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ZHUZHOU CSR TIMES ELECTRIC CO., LTD.

**Implementation Rules and Regulations of the Remuneration
Committee**

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ZHUZHOU CSR TIMES ELECTRIC CO., LTD.

Implementation Rules and Regulations of the Remuneration Committee

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to further improve the appraisal system and remuneration management system on directors and senior management members of Zhuzhou CSR Times Electric Co., Ltd. (hereinafter referred to as the “Company”), and to improve the Company’s corporate governance structure, the Company specifically established the Remuneration Committee of the board and formulated these Implementation Rules and Regulations in accordance with, among others, the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Opinions on Further Standardizing Operations and Reform of Companies Listed Outside the PRC (hereinafter referred to as the “Opinions”), the Mandatory Provisions for Articles of Association of Companies Seeking a Listing Outside the PRC (hereinafter referred to as the “Mandatory Provisions”) and other related laws and administrative regulations, the Articles of Association of Zhuzhou CSR Times Electric Co., Ltd. (hereinafter referred to as the “Articles of Association”) and the applicable rules of the stock exchange(s) on which the shares of the Company are listed (“Listing Rules”).

Article 2 The Remuneration Committee is a body specifically established by the board pursuant to the shareholders’ meeting, which is mainly responsible for establishing and reviewing the remuneration policy and proposal for the directors and senior management members, establishing the assessment criteria and conduct assessment; and be accountable to the board.

Article 3 Directors in these Rules and Regulations shall mean the chairman, the vice chairman, and the directors who received salaries from the Company. Senior management members shall mean the general manager, the secretary to the board appointed by the board, and other senior management members nominated by the general manager and approved by the board as senior management members.

CHAPTER 2 MEMBERSHIP

Article 4 The Remuneration Committee shall be composed of three or more directors, more than half of whom shall be independent non-executive directors.

Article 5 The members of the Remuneration Committee shall be nominated by the chairman of the board or more than half of the independent non-executive directors or one-third of all directors and be elected by the board.

Article 6 The Committee shall have a chairman who must be an independent non-executive director and shall take charge of the Committee’s works. The chairman shall be elected by the Committee from its members who are independent non-executive directors and the election of which shall become effective after the result has been reported to, and approved by, the board.

Article 7 The term of office of a Committee member shall be consistent with his term as director. Upon the expiration of his term, a member may serve a consecutive term if re-elected. Where a member ceases to be a director of the Company during the term, his membership shall be terminated automatically and the replacement shall be appointed by the board in accordance with Articles 4 to 6 above.

Article 8 The Remuneration Committee has a working team under it. The working team is specifically responsible for providing information related to the operation of the Company and persons to be appraised, and for the preparation of the meetings of the Committee as well as for the implementations of the relevant resolutions of the Committee.

CHAPTER 3 POWERS AND DUTIES

Article 9 The principal powers and duties of the Remuneration Committee are:

- (1) to formulate a remuneration structure, scheme, proposal and/or policy based on the major scope, responsibilities and importance of the managerial position of directors, senior management members, as well as the levels of remunerations of relevant positions in relevant enterprise and to set up the procedure which should be followed in relation to setting up the remuneration structure, scheme, proposal and/or policy (which procedure must be formal and transparent). The remuneration structure, scheme, proposal and/or policy shall include but not limited to appraisal standard, procedures and the principal appraisal system, the main proposal and system for reward and penalties;
- (2) to review and approve the senior management members' remuneration proposals with reference to the board's corporate goals and objectives;
- (3) to make recommendations to the board on the remuneration packages (include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment) of individual executive directors and senior management members;
- (4) to make recommendations to the board on the remuneration of non-executive directors;
- (5) to consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, and employment conditions elsewhere in the group of which the Company belongs to;
- (6) to consult the chairman of the board and/or general manager about the committee's remuneration proposals for the executive directors who are not chairman of the board or general manager;
- (7) to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (8) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (9) to ensure that no director or any of his associates is involved in deciding his own remuneration;
- (10) to inquire into the performance of directors (including independent non-executive directors) and senior management members and conduct annual performance appraisal;
- (11) to supervise the implementation of the remuneration system of the Company;
- (12) other matters as prescribed by applicable laws, regulations, the Articles of Association, the Listing Rules and as authorized by the board.

Article 10 The board has the power to veto the remuneration plan or scheme which it reasonably believes may impair the interests of shareholders.

Article 11 The remuneration scheme for the directors of the Company must not be implemented until after it has been approved by the board and adopted in the shareholders meeting. The remuneration allocation scheme for the senior management members of the Company must be reported to, and approved by, the board.

CHAPTER 4 DECISION-MAKING PROCEDURES

Article 12 The working team under the Remuneration Committee shall be responsible for the preliminary preparatory works in relation to the decision-making of the Committee, providing relevant information:

- (1) the extent to which the major financial indicators and operation goals of the Company is achieved;
- (2) the information on the assigned scope of works and main duties of the Company's senior management members;
- (3) the extent to which the targets involved in the job performance appraisal scheme for directors and senior management members is achieved;
- (4) the information on the operating performance of the Company in connection to the innovative and profit-creating capabilities of the directors and senior management members;
- (5) provide the relevant estimating basis in relation to the Company's remuneration allocation plan and the way of allocation based on the performance of the Company.

Article 13 The Remuneration Committee's assessment procedures on directors and senior management members:

- (1) directors and senior management members of the Company shall report to the Remuneration Committee of the board on their works and conduct self-evaluation;
- (2) the Remuneration Committee will conduct performance appraisal on the directors and senior management members in accordance with the standard and procedure of performance appraisal;
- (3) propose the amount of reward and the way of reward for the directors and senior management members according to the result of the job performance appraisal and the policy of remuneration allocation, which shall be submitted to the board after its approval by voting.

CHAPTER 5 RULES OF PROCEEDINGS

Article 14 The Remuneration Committee shall hold meeting at least once every year. All members of the Committee shall be notified five (5) days prior to any meeting. The meetings of the Committee shall be chaired by the chairman of the Committee. If the chairman is unable to attend the meeting, he or she may appoint another member who is an independent non-executive director to chair the meeting.

Article 15 The meetings of the Remuneration Committee shall be held only with the presence of more than two-thirds of the members. Each member shall be entitled to one vote. The resolutions made by the meeting must be approved by more than half of the members.

Article 16 At the meetings of the Remuneration Committee, voting shall be made by a show of hands or by casting of votes. Meetings may take the form of telephone conference or be conducted through other similar communication devices and as long as the members participated can hear each other clearly, all members participated shall be deemed to have attended such meetings in person. In addition, meetings can also be convened and resolutions thereat be made by way of communication.

Article 17 Directors, supervisors and senior management members may be invited to attend meetings as observers if necessary.

Article 18 The Company shall provide the Remuneration Committee with sufficient resources to perform its duties. If necessary, the Remuneration Committee may appoint intermediaries to provide independent professional advice for its decision-making and the costs and expenses shall be borne by the Company.

Article 19 If the Remuneration Committee meeting shall discuss issues regarding a member, the relevant member should be avoided therefrom.

Article 20 The convening procedure and voting method of the meetings of the Remuneration Committee and the resolutions passed at such meetings shall comply with relevant laws, regulations, the Articles of Association, these Implementation Rules and Regulations and the Listing Rules.

Article 21 The Remuneration Committee should keep minutes for their meetings. Draft and final versions of minutes of the Remuneration Committee meetings should be sent to all committee members of the committee for their comment and records respectively within a reasonable time after the meeting. The members of the Committee who attended the meeting should sign on the minutes. The minutes of the meetings shall be kept by the secretary to the board.

Article 22 Resolutions passed by and voting results of the meetings of the Committee shall be reported to the board in writing.

The Committee shall report the implementation of the works for the previous year to the board in the first meeting of every year.

Article 23 Members present at the meetings shall have an obligation to keep all matters discussed in such meetings confidential, and shall not disclose the relevant information without authorization.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

Article 24 These Implementation Rules and Regulations shall come into effect on the date on which these Implementation Rules and Regulations were approved by board resolution (“Rules Effective Date”).

Article 25 Any matters not covered by these Implementation Rules and Regulations shall be implemented in accordance with the provisions of the relevant laws and regulations of the PRC, the Listing Rules and the Articles of Association of the Company. Should these Rules and Regulations conflict with the relevant laws and regulations of the State or the Listing Rules coming into effect after the Rules Effective Date or the Articles of Association amended after the Rules Effective Date through

lawful procedures and implemented subsequently, the relevant State laws and regulations, the Listing Rules and the Articles of Association of the Company as amended after the Rules Effective Date shall prevail, and these Rules and Regulations shall be revised immediately and the revision shall be reported to the board for consideration and approval.

Article 26 The power to interpret these Rules and Regulations rests with the board.