

Zhuzhou CRRC Times Electric Co., Ltd.

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

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ZHUZHOU CRRC 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 CRRC Times Electric Co., Ltd. (the “Company”), and to improve the Company’s corporate governance structure, the board of directors of the Company specifically established the Remuneration Committee of the board of directors and formulated these rules in accordance with the Company Law of the People’s Republic of China, the Administrative Measures for Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》), the Code of Corporate Governance for Listed Companies (《上市公司治理準則》), the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange (《上海證券交易所科創板股票上市規則》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the above listing rules are hereinafter referred to as the “Listing Rules of Listing Places”) and other relevant laws, administrative regulations, regulatory documents as well as the requirements of the Articles of Association of Zhuzhou CRRC Times Electric Co., Ltd. (the “Articles of Association”).

Article 2 The Remuneration Committee of the board of directors is a body specifically established by the board, which is mainly responsible for formulating the assessment criteria and conducting assessment for the directors and senior management members and formulating and reviewing the remuneration policy and proposal for the directors and senior management members, and shall be accountable to the board of directors.

Article 3 For the purpose of these rules, the directors refer to the chairman, vice chairman and other directors of the Company; senior management members refers to the general manager, deputy general manager, chief financial officers, general counsel, secretary to the board of directors and other senior management as appointed by the board of directors.

CHAPTER 2 COMPOSITION

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, more than half of the independent non-executive directors or one-third of all directors and be elected by the board of directors.

Article 6

The Remuneration Committee shall have a chairman (convener) who must be an independent non-executive director and shall be in charge of the Remuneration Committee's work. The chairman shall be elected from the independent non-executive directors who are serving as members of the Remuneration Committee, and the election of which shall become effective after the result has been reported to, and approved by, the board of directors.

Article 7

The term of office of a member of the Remuneration Committee shall be consistent with the term of the board of directors. 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 or a member who should be an independent non-executive director ceases to have the independence required by the Listing Rules of Listing Places, the Articles of Association and the Administrative Measures for Independent Directors of Listed Companies, his/her membership shall be terminated automatically and the replacement shall be appointed by the board of directors in accordance with Articles 4 to 6 of these rules. In the event that a member submits a resignation or the proportion of independent directors on the Committee does not meet the requirements of relevant laws and regulations or the Articles of Association, the Company shall complete a by-election within 60 days to ensure that the composition of the Committee meets the requirements of laws and regulations and the Articles of Association, and the term of office of the replacement member shall end at the expiry of the term of office of such member as a director.

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 information with respect to the appraised persons, and for the preparation of the meetings of the Remuneration Committee as well as for the implementation of the relevant resolutions of the Remuneration Committee.

Article 9

The human resources department of the Company is the supporting and liaison department of the Remuneration Committee, responsible for providing information on the Company's operation and management as well as other relevant information on the appraised persons; preparing for the meetings of the Remuneration Committee and implementing the relevant resolutions of the Remuneration Committee. The responsibilities of the supporting and liaison department include but are not limited to:

- (1) Responsible for the daily operation of the Committee;
- (2) Arranging the meetings of the Committee and responsible for the minutes of the meetings;
- (3) Responsible for the preliminary preparation for decision-making by the Committee, reviewing materials submitted to the Committee for consideration, and ensuring that the management submits reports and meeting documents to the Committee in an appropriate manner;

- (4) Coordinating and arranging for members to attend or sit in on relevant meetings of the Company and conducting research and study;
- (5) Assisting members to obtain relevant information and requesting management to provide relevant information and materials;
- (6) Responsible for the coordination between the Committee and other committees of the Company;
- (7) Other duties assigned by the Committee.

Article 10

At the request of the Committee, members of the supporting and liaison department may sit in on the meetings of the Committee. If necessary, the Committee may also invite other directors, supervisors, senior management or heads of relevant departments of the Company to sit in on the meetings of the Committee.

CHAPTER 3 DUTIES AND AUTHORITIES

Article 11

The principal duties and authorities of the Remuneration Committee are:

- (1) to formulate an overall remuneration structure, scheme, proposal and/or policy based on the major scope, responsibilities and importance of the managerial position of directors and senior management members, as well as the levels of remunerations of relevant positions in relevant enterprise and to set up the procedures which shall be followed in relation to formulating the remuneration structure, scheme, proposal and/or policy (such procedures 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 remuneration proposals for directors and senior management members with reference to the board of directors' corporate goals and objectives;
- (3) to consult the chairman of the board and/or general manager about the remuneration proposals for the executive directors who are not chairman of the board of directors or general manager;
- (4) to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that such compensation is consistent with relevant contractual terms and is otherwise fair and reasonable and not excessive;

- (5) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are consistent with relevant contractual terms and are otherwise reasonable and appropriate;
- (6) responsible for formulating and making recommendations to the board of directors on remuneration packages for individual executive directors and senior management, which shall include non-pecuniary benefits, pension entitlements and compensation payments (including compensation for loss or termination of office or appointment), and to make recommendations to the board of directors on the remuneration of non-executive directors. The Remuneration Committee shall take into account factors such as remuneration paid by comparable companies, the time and responsibilities required and the terms of employment of other positions within the Group;
- (7) to review the performance of directors (including independent non-executive directors) and senior management members of the Company and conduct annual performance appraisal;
- (8) to supervise the implementation of the remuneration system of the Company and ensure that no director or any of his/her associates is involved in deciding his/her own remuneration;
- (9) to conduct studies and make recommendations on the Company's equity incentive plan;
- (10) other matters as prescribed by applicable laws, regulations, the Articles of Association, the Listing Rules of Listing Places and as authorized by the board of directors.

Article 12

The board of directors has the power to veto the remuneration plan or scheme which it reasonably believes may impair the interests of shareholders. If the board of directors does not adopt or does not fully adopt the recommendations of the Remuneration Committee, it shall record the opinion of the Remuneration Committee and the specific reasons for non-adoption in the resolution of the board of directors and make relevant disclosure.

Article 13

The remuneration scheme for the directors of the Company shall be implemented after it has been approved by the board of directors and is submitted to the shareholders' general meeting for consideration and approval in accordance with the requirements of the Articles of Association. The remuneration allocation scheme for the senior management members of the Company must be reported to, and approved by, the board of directors.

CHAPTER 4 DECISION-MAKING PROCEDURES

Article 14

The working team under the Remuneration Committee shall be responsible for the preliminary preparation work for the Remuneration Committee's decision making and providing related information of the Company:

- (1) to provide the information on the fulfilment of the major financial indicators and operation goals of the Company;
- (2) the allocation of scope of works among the senior management members of the Company and information on their main duties;
- (3) to provide the information on the fulfilment of the targets involved in the job performance appraisal system for directors and senior management members;
- (4) to provide the information on the operational performance of the Company in connection to the innovative and profit-creating capabilities of the directors and senior management members;
- (5) to 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 15

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 of directors 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 form 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 reported to the board of directors after its approval by voting.

CHAPTER 5 RULES OF PROCEDURE

Article 16

The meetings of Remuneration Committee can be classified into regular meetings and extraordinary meetings.

Article 17

Regular meetings of Remuneration Committee shall be convened at least once a year with three days' notice to all members and sufficient meeting materials, but the aforementioned notice period may be waived with the unanimous consent of all members. The meeting shall be chaired by the chairman of the Remuneration Committee, who may delegate an independent non-executive director who is a member of the Committee to chair the meeting if he/she is unable to attend the meeting.

Article 18

The chairman of the Committee shall issue a notice of the extraordinary meeting within three days from the date of occurrence of any of the following circumstances:

- (1) when proposed by the board of directors;
- (2) when proposed by the chairman of the Committee;
- (3) when proposed by two or more members of the Committee;
- (4) when proposed by the chairman of the board of directors.

The securities and legal department shall send the notice of the meeting and relevant meeting information to all members three days prior to the extraordinary meeting according to the instruction of the chairman of the Remuneration Committee, but the aforementioned requirements on notice time and procedures may be waived with the unanimous consent of all members.

Article 19

Notice of the meeting shall include:

- (1) the place, date, time and manner of convening the meeting;
- (2) the agenda of the meeting and the matters to be discussed and related information;
- (3) the contact person and contact information of the meeting;
- (4) the date of the notice.

Article 20

Notice of the meeting may be given by hand, fax, registered mail, email or other means as provided for in the Articles of Association.

- Article 21** Members of the Remuneration Committee shall attend the meetings in person with a diligent and responsible attitude and express their clear opinions on the matters for consideration. If a member is unable to attend a meeting for any reason, he/she shall review the meeting materials in advance and form a clear opinion, and appoint another member to attend and express his/her opinion and exercise his/her voting rights on his/her behalf. Each member shall be appointed by a maximum of one member. If a member who is an independent non-executive director is unable to attend the meeting in person for any reason, he/she shall appoint another member who is an independent non-executive director to attend the meeting on his/her behalf.
- Article 22** If a member of the Remuneration Committee appoints another member to attend the meeting on his or her behalf, he/she shall submit a power of attorney signed by the member to the presiding person. The power of attorney shall specify the name of the principal, the scope, authority and duration of the power of attorney, and shall be submitted to the presiding person no later than the time of the meeting.
- Article 23** The meeting of the Remuneration Committee shall be held with the presence of at least two-thirds of the members; each member shall have one vote; and the resolution made at the meeting shall be passed by more than half of all members.
- Article 24** The member concerned shall recuse himself/herself from the discussion of the topics concerning such committee member at the meeting of the Remuneration Committee. If the effective deliberative opinion cannot be formed due to the recusal of members of the Committee, the relevant matters shall be considered directly by the board of directors.
- Article 25** Voting at the meeting of the Remuneration Committee shall be taken by a show of hands or by ballot. If necessary, the meeting may also be held by written correspondence under the premise of guaranteeing the full expression of members' opinions.
- Article 26** If necessary, directors, supervisors and senior management members of the Company may be invited to sit in on the meetings of Remuneration Committee and provide necessary information.
- Article 27** The Company shall provide the Remuneration Committee with sufficient resources to perform its duties. When the members exercise their authority, the relevant personnel of the Company shall actively cooperate, shall not refuse, obstruct or conceal, and shall not interfere with the exercise of their authority. If necessary, the Remuneration Committee may engage intermediaries to provide independent professional advice for its decision-making at the Company's expense.

- Article 28** The procedures for convening the meetings of the Remuneration Committee, the voting methods and the resolutions on remuneration policies and allocation plans passed at the meetings must comply with the requirements of relevant laws and regulations, the Articles of Association, these rules and the Listing Rules of Listing Places.
- Article 29** The Remuneration Committee shall keep minutes for its meetings. Draft and final versions of minutes of the meetings shall be sent to all 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 shall sign on the minutes. The minutes of the meetings shall be kept by the secretary to the board of directors for a term of ten years.
- Article 30** Resolutions passed at and voting results of the meetings of the Remuneration Committee shall be reported to the board of directors of the Company in writing.
- Article 31** The Remuneration Committee shall report the implementation of the works for the previous year to the board of directors in the first meeting of every year.
- Article 32** Members present at the meetings shall have an obligation to keep all matters discussed in such meetings confidential, and shall not disclose relevant information without authorization.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

- Article 33** Unless otherwise stated, terms used in these rules shall have the same meanings as those terms in the Articles of Association.
- Article 34** Any matters not covered by these rules shall be implemented in accordance with the provisions of the relevant national laws and regulations, the Listing Rules of Listing Places and the Articles of Association. Should these rules conflict with the relevant national laws and regulations, the Listing Rules of Listing Places 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 national laws and regulations, the Listing Rules of Listing Places and the Articles of Association that become effective after the Rules Effective Date shall prevail, and these rules shall be revised immediately and the revision shall be reported to the board of directors for consideration and approval.
- Article 35** These rules and amendments thereto shall be effective from the date of passing the resolution of the board of directors of the Company.
- Article 36** These rules shall be interpreted by the board of directors of the Company.

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