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If you have sold or transferred all your shares in ZHUZHOU CSR TIMES ELECTRIC CO., LTD., you should at once hand this circular together with the accompanying form of proxy and reply slip 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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中国南车

株洲南车时代电气股份有限公司

ZHUZHOU CSR TIMES ELECTRIC CO., LTD.

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

(Stock Code: 3898)

**PROPOSED RE-ELECTION OF DIRECTORS
PROPOSED ELECTION OR RE-ELECTION OF SUPERVISORS
PROPOSED AMENDMENTS TO THE RELEVANT INTERNAL RULES
GENERAL MANDATE TO ISSUE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting for year 2013 of Zhuzhou CSR Times Electric Co., Ltd. to be held at Shangri-La Hotel, Ningbo, 88 Yuyuan Street, Ningbo, Zhejiang Province, China on Friday, 27 June 2014 at 9:00 a.m. is set out in Appendix III to this circular. Whether or not you intend to attend the meeting, 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 meeting 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 meeting or at any adjournment thereof if you so wish.

If you intend to attend the meeting in person or by proxy, you should also complete and return the accompanying reply slip in accordance with the instructions printed thereon on or before Saturday, 7 June 2014.

25 April 2014

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DEFINITIONS

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

“AGM”	the annual general meeting for year 2013 of the Company to be held on Friday, 27 June 2014
“AGM Notice”	the notice of AGM set out in Appendix III to this circular
“Articles”	the articles of association of the Company as amended from time to time
“Baoji Times”	寶雞南車時代工程機械有限公司 (Baoji CSR Times Engineering Machinery Co. Ltd.), a subsidiary of the Company in which the Company holds 80% of its equity interest
“Board”	the board of Directors
“Company”	Zhuzhou CSR Times Electric Co., Ltd., a joint stock company incorporated in the PRC with limited liability
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“CSR ZELRI”	南車株洲電力機車研究所有限公司 (CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.), a company established in the PRC with limited liability and the controlling shareholder of the Company
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	domestic share(s) of RMB1.00 each in the share capital of the Company
“Dynex”	Dynex Power Inc., a company established under the law of Canada and listed on the TSX Venture Exchange, Toronto, Canada (stock code: DNX) whose 75% equity interest was acquired by the Company in October 2008. Dynex Semiconductor Ltd. is its only operating subsidiary and its headquarters is located in Lincoln, England
“Group”	the Company and its subsidiaries
“Guangzhou Times”	廣州南車時代電氣技術有限公司 (Guangzhou CSR Times Electric Technology Co., Ltd.), a subsidiary of the Company in which the Company holds 60% of its equity interest
“H Share(s)”	overseas listed foreign share(s) of RMB 1.00 each in the share capital of the Company which are listed on the Stock Exchange and traded in HKD

DEFINITIONS

“H Shareholders”	registered holders of H Shares
“HKD”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	a general mandate which is exercisable by the Board to allot, issue and deal with additional Domestic Shares and/or H Shares not exceeding 20% of the Domestic Shares and the H Shares respectively in issue as at the date of passing of the relevant shareholders’ resolution
“Kunming China Railway”	昆明中鐵大型養路機械集團有限公司 (China Railway Large Maintenance Machinery Co., Ltd. Kunming), a wholly-owned subsidiary of 中國鐵建股份有限公司 (China Railway Construction Corporation Limited), whose A shares and H shares are listed on Shanghai Stock Exchange and the Main Board of the Stock Exchange, respectively
“Kunming Electric”	昆明南車電氣設備有限公司 (Kunming CSR Electric Equipment Co., Ltd.), a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ningbo Times”	寧波南車時代傳感技術有限公司 (Ningbo CSR Times Sensor Technology Co., Ltd.), a wholly-owned subsidiary of the Company
“Nomination Committee”	the nomination committee of the Company
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this circular
“Relevant Internal Rules”	(a) the Rules of Procedures for General Meetings of the Company and (b) the Rules of Procedures for Board Meetings of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Domestic Share(s) and/or H Share(s)

DEFINITIONS

“Shareholder(s)”	the holder(s) of Share(s) of the Company
“Shenyang Times”	瀋陽南車時代交通設備有限公司 (Shenyang CSR Times Transportation Equipment Co., Ltd.), a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Times Electronics”	株洲時代電子技術有限公司 (Zhuzhou Times Electronics Technology Co., Ltd.), a wholly-owned subsidiary of the Company
“Times Equipment”	株洲時代裝備技術有限責任公司 (Zhuzhou Times Equipment Technology Co., Ltd.), a wholly-owned subsidiary of the Company
“Times Information”	北京南車時代信息技術有限公司 (Beijing CSR Times Information Technology Co., Ltd.), a wholly-owned subsidiary of the Company
“Times New Materials”	株洲時代新材料科技股份有限公司 (Zhuzhou Times New Materials Technology Co., Ltd.), whose shares are listed on the Shanghai Stock Exchange

LETTER FROM THE BOARD



株洲南车时代电气股份有限公司

ZHUZHOU CSR 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. Ding Rongjun (Chairman)
Mr. Deng Huijin (Vice Chairman)
Mr. Li Donglin
Mr. Yan Wu

Registered office:

Times Road
Shifeng District
Zhuzhou
Hunan Province
PRC 412001

Non-executive Director:

Mr. Ma Yunkun

*Principal place of business
in Hong Kong:*

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

Independent non-executive Directors:

Mr. Gao Yucai
Mr. Chan Kam Wing, Clement
Mr. Pao Ping Wing
Ms. Liu Chunru

25 April 2014

To the Shareholders

Dear Sir/Madam,

**PROPOSED RE-ELECTION OF DIRECTORS
PROPOSED ELECTION OR RE-ELECTION OF SUPERVISORS
PROPOSED AMENDMENTS TO THE RELEVANT INTERNAL RULES
GENERAL MANDATE TO ISSUE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to give you the notice of the AGM and to provide you with information relating to (1) the re-election of Directors; (2) the election or re-election of Supervisors; (3) the proposed amendments to the Relevant Internal Rules; and (4) the grant of the Issue Mandate, among other resolutions as set out in the AGM Notice, to be considered, and if thought fit, passed at the AGM.

LETTER FROM THE BOARD

2. PROPOSED RE-ELECTION OF DIRECTORS

Reference is made to the announcement dated 25 March 2014 issued by the Company in relation to, among others, the redesignation of each of Mr. Deng Huijin (“Mr. Deng”) and Mr. Yan Wu (“Mr. Yan”) from non-executive Director to executive Director with effect from 25 March 2014 till the conclusion of the AGM and will be subject to re-election by the Shareholders at the AGM. The Board proposes that Mr. Deng and Mr. Yan be re-elected as executive Directors subject to approval by the Shareholders at the AGM.

In addition, pursuant to the Articles, Mr. Ding Rongjun (“Mr. Ding”), Mr. Li Donglin (“Mr. Li”), Mr. Ma Yunkun (“Mr. Ma”), Mr. Gao Yucai (“Mr. Gao”), Mr. Chan Kam Wing, Clement (“Mr. Chan”), Mr. Pao Ping Wing (“Mr. Pao”) and Ms. Liu Chunru (“Ms. Liu”) shall retire as Directors at the AGM and are eligible for re-election thereat. All the retiring Directors will offer themselves for re-election at the AGM.

In accordance with the terms of reference of the Nomination Committee and the Company’s nomination policy, the Nomination Committee has:

- (i) evaluated the performance and the contribution of each of the retiring Directors, namely Mr. Ding, Mr. Deng, Mr. Li, Mr. Yan, Mr. Ma, Mr. Gao, Mr. Chan, Mr. Pao and Ms. Liu during the last financial year of the Company and the period thereafter up to the date of evaluation; and
- (ii) assessed the independence of the independent non-executive Directors to be re-elected, namely Mr. Gao, Mr. Chan, Mr. Pao and Ms. Liu.

The Nomination Committee noted that each of Mr. Gao, Mr. Chan and Mr. Pao would have served as an independent non-executive Director for more than nine years if the proposed resolutions regarding their respective re-election of an independent non-executive Director would have been duly passed at the AGM and therefore their further appointment must satisfy the requirements set out in provision A.4.3 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

The Nomination Committee is of the opinion that:

- (a) the performance of each of Mr. Gao, Mr. Chan and Mr. Pao was satisfactory;
- (b) each of Mr. Gao, Mr. Chan and Mr. Pao continue to bring relevant experience and knowledge to the Board;
- (c) notwithstanding their long services, each of Mr. Gao, Mr. Chan and Mr. Pao maintains an independent view of the Company’s affairs;

LETTER FROM THE BOARD

- (d) based on the information available to the Nomination Committee, the Nomination Committee considered Mr. Gao, Mr. Chan and Mr. Pao as independent to the Company; and
- (e) having taking into account the independence confirmation, all the members of the Nomination Committee were satisfied that each of Mr. Gao, Mr. Chan and Mr. Pao (i) met the criteria set out in the rule 3.13 of the Listing Rules; (ii) was a person of integrity and independent in character and judgment; and (iii) is an appropriate candidate to be re-appointed as an independent non-executive Director of the Company.

Accordingly, the Nomination Committee recommended to the Board to propose the re-election of Mr. Ding, Mr. Deng, Mr. Li, Mr. Yan as executive Directors, Mr. Ma as non-executive Director and Mr. Gao, Mr. Chan, Mr. Pao and Ms. Liu as independent non-executive Directors.

Each of Mr. Gao, Mr. Chan, Mr. Pao and Ms. Liu has also given to the Company an annual confirmation of his/her independence. The Board, therefore, considers them to be independent and believes that they should be re-elected.

Particulars on each of Mr. Ding, Mr. Deng, Mr. Li, Mr. Yan, Mr. Ma, Mr. Gao, Mr. Chan, Mr. Pao and Ms. Liu as required to be disclosed pursuant to rule 13.51(2) of the Listing Rules are set out in Part A of Appendix I to this circular.

3. PROPOSED ELECTION OR RE-ELECTION OF SUPERVISORS

Pursuant to the Articles, the Supervisory Committee shall comprise of five supervisors, of which three shall be shareholders representatives and two shall be employees representatives of the Company.

The term of office of Mr. He Wencheng (“Mr. He”) as a Shareholders’ representative Supervisor will expire at the conclusion of the AGM and Mr. He will not seek for re-election at the AGM. The term of office of Mr. Geng Jianxin (“Mr. Geng”) as an Independent Supervisor will expire at the conclusion of the AGM and Mr. Geng will offer himself for re-election at the AGM.

The Supervisory Committee proposes that Mr. Xiong Ruihua (“Mr. Xiong”) be elected as a Shareholders’ representative Supervisor and Mr. Geng be re-elected as an Independent Supervisor subject to the approval of the Shareholders at the AGM. The biographical details of Mr. Xiong and Mr. Geng are set out in Part B of Appendix I of this circular.

Mr. He has confirmed that he has no disagreements with the Board and the Supervisory Committee and did not have any matters in relation to his retirement that should be brought to the attention of the Shareholders.

4. PROPOSED AMENDMENTS TO THE RELEVANT INTERNAL RULES

The Board proposes to amend the Relevant Internal Rules to bring them in line with the Company’s updated position. Details of the proposed amendments to the Relevant Internal Rules are set out in Appendix II to this circular.

LETTER FROM THE BOARD

The proposed amendments to the Relevant Internal Rules are subject to approval by the Shareholders by way of ordinary resolutions at the AGM.

The Relevant Internal Rules are written in Chinese. There are no official English versions. The English versions should be for reference only. Should there be any discrepancies between the English and Chinese versions, the Chinese versions shall prevail.

5. GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting for year 2012 of the Company held on 10 June 2013, a special resolution was passed granting the Board the Issue Mandate to allot, issue and deal with additional Domestic Shares and/or H Shares not exceeding 20% of the Domestic Shares and the H Shares respectively in issue as at 10 June 2013.

Considering that the Issue Mandate granted in the annual general meeting of the Company held on 10 June 2013 will have expired at the expiration of the period of twelve months following the passing the resolution granting the Issue Mandate on 10 June 2013, the Board will 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 AGM Notice.

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

6. THE AGM

The votes at the AGM will be taken by poll.

Notice of the AGM to be held at Shangri-La Hotel, Ningbo, 88 Yuyuan Street, Ningbo, Zhejiang Province, China, on Friday, 27 June 2014 at 9:00 a.m. is set out in Appendix III to this circular.

LETTER FROM THE BOARD

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be temporarily closed from Wednesday, 28 May 2014 to Friday, 27 June 2014 (both days inclusive), during which period no transfer of Shares will be registered. In order to attend and vote at the AGM, all transfer documents together with the relevant Share certificates must be lodged, for holders of H Shares, 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 or, for holders of Domestic 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 Tuesday, 27 May 2014.

In order to determine shareholders' entitlements to the final dividend, the register of members of the Company will be temporarily closed from Friday, 4 July 2014 to Wednesday, 9 July 2014 (both days inclusive), during which period no transfer of Shares will be registered. All transfer documents together with the relevant Share certificates must be lodged, for holders of H Shares, 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 or, for holders of Domestic 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 Thursday, 3 July 2014.

A proxy form for appointing proxy is despatched with this circular and published on the website of the Stock Exchange (www.hkex.com.hk). Whether or not you intend to attend the AGM, you are requested to complete and return the proxy form in accordance with the instructions printed thereon not less than 24 hours before the time appointed for holding the AGM or the adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or at any adjournment thereof if you so wish.

If you intend to attend the AGM in person or by proxy, you should also complete and return the accompanying reply slip in accordance with the instructions printed thereon on or before Saturday, 7 June 2014.

7. RECOMMENDATION

The Board considers that (1) the re-election of Directors, (2) the election or re-election of Supervisors, (3) the proposed amendments to the Relevant Internal Rules; and (4) the grant of the Issue Mandate mentioned above are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favor of the relevant resolutions as set out in the AGM Notice.

Yours faithfully,
For and on behalf of the Board
Ding Rongjun
Chairman

A. DIRECTORS PROPOSED FOR RE-ELECTION

1. Ding Rongjun

Ding Rongjun, aged 53, the Chairman of the Board and an executive Director. Mr. Ding joined CSR ZELRI in August 1984 and has held the positions of deputy director and project manager of the scientific research department, deputy director, deputy chief engineer and chief engineer of CSR ZELRI. Mr. Ding served as president of the Company from September 2005 to December 2007, deputy general manager of CSR ZELRI from December 2007 to December 2008, general manager of CSR ZELRI from December 2008 to July 2009. He has been an executive director, general manager of CSR ZELRI since July 2009, a director of Times New Materials since December 2008. Mr. Ding graduated from Southwest Jiaotong University with a bachelor degree in Electric Locomotive in 1984, from Changsha Railway Institute with a master degree in Traffic Information and Control in 1998, from Hunan University with a masters degree in Management Science and Engineering in 1999 and graduated from Central South University with a doctorate degree in Intelligent Control and Pattern Recognition in 2008. Mr. Ding was elected as a member of the Chinese Academy of Engineering in December 2011. Mr. Ding has been an executive Director of the Company since September 2005, and the Chairman of the Board since December 2007.

Mr. Ding has entered into a service contract with the Company for a term of three years commencing from December 2006. He retired and was re-elected as an executive Director for a term of three years commencing from 27 June 2008 at the annual general meeting on 27 June 2008, and for a further term of three years commencing from 10 June 2011 at the annual general meeting on 10 June 2011 by the Shareholders. Mr. Ding will retire and offer for re-election at the AGM. Upon his re-election as an executive Director at the AGM, the subsisting service contract shall remain valid. Each term for re-election will be for three years or for such shorter period as may be decided at the AGM until determined by either party giving three months' prior written notice. Mr. Ding has waived his entitlement to receive a director's fee as an executive Director of the Company since 2011.

2. Deng Huijin

Deng Huijin, aged 57, the Vice Chairman of the Board and an executive Director. Mr. Deng joined CSR ZELRI in 1982 and has held various positions as assistant engineer, engineer and senior engineer. He served as deputy director of CSR ZELRI from November 1995 to December 2005, deputy Party secretary, secretary of Party discipline inspection commission and chairman of the labour union of CSR ZELRI from December 2005 to November 2008, and has been Party secretary and deputy general manager of CSR ZELRI and a director of Times New Materials since December 2008. Mr. Deng graduated from Dalian Railway Institute with a bachelor degree in Engineering in 1982. Mr. Deng was appointed as a non-executive Director of the Company in August 2009, has been the Vice Chairman of the Board since April 2010 and has been redesignated as an executive director since 25 March 2014.

Mr. Deng has entered into an executive Director service contract with the Company for a term commencing from 25 March 2014 until the conclusion of the AGM. Mr. Deng will retire and offer for re-election at the AGM. Upon re-election as an executive Director at the AGM, the subsisting

APPENDIX I BIOGRAPHICAL DETAILS OF THE PROPOSED DIRECTORS AND SUPERVISORS

executive Director service contract shall remain valid. Each term for re-election will be for three years or for such shorter period as may be decided at the AGM until determined by either party giving three months' prior written notice. Mr. Ding has waived his entitlement to receive a director's fee as an executive Director of the Company since 25 March 2014.

3. **Li Donglin**

Li Donglin, aged 47, an executive Director and the general manager. Mr. Li is the executive director of Times Electronics, Ningbo Times, Times Equipment, Times Information, Shenyang Times and Kunming Electric, and the chairman of the board of directors of Baoji Times, Guangzhou Times and Dynex. Mr. Li joined CSR ZELRI in July 1989 and has held the positions of deputy chief engineer, deputy general manager of the rail transport department, director of the manufacturing centre, deputy general manager of the sales and marketing centre of CSR ZELRI. Mr. Li served as chief marketing officer of the Company from September 2005 to December 2007, vice president and secretary of the Party of the Company from December 2007 to December 2009. Mr. Li graduated from Southwest Jiaotong University with a bachelor degree in Electric Traction and Drive Control in 1989. Mr. Li has been the general manager of the Company since January 2010, and an executive Director of the Company since April 2010.

Mr. Li has entered into a service contract with the Company for a term commencing from 19 August 2009 until the conclusion of the annual general meeting held on 18 June 2010. He retired and was re-elected as a executive Director for a term of one year commencing from 18 June 2010 at the annual general meeting on 18 June 2010, and for a further term of three years commencing from 10 June 2011 at the annual general meeting on 10 June 2011 by the Shareholders. Mr. Li will retire and offer for re-election at the AGM. Upon re-election as an executive Director at the AGM, the subsisting service contract shall remain valid. Each term for re-election will be for three years or for such shorter period as may be decided at the AGM until determined by either party giving three months' prior written notice. Mr. Li has waived his entitlement to receive a director's fee as an executive Director from the Company since 2011, and his remuneration as the Company's general manager will be determined by the Board on the basis of his experience, level of responsibilities within the Group, the Company's performance as well as the remuneration benchmark in the industry and the market situation.

4. **Yan Wu**

Yan Wu, aged 47, an executive Director, a vice general manager and the secretary to the Board. Mr. Yan is a senior engineer. He joined CSR ZELRI in 1992. Mr. Yan graduated from Northwestern Polytechnical University with a bachelor degree in Electro-Technology in 1989 and a masters degree in Aircraft Navigation and Control in 1992. Mr. Yan served as director of technical standards department of the Company from September 2005 to December 2007, and as director of the securities and legal department of the Company from January 2007 to January 2014. Mr. Yan had been the general secretary of the National Electric Traction Equipment and System Standardization Technical Committee from September 2005 to November 2011. Mr. Yan was appointed as the secretary to the Board of the Company in December 2007 and the vice general manager of the Company in June 2012. He has been a non-executive Director of the Company since December 2010 and has been redesignated as an executive director since 25 March 2014.

APPENDIX I BIOGRAPHICAL DETAILS OF THE PROPOSED DIRECTORS AND SUPERVISORS

Mr. Yan has entered into an executive Director service contract with the Company for a term commencing from 25 March 2014 until the conclusion of AGM. Mr. Yan will retire and offer for re-election at the AGM. Upon re-election as an executive Director at the AGM, the subsisting executive Director service contract shall remain valid. Each term for re-election will be for three years or for such shorter period as may be decided at the AGM until determined by either party giving three months' prior written notice. Mr. Yan has waived his entitlement to receive a director's fee as an executive Director of the Company since 25 March 2014, and his remuneration as the Company's vice general manager will be determined by the Board on the basis of his experience, level of responsibilities within the Group, the Company's performance, as well as remuneration benchmark in the industry and the market situation.

5. **Ma Yunkun**

Ma Yunkun, aged 60, a non-executive Director. Mr. Ma has more than 10 years of experience in business management and was the chairman of the board of directors and general manager of Kunming China Railway from 2004 to January 2010 and has been the chairman of the board and secretary of the Party of Kunming China Railway from January 2010. Mr. Ma held the positions of deputy director of Kunming Machine Factory from 1994 to 2003 and the vice chairman of the board of directors and general manager of Kunming China Railway from 2003 to 2004. Mr. Ma has been a non-executive Director of the Company since September 2005.

Mr. Ma has entered into a service contract with the Company for a term of three years commencing from December 2006. He retired and was re-elected as an executive Director for a term of three years commencing from 27 June 2008 at the annual general meeting on 27 June 2008, and for a further term of three years commencing from 10 June 2011 at the annual general meeting on 10 June 2011 by the Shareholders. Mr. Ma will retire and offer for re-election at the AGM. Upon his re-election as a non-executive Director at the AGM, the subsisting service contract shall remain valid. Each term for re-election will be for three years or for such shorter period as may be decided at the AGM until determined by either party giving three months' prior written notice. Mr. Ma is entitled to receive a director's fee as a non-executive Director which is determined on the basis of his experience, level of responsibilities within the Group, the Company's performance, as well as the remuneration benchmark in the industry and the market situation. His annual director's fee will be approximately RMB65,000 (excluding tax), which is subject to revision by the Shareholders in general meeting.

6. **Gao Yucai**

Gao Yucai, aged 73, an independent non-executive Director. Mr. Gao is a senior engineer and has more than 20 years of experience in the urban rail transportation industry. Mr. Gao was deputy director of the Beijing Public Utility Bureau from 1983 to 1990 and general manager of Beijing Metro Corporation from 1990 to 2001. Mr. Gao is a commissioner of the China Communication and Transportation Association ("CCTA") and director of the urban rail transportation committee of CCTA. He graduated from the PLA Engineering Institute (its predecessor is Harbin Institute of Military Engineering) in 1966. Mr. Gao has been an independent non-executive Director of the Company since November 2006.

Mr. Gao has entered into a service contract with the Company for a term commencing from December 2006 until the conclusion of the annual general meeting held on 27 June 2008. He retired and was re-elected as an independent non-executive Director for a term of three years commencing from 27 June 2008 at the annual general meeting on 27 June 2008, and for a further term of three years commencing from 10 June 2011 at the annual general meeting on 10 June 2011 by the Shareholders. Mr. Gao will retire and offer for re-election at the AGM. Upon his re-election at the AGM, the subsisting service contract shall remain valid. Each term for re-election will be for three years or for such shorter period as may be decided at the AGM until determined by either party giving three months' prior written notice. Mr. Gao is entitled to receive a director's fee as an independent non-executive Director which is determined on the basis of his experience, level of responsibilities within the Group, the Company's performance, as well as the remuneration benchmark in the industry and the market situation. His annual director's fee will be approximately RMB78,000 (excluding tax), which is subject to revision by the Shareholders in general meeting.

7. Chan Kam Wing, Clement

Chan Kam Wing, Clement, aged 56, an independent non-executive Director. Mr. Chan is a certified public accountant in Hong Kong, a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. Mr. Chan possesses the appropriate financial management expertise as required by the Listing Rules. Mr. Chan has been the Managing Director of BDO Limited since May 2009. Mr. Chan was the Asia Pacific regional director and the Board member of Horwath International from 1996 to April 2009, during which Mr. Chan was the Managing Director of Horwath Hong Kong CPA Limited. Mr. Chan was elected as a council member of the Hong Kong Institute of Certified Public Accountants ("HKICPA") since 2007 and is the current President of HKICPA. He is actively involved in the work and matters of the technical and industry monitoring committees of HKICPA. From 2010 to 2013, Mr. Chan has been appointed as the chairman of the Financial Reporting Standards Committee of the HKICPA and is responsible for research, editing and promulgation of the Hong Kong Financial Reporting Standards. Mr. Chan is also the chairman of the Asian-Oceanian Standard-Setters Group and attends various international conferences on the setting of accounting standards on behalf of Hong Kong. Mr. Chan obtained a bachelor degree in Accounting and a master degree in Commerce from the United Kingdom and Australia, respectively. Mr. Chan has been independent non-executive Director of the Company since September 2005.

Mr. Chan has entered into a service contract with the Company for a term commencing from December 2006 until the conclusion of the annual general meeting held on 27 June 2008. He retired and was re-elected as an independent non-executive Director for a term of three years commencing from 27 June 2008 at the annual general meeting on 27 June 2008, and for a further term of three years commencing from 10 June 2011 at the annual general meeting on 10 June 2011 by the Shareholders. Mr. Chan will retire and offer for re-election at the AGM. Upon his re-election at the AGM, the subsisting service contract shall remain valid. Each term for re-election will be for three years or for such shorter period as may be decided at the AGM until determined by either party giving three months' prior written notice. Mr. Chan is entitled to receive a director's fee as an independent non-executive Director which is determined on the basis of his experience, level of responsibilities within the Group, the Company's performance, as well as the remuneration benchmark in the industry and the market situation. His annual director's fee will be approximately RMB234,000 (excluding tax), which is subject to revision by the Shareholders in general meeting.

8. Pao Ping Wing

Pao Ping Wing, aged 67, an independent non-executive Director. since 1987, Mr. Pao has been appointed as the independent non-executive director of various companies listed on the Stock Exchange, Mr. Pao has rich experiences in corporate governance. Mr. Pao is an independent non-executive director of Oriental Press Group Limited, UDL Holdings Limited, Sing Lee Software (Group) Limited, Maoye International Holdings Limited, New Environmental Energy Holdings Limited, Soundwill Holdings Limited and HL Technology Group Limited. Mr. Pao was appointed as a Justice of Peace since 1987. Mr. Pao was appointed by the Hong Kong government as a member of the Town Planning Board, the Advisory Council on the Environment, the Hong Kong Housing Authority and the Land Development Corporation. Mr. Pao obtained a master degree in Science of Human Settlement Planning and Development. Mr. Pao has been an independent non-executive Director of the Company since September 2005.

Mr. Pao has entered into a service contract with the Company for a term commencing from December 2006 until the conclusion of the annual general meeting held on 27 June 2008. He retired and was re-elected as an independent non-executive Director for a term of three years commencing from 27 June 2008 at the annual general meeting on 27 June 2008, and for a further term of three years commencing from 10 June 2011 at the annual general meeting on 10 June 2011 by the Shareholders. Mr. Pao will retire and offer for re-election at the AGM. Upon his re-election at the AGM, the subsisting service contract shall remain valid. Each term for re-election will be for three years or for such shorter period as may be decided at the AGM until determined by either party giving three months' prior written notice. Mr. Pao is entitled to receive a director's fee as an independent non-executive Director which is determined on the basis of his experience, level of responsibilities within the Group, the Company's performance, as well as the remuneration benchmark in the industry and the market situation. His annual director's fee will be approximately RMB234,000 (excluding tax), which is subject to revision by the Shareholders in general meeting.

9. Liu Chunru

Liu Chunru, aged 43, an independent non-executive Director. Ms. Liu is a certified assets valuer. Ms. Liu was the vice president of Beijing China Enterprise Appraisal Co., Ltd. and the president of Zhongfa International Appraisal Co., Ltd.. She has been the vice chairman of the board of Beijing Zhuoxindahua Appraisal Co., Ltd. since September 2012. Ms. Liu graduated from Chongqing University with a bachelor degree in Engineering in 1994 and graduated from Tsinghua University with a masters degree in Business Administration in 2008. Ms. Liu was a supervisor of the Company from September 2005 to April 2008. Ms. Liu has been an independent non-executive Director of the Company since June 2008.

Ms. Liu has entered into a service contract with the Company for a term commencing from 27 June 2008 until the conclusion of the annual general meeting on 10 June 2011. She retired and was re-elected as an independent non-executive Director for a term of three years commencing from 10 June 2011 at the annual general meeting on 10 June 2011 by the Shareholders. Ms. Liu will retire and offer for re-election at the AGM. Upon her re-election at the AGM, the subsisting service contract shall remain valid. Each term for re-election will be for three years or for such shorter period as may be decided at the AGM until determined by either party giving three months' prior written notice. Ms.

APPENDIX I BIOGRAPHICAL DETAILS OF THE PROPOSED DIRECTORS AND SUPERVISORS

Liu is entitled to receive a director's fee as an independent non-executive Director which is determined on the basis of her experience, level of responsibilities within the Group, the Company's performance, as well as the remuneration benchmark in the industry and the market situation. Her annual director's fee will be approximately RMB78,000 (excluding tax), which is subject to revision by the Shareholders in general meeting.

B. SUPERVISOR PROPOSED FOR ELECTION OR RE-ELECTION

Xiong Ruihua

Xiong Ruihua, aged 45, a senior economist. He joined CSR ZELRI in 1993 and has held various positions as secretary of the Communist Youth League, deputy head, acting head and head of the Audit Department of CSR ZELRI. He served as the chief financial officer and secretary of the board of Times New Materials from February 2004 to November 2007, deputy secretary and director of the audit and supervision committee of CSR ZELRI from December 2007 to November 2008, deputy vice secretary of CSR ZELRI from December 2008 to December 2009, deputy officer and head of the Audit and Risk Department at CSR Corporation Limited from January 2010 to December 2011, Party secretary and deputy general manager at Times New Materials from January 2012 to November 2013 and the chief financial officer and vice general manager of CSR ZELRI since December 2013. Mr. Xiong graduated with a degree in Accounting from Hunan University, and obtained his masters degree in Enterprise Management and Information Systems from Wuhan University in May 2009.

Upon election as a Supervisor at the AGM, Mr. Xiong will enter into a service contract with the Company for a term of three years or for such shorter period as may be decided at the AGM which shall continue until determined by either party giving three months' prior written notice. Mr. Xiong has agreed to waive his entitlement to receive a Supervisor's fee as shareholders' representative Supervisor of the Company upon election as a Supervisor.

Geng Jianxin

Geng Jianxin, aged 60, an independent Supervisor, has been a teacher at the Department of Accounting of the Renmin University of China since 1993 and now a professor and a doctoral supervisor thereof. Mr. Geng graduated from Zhejiang Metallurgy and Economics College, majoring in accountancy in 1981. He worked as an assistant accountant for a geophysics exploration company of the Ministry of Metallurgical Industry from 1981 to 1984 and for the Taxation Bureau of Baoding, Hebei from 1984 to 1985. He obtained his master degree in economics from Zhongnan University of Law and Economics in 1988 and worked as a lecturer and assistant professor at Hebei university of Economics and Business from 1988 to 1990. He obtained his doctorate degree in administration from the Department of Accounting of the Renmin University of China in 1993. Mr. Geng has been an independent Supervisor of the Company since June 2011.

APPENDIX I BIOGRAPHICAL DETAILS OF THE PROPOSED DIRECTORS AND SUPERVISORS

Mr. Geng has entered into a service contract with the Company for a term of three years commencing from 10 June 2011 or for such shorter period as may be decided at the general meeting. Mr. Geng will retire and offer for re-election at the AGM. Upon his re-election as an Independent Supervisor at the AGM, the subsisting service contract shall remain valid. Each term for re-election will be for three years or for such shorter period as may be decided at the AGM until determined by either party giving three months' prior written notice. The proposed annual fee for his appointment as an independent Supervisor will be approximately RMB78,000 (excluding tax), which is determined on the basis of his experience, level of responsibilities within the Group, the Company's performance, as well as remuneration benchmark in the industry and the market situation and subject to revision by the Shareholders in general meeting.

RELATIONSHIP AND INTERESTS IN SHARES

Save as disclosed herein, each of Mr. Ding, Mr. Deng, Mr. Li, Mr. Yan, Mr. Ma, Mr. Gao, Mr. Chan, Mr. Pao, Ms. Liu, Mr. Geng and Mr. Xiong has no relationship with any other Directors, senior management or substantial or controlling shareholders of the Company and does not hold any other position with the Company or other members of the Group. Save as disclosed herein, each of Mr. Ding, Mr. Deng, Mr. Li, Mr. Yan, Mr. Ma, Mr. Gao, Mr. Chan, Mr. Pao, Ms. Liu, Mr. Geng and Mr. Xiong has not held any directorships at present or in the last three years in any public company the securities of which are listed on any securities market in Hong Kong or overseas.

So far as the Directors are aware, as at the date hereof, each of Mr. Ding, Mr. Deng, Mr. Li, Mr. Yan, Mr. Ma, Mr. Gao, Mr. Chan, Mr. Pao, Ms. Liu, Mr. Geng and Mr. Xiong does not have any interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

MATTERS THAT NEED TO BE BROUGHT TO THE ATTENTION OF THE SHAREHOLDERS

Save as disclosed herein, there is no other matter concerning the proposed re-election of Mr. Ding, Mr. Deng, Mr. Li and Mr. Yan as executive Directors, Mr. Ma as a non-executive Director and Mr. Gao, Mr. Chan, Mr. Pao and Ms. Liu as independent non-executive Directors, the proposed re-election of Mr. Geng as an Independent Supervisor and the proposed election of Mr. Xiong as an Shareholders' representative Supervisor that needs to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

APPENDIX II PROPOSED AMENDMENTS TO THE RELEVANT INTERNAL RULES

A. PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES FOR GENERAL MEETINGS OF THE COMPANY

The proposed amendments to the Rules of Procedures for General Meetings of the Company are as follows:

1. Delete the existing Clause 13 in the Rules of Procedures for General Meetings of the Company in its entirety which provides that:

“(I) Investments

1. Any medium- to long-term investment plans and annual investment plans of the Company shall be approved by a general meeting. The Board shall be authorised to make adjustments of not exceeding 15% (inclusive) to the capital expenditures for the year as approved by the general meeting.
2. In respect of investments in a single project on, including, but not limited to, fixed assets and external equity, those with an investment amount exceeding 10% of the latest audited net assets of the Company shall be approved by a general meeting. The Board shall be authorised to approve any such project with an investment amount not exceeding 10% (inclusive) of the latest audited net assets of the Company.
3. In the event that the Company applies the Company’s assets to make venture investments in industries not related to the business and operations of the Company (including, but not limited to, bonds, futures, equity and entrusted wealth management), any such investments with an investment amounts exceeding 2% of the latest audited net assets of the Company shall be approved by a general meeting. The Board shall be authorised to approve any such investment with an amount not exceeding 2% (inclusive) of the latest audited net assets of the Company.

(II) Disposal of assets

1. The following four testing indices shall apply to any acquisitions and disposal of assets by the Company: (1) total asset ratio, calculated by dividing the total amount of the assets acquired or disposed of based on the latest audited financial report, valuation report or capital verification report by the latest audited total assets of the Company; (2) net profit (loss) ratio of the assets acquired, calculated by dividing the absolute value of the net profit or loss in respect of the assets acquired based on the audited financial report of the previous year by the absolute value of the audited net profit or loss of the Company for the previous year; (3) net profit (loss) ratio of the assets disposed of, calculated by dividing the absolute value of the net profit or loss in respect of the assets disposed of based on the audited financial report of the previous year or the absolute value of the net profit or loss arising from the transaction by the

APPENDIX II PROPOSED AMENDMENTS TO THE RELEVANT INTERNAL RULES

absolute value of the audited net profit or loss of the Company for the previous year; and (4) transaction amount ratio, calculated by dividing the transaction amount of the assets acquired (together with the debts assumed and related costs) by the latest audited total net assets of the Company.

Where any of the above ratios of the project is or is above 10%, it shall be approved by a general meeting. The Board shall be authorised to approve any such project if each of the ratios is below 10%.”

and replace it with the following:

“(I) Investments

1. Any medium- to long-term investment plans and annual investment plans of the Company with a total investment amount exceeding 30% of the latest audited total assets of the Company shall be approved by a general meeting. The Board shall be authorised to approve any medium- to long-term investment plans and annual investment plans of the Company with a total investment amount not exceeding 30% (inclusive) of the latest audited total assets of the Company and be authorised to make adjustments of not exceeding 15% (inclusive) to the capital expenditures for the year as approved by the general meeting.
2. In respect of investments in a single project on, including, but not limited to, fixed assets and external equity, those with an investment amount exceeding 30% of the latest audited net assets of the Company shall be approved by a general meeting. The Board shall be authorised to approve any such project with an investment amount not exceeding 30% (inclusive) of the latest audited net assets of the Company.
3. In the event that the Company applies the Company’s assets to make venture investments in industries not related to the business and operations of the Company (including, but not limited to, bonds, futures, equity and entrusted wealth management), any such investments with an investment amounts exceeding 30% of the latest audited net assets of the Company shall be approved by a general meeting. The Board shall be authorised to approve any such investment with an amount not exceeding 30% (inclusive) of the latest audited net assets of the Company.

(II) Disposal of assets

1. The Board shall have the right to decide on any matters relating to any acquisition and/or disposal of assets, pledge of assets and external guarantee to the extent that they do not exceed the threshold of 30% of the latest audited total assets of the Company.
2. The following four testing indices shall apply to any acquisitions and disposal of assets by the Company: (1) total asset ratio, calculated by dividing the total

APPENDIX II PROPOSED AMENDMENTS TO THE RELEVANT INTERNAL RULES

amount of the assets acquired or disposed of based on the latest audited financial report, valuation report or capital verification report by the latest audited total assets of the Company; (2) net profit (loss) ratio of the assets acquired, calculated by dividing the absolute value of the net profit or loss in respect of the assets acquired based on the audited financial report of the previous year by the absolute value of the audited net profit or loss of the Company for the previous year; (3) net profit (loss) ratio of the assets disposed of, calculated by dividing the absolute value of the net profit or loss in respect of the assets disposed of based on the audited financial report of the previous year or the absolute value of the net profit or loss arising from the transaction by the absolute value of the audited net profit or loss of the Company for the previous year; and (4) transaction amount ratio, calculated by dividing the transaction amount of the assets acquired (together with the debts assumed and related costs) by the latest audited total net assets of the Company.

Where any of the above ratios of a project is or is above 30%, the project shall be approved by a general meeting. The Board shall be authorised to approve any such project if each of the ratios is below 30%.”

2. Delete the existing Clause 32 in the Rules of Procedures for General Meetings of the Company in its entirety which provides that:

“If the Board does not issue notice to convene meeting within 20 days after receiving a written request made by shareholder(s) who, individually or jointly, hold(s) more than 10% of the total voting shares of the Company to convene an general meeting, requisitioning shareholders may convene an extraordinary general meeting by themselves within four months after receipt by the Board of such a request. When requisitioning shareholders decide to convene a meeting by themselves, it shall notify the Board in writing, and issue a notice to convene an extraordinary general meeting. In addition to the general requirements governing the notice of the shareholders’ general meeting, such notice shall also be subject to the following requirements:

- (1) no supplement to the proposed resolution may be added, failing which the proposing shareholder(s) shall be required to resubmit to the board his requisition to convene the general meeting; and
- (2) the venue of the meeting shall be the place of the Company.”

and replace it with the following:

“If the Board does not issue notice to convene meeting within 30 days after receiving a written request made by shareholder(s) who, individually or jointly, hold(s) more than 10% of the total voting shares of the Company to convene an general meeting, requisitioning shareholders may convene an extraordinary general meeting by themselves within four months after receipt by the Board of such a request. When requisitioning shareholders

APPENDIX II PROPOSED AMENDMENTS TO THE RELEVANT INTERNAL RULES

decide to convene a meeting by themselves, it shall notify the Board in writing, and issue a notice to convene an extraordinary general meeting. In addition to the general requirements governing the notice of the shareholders' general meeting, such notice shall also be subject to the following requirements:

- (1) no supplement to the proposed resolution may be added, failing which the proposing shareholder(s) shall be required to resubmit to the Board his requisition to convene the general meeting; and
- (2) the venue of the meeting shall be the place of the Company.”

B. PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES FOR BOARD MEETINGS OF THE COMPANY

The proposed amendments to the Rules of Procedures for Board Meetings of the Company are as follows:

1. Delete the existing Clause 9 in the Rules of Procedures for Board Meetings of the Company in its entirety which provides that:

“Clause 9 Right and authorization to decide on investment:

- (1) The Board shall be responsible for reviewing the medium- to long-term investment plans of the Company and submit the same to the general meetings for approval;
- (2) The Board shall be responsible for reviewing the annual investment plans of the Company and submit the same to the general meetings for approval. The Board shall have the right to make adjustments of not exceeding 15% (inclusive) of the amount to the capital expenditures for the year while the Board shall be authorised to make adjustments of not exceeding 8% (inclusive) to the capital expenditures for the year;
- (3) In respect of investments in a single project on, including, but not limited to, fixed assets and external equity, those with an investment amount not exceeding 10% (inclusive) of the latest audited net assets of the Company shall be approved by the Board. Within the scope of authorisation to the Board, the Board shall be authorised to approve any investment projects with an amount not exceeding RMB200 million while the general manager shall be authorised to approve any investment projects with an amount not exceeding RMB20 million;
- (4) In the event that the Company applies the Company's assets to make venture investments in industries not related to the business and operations of the Company (including, but not limited to, bonds, futures, equity and entrusted wealth management), any such single project with an investment amount not exceeding 2% (inclusive) of the latest audited net assets of the Company shall be approved by the

APPENDIX II PROPOSED AMENDMENTS TO THE RELEVANT INTERNAL RULES

Board. Within the scope of authorisation to the Board, the Board shall be authorised to approve any venture investment projects with an amount not exceeding RMB60 million while the general manager shall be authorised to approve any venture investment projects with an amount not exceeding RMB10 million.”

and replace it with the following:

“Clause 9 Right and authorisation to decide on investments:

- (1) The Board shall be responsible for reviewing the medium- to long-term investment plans of the Company with a total investment amount not exceeding 30% (inclusive) of the latest audited total assets of the Company;
- (2) The Board shall be responsible for reviewing the annual investment plans of the Company with a total investment amount not exceeding 30% (inclusive) of the latest audited total assets of the Company. The executive Director(s) shall be authorised to make adjustments of not exceeding 15% (inclusive) to the capital expenditures for the year;
- (3) In respect of investments in a single project on, including, but not limited to, fixed assets and external equity, those with an investment amount not exceeding 30% (inclusive) of the latest audited net assets of the Company shall be approved by the Board. Within the scope of authorisation to the Board , the executive Director(s) shall be authorised to approve any investment projects with an amount exceeding 5% but not exceeding 15% (inclusive) of the latest audited net assets of the Company while the general manager shall be authorised to approve any investment projects with an amount not exceeding 5% (inclusive) of the latest audited net assets of the Company;
- (4) In the event that the Company applies the Company’s assets to make venture investments in industries not related to the business and operations of the Company (including, but not limited to, bonds, futures, equity and entrusted wealth management), the Board shall have the right to approve any venture investment projects with an accumulated investment amount not exceeding 30% (inclusive) of the latest audited net assets of the Company. Within the scope of authorisation to the Board, the executive Director(s) shall be authorised to approve any venture investment projects with an accumulative investment amount exceeding 5% but not exceeding 15% (inclusive) of the latest audited net assets of the Company while the general manager shall be authorised to approve any venture investment projects with an accumulative investment amount not exceeding 5% (inclusive) of the latest audited net assets of the Company.”

APPENDIX II PROPOSED AMENDMENTS TO THE RELEVANT INTERNAL RULES

2. Delete the existing Clause 10 in the Rules of Procedures for Board Meetings of the Company in its entirety which provides that:

“Clause 10 Right and authorisation to decide on disposal of assets

The following four testing indices shall apply to any acquisitions and disposal of assets by the Company: (1) total asset ratio, calculated by dividing the total amount of the assets acquired or disposed of based on the latest audited financial report, valuation report or capital verification report by the latest audited total assets of the Company; (2) net profit (loss) ratio of the assets acquired, calculated by dividing the absolute value of the net profit or loss in respect of the assets acquired based on the audited financial report of the previous year by the absolute value of the audited net profit or loss of the Company for the previous year; (3) net profit (loss) ratio of the assets disposed of, calculated by dividing the absolute value of the net profit or loss in respect of the assets disposed of based on the audited financial report of the previous year or the absolute value of the net profit or loss arising from the transaction by the absolute value of the audited net profit or loss of the Company for the previous year; and (4) transaction amount ratio, calculated by dividing the transaction amount of the assets acquired (together with the debts assumed and related costs) by the latest audited total net assets of the Company.

Where any of the above ratios of a project is below 10%, the project shall be approved by the Board. Within the scope of authorisation to the Board, the Board shall be authorised to approve any such project if each of the ratios is below 5% while the general manager shall be authorised to approve any such project if its investment amount is below RMB20 million.”

and replace it with the following:

“Clause 10 Right and authorisation to decide on disposal of assets:

- (1) The Board shall have the right to decide on any matters relating to any acquisition and/or disposal of assets, pledge of assets and external guarantee to the extent that they do not exceed the 30% threshold of the latest audited total assets of the Company.
- (2) The following four testing indices shall apply to any acquisitions and disposal of assets by the Company: (1) total asset ratio, calculated by dividing the total amount of the assets acquired or disposed of based on the latest audited financial report, valuation report or capital verification report by the latest audited total assets of the Company; (2) net profit (loss) ratio of the assets acquired, calculated by dividing the absolute value of the net profit or loss in respect of the assets acquired based on the audited financial report of the previous year by the absolute value of the audited net profit or loss of the Company for the previous year; (3) net profit (loss) ratio of the assets disposed of, calculated by dividing the absolute value of the net profit or loss in respect of the assets disposed of based on the audited financial report of the previous year or the absolute value of the net profit or loss arising from the transaction by the absolute value of the audited net profit or loss of the Company for the previous year; and (4) transaction amount ratio, calculated by dividing the transaction amount of the assets acquired (together with the debts assumed and related costs) by the latest audited total net assets of the Company.

APPENDIX II PROPOSED AMENDMENTS TO THE RELEVANT INTERNAL RULES

Where each of the above ratios of a project is below 30%, the project shall be approved by the Board. Within the scope of authorisation to the Board, the executive Director(s) shall be authorised to approve any such project if each of the ratios is below 15% while the general manager shall be authorised to approve any such project if each of the ratios is below 15%.”

3. Delete the existing Clause 11 in the Rules of Procedures for Board Meetings of the Company in its entirety which provides that:

“Clause 11 Right and authorisation to decide on debts:

- (1) Pursuant to the annual investment plan as approved by the general meeting, the Board shall review and approve the long-term loan amounts for the year. The Board shall be authorised to make adjustments of not exceeding 10% (inclusive) to the long-term loan amounts for the year as approved by the Board.
- (2) Within the total working capital loan as approved by the Board for the year, the chairman of the Board shall be authorised to review and approve the short-term working capital loan agreement(s) in respect of a single loan of a loan amount not exceeding RMB300 million while the general manager shall be authorised to review and approve the short-term working capital loan agreement(s) in respect of a single loan of a loan amount not exceeding RMB60 million.”

and replace it with the following:

“Clause 11 Right and authorisation to decide on debts:

- (1) Pursuant to the annual investment plan as approved by the general meeting, the Board shall review and approve the long-term loan amounts for the year. The executive Director(s) shall be authorised to make adjustments of not exceeding 15% (inclusive) to the long-term loan amounts for the year as approved by the Board.
- (2) Within the total working capital loan as approved by the Board for the year, the chairman of the Board shall be authorised to review and approve the short-term working capital loan agreement(s) in respect of a single loan of a loan amount not exceeding 10% (inclusive) of the latest audited net assets of the Company while the general manager shall be authorised to review and approve the RMB short-term working capital loan agreement(s) in respect of a single loan of a loan amount not exceeding 5% (inclusive) of the latest audited net assets of the Company.”

APPENDIX II PROPOSED AMENDMENTS TO THE RELEVANT INTERNAL RULES

4. Delete the existing second paragraph of Clause 12 in the Rules of Procedures for Board Meetings of the Company in its entirety which provides that:

“If any of the aforesaid investment, asset disposal and debt constitutes a connected transaction pursuant to the regulatory requirements of the place of listing of the Company, such requirements shall be complied with.”

and replace it with the following:

“If any of the aforesaid investment, asset disposal and debt constitutes a connected transaction and/or notifiable transaction pursuant to the regulatory requirements of the place of listing of the Company, such requirements shall be complied with.”



株洲南车时代电气股份有限公司

ZHUZHOU CSR 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 2013

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) of Zhuzhou CSR Times Electric Co., Ltd. (the “Company”) for year 2013 will be held at Shangri-La Hotel, Ningbo, 88 Yuyuan Street, Ningbo, Zhejiang Province, China on Friday, 27 June 2014 at 9:00 a.m. for the following purposes:

As Ordinary Resolutions

1. To consider and approve the report of the board of directors of the Company (the “Board”) for the year ended 31 December 2013.
2. To consider and approve the report of the supervisory committee of the Company for the year ended 31 December 2013.
3. To consider and approve the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2013 and the auditors’ report thereon.
4. To consider and approve the profits distribution plan of the Company for the year ended 31 December 2013 and to declare a final dividend for the year ended 31 December 2013.
5. To consider and approve the re-appointment of the retiring auditor, Ernst & Young Hua Ming LLP, as the auditors of the Company until the conclusion of the next annual general meeting of the Company and to authorize the Board to fix their remuneration.
6. To consider and approve the re-election of Mr. Ding Rongjun as an executive director of the Company and his emolument.
7. To consider and approve the re-election of Mr. Deng Huijin as an executive director of the Company and his emolument.
8. To consider and approve the re-election of Mr. Li Donglin as an executive director of the Company and his emolument.
9. To consider and approve the re-election of Mr. Yan Wu as an executive director of the Company and his emolument.
10. To consider and approve the re-election of Mr. Ma Yunkun as a non-executive director of the Company and his emolument.

11. To consider and approve the re-election of Mr. Gao Yucai as an independent non-executive director of the Company and his emolument.
12. To consider and approve the re-election of Mr. Chan Kam Wing, Clement as an independent non-executive director of the Company and his emolument.
13. To consider and approve the re-election of Mr. Pao Ping Wing as an independent non-executive director of the Company and his emolument.
14. To consider and approve the re-election of Ms. Liu Chunru as an independent non-executive director of the Company and her emolument.
15. To consider and approve the election of Mr. Xiong Ruihua as a shareholders' representative supervisor of the Company and his emolument.
16. To consider and approve the re-election of Mr. Geng Jianxin as an independent supervisor of the Company and his emolument.
17. To consider and approve the proposed amendments to the Rules of Procedures for General Meetings of the Company set out in Part A of Appendix II to the circular and to authorise the Board to make any necessary, appropriate and relevant adjustments to the Rules of Procedures for General Meetings of the Company in accordance with the mandatory requirements of the relevant laws, rules and regulations as updated from time to time, comments from the relevant governmental or regulatory authorities and the actual circumstances of the Company.
18. To consider and approve the proposed amendments to the Rules of Procedures for Board Meetings of the Company set out in Part B of Appendix II to the circular and to authorise the Board to make any necessary, appropriate and relevant adjustments to the Rules of Procedures for Board Meetings of the Company in accordance with the mandatory requirements of the relevant laws, rules and regulations as updated from time to time, comments from the relevant governmental or regulatory authorities and the actual circumstances of the Company.

As Special Resolution

19. To consider and approve the grant to the Board a general mandate to allot, issue and deal with additional domestic shares (the "**Domestic Shares**") and/or H shares (the "**H Shares**", together with the Domestic Shares, the "**Shares**") of the Company subject to the following conditions:
 - (a) subject to paragraphs (c) to (e) below, the Board be and is hereby authorized to exercise, whether by a single exercise or otherwise, all the powers of the Company to allot, issue and deal with additional Domestic Shares and/or H Shares during the Relevant Period (as defined in paragraph (g) below);
 - (b) the authority granted under paragraph (a) above shall authorize the Board to make an offer or agreement or grant an option during the Relevant Period which would or might require Shares to be allotted and issued either during or after the end of the Relevant Period;

- (c) the aggregate nominal amount of Domestic Shares and/or H Shares allotted or agreed to be allotted (whether pursuant to an option or otherwise) by the Board pursuant to the authority granted under paragraphs (a) and (b) above shall not exceed 20% of the aggregate nominal amount of Domestic Shares and H Shares respectively in issue at the date of passing of this special resolution;
- (d) the Board shall only exercise the authority granted under paragraphs (a) and (b) above in accordance with the Articles of Association of the Company (the “**Articles**”), the Company Law of the PRC and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) and all other applicable laws, rules, regulations and requirements of relevant governmental or regulatory authorities;
- (e) authority granted under paragraphs (a) and (b) above shall be conditional upon the approval of the China Securities Regulatory Commission and/or any other governmental or regulatory authorities as required by the laws, rules and regulations of the PRC being obtained by the Company;
- (f) subject to paragraph (e) above, the Board be and it is hereby authorized to:
 - (i) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of such new Shares; and
 - (ii) increase the registered capital of the Company pursuant to the issue of such new Shares and make such corresponding amendments to the Articles as it thinks fit so as to reflect the new capital structure of the Company; and
- (g) for the purpose of this special resolution, “Relevant Period” means the period from the passing of this special resolution until whichever is the earlier of:
 - (i) the expiration of a period of twelve 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.

By Order of the Board
Ding Rongjun
Chairman

Zhuzhou, China, 25 April 2014

Notes:

1. The votes at the AGM will be taken by poll.
2. 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.
3. In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be temporarily closed from Wednesday, 28 May 2014 to Friday, 27 June 2014 (both days inclusive), during which period no transfer of Shares will be registered. In order to attend and vote at the AGM, all transfer documents together with the relevant Share certificates must be lodged, for holders of H Shares, 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 or, for holders of Domestic 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 Tuesday, 27 May 2014.
4. In order to determine shareholders' entitlements to the final dividend, the register of members of the Company will be temporarily closed from Friday, 4 July 2014 to Wednesday, 9 July 2014 (both days inclusive), during which period no transfer of Shares will be registered. All transfer documents together with the relevant Share certificates must be lodged, for holders of H Shares, 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 or, for holders of Domestic 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 Thursday, 3 July 2014.
5. Holders of H Shares and Domestic Shares whose names appear on the register of members of the Company at the close of business on Tuesday, 27 May 2014 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 H Shares, to the H Share registrar of the Company or, for holders of Domestic 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. Shareholders who intend to attend the AGM in person or by proxy should complete and return the attached reply slip by hand or by post, for holders of H Shares, to the principal place of business of the Company in Hong Kong or, for holders of Domestic Shares, to the registered office address of the Company, on or before Saturday, 7 June 2014.

8. 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

9. 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

10. 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

11. 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.

As at the date of this document, our chairman of the Board and executive director is Ding Rongjun, our vice chairman of the Board and executive director is Deng Huijin, our other executive directors are Li Donglin and Yan Wu, our non-executive director is Ma Yunkun, and our independent non-executive directors are Gao Yucai, Chan Kam Wing, Clement, Pao Ping Wing and Liu Chunru.