as structured deposits and large-denomination certificates of deposit</p> <p>(2) adequate liquidity without affecting the normal progress of the investment plan of the proceeds.</p> <p>The investment products shall not be pledged, and the special product settlement account (if applicable) shall not be used for the deposition of the proceeds other than proceeds or for any other purposes. In case of opening or cancelling a special product settlement account, the Company shall file with the Shanghai stock exchange and make an announcement thereon within 2 trading days.</p>

Existing provisions	Amended provisions
<p>Article 22 The Company shall not use the Surplus Raised Proceeds unless it is considered and approved by the board of directors, and the independent non executive directors, the supervisory committee, the sponsor(s) or the independent financial adviser of the Company have issued special opinions thereon. The Company shall perform the obligation of information disclosure in accordance with the requirements of the Sci tech Innovation Board Listing Rules and the Measures for the Administration of Raised Proceeds.</p>	<p>Article 22 The Company shall not use the Surplus Raised Proceeds unless it is considered and approved by the board of directors, and the independent non executive directors, the supervisory committee, the sponsor(s) or the independent financial adviser of the Company have issued special opinions thereon. The Company shall perform the obligation of information disclosure in accordance with the requirements of the Sci tech Innovation Board Listing Rules and other rules.</p>
<p>Article 45 The Policy shall be interpreted by the board of directors and shall take effect from approval at the general meeting and completion of the initial public issue of A shares and listing on the Science and Technology Innovation Board of the Shanghai Stock Exchange. The board of directors of the Company may propose amendments to the Policy according to relevant laws, administrative regulations, regulatory documents and amendments to the Articles of Association or based on changes in the Company's operating conditions, and submit the same to the general meeting of the Company for consideration and approval.</p>	<p>Article 45 The board of directors of the Company may propose amendments to the Policy according to relevant laws, administrative regulations, regulatory documents and amendments to the Articles of Association or based on changes in the Company's operating conditions, and submit the same to the general meeting of the Company for consideration and approval.</p>
<p>—</p>	<p>Article 46 The Policy shall be interpreted and amended by the board of directors and shall take effect and be implemented upon approval at the general meeting.</p>

**APPENDIX XII PROPOSED AMENDMENTS TO THE POLICY FOR PREVENTING
THE CONTROLLING SHAREHOLDERS, ACTUAL CONTROLLERS
AND RELATED PARTIES FROM APPROPRIATING FUNDS**

Existing provisions	Amended provisions
<p>Article 1 In order to prevent controlling shareholders, actual controllers and related parties (the “Appropriator(s)”) from appropriating funds of Zhuzhou CRRC Times Electric Co., Ltd. (the “Company”) and further safeguard the legitimate rights and interests of all shareholders and creditors of the Company, the policy (“Policy”) is hereby formulated in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Standards for Corporate Governance of Listed Companies, the Notice of Certain Issues in Capital Flows Between Listed Companies and Related Parties thereof and External Guarantees of the Company regulated by China Securities Regulatory Commission and the State owned Assets and Supervision and Administration Commission of the State Council, Guideline No. 1 for the Application of Self regulatory Rules for Companies Listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange – Standardised Operation and relevant laws, administrative regulations, regulatory documents and the Articles of Association of Zhuzhou CRRC Times Electric Co., Ltd. (the “Articles of Association”).</p>	<p>Article 1 In order to prevent controlling shareholders, actual controllers and related parties (the “Appropriator(s)”) from appropriating funds of Zhuzhou CRRC Times Electric Co., Ltd. (the “Company”) and further safeguard the legitimate rights and interests of all shareholders and creditors of the Company, the policy (“Policy”) is hereby formulated in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Standards for Corporate Governance of Listed Companies, the Regulatory Guidelines for Listed Companies No. 8 – Regulatory Requirements on Capital Transactions and External Guarantees of Listed Companies (the “Regulatory Guidelines for Listed Companies No. 8”), the Guideline No. 1 for Self-regulatory Rules for Companies Listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange – Standardised Operation and relevant laws, administrative regulations, regulatory documents and the Articles of Association of Zhuzhou CRRC Times Electric Co., Ltd. (the “Articles of Association”).</p>

APPENDIX XII PROPOSED AMENDMENTS TO THE POLICY FOR PREVENTING THE CONTROLLING SHAREHOLDERS, ACTUAL CONTROLLERS AND RELATED PARTIES FROM APPROPRIATING FUNDS

Existing provisions	Amended provisions
<p>Article 6 The Company shall not provide fund, whether directly or indirectly, to the controlling shareholders, actual controllers and related persons for their use by any of the following means:</p> <ol style="list-style-type: none"> (1) lending the Company’s fund, either with or without consideration, directly or indirectly; (2) providing entrusted loans via any bank or non bank financial institution; (3) entrusting them to carry out investment activities; (4) issuing trade acceptance without true transaction background for them; (5) repaying debts on their behalf; (6) providing funds in other ways in the absence of goods and services as considerations or in case of obviously unfair considerations; (7) incurring debts as a result of failing to discharge the assurance of its guarantee responsibility in time; (8) providing funds by way of capital flows without commercial substance; (9) failing to settle the appropriation of funds due to transactions within the prescribed or committed period; (10) depositing cash in a financial company controlled by them and the terms such as interest rates are significantly below the market average, which prejudices the interests of the Company and transmits benefit to them; 	<p>Article 6 The Company shall not provide fund, whether directly or indirectly, to the controlling shareholders, actual controllers and related persons for their use by any of the following means:</p> <ol style="list-style-type: none"> (1) advancing wages, benefits, insurance, advertising and other expenses and bearing costs and other expenses for controlling shareholders, actual controller and other related parties; (2) lending the Company’s fund (including entrusted loans) to controlling shareholders, actual controller and other related parties with or without compensation, except when other shareholders of the investee companies of the listed company provide funds in the same proportion. The aforementioned “investee companies” do not include companies controlled by controlling shareholders or actual controller; (3) entrusting controlling shareholders, actual controller and other related parties to carry out investment activities; (4) issuing trade acceptance for controlling shareholders, actual controller and other related parties without real transaction background, as well as providing funds in the form of purchase payment, asset transfer payment, prepayments, etc. without consideration for goods and services or in circumstances that are clearly contrary to commercial logic; (5) repaying debts on behalf of the controlling shareholders, actual controller and other related parties; (6) other manners as determined by relevant regulatory authorities.

**APPENDIX XII PROPOSED AMENDMENTS TO THE POLICY FOR PREVENTING
THE CONTROLLING SHAREHOLDERS, ACTUAL CONTROLLERS
AND RELATED PARTIES FROM APPROPRIATING FUNDS**

Existing provisions	Amended provisions
<p>(11) financing them through pledge of bank deposits;</p> <p>(12) other manners as determined by relevant regulatory authorities.</p> <p>Controlling shareholders, actual controllers and related parties shall not appropriate the funds of the Company by “repaying at the end of the period after misappropriating during the period”, “small amount and multiple batches” or other means.</p>	

**APPENDIX XII PROPOSED AMENDMENTS TO THE POLICY FOR PREVENTING
THE CONTROLLING SHAREHOLDERS, ACTUAL CONTROLLERS
AND RELATED PARTIES FROM APPROPRIATING FUNDS**

Existing provisions	Amended provisions
—	<p>Article 7 The funds of the Company appropriated by controlling shareholders, actual controller and other related parties shall, in principle, be settled in cash. Settlement of appropriated funds of a listed company by controlling shareholders, actual controller and other related parties with non-cash assets shall be strictly controlled.</p> <p>The proposed settlement of appropriated funds of a listed company by controlling shareholders, actual controller and other related parties with non-cash assets shall be subject to the following requirements:</p> <ul style="list-style-type: none"> (i) the assets used for settlement shall be within the same business system of the listed company and could help enhance the independence and core competitiveness of the listed company and minimise related transactions, and shall not be assets which have not yet been put into use or have no objective and clear net carrying amounts. (ii) the listed company shall engage intermediaries in compliance with the requirements of the Securities Law to evaluate the assets eligible for settlement, and use the appraised value of the assets or the audited net carrying amounts as the pricing basis for settlement. However, the final pricing shall not prejudice the interests of the listed company, and shall be discounted after full consideration is given to the present value of the funds appropriated. The audit report and valuation report shall be announced to the public.

**APPENDIX XII PROPOSED AMENDMENTS TO THE POLICY FOR PREVENTING
THE CONTROLLING SHAREHOLDERS, ACTUAL CONTROLLERS
AND RELATED PARTIES FROM APPROPRIATING FUNDS**

Existing provisions	Amended provisions
	<p>(iii) independent directors shall express independent opinions on the proposal of settlement of liabilities using assets by related parties of the listed company, or engage intermediaries in compliance with the requirements of the Securities Law to issue an independent financial advisor’s report.</p> <p>(iv) the proposal of settlement of liabilities using assets by related parties of the listed company shall be subject to consideration and approval at a general meeting in which the related shareholders shall abstain from voting.</p>



株洲中车时代电气股份有限公司

ZHUZHOU CRRC TIMES ELECTRIC CO., LTD.

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

(Stock Code: 3898)

NOTICE OF ANNUAL GENERAL MEETING FOR YEAR 2021

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**AGM**”) of Zhuzhou CRRC Times Electric Co., Ltd. (the “**Company**”) for year 2021 will be held at Room 301, CRRC Times Party School, Times Hotel, Times Road, Shifeng District, Zhuzhou, the People’s Republic of China (the “**PRC**”) on Friday, 17 June 2022 at 2:00 p.m. for the shareholders of the Company to consider and, if thought fit, pass the following resolutions. Unless otherwise indicated, capitalised items used herein shall have the same meaning as those defined in the Company’s circular dated 17 May 2022 (the “**Circular**”).

AS ORDINARY RESOLUTIONS

1. To consider and approve the resolution on the Company’s 2021 Annual Report and its summary.
2. To consider and approve the resolution on the Company’s 2021 final accounts report.
3. To consider and approve the resolution on the 2021 Work Report of the Board of the Company.
4. To consider and approve the resolution on the 2021 Work Report of the supervisory committee of the Company.
5. To consider and approve resolution on the 2021 profit distribution plan of the Company.
6. To consider and approve the resolution on the appointment of auditor for 2022.
7. To consider and approve the resolution on the 2022 bank credit lines applications.
8. To consider and approve the resolution on the remuneration of the directors of the Company for 2021.
9. To consider and approve the resolution on the remuneration of the supervisors of the Company for 2021.
10. To consider and approve the resolution on the entering into of the 2023-2025 CRRC Group Mutual Supply Agreement and the estimated amount of the ordinary connected transactions for 2023-2025.

11. To consider and approve the resolution on the estimated amount of the 2022-2024 ordinary connected transactions for leasing property and ancillary facilities between the Company and CRRC.
12. To consider and approve the amendments to the terms of reference of the independent non-executive directors of the Company.
13. To consider and approve the amendments of the Internal Control Policies (each being a separate resolution):
 - 13.1 “Management Policy for External Guarantees”;
 - 13.2 “Management Policy for A Shares Proceeds”; and
 - 13.3 “Policy for Preventing the Controlling Shareholders, Actual Controllers and Related Parties from Appropriating Funds”.
14. To consider and approve the amendments to “the Rules of Procedures for the General Meetings of the Company”.
15. To consider and approve the amendments to “the Rules of Procedures for the Meetings of the Board of Directors of the Company”.
16. To consider and approve the amendments to “the Rules of Procedures for the Meetings of the Supervisory Committee of the Company”.

AS SPECIAL RESOLUTIONS

17. Approve the proposed amendments to the Articles of Association as set out in the Circular, and that the Directors be and are hereby authorised to deal with on behalf of the Company the relevant application(s), approval(s), registration(s), filing(s) and other related procedures or issues and to make further amendment(s) (where necessary) pursuant to the requirements of the relevant governmental and/or regulatory authorities arising from the amendments to the Articles of Association.
18. To consider and approve:
 - (a) a general mandate to the Board to, by reference to market conditions and in accordance with the needs of the Company, to allot, issue and deal with, either separately or concurrently, additional A shares of the Company (the “**A Shares**”) and/or H shares of the Company (the “**H Shares**”) not exceeding 20% of the number of A Shares and the number of H Shares respectively in issue at the time of passing this resolution at AGM. Pursuant to the PRC laws and regulations, the Company will seek further approval from its shareholders in general meeting for each issuance of A Shares even where this general mandate is approved.

- (b) the Board be authorised to (including but not limited to the following):
- (i) formulate and implement detailed issuance plan, including but not limited to the class of shares to be issued, pricing mechanism and/or issuance price (including price range), number of shares to be issued, allottees and use of proceeds, time of issuance, period of issuance and whether to issue shares to existing shareholders;
 - (ii) approve and execute, on behalf of the Company, agreements related to share issuance, including but not limited to underwriting agreement and engagement agreements of professional advisers;
 - (iii) approve and execute, on behalf of the Company, documents related to share issuance for submission to regulatory authorities, and to carry out approval procedures required by regulatory authorities and the places where the Company's shares are listed;
 - (iv) amend, as required by regulatory authorities within or outside the PRC, agreements and statutory documents referred to in (ii) and (iii) above;
 - (v) to affix the Company's stamp to relevant agreement and statutory documents;
 - (vi) engage the services of professional advisers for share issuance related matters, and to approve and execute all acts, deeds, documents or other matters necessary, appropriate or required for share issuance;
 - (vii) increase the registered capital of the Company after share issuance, and to make corresponding amendments to the articles of association of the Company relating to share capital and shareholdings etc, and to carry out statutory registrations and filings within and outside the PRC.

The above general mandate will expire on the earlier of (the “**Relevant Period**”):

- (i) the expiration of a period of 12 months following the passing of this special resolution;
- (ii) the conclusion of the next annual general meeting following the passing of this special resolution; and
- (iii) the date on which the authority set out in this special resolution is revoked or varied by a special resolution of the members of the Company in any general meeting,

except where the Board enters into or grants an offer, agreement or option to issue A shares and/or H shares during the Relevant Period and such offer, agreement or option is to be continued or implemented after the Relevant Period.

19. To consider and approve the grant to the Board a general mandate to repurchase the H Shares that:
- (a) Subject to paragraph (b) below, granting of a general mandate to the Board, in compliance with all applicable laws and regulations, the articles of association of the Company, the Stock Exchange and any other government or regulatory authority of the PRC, to exercise all power of the Company to repurchase H Shares during the Relevant Period (as defined below);
 - (b) Subject to obtaining the approval in paragraph (a) above, the total number of H Shares to be repurchased under the general mandate to repurchase H Shares during the Relevant Period shall not exceed 10% of the total number of H Shares in issue on the date the resolution is considered and approved at the AGM, Class Meeting of Holders of A Shares and Class Meeting of Holders of H Shares;
 - (c) The approval in paragraph (a) above shall be subject to the satisfaction of the following:
 - (i) the special resolution with the same terms as listed in this resolution 19 herein (except for sub-paragraph (c)(i) of this resolution 19) is passed at the AGM, Class Meeting of Holders of A Shares and Class Meeting of Holders of H Shares;
 - (ii) all required approvals from regulatory authorities (if applicable) are obtained according to relevant laws and regulations of the PRC;
 - (d) The Board be authorised to handle relevant matters in relation to the repurchase of H Shares, including but not limited to:
 - (i) to formulate and implement specific repurchase plans, including but not limited to repurchase price(s), number of Shares to be repurchased, timing(s) of repurchase and period(s) of repurchase, etc.;
 - (ii) to notify creditors and issue announcement in accordance with the Company Law of the PRC and the articles of association of the Company (the “**Articles of Association**”);
 - (iii) to set up overseas Share accounts and carry out relevant procedures for change of foreign exchange registration;
 - (iv) to carry out the relevant approval, filing and/or disclosure procedures in accordance with laws, regulations, the Articles of Association, requirements of securities regulators of the places where the Shares are listed and any other relevant government or regulatory authorities of the PRC (if necessary);

- (v) to carry out the cancellation procedures for repurchased Shares, reduce registered capital, and make corresponding amendments to the Articles of Association in respect of the total share capital and shareholding structure, etc., and to carry out the statutory registration and filing procedures within and outside the PRC; and
 - (vi) to execute other documents, and deal with all other necessary or appropriate measures, actions, matters and affairs, in connection with the repurchase of H Shares;
- (e) for the purpose of this special resolution, “**Relevant Period**” means the period from the passing of this special resolution until the earliest of:
- (i) the conclusion of the next annual general meeting following the passing of this special resolution; and
 - (ii) the date on which the authority set out in this special resolution is revoked or varied by a special resolution of the members of the Company in any general meeting and class meetings (if applicable).

By Order of the Board

Li Donglin

Chairman

Zhuzhou, the PRC, 17 May 2022

Notes:

1. All times stated in this notice refer to Hong Kong time.
2. The votes at the AGM will be taken by poll.
3. Where two or more persons are registered as the joint holders of any share, only the person whose name appears first in the register of members shall be entitled to receive this notice, to attend and exercise all the voting powers attached to such Share at the AGM, and the service of this notice to that person shall be deemed to have served on all joint holders of such Share.
4. In order to determine the entitlements of Shareholders to attend and vote at the AGM, the register of members of the Company will be temporarily closed from Tuesday, 14 June 2022 to Friday, 17 June 2022 (both days inclusive), during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the AGM, all transfer documents together with the relevant Share certificates must be lodged, for holders of the H Shares, with the Company’s H Share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong or, for holders of the A Shares, the registered office address of the Company at Times Road, Shifeng District, Zhuzhou, Hunan Province, 412001, the PRC, not later than 4:30 p.m. on Monday, 13 June 2022.
5. Holders of the H Shares and the A Shares whose names appear on the register of members of the Company at the close of business on Monday, 13 June 2022 are entitled to attend and vote at the AGM and may appoint one or more proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company.
6. In order to be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or other authority, must be deposited, for holders of the H Shares, to the H Share registrar of the Company or, for holders of the A Shares, the registered office address of the Company, not less than 24 hours before the time appointed for holding the AGM or any adjournment thereof.

7. The address of the H Share registrar of the Company is as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East Wanchai
Hong Kong

8. The registered office address of the Company is as follows:

Times Road
Shifeng District Zhuzhou
Hunan Province, 412001
The People's Republic of China
Tel: (86) 731 2849 8028

9. The principal place of business of the Company in Hong Kong is as follows:

Unit 1106, 11th Floor Jubilee Centre
18 Fenwick Street
Wanchai Hong Kong
Tel: (852) 2189 7268

10. The AGM is expected to take half a day. Shareholders or their proxies attending the AGM shall be responsible for their own transportation, accommodation and other expenses. Shareholders or their proxies shall produce their identification documents for verification when attending the AGM.

11. In light of the continuing outbreak of Novel Coronavirus Disease ("COVID-19"), the following precautionary measures will be implemented at the AGM to safeguard the health and safety of the attendees:

- Compulsory body temperature check will be conducted for every Shareholder and proxy at the entrance of the venue. Any person with a body temperature of over 37.5 degree Celsius will not be admitted to the venue;
- Mandatory wearing of surgical face masks for every Shareholder and proxy throughout the meeting;
- No refreshment and souvenirs will be provided; and
- Other safe distancing measures as appropriate.

To further control the spread of COVID-19, the Company advises the Shareholders, particularly Shareholders who are subject to quarantine in relation to COVID-19, to exercise their voting rights by appointing the chairman of the AGM as their proxy to vote according to their indicated voting instructions, as an alternative to attending the meeting in person.

Depending on the development of COVID-19, the Company may implement further changes on the precautionary measures and may publish further announcement in relation to such measures as appropriate.

As at the date of this notice, our chairman of the Board and executive Director is Li Donglin, our vice chairman of the Board and executive Director is Liu Ke'an, our other executive Directors are Shang Jing and Yan Wu, our non-executive Director is Zhang Xinning, and our independent non-executive Directors are Chan Kam Wing, Clement, Pao Ping Wing, Liu Chunru, Chen Xiaoming and Gao Feng.

**株洲中车时代电气股份有限公司****ZHUZHOU CRRC TIMES ELECTRIC CO., LTD.***(a joint stock company incorporated in the People's Republic of China with limited liability)***(Stock Code: 3898)****NOTICE OF THE FIRST CLASS MEETING OF HOLDERS OF
H SHARES OF 2022**

NOTICE IS HEREBY GIVEN THAT the first class meeting of holders of H shares of 2022 (the “**Class Meeting of Holders of H Shares**”) of Zhuzhou CRRC Times Electric Co., Ltd. (the “**Company**”) will be held at Room 301, CRRC Times Party School, Times Hotel, Times Road, Shifeng District, Zhuzhou, the People’s Republic of China (the “**PRC**”) on Friday, 17 June 2022 immediately following the conclusion of the annual general meeting of the Company and the class meeting of holders of A shares of the Company or any adjournment thereof which will be held at the same place and on the same date for the holders of H shares of the Company to transact the following matters. Unless otherwise indicated, capitalised items used herein shall have the same meaning as those defined in the Company’s circular dated 17 May 2022 (the “**Circular**”).

AS SPECIAL RESOLUTION

To consider and approve the grant to the Board a general mandate to repurchase the H Shares that:

- (a) Subject to paragraph (b) below, granting of a general mandate to the Board, in compliance with all applicable laws and regulations, the articles of association of the Company, the Stock Exchange and any other government or regulatory authority of the PRC, to exercise all power of the Company to repurchase H shares of the Company (the “**H Shares**”) during the Relevant Period (as defined below);
- (b) Subject to obtaining the approval in paragraph (a) above, the total number of H Shares to be repurchased under the general mandate to repurchase H Shares during the Relevant Period shall not exceed 10% of the total number of H Shares in issue on the date the resolution is considered and approved at the AGM, Class Meeting of Holders of A Shares and Class Meeting of Holders of H Shares;
- (c) The approval in paragraph (a) above shall be subject to the satisfaction of the following:
 - (i) the special resolution with the same terms as listed in this resolution herein (except for sub-paragraph (c)(i) of this resolution) is passed at the AGM, Class Meeting of Holders of A Shares and Class Meeting of Holders of H Shares;
 - (ii) all required approvals from regulatory authorities (if applicable) are obtained according to relevant laws and regulations of the PRC.

- (d) The Board be authorised to handle relevant matters in relation to the repurchase of H Shares, including but not limited to:
- (i) to formulate and implement specific repurchase plans, including but not limited to repurchase price(s), number of Shares to be repurchased, timing(s) of repurchase and period(s) of repurchase, etc.;
 - (ii) to notify creditors and issue announcement in accordance with the Company Law of the PRC and the articles of association of the Company (the “**Articles of Associations**”);
 - (iii) to set up overseas Share accounts and carry out relevant procedures for change of foreign exchange registration;
 - (iv) to carry out the relevant approval, filing and/or disclosure procedures in accordance with laws, regulations, the Articles of Association, requirements of securities regulators of the places where the Shares are listed and any other relevant government or regulatory authorities of the PRC (if necessary);
 - (v) to carry out the cancellation procedures for repurchased Shares, reduce registered capital, and make corresponding amendments to the Articles of Association in respect of total share capital and shareholding structure, etc., and to carry out the statutory registration and filing procedures within and outside the PRC;
 - (vi) to execute other documents, and deal with all other necessary or appropriate measures, actions, matters and affairs, in connection with the repurchase of H Shares;
- (e) for the purpose of this special resolution, “**Relevant Period**” means the period from the passing of this special resolution until the earliest of:
- (i) the conclusion of the next annual general meeting following the passing of this special resolution; and
 - (ii) the date on which the authority set out in this special resolution is revoked or varied by a special resolution of the members of the Company in any general meeting and class meetings (if applicable).

By Order of the Board
Li Donglin
Chairman

Zhuzhou, the PRC, 17 May 2022

APPENDIX XIV NOTICE OF THE FIRST CLASS MEETING OF HOLDERS OF H SHARES OF 2022

Notes:

1. All times stated in this notice refer to Hong Kong time.
2. The votes at the Class Meeting of Holders of H Shares will be taken by poll.
3. Where two or more persons are registered as the joint holders of any share, only the person whose name appears first in the register of members of H Shares shall be entitled to receive this notice, to attend and exercise all the voting powers attached to such H Share at the Class Meeting of Holders of H Shares, and the service of this notice to that person shall be deemed to have served on all joint holders of such H Share.
4. In order to determine the entitlements of holders of H Shares to attend and vote at the Class Meeting of Holders of H Shares, the register of members of H Shares will be temporarily closed from Tuesday, 14 June 2022 to Friday, 17 June 2022 (both days inclusive), during which period no transfer of H Shares will be registered. In order to be entitled to attend and vote at the Class Meeting of Holders of H Shares, all transfer documents together with the relevant H Share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 13 June 2022.
5. Holders of the H Shares whose names appear on the register of members of H Shares at the close of business on Monday, 13 June 2022 are entitled to attend and vote at the Class Meeting of Holders of H Shares and may appoint one or more proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company.
6. In order to be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notorially certified copy of such power of attorney or other authority, must be deposited, to the H Share registrar of the Company not less than 24 hours before the time appointed for holding the Class Meeting of Holders of H Shares or any adjournment thereof.
7. The address of the H Share registrar of the Company is as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East Wanchai
Hong Kong
8. The principal place of business of the Company in Hong Kong is as follows:

Unit 1106, 11/F, Jubilee Centre,
18 Fenwick Street,
Wanchai,
Hong Kong
Tel: (852) 2189 7268
9. The Class Meeting of Holders of H Shares is expected to take half a day. Shareholders or their proxies attending the Class Meeting of Holders of H Shares shall be responsible for their own transportation, accommodation and other expenses. Shareholders or their proxies shall produce their identification documents for verification when attending the Class Meeting of Holders of H Shares.

10. In light of the continuing outbreak of Novel Coronavirus Disease (“COVID-19”), the following precautionary measures will be implemented at the Class Meeting of Holders of H Shares to safeguard the health and safety of the attendees:

- Compulsory body temperature check will be conducted for every Shareholder and proxy at the entrance of the venue. Any person with a body temperature of over 37.5 degree Celsius will not be admitted to the venue;
- Mandatory wearing of surgical face masks for every Shareholder and proxy throughout the meeting;
- No refreshment and souvenirs will be provided; and
- Other safe distancing measures as appropriate.

To further control the spread of COVID-19, the Company advises the Shareholders, particularly Shareholders who are subject to quarantine in relation to COVID-19, to exercise their voting rights by appointing the chairman of the Class Meeting of Holders of H Shares as their proxy to vote according to their indicated voting instructions, as an alternative to attending the meeting in person.

Depending on the development of COVID-19, the Company may implement further changes on the precautionary measures and may publish further announcement in relation to such measures as appropriate.

As at the date of this notice, our chairman of the Board and executive Director is Li Donglin, our vice chairman of the Board and executive Director is Liu Ke'an, our other executive Directors are Shang Jing and Yan Wu, our non-executive Director is Zhang Xinning, and our independent non-executive Directors are Chan Kam Wing, Clement, Pao Ping Wing, Liu Chunru, Chen Xiaoming and Gao Feng.