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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **CRRC Corporation Limited**, you should at once hand this circular, the enclosed form of proxy and reply slip for attending the AGM and the 2018 annual report (if applicable) to the purchaser or the transferee or to the bank, licensed dealer in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**中國中車股份有限公司**  
**CRRC CORPORATION LIMITED**

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

**(Stock code: 1766)**

**ANNUAL GENERAL MEETING**

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A notice convening the AGM of CRRC Corporation Limited to be held at Meeting Room IX, 2nd floor, Empark Grand Hotel, No. 69 Banjing Road, Haidian District, Beijing, the PRC at 2:00 p.m. (registration will begin at 1:30 p.m.) on Tuesday, 25 June 2019 is set out on pages 6 to 9 of this circular.

If you intend to attend the AGM in person or by proxy, you are required to complete and return the reply slip to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, on or before Wednesday, 5 June 2019.

Whether or not you are able to attend the AGM, you are advised to read the notice of the AGM. If you intend to attend the AGM by proxy, you are required to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, in person or by post not less than 24 hours before the time stipulated for convening the AGM or any adjourned meeting thereof in any event. Completion and return of the form of proxy will not preclude you from attending, and voting at, the AGM or at any adjourned meeting if you so wish.

7 May 2019

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## CONTENTS

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<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	3
<b>NOTICE OF THE ANNUAL GENERAL MEETING</b> .....	6
<b>APPENDIX I MATTERS TO BE CONSIDERED AT THE AGM</b> .....	10
<b>ANNEX A 2018 WORK REPORT OF THE BOARD</b> .....	42
<b>ANNEX B 2018 WORK REPORT OF THE SUPERVISORY COMMITTEE</b> .....	49

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## DEFINITIONS

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

“A Share(s)”	domestic share(s) with a nominal value of RMB 1.00 each in the share capital of the Company which are listed on the Shanghai Stock Exchange (Stock Code: 601766)
“A Shareholder(s)”	holder(s) of A Shares
“AGM”	the annual general meeting of the Company to be held at Meeting Room IX, 2nd floor, Empark Grand Hotel, No. 69 Banjing Road, Haidian District, Beijing, the PRC at 2:00 p.m. (registration will begin at 1:30 p.m.) on Tuesday, 25 June 2019
“Articles of Association”	the Articles of Association of the Company
“Board”	the Board of Directors of the Company
“Company” or “CRRC”	CRRC Corporation Limited, a joint stock limited company incorporated in the PRC with limited liability, whose H Shares and A Shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“Company Law”	the Company Law of the People’s Republic of China, as amended from time to time
“CRRC GROUP”	CRRC GROUP Co., Ltd. (中國中車集團有限公司), a large-scale wholly State-owned enterprise and controlling shareholder of the Company
“CSRC”	China Securities Regulatory Commission
“Debenture(s)”	one or a portfolio of debt financing instruments proposed to be issued by the Company, including corporate bonds, ultra-short-term debentures, short-term debentures, medium-term notes, perpetual bonds, assets-backed debentures (including but not limited to ABN and ABS), overseas bonds denominated in RMB, bonds denominated in USD, A Share convertible bonds, H Share convertible bonds or other new types of bonds issued in the PRC or overseas in one or multiple tranches, with the total outstanding balance of all types of debentures in issue not exceeding the equivalent of RMB70 billion
“Director(s)”	the director(s) of the Company
“H Share(s)”	overseas listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Hong Kong Stock Exchange and traded in HK dollars (Stock Code: 1766)

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## DEFINITIONS

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“H Shareholder(s)”	holder(s) of H Shares
“HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Non-executive Director(s)” or “Independent Director(s)”	the independent non-executive Director(s) of the Company
“Latest Practicable Date”	28 April 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular only, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Rules of Procedure for General Meetings”	the Rules of Procedure for general meetings of the Company
“Rules of Procedure for the Board”	the Rules of Procedure for the Board of the Company
“Rules of Procedure for the Supervisory Committee”	the Rules of Procedure for the Supervisory Committee of the Company
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	A Shareholder(s) and H Shareholder(s)
“SSE”	the Shanghai Stock Exchange
“Supervisory Committee”	the Supervisory Committee of the company
“USD”	United States dollars, the lawful currency of the United States of America

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## LETTER FROM THE BOARD

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# 中國中車股份有限公司 CRRC CORPORATION LIMITED

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

(Stock code: 1766)

**Executive Directors:**

Mr. Liu Hualong  
Mr. Sun Yongcai  
Mr. Xu Zongxiang

**Non-executive Director:**

Mr. Liu Zhiyong

**Independent Non-executive Directors:**

Mr. Li Guo'an  
Mr. Wu Zhuo  
Mr. Sun Patrick

**Registered office:**

No. 16, Central West Fourth Ring Road  
Haidian District  
Beijing, the PRC  
Postal code: 100036

**Place of Business in Hong Kong:**

Unit H, 41/F  
Office Tower, Convention Plaza  
No. 1, Harbour Road  
Hong Kong

7 May 2019

*To the H Shareholders*

Dear Sirs,

### 1. INTRODUCTION

On behalf of the Board, I hereby invite you to attend the AGM to be held at Meeting Room IX, 2nd floor, Empark Grand Hotel, No. 69 Banjing Road, Haidian District, Beijing, the PRC at 2:00 p.m. (registration will begin at 1:30 p.m.) on Tuesday, 25 June 2019.

The purpose of this circular is to provide you with the notice of the AGM and to provide you with all the information reasonably necessary to enable you to make informed decisions on whether to vote for or against the proposed resolutions at the AGM.

### 2. MATTERS TO BE CONSIDERED AT THE AGM

The matters to be considered at the AGM are described in detail in the notice of AGM set out in pages 6 to 9 of this circular. At the AGM, the following will be proposed for approval as ordinary resolutions: (1) the resolution in relation to the 2018 final financial accounts report of the Company; (2) the 2018 Work Report of the Board of the Company; (3) the 2018 Work Report of the Supervisory Committee of the Company; (4) the resolution in relation to the remuneration of the Directors of the Company for 2018; (5) the resolution in relation to the remuneration of the Supervisors of the Company for 2018; (6) the resolution in relation to the 2018 profit distribution plan of the Company; (7) the resolution in relation to the arrangement of guarantees by the Company for 2019; (8) the

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## LETTER FROM THE BOARD

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resolution in relation to the appointment of auditors for 2019; and (9) the resolution in relation to the election of Shareholder representative supervisor of the Company, and special resolutions: (10) the resolution in relation to the Amendments to the Articles of Association; (11) the resolution in relation to the Amendments to the Rules of Procedure for General Meetings; (12) the resolution in relation to the Amendments to the Rules of Procedure for the Board; (13) the resolution in relation to the Amendments to the Rules of Procedure for the Supervisory Committee; (14) the resolution in relation to the issuance of debt financing instruments by the Company for 2019; and (15) the resolution in relation to the grant of general mandate to the Board to issue additional A Shares and H Shares of the Company.

In order to enable you to have a better understanding on the resolutions to be proposed at the AGM and to make informed decisions thereof with sufficient and necessary information, we have provided the Shareholders with detailed information in Appendix I to this circular, including information and explanations of the resolutions to be proposed at the AGM for approval.

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

### 3. AGM

If you intend to attend the AGM in person or by proxy, you are required to complete and return the reply slip to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, on or before Wednesday, 5 June 2019.

If you intend to attend the AGM by proxy, you are required to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, in person or by post not less than 24 hours before the time stipulated for convening the AGM or any adjourned meeting thereof in any event. The Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, is located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (Telephone: (852) 2862 8555). Completion and return of the form of proxy will not preclude you from attending, and voting at, the AGM or any adjourned meeting if you so wish.

### 4. VOTING BY WAY OF POLL

In accordance with the requirements of the Hong Kong Listing Rules, the resolutions set out in the notice of the AGM will be voted by way of poll. Voting results will be uploaded to the website of the Company at [www.crrcgc.cc](http://www.crrcgc.cc) and the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) upon the conclusion of the AGM.

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## LETTER FROM THE BOARD

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### 5. RECOMMENDATION

The Directors (including Independent Non-executive Directors) consider that the resolutions as set out in the notice of the AGM are in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the above proposed resolutions.

Yours faithfully,  
By order of the Board of  
**CRRC Corporation Limited**  
**Liu Hualong**  
*Chairman*

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## NOTICE OF THE ANNUAL GENERAL MEETING

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# 中國中車股份有限公司 CRRC CORPORATION LIMITED

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

**(Stock code: 1766)**

## NOTICE OF THE ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting for the financial year ended 31 December 2018 (the “AGM” or “Annual General Meeting”) of CRRC Corporation Limited (the “Company”) will be held at Meeting Room IX, 2nd floor, Empark Grand Hotel, No. 69 Banjing Road, Haidian District, Beijing, the PRC at 2:00 p.m. (registration will begin at 1:30 p.m.) on Tuesday, 25 June 2019 for the purpose of considering and approving, if appropriate, the following resolutions (unless otherwise indicated, capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 7 May 2019):

### ORDINARY RESOLUTIONS

1. To consider and approve the resolution in relation to the 2018 final financial accounts report of the Company
2. To consider and approve the 2018 Work Report of the Board of the Company
3. To consider and approve the 2018 Work Report of the Supervisory Committee of the Company
4. To consider and approve the resolution in relation to the remuneration of the Directors of the Company for 2018
5. To consider and approve the resolution in relation to the remuneration of the Supervisors of the Company for 2018
6. To consider and approve the resolution in relation to the 2018 profit distribution plan of the Company
7. To consider and approve the resolution in relation to the arrangement of guarantees by the Company for 2019
8. To consider and approve the resolution in relation to the appointment of auditors for 2019
9. To consider and approve the resolution in relation to the election of Shareholder representative supervisor of the Company

### SPECIAL RESOLUTIONS

10. To consider and approve the resolution in relation to the Amendments to the Articles of Association

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## NOTICE OF THE ANNUAL GENERAL MEETING

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11. To consider and approve the resolution in relation to the Amendments to the Rules of Procedure for General Meetings
12. To consider and approve the resolution in relation to the Amendments to the Rules of Procedure for the Board
13. To consider and approve the resolution in relation to the Amendments to the Rules of Procedure for the Supervisory Committee
14. To consider and approve the resolution in relation to the issuance of debt financing instruments by the Company for 2019
15. To consider and approve the resolution in relation to the grant of general mandate to the Board to issue additional A Shares and H Shares of the Company

### REPORTING MATTER

The Independent Directors of the Company will submit their 2018 work report to the Shareholders for consideration but not for approval at the AGM.

By order of the Board  
**Liu Hualong**  
*Chairman*

7 May 2019

*Notes:*

1. Details of the above resolutions are set out in Appendix I to this circular dated 7 May 2019 regarding the AGM of the Company.
2. Pursuant to the requirements under the Rules of Shareholders' Meeting of Listed Companies issued by the CSRC, the Independent Directors shall issue a duty report for the preceding year at the AGM. Such report will be submitted to the Shareholders for consideration but not for approval at the general meeting.
3. The Board of the Company has recommended a final dividend of RMB0.15 per share (tax inclusive) for the year ended 31 December 2018. If such dividend is declared by the Shareholders upon passing the resolution No. 6, the final dividend is expected to be paid on a certain business day (excluding Saturday, Sunday or public holidays in Hong Kong and the PRC) on or before 15 August 2019 to those Shareholders whose names appear on the register of members of the Company on Monday, 8 July 2019.

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

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## NOTICE OF THE ANNUAL GENERAL MEETING

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

To determine the identity of the Shareholders entitled to receive the final dividend, the Company's register of members will be closed from Wednesday, 3 July 2019 to Monday, 8 July 2019 (both days inclusive), during which period no transfer of H Shares will be registered. In order to be entitled to the final dividend, H Shareholders of the Company who have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates with the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Tuesday, 2 July 2019.

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

According to Guo Shui Han [2011] No. 348 issued by the State Administration of Taxation, the Company shall withhold and pay the individual income tax for the dividend payable to individual H Shareholders. At the same time, the individual H Shareholders are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements between the countries where they are residents and China or the tax arrangements between mainland China and Hong Kong (Macau). If the individual H Shareholders are Hong Kong or Macau residents or residents of the countries having an agreed dividend tax rate of 10% with China, the Company shall withhold and pay the individual income tax at a rate of 10%. If the individual H Shareholders are residents of the countries having an agreed dividend tax rate of less than 10% with China, the Company would apply for entitlement of the relevant agreed preferential tax treatment on their behalf in accordance with the Notice of the State Administration of Taxation in Relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No. 124) (《國家稅務總局關於印發〈非居民享受稅收協定待遇管理辦法(試行)〉的通知》). If the individual H Shareholders are residents of the countries having an agreed dividend tax rate exceeding 10% but lower than 20% with China, the Company shall withhold and pay the individual income tax at the actual agreed rate. In case the individual H Shareholders are residents of the countries that have not entered into any tax agreement with China or otherwise, the Company shall withhold and pay the individual income tax at a rate of 20%.

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

The Company shall take the registered address (hereinafter the "Registered Address") as recorded in the register of members of the Company on 8 July 2019 to determine the residence of the individual H Shareholders, and accordingly withhold and pay the individual income tax. If the residence of any individual H Shareholder is inconsistent with the Registered Address, he/she should notify the Company's H Share Registrar on or before 4:30 p.m. on 2 July 2019 and provide the relevant supporting documents, and the correspondence details are as follows: Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (Tel: (852) 2862 8555). If such individual H Shareholder has failed to provide the relevant supporting documents to the Company's H Share Registrar within the time period as stated above, the Company will determine his/her residence according to the Registered Address as recorded in the register of members on 8 July 2019.

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## NOTICE OF THE ANNUAL GENERAL MEETING

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

4. In accordance with the requirements of the Hong Kong Listing Rules, the resolutions set out in the notice of the AGM will be voted by way of poll. Voting results will be uploaded to the website of the Company at [www.crrcgc.cc](http://www.crrcgc.cc) and the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) upon the conclusion of the AGM.
5. Any Shareholder who is entitled to attend and vote at the AGM convened by the above notice shall be entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy needs not be a Shareholder of the Company.
6. In order to be valid, the instrument appointing a proxy together with the power of attorney or other authorization document, if any, under which it is signed, or a notarially certified copy of such power of attorney or authorization document, should be completed and deposited at the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited (for H Shareholders), at least 24 hours before the scheduled time to convene the AGM or any adjourned meeting thereof. Computershare Hong Kong Investor Services Limited is located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Completion and return of the proxy form will not preclude a Shareholder from attending in person and voting at the AGM or any adjourned meeting thereof should he/she so wish.
7. For the purpose of determining H Shareholders' entitlement to attend the AGM, the H Share register of members of the Company will be closed from Sunday, 26 May 2019 to Tuesday, 25 June 2019 (both days inclusive), during which no transfer of H Shares will be registered. In order to attend the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Friday, 24 May 2019. H Shareholders whose names appear on the register of members of the Company maintained by Computershare Hong Kong Investor Services Limited on or before the above date will be eligible to attend the AGM.
8. In the case of joint shareholding and more than one joint shareholder is attending the AGM in person or by proxy, the vote cast by the senior joint shareholder, whether in person or by proxy, will be accepted as the sole vote cast on behalf of all other joint shareholders. For this purpose, the order of seniority will be determined by the order in which the names of the joint shareholders appear in the register of members of the Company in respect of the joint shareholding.
9. Shareholders who intend to attend the AGM in person or by proxy should return the reply slip for the AGM to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, by hand, by post or by fax on or before Wednesday, 5 June 2019. Computershare Hong Kong Investor Services Limited is located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (Telephone: (852) 2862 8555).
10. The AGM is expected to last for about half a day. Shareholders who attend the meeting in person or by proxy shall bear their own travelling and accommodation expenses. Shareholders or their proxies shall produce their identity documents when they attend the AGM.

**ORDINARY RESOLUTIONS:****1. The 2018 Final Financial Accounts Report of the Company**

The Company has prepared its financial statements and the notes thereto for the year 2018 in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC, and engaged Deloitte Touche Tohmatsu CPA LLP to audit the consolidated balance sheets and the balance sheet of the Company as at 31 December 2018, the consolidated statements of profit or loss and the statement of profit or loss of the Company for the period from 1 January 2018 to 31 December 2018, the consolidated statements of cash flows and the statement of cash flows of the Company, the consolidated statements of changes in equity and the statement of changes in equity of the Company and the notes of the financial statements. Deloitte Touche Tohmatsu CPA LLP is of the opinion that the financial statements are prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC in all material aspects, fairly reflect the consolidated financial position and the financial position of the Company as at 31 December 2018, the consolidated operating results and the operating results of the Company, as well as the consolidated cash flow and the cash flow of the Company for the year 2018. For details of the above statements, please refer to the section XIII Financial Report in 2018 annual report published in the website of SSE and the website of the Company.

The abovementioned resolution in relation to the 2018 final financial accounts report was considered and approved by the Board on 28 March 2019 and is hereby submitted to the AGM for consideration and approval.

**2. The 2018 Work Report of the Board of the Company**

In accordance with the relevant provisions of the Articles of Association and the Rules of Procedure for the Board, the Board of the Company reported the working status of the Board for the year 2018, details of which are set out in Annex A to this circular.

**3. The 2018 Work Report of the Supervisory Committee of the Company**

In accordance with the relevant provisions of the Articles of Association, the Rules of Procedure for General Meetings and the Rules of Procedure for the Supervisory Committee, the Supervisory Committee of the Company reported the working status of the Supervisory Committee for the year 2018, details of which are set out in Annex B to this circular.

#### 4. The resolution in relation to the remuneration of the Directors of the Company for 2018

According to the relevant requirements of the SASAC and requirements of the Remuneration Plan of Directors and Supervisors of CRRC Corporation Limited, remuneration of Directors of the Company for 2018 is hereby submitted to the AGM for consideration.

##### (1) Remuneration of Independent Non-executive Directors

The annual remuneration of Independent Directors, comprising basic remuneration and meeting allowance, was based on the standards set out in the “Notice Regarding the Adjustment of Standards of Remuneration of Independent Directors” issued by SASAC (Guo Zi Ting Fen Pei [2009] No.328) and the “Notice on Relevant Issues Regarding Work Subsidy of External Directors Who Resigned as Central Enterprise Principals” issued by SASAC (Guo Zi Ting Fen Pei [2016] No.531). The specific remuneration is shown in the table below:

Unit: RMB’0,000		
Name	Title	Remuneration
Li Guo’an	Independent Director	6.00
Wu Zhuo	Independent Director	6.00
Sun Patrick	Independent Director	15.00
Chan Ka Keung, Peter (held office until 31 May 2018)	Independent Director	6.35

Note:

1. According to the relevant requirements of SASAC, Liu Zhiyong, a non-executive Director, did not receive remuneration and allowance from the Company.
2. The annual basic remuneration of Independent Directors serving as chairman at special committees concurrently was RMB100,000/person/year. The allowance for meetings of Board: RMB3,000/person/meeting; the allowance for meetings of special committees: RMB2,000/person/meeting.
3. Effective from 20 June 2017, pursuant to the “Notice on Relevant Issues Regarding Work Subsidy of External Directors Who Resigned as Central Enterprise Principals” issued by SASAC (Guo Zi Ting Fen Pei [2016] No.531), Li Guo’an and Wu Zhuo are directors who resigned as central enterprise principals. According to the Resolution on the Remuneration Plan for External Directors of CRRC Corporation Limited considered and approved at the 2016 annual general meeting convened by the Company on 20 June 2017, their work subsidy would be granted based on the standard of RMB5,000 (income before tax) per person per month instead. The original standard would still be implemented for Sun Patrick and Chan Ka Keung, Peter.
4. On 31 May 2018, the term of the first session of the Board of the Company expired, and Chan Ka Keung, Peter ceased to serve as the Company’s independent non-executive Director.

**(2) Remuneration of Executive Directors**

The Company's Chairman Liu Hualong, executive Director Sun Yongcai, executive Director Xu Zongxiang are all persons in charge of central enterprises managed by SASAC, whose remuneration comprises 2018 annual basic remuneration and 2018 performance-based salary (including 2017 annual performance-based salary and 2015 incentive during term of office) and is based on the payment requirements of 2018 annual basic remuneration for persons in charge of central enterprises managed by SASAC and the standards set out in the "Report on the Submission of Remuneration Plan in Respect of Persons in Charge of CRRC Group Co., Ltd. for 2017" (CRRC Group Ren Li [2018] No.398) which has been submitted to SASAC for approval. The specific remuneration is set out in the table below:

Unit: RMB'0,000

<b>Name</b>	<b>Title</b>	<b>Basic remuneration</b>	<b>Performance-based salary for the year</b>	<b>Total</b>
Liu Hualong	Chairman	0	0	0
Sun Yongcai	Executive Director	20.68	63.31	83.99
Xu Zongxiang	Executive Director	18.41	60.81	79.22

Note: Liu Hualong's remuneration was paid by the parent company of the Company, CRRC GROUP.

The abovementioned resolution in relation to the remuneration of the Directors of the Company for 2018 was considered and approved by the Board on 28 March 2019 and is hereby submitted to the AGM for consideration and approval.

**5. The resolution in relation to the remuneration of the Supervisors of the Company for 2018**

According to the relevant requirements of the SASAC and requirements of the Remuneration Plan of Directors and Supervisors of CRRC Corporation Limited, remuneration of Supervisors of the Company for 2018 is hereby submitted to the AGM for consideration.

The Company's Chairman of Supervisory Committee Wan Jun is the person in charge of central enterprises managed by SASAC, whose remuneration comprises 2018 annual basic remuneration and 2018 performance-based salary (including 2017 annual performance-based salary and 2015 incentive during term of office) and is based on the payment requirements of 2018 annual basic remuneration for persons in charge of central enterprises managed by SASAC and the standards set out in the "Report on the Submission of Remuneration Plan in Respect of Persons in Charge of CRRC Group Co., Ltd. for 2017" (CRRC Group Ren Li [2018] No.398) which has been submitted to SASAC for approval. The remuneration of Chen Fangping and Qiu Wei, members of the Supervisory Committee, is managed according to the employee remuneration management system of the Company's head office, which implements the remuneration management system for the head office. The specific remuneration is set out in the table below:

Unit: RMB'0,000

Name	Title	Basic remuneration	Performance-based salary for the year	Total
Wan Jun	Chairman of Supervisory Committee	18.61	62.21	80.82
Chen Fangping	Supervisor	38.94	37.01	75.95
Qiu Wei	employee representative Supervisor	39.01	37.01	76.02

The abovementioned resolution in relation to the remuneration of the Supervisors of the Company for 2018 was considered and approved by the Supervisory Committee on 28 March 2019 and is hereby submitted to the AGM for consideration and approval.

**6. The resolution in relation to the 2018 profit distribution plan of the Company**

According to the requirements from the relevant regulatory authorities, the Articles of Association and relevant laws and regulations, after fully taking into account the net profits for 2018, the financial affordability and the development needs of the Company, the Board proposed the 2018 profit distribution plan as follows:

- (1) The profit distribution of the Company for the year 2018 will be carried out by way of cash dividend;
- (2) Based on the Company's total share capital of 28,698,864,088 Shares, a cash dividend of RMB0.15 per Share (including tax) will be distributed to all Shareholders. Total cash required for the dividend distribution amounts to RMB4,305 million. The remaining undistributed profit will be carried forward to the next year for distribution;

- (3) For holders of A Shares, the dividend will be denominated, declared and paid in Renminbi; for holders of H Shares, the dividend will be denominated and declared in Renminbi and paid in HK dollars. The actual amount distributed in HK dollars will be calculated based on the average benchmark exchange rate between Renminbi and HK dollar as published by the People's Bank of China for five working days prior to the date for convening the general meeting for considering the profit distribution plan;
- (4) For the profit distribution, the amount of cash dividends to be paid to Qualified Foreign Institutional Investors (“QFII”) of A Shares, other institutional investors of A Shares (excluding the aforesaid QFII) and individual investors of A Shares is RMB0.15/Share (tax inclusive, with appropriate income tax to be withheld and paid by the Company according to the applicable taxation laws and regulations of the PRC upon dividends distribution). The amount of cash dividends to be paid to non-resident enterprise shareholders of H Shares and individual investors of H shares is RMB0.15/Share (tax inclusive, with appropriate income tax to be withheld and paid by the Company according to the applicable taxation laws and regulations of the PRC upon dividends distribution);
- (5) Matters in relation to profit distribution to investors of Shanghai — Hong Kong Stock Connect:
- i) Northbound Trading. For investors of The Stock Exchange of Hong Kong Limited (including corporates and individuals) investing in the A Shares of the Company through northbound trading, their dividends will be distributed in Renminbi by the Company through the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to the account of the nominee holding such Shares. Taxes shall be withheld pursuant to the Notice of MOF, SAT and CSRC on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (財政部、國家稅務總局、證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Cai Shui [2014] No. 81). The Company shall withhold income tax at the rate of 10%, the actual cash dividends after tax to be distributed will be RMB0.135 per Share. For Investors of Northbound Trading who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authority of the Company for the entitlement of the rate under such tax treaty. Upon approval by the competent tax authority, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded;
- ii) Southbound Trading. For investors of the SSE (including corporates and individuals) investing in the H Shares of the Company through southbound trading, the Company will sign the Agreement on Distribution of Cash Dividends of H Shares for Southbound Trading (港股通H股股票現金紅利派發協議) with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, pursuant to which, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited will, as the nominee of the Investors of Southbound Trading, receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant

investors of Southbound Trading through its depository and clearing system. The cash dividends for the Investors of Southbound Trading will be paid in Renminbi. Taxes shall be withheld pursuant to the Notice of MOF, SAT and CSRC on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (財政部、國家稅務總局、證監會關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Cai Shui [2014] No. 81). For dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the H-share company shall withhold individual income tax at the rate of 20% on behalf of such investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The H-share company shall not withhold income tax on dividends for domestic corporate investors and those domestic corporate investors shall report and pay the relevant tax by themselves;

- (6) Matters in relation to profit distribution to investors of southbound trading under Shenzhen-Hong Kong Stock Connect: For investors of the Shenzhen Stock Exchange (including corporates and individuals) investing in the H Shares of the Company through Southbound Trading, the Company will sign the Agreement on Distribution of Cash Dividends of H Shares for Southbound Trading (港股通H股股票現金紅利派發協議) with the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, pursuant to which, the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited will, as the nominee of the Investors of Southbound Trading, receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of Southbound Trading through its depository and clearing system. The cash dividends for the Investors of Southbound Trading will be paid in Renminbi. Taxes shall be withheld pursuant to the Notice of MOF, SAT and CSRC on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (財政部、國家稅務總局、證監會關於深港股票市場交易互聯互通機制試點有關稅收政策的通知) (Cai Shui [2016] No. 127). For dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-share company shall withhold individual income tax at the rate of 20% on behalf of such investors. For dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The H-share company shall not withhold income tax on dividends for domestic corporate investors and those domestic corporate investors shall report and pay the relevant tax by themselves;

The above 2018 profit distribution plan was considered and approved by the Board on 28 March 2019 and is hereby submitted to the AGM for consideration and approval. Meanwhile, the Board proposes that the Board be generally and unconditionally authorized by the AGM to implement the relevant matters in respect of the distribution of the profit and the Board be asked to further delegate the above authorization to the Company's chairman and president to be responsible for specific implementation and to handle the withholding of tax and other matters according to applicable laws and regulations and the requirements of relevant regulatory authorities.

## 7. The arrangement of guarantees by the Company for 2019

Based on the daily production and operation needs of its subsidiaries, the Company and its direct wholly-owned subsidiaries propose to provide guarantees for subsidiaries of the Company in respect of their financing and credit business, such as bank credit facilities and letters of guarantee from insurance companies, for 2019 and provided parent guarantees to certain subsidiaries of the Company in respect of their business such as domestic and overseas bidding and contract performance, with a total guarantee amount of RMB140.94 billion. The specific arrangement is as follows:

### (1) Guarantee amount

- (i) The Company provided guarantee of RMB30.35 billion to its wholly-owned subsidiaries in respect of their financing and credit business and undertakes joint liabilities for debts arising from the various businesses of the guaranteed parties involving the use of credit. The details of the guarantees are set out below:

Name of Guaranteed Party (on consolidated basis)	Guarantee amount (RMB'0,000)
CRRC Zhuzhou Locomotive Co., Ltd. (中車株洲電力機車有限公司)	140,000
CRRC Datong Co., Ltd. (中車大同電力機車有限公司)	80,000
CRRC Dalian Co., Ltd. (中車大連機車車輛有限公司)	100,000
CRRC Qishuyan Co., Ltd. (中車戚墅堰機車有限公司)	40,000
CRRC Tangshan Co., Ltd. (中車唐山機車車輛有限公司)	200,000
CRRC Nanjing Puzhen Co., Ltd. (中車南京浦鎮車輛有限公司)	280,000
CRRC Sifang Co., Ltd. (中車四方車輛有限公司)	80,000
CRRC Qiqihaer Co., Ltd. (中車齊齊哈爾車輛有限公司)	150,000
CRRC Shijiazhuang Co., Ltd. (中車石家莊車輛有限公司)	50,000
CRRC Shenyang Co., Ltd. (中車瀋陽機車車輛有限公司)	60,000
CRRC Shandong Co., Ltd. (中車山東機車車輛有限公司)	80,000
CRRC Xi'an Co., Ltd. (中車西安車輛有限公司)	40,000
CRRC Guiyang Co., Ltd. (中車貴陽車輛有限公司)	30,000
CRRC Taiyuan Co., Ltd. (中車太原機車車輛有限公司)	30,000
CRRC Meishan Co., Ltd. (中車眉山車輛有限公司)	40,000
CRRC Yangtze Co., Ltd. (中車長江車輛有限公司)	80,000
CRRC Zhuzhou Institute Co., Ltd. (中車株洲電力機車研究所有限公司)	300,000
CRRC Sifang Institute Co., Ltd. (中車青島四方車輛研究所有限公司)	70,000
CRRC Yongji Motor Co., Ltd. (中車永濟電機有限公司)	100,000
CRRC Zhuzhou Motor Co., Ltd. (中車株洲電機有限公司)	90,000

Name of Guaranteed Party (on consolidated basis)	Guarantee amount (RMB'0,000)
CRRC Qishuyan Institute Co., Ltd. (中車戚墅堰機車車輛工藝研究所)	50,000
CRRC Dalian Institute Co., Ltd. (中車大連機車研究所有限公司)	20,000
CRRC Dalian R&D Co., Ltd. (中車大連電力牽引研發中心有限公司)	20,000
CRRC Beijing Nankou Co., Ltd. (中車北京南口機械有限公司)	30,000
CRRC Construction Engineering Co., Ltd. (中車建設工程有限公司)	350,000
CRRC Investment & Leasing Co., Ltd. (中車投資租賃有限公司)	5,000
CRRC Hong Kong Co., Ltd. (中國中車(香港)有限公司)	100,000
CRRC Hong Kong Capital Management Co., Ltd. (中國中車香港資本管理有限公司)	100,000
CRRC Logistics Co., Ltd. (中車物流有限公司)	250,000
CRRC International Co., Ltd. (中車國際有限公司)	50,000
CRRC Industrial Institute Co., Ltd. (中車工業研究院有限公司)	0
CRRC Capital Management Co., Ltd. (中車資本管理有限公司)	20,000
Total	<u>3,035,000</u>

The guarantee amounts mentioned above are based on the estimate of the current business conditions. Based on possible changes, the Company provided guarantee of RMB30.35 billion to its wholly-owned subsidiaries in respect of their financing and credit business, which can be adjusted within the total guarantee amount;

- (ii) The Company provided guarantee of RMB11.12 billion to its non-wholly owned subsidiaries in respect of their financing and credit business and undertakes joint liabilities for debts arising from the various businesses of the guaranteed parties involving the use of credit. The details of the guarantees are set out below:

Name of Guaranteed Party (on consolidated basis)	Guarantee amount (RMB'0,000)
CRRC Ziyang Co., Ltd. (中車資陽機車有限公司)	160,000
CRRC Changchun Railway Vehicle Co., Ltd. (中車長春軌道客車股份有限公司)	350,000
CRRC Qingdao Sifang Co., Ltd. (中車青島四方機車車輛股份有限公司)	350,000
Beijing CRRC Information Technology Co., Ltd. (北京中車信息技術有限公司)	2,000
Beijing CNR CR Railway Transportation Equipment Co., Ltd. (北京北車中鐵軌道交通裝備有限公司)	0
CRRC Finance Co., Ltd. (中車財務有限公司)	100,000
South Africa CRRC Co., Ltd. (南非中車車輛有限公司)	150,000
CRRC Finance & Leasing Co., Ltd. (中車金融租賃有限公司)	0
Total	<u>1,112,000</u>

The guarantee amounts mentioned above are based on the estimate of the current business conditions. Based on possible changes, the Company provided guarantee of RMB11.12 billion to its non-wholly owned subsidiaries in respect of their financing and credit business, which can be adjusted within the total guarantee amount;

(iii) The direct wholly-owned subsidiaries of the Company and the listed Company provided guarantee of RMB15.17 billion to subsidiaries in respect of their financing and credit business and undertake joint guarantee liabilities for debts arising from the various businesses of the guaranteed parties involving the use of credit, the details of which are set out below:

Name of Guaranteed Party (Headquarter)	Guarantee amount (RMB'0,000)
CRRC Zhuzhou Locomotive Co., Ltd. (中車株洲電力機車有限公司)	200,000
CRRC Datong Co., Ltd. (中車大同電力機車有限公司)	6,000
CRRC Dalian Co., Ltd. (中車大連機車車輛有限公司)	10,000
CRRC Qishuyan Co., Ltd. (中車戚墅堰機車有限公司)	5,000
CRRC Ziyang Co., Ltd. (中車資陽機車有限公司)	8,000
CRRC Changchun Railway Vehicle Co., Ltd. (中車長春軌道客車股份有限公司)	200,000
CRRC Qingdao Sifang Co., Ltd. (中車青島四方機車車輛股份有限公司)	200,000
CRRC Tangshan Co., Ltd. (中車唐山機車車輛有限公司)	150,000
CRRC Nanjing Puzhen Co., Ltd. (中車南京浦鎮車輛有限公司)	20,000
CRRC Sifang Co., Ltd. (中車四方車輛有限公司)	5,000
CRRC Qiqihaer Co., Ltd. (中車齊齊哈爾車輛有限公司)	10,000
CRRC Shijiazhuang Co., Ltd. (中車石家莊車輛有限公司)	30,000
CRRC Shandong Co., Ltd. (中車山東機車車輛有限公司)	30,000
CRRC Meishan Co., Ltd. (中車眉山車輛有限公司)	3,000
CRRC Yangtze Co., Ltd. (中車長江車輛有限公司)	20,000
CRRC Zhuzhou Institute Co., Ltd. (中車株洲電力機車研究所有限公司)	500,000
CRRC Sifang Institute Co., Ltd. (中車青島四方車輛研究所有限公司)	10,000
CRRC Yongji Motor Co., Ltd. (中車永濟電機有限公司)	4,000
CRRC Zhuzhou Motor Co., Ltd. (中車株洲電機有限公司)	60,000
CRRC Qishuyan Institute Co., Ltd. (中車戚墅堰機車車輛工藝研究所)	6,000
CRRC Construction Engineering Co., Ltd. (中車建設工程有限公司)	40,000
Total	<u>1,517,000</u>

Guarantees provided to PPP project companies within the scope of consolidation should comply with relevant requirements on guarantee credit enhancement of the Notice on Strengthening the Control and Management of PPP Business Risk of Central Enterprises (Guo Zi Fa Cai Guan [2017] No. 192);

- (iv) CRRC Finance Co., Ltd. (中車財務有限公司) provided financing guarantee of RMB2.2 billion for member enterprises, including domestic financing guarantee, delay payment guarantee, instalment payment guarantee, borrowing guarantee;
- (v) The Company provided parent guarantee of RMB82.1 billion, among which RMB27.1 billion went to wholly-owned subsidiaries and RMB55.0 billion non-wholly owned subsidiaries, to subsidiaries in respect of their domestic and overseas bidding and contract performance businesses and undertook guarantee liability within the scope agreed under the guarantee contract. Depending on the equity level of the actual signing entity within the internal organization of the Company, part of the parent guarantee may be signed by the direct wholly-owned subsidiaries.

The validity period of the guarantee amounts mentioned above will commence from the date of approval at the 2018 AGM until the date on which the 2019 annual general meeting is convened.

The guarantee amounts mentioned above are based on the estimate of the current business conditions. Based on possible changes, the guarantee provided between the wholly-owned subsidiaries or the non-wholly owned subsidiaries under the abovementioned guarantee plan may be adjusted within the total guarantee amount.

As the total amount of the abovementioned guarantee plan has reached the level that is required to be submitted to the general meeting of the Company for consideration according to the relevant laws, regulations and regulatory documents as well as the rules of the internal system of the Company, therefore, the abovementioned guarantee plan must be submitted to the AGM for consideration.

## (2) Basic status of the guaranteed party

Name of Entity	Balance of assets at the end of the period	Balance of liabilities at the end of the period	Balance of owners' equity at the end of the period	Balance of owners' equity attributable to the parent company at the end of the period	Percentage of shareholding (%)
CRRC Zhuzhou Locomotive Co., Ltd. (中車株洲電力機車有限公司)	2,874,290.44	1,909,426.39	964,864.05	839,214.52	100.00
CRRC Datong Co., Ltd. (中車大同電力機車有限公司)	626,709.81	442,798.72	183,911.09	157,809.31	100.00
CRRC Dalian Co., Ltd. (中車大連機車車輛有限公司)	1,926,577.52	1,251,636.49	674,941.03	673,622.38	100.00
CRRC Qishuyan Co., Ltd. (中車戚墅堰機車有限公司)	345,910.75	223,496.25	122,414.50	116,938.86	100.00
CRRC Ziyang Co., Ltd. (中車資陽機車有限公司)	483,814.96	371,549.24	112,265.72	89,252.99	99.61
CRRC Changchun Railway Vehicles Co., Ltd. (中車長春軌道客車股份有限公司)	5,511,729.71	3,683,561.27	1,828,168.44	1,736,103.79	93.54

**APPENDIX I**
**MATTERS TO BE CONSIDERED AT THE AGM**

Name of Entity	Balance of assets at the end of the period	Balance of liabilities at the end of the period	Balance of owners' equity at the end of the period	Balance of owners' equity attributable to the parent company at the end of the period	Percentage of shareholding (%)
CRRC Qingdao Sifang Co., Ltd. (中車青島四方機車車輛股份有限公司)	5,194,793.34	3,575,946.78	1,618,846.56	1,457,888.14	97.81
CRRC Tangshan Co., Ltd. (中車唐山機車車輛有限公司)	2,427,447.36	1,329,301.26	1,098,146.10	1,057,786.69	100.00
CRRC Nanjing Puzhen Co., Ltd. (中車南京浦鎮車輛有限公司)	2,010,711.21	1,615,112.92	395,598.29	268,624.36	100.00
CRRC Sifang Co., Ltd. (中車四方車輛有限公司)	1,701,332.50	1,222,472.49	478,860.01	277,621.20	100.00
CRRC Qiqihar Rolling Stock Co., Ltd. (中車齊齊哈爾車輛有限公司)	763,743.38	450,697.90	313,045.48	312,724.02	100.00
CRRC Shandong Co., Ltd. (中車山東機車車輛有限公司)	761,018.65	528,782.60	232,236.04	224,928.33	100.00
CRRC Shijiazhuang Co., Ltd. (中車石家莊車輛有限公司)	346,605.66	221,751.38	124,854.28	68,273.87	100.00
CRRC Shenyang Co., Ltd. (中車瀋陽機車車輛有限公司)	233,035.75	157,984.98	75,050.77	75,050.77	100.00
CRRC Xi'an Co., Ltd. (中車西安車輛有限公司)	281,415.32	142,666.29	138,749.04	138,749.04	100.00
CRRC Guiyang Co., Ltd. (中車貴陽車輛有限公司)	173,519.79	71,729.12	101,790.67	100,296.61	100.00
CRRC Taiyuan Co., Ltd. (中車太原機車車輛有限公司)	424,239.40	343,491.96	80,747.44	80,747.44	100.00
CRRC Meishan Co., Ltd. (中車眉山車輛有限公司)	257,400.24	163,650.53	93,749.71	90,264.95	100.00
CRRC Yangtze Co., Ltd. (中車長江車輛有限公司)	485,659.09	326,059.04	159,600.05	153,000.85	100.00
CRRC Zhuzhou Institute Co., Ltd. (中車株洲電力機車研究所有限公司)	5,129,454.13	2,124,878.56	3,004,575.57	1,672,718.25	100.00
CRRC Sifang Institute Co., Ltd. (中車青島四方車輛研究所有限公司)	783,067.95	413,929.19	369,138.76	361,100.15	100.00
CRRC Yongji Motor Co., Ltd. (中車永濟電機有限公司)	888,522.56	515,547.66	372,974.90	310,046.05	100.00
CRRC Zhuzhou Motor Co., Ltd. (中車株洲電機有限公司)	766,417.73	487,523.54	278,894.19	271,391.98	100.00
CRRC Qishuyan Institute Co., Ltd. (中車戚墅堰機車車輛工藝研究所有限公司)	602,884.17	316,678.21	286,205.95	276,702.88	100.00
CRRC Dalian Institute Co., Ltd. (中車大連機車研究所有限公司)	181,174.32	108,374.87	72,799.45	72,005.28	100.00
CRRC Dalian R&D Co., Ltd. (中車大連電力牽引研發中心有限公司)	109,532.95	64,436.38	45,096.57	45,096.57	100.00
CRRC Beijing Nankou Co., Ltd. (中車北京南口機械有限公司)	135,458.79	169,390.40	-33,931.61	-33,931.61	100.00

Name of Entity	Balance of assets at the end of the period	Balance of liabilities at the end of the period	Balance of owners' equity at the end of the period	Balance of owners' equity attributable to the parent company at the end of the period	Percentage of shareholding (%)
CRRC Construction Engineering Co., Ltd. (中車建設工程有限公司)	640,937.21	443,353.46	197,583.76	197,583.76	100.00
CRRC Information Technology Co., Ltd. (中車信息技術有限公司)	13,499.94	9,436.72	4,063.22	4,063.22	51.00
Beijing CNR CR Railway Transportation Equipment Co., Ltd. (北京北車中鐵軌道交通裝備有限公司)	56,962.18	123,577.50	-66,615.32	-66,615.32	51.00
CRRC Investment & Leasing Co., Ltd. (中車投資租賃有限公司)	1,007,630.72	743,111.25	264,519.47	167,745.52	100.00
CRRC Finance Co., Ltd. (中車財務有限公司)	3,558,556.92	3,175,491.56	383,065.36	383,065.36	91.36
CRRC Hong Kong Co., Ltd. (中國中車(香港)有限公司)	575,302.54	426,687.46	148,615.08	148,615.08	100.00
CRRC Hong Kong Capital Management Co., Ltd. (中國中車香港資本管理有限公司)	754,510.76	506,941.98	247,568.78	247,568.78	100.00
CRRC Logistics Co., Ltd. (中車物流有限公司)	1,224,879.82	1,195,381.87	29,497.96	28,697.00	100.00
CRRC International Co., Ltd. (中車國際有限公司)	105,720.71	35,989.12	69,731.59	69,311.74	100.00
South Africa CRRC Co., Ltd. (南非中車車輛有限公司)	82,283.66	91,060.08	-8,776.43	-8,776.43	66.00
CRRC Industrial Institute Co., Ltd. (中車工業研究院有限公司)	28,161.92	6,771.13	21,390.79	21,390.79	100.00
CRRC Capital Management Co., Ltd. (中車資本管理有限公司)	261,351.61	1,287.85	260,063.77	260,063.77	100.00

### (3) Total Amount of Guarantees and Amount of Overdue Guarantees

As at 31 December 2018, the Company provided RMB50.257 billion in total amount of guarantees to its subsidiaries, representing in aggregate 33.60% of the unaudited net assets as at the end of 2018. The Company and its subsidiaries did not have overdue external guarantees.

The above resolution in relation to the arrangement of guarantees for 2019 has been considered and approved by the Board on 28 March 2019, and is hereby submitted to the AGM for consideration and approval.

### 8. The resolution in relation to the appointment of auditors of the Company for the year 2019

Pursuant to the requirements of the relevant laws and regulations and the Articles of Association, the Company is required to appoint an accounting firm to audit the annual financial statements of the Company in accordance with the applicable accounting standards as well as an accounting firm to audit the effectiveness of the internal control of the Company.

The Company proposes to appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP (“**Deloitte Touche Tohmatsu CPA LLP**”) and Deloitte Touche Tohmatsu Certified Public Accountants as the auditors of the Company for the financial statements for 2019, as well as Deloitte Touche Tohmatsu CPA LLP as the auditor of the Company for the internal control of the Company for 2019. In addition, it is proposed to grant the Board at the general meeting the authority to determine the relevant matters including their respective remuneration.

The resolution in relation to the aforesaid appointment of auditors of the Company for 2019 was considered and approved by the Board on 29 April 2019 and is hereby submitted to the AGM for consideration and approval.

**9. The resolution in relation to the election of Shareholder representative supervisor of the Company**

The Supervisory Committee of the Company has received a written resignation report from Mr. Chen Fangping, a supervisor of the Company. Since the resignation of Mr. Chen Fangping will result in the number of members of the Supervisory Committee of the Company falling below the statutory minimum requirement, the resignation of Mr. Chen Fangping shall become effective when his vacancy has been filled by a new supervisor according to the relevant provisions of the Company Law and the Articles of Association. During the period, Mr. Chen Fangping shall continue to perform his duties. In accordance with the requirements of the relevant laws and regulations and regulatory documents as well as the Articles of Association, the Supervisory Committee of the Company has nominated Mr. Chen Zhenhan as the candidate for the Shareholder representative supervisor of the second session of the Supervisory Committee. The term of office commences from the date of being considered and approved at the AGM until the expiry of the term of office of the second session of the Supervisory Committee of the Company.

The biographical details of Mr. Chen Zhenhan are as follows:

Mr. Chen Zhenhan, born in 1974, a Chinese national with no right of abode overseas, is a university graduate with a master degree. He is a senior accountant and is currently the head of the audit and risk department of the Company. Mr. Chen was the deputy director of the audit second division of the audit department, the deputy director, director and deputy manager of the audit division of the audit and risk department and the director of the internal control risk division of CSR Corporation Limited, the deputy manager of the audit and risk department and director of the internal control risk division of CRRC Corporation Limited, and the vice general manager and chief financial officer of CRRC Environmental & Technology Co., Ltd. Since October 2018, he has been the head of the audit and risk department of the Company.

Mr. Chen Zhenhan is qualified as a Shareholder representative supervisor as stipulated in the laws and regulations and regulatory documents such as the Company Law as well as the Articles of Association. Mr. Chen Zhenhan’s remuneration is managed according to the employee remuneration management system of the Company’s head office, which implements the employee remuneration management rules for the head office.

As at the Latest Practicable Date, so far as the Directors are aware, save as disclosed in this circular, Mr. Chen Zhenhan has not hold any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas for the past three years, and he did not have any relationship with any Directors, senior management, substantial or controlling Shareholders of the Company, nor had any interests in the Shares of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

So far as the Directors are aware, save as disclosed in this circular, there is no information required to be disclosed pursuant to Rule 13.51(2) (h) to (v) of the Hong Kong Listing Rules, nor are there any matters concerning Mr. Chen Zhenhan that need to be brought to the attention of Shareholders.

The resolution in relation to the aforesaid election of Mr. Chen Zhenhan as Shareholder representative supervisor was considered and approved by the Supervisory Committee on 29 April 2019 and is hereby submitted to the AGM for consideration and approval.

#### **SPECIAL RESOLUTIONS:**

##### **10. Resolution in relation to amendments to the Articles of Association**

In order to further improve its corporate governance, pursuant to amendments to the prevailing laws, regulations and regulatory documents including the Company Law (revised in October 2018), the Corporate Governance Guidelines for Listed Companies (revised in September 2018), and the Guidelines on Articles of Association of Listed Companies (revised in April 2019), and based on the Company's needs in its actual production and operation, the Company proposed to amend the relevant articles of the Articles of Association. Details of major amendments are as follows:

###### ***(1) An addition to the circumstances for the repurchase of shares of the Company***

An addition to the Articles of Association shall be made that the Company may repurchase its shares in case of share incentives, utilising the shares for conversion of corporate bonds which are convertible into shares issued by the Company, or necessary for the Company to safeguard the value of the Company and the interests of its shareholders, and such repurchase authorized by the laws and regulations under particular circumstance shall be subject to the approval of the Board of the Company.

###### ***(2) Amendments to the convening means of the general meeting***

The way to conduct the general meeting will be changed from on-site meeting to the combination of on-site meeting with online voting or other means permitted by the laws, regulations and listing rules of the place(s) where the Company's shares are listed.

###### ***(3) The general meeting is allowed to dismiss any director prior to the expiry of his term of office***

The article stipulating that before expiry of the current term of office, a Director can not be dismissed without cause by the general meeting, is amended to read that the general meeting is explicitly allowed to dismiss any director prior to the expiry of his term of office.

***(4) Amendments made for improvement of independent directors' responsibility***

An addition shall be made to the Articles of Association that independent directors shall report their work to the general meeting annually. If there is any interest of conflict between shareholders or directors the Company, which has material impact on the operation and management of the Company, independent directors shall proactively perform their responsibility and safeguard the overall interest of the Company.

***(5) An addition made to the timely disclosure of the Board of Directors***

An addition shall be made to the Articles of Association that if two or more independent directors propose to the Board for a postponement of the Board meeting or for a postponement of examination and discussion of the matters concerned, the Company shall timely disclose relevant information.

***(6) Amendments made to the restriction on part-time occupations of senior management***

The article stipulating that persons who hold positions other than directors in any entity of the controlling shareholder or de facto controller of the Company shall not be appointed as the senior management members of the Company, is amended to read that persons who hold executive positions other than directors or supervisors in any entity of the controlling shareholder shall not be appointed as the senior management members of the Company, to narrow the scope of restrictions on the part-time occupations of senior management.

***(7) Amendments made for improvements of the responsibility of the Supervisory Committee***

If Directors or senior management members of the Company violate the laws, regulations or the Articles of Association, Supervisors shall announce to the Board or report to the general meeting, and may also directly report to the CSRC and its local agencies, stock exchanges or other authorities.

***(8) Amendments made to the basis of preparation of the financial statements of the Company***

The article stipulating that the financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards, be prepared in accordance with either international accounting standards or that of the overseas place where the Company's shares are listed, is amended to read that the financial statements of the Company shall be prepared in accordance with PRC accounting standards and shall be in compliance with the laws, regulations, departmental rules and the requirements of the listing rules of the place(s) where the Company's shares are listed.

The above resolution on amendments to the Articles of Association was considered and approved by the Board on 29 April 2019 and is hereby presented to the AGM for consideration and approval. At the same time, it is proposed that the Board is authorized at the AGM to complete the relevant procedures of industrial and commercial changes/registration in relation with the amendments to the Articles of Association, and, upon authorization, the Board to delegate its authority to be exercised directly by the Chairman and persons authorized by the Chairman.

**Details on the proposed amendments to the Articles of Association are set out below:**

**(1) Article 31 of the existing Articles of Association:**

“The Company may, according to the procedures provided for in the Articles of Association, and subject to the approval of the relevant governing authority of the State, repurchase its issued shares pursuant to requirements under laws, regulations, departmental rules and the Articles of Association under the following circumstances:

- (1) to reduce the registered capital of the Company;
- (2) to merge with another company that holds shares in the Company;
- (3) to grant shares to employees of the Company as incentives;
- (4) to acquire shares held by shareholders (upon their request) who vote against any resolution proposed in any general meeting on the merger or division of the Company;
- (5) other circumstances as permitted by laws, regulations and departmental rules and securities regulatory authorities of the place where the Company’s shares are listed.

Save as aforementioned, the Company shall not purchase or sell the shares of the Company.

Any repurchase of shares by the Company for the purpose of clauses (1) to (3) of the foregoing paragraph shall be resolved at the general meeting. In the event that the Company has acquired its shares in accordance with the first paragraph and under the circumstance set out in clause (1), such shares shall be cancelled within ten (10) days from the date of acquisition, and for circumstances set out in clauses (2) to (4), such shares shall be transferred or cancelled within six (6) months from the date of acquisition.

Where the Company has acquired its shares pursuant to clause (3) of the first paragraph, shares so acquired shall not exceed 5% of the total shares issued by the Company. The capital used for acquisition shall be financed by the profit after tax of the Company, and such shares so acquired shall be transferred to employees within one (1) year.”

is proposed to be amended to read:

“The Company may, according to the procedures provided for in the Articles of Association, and subject to the approval of the relevant governing authority of the State, repurchase its issued shares pursuant to requirements under laws, regulations, departmental rules and the Articles of Association under the following circumstances:

- (1) to reduce the registered capital of the Company;

- (2) to merge with another company that holds shares in the Company;
- (3) to utilize its shares in the employee share ownership plan or for share incentive;
- (4) to acquire shares held by shareholders (upon their request) who vote against any resolution proposed in any general meeting on the merger or division of the Company;
- (5) to utilise the shares for conversion of corporate bonds which are convertible into shares issued by the Company;
- (6) where it is necessary for the Company to safeguard the value of the Company and the interests of its shareholders.

Save as aforementioned, the Company shall not purchase or sell the shares of the Company.

Any repurchase of shares by the Company for the purpose of clause (1) and clause (2) of the foregoing paragraph shall be resolved at the general meeting. In the event that the Company repurchases its shares in accordance with the circumstance set out in clause (3), clause (5) and clause (6), such repurchase shall be resolved at the Board meeting with the attendance of two thirds or more of all Directors.

Where the Company has acquired its shares in accordance with the first paragraph and under the circumstance set out in clause (1), such shares shall be cancelled within ten (10) days from the date of acquisition, for circumstances set out in clause (2) and clause (4), such shares shall be transferred or cancelled within six (6) months from the date of acquisition, and for circumstances set out in clause (3), clause (4) and clause (6), the total number of shares so acquired by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or cancelled within three (3) years from the date of acquisition.

If relevant matters involved in the repurchase of shares are otherwise required by the laws, regulations, departmental rules and the securities regulatory authority of the place where the Company's shares are listed, such requirements and regulations shall prevail."

**(2) Add one paragraph under Article 32 of the existing Articles of Association as the last paragraph:**

"The Company shall perform its information disclosure obligation according to the requirements of securities regulatory authorities of the place where the Company's shares are listed in repurchasing its own shares. Where the Company acquires its shares pursuant to clauses (3), (5) and (6) of paragraph 1 of Article 31 of the Articles of Association, it shall be conducted through open centralized trading. "

**(3) Article 77 of the existing Articles of Association:**

“The Company shall arrange for the venue for an on-site meeting to be held. Where the general meeting is to be conducted online or by way of other means, the time and procedure of such online voting or other means of voting shall be clearly stated in the notice of general meeting. The online voting or other means of voting of the general meeting shall commence no earlier than 3:00 p.m. of a day prior to the date of the general meeting but no later than 9:30 a.m. on the date of the general meeting and it shall terminate no earlier than 3:00 p.m. on the date of conclusion of the general meeting.”

is proposed to be amended to read:

“The general meeting shall set meeting venue and be convened by way of a combination of on-site meetings and online voting modes or other ways permitted by laws, regulations and the listing rules of the place where the Company’s shares are listed. The notice of shareholders’ general meeting shall explicitly state the voting time and voting procedure on the network or otherwise. The online voting or other means of voting of the general meeting shall commence no earlier than 3:00 p.m. on the day prior to an on-site general meeting, and no later than 9:30 a.m. on the day of the on-site general meeting, and shall terminate no earlier than 3:00 pm on the day of conclusion of the on-site general meeting.”

**(4) Paragraph 1 under Article 140 of the existing Articles of Association:**

“Directors shall be elected at a general meeting. The term of office of the Directors shall be three (3) years. Upon expiry of the current term of office, a Director shall be eligible to offer himself for re-election and re-appointment. Before expiry of the current term of office, a Director can not be dismissed without cause by the general meeting. The Chairman and Vice Chairman of the Board shall be elected and dismissed by more than one-half of all the Directors. The term of office of the Chairman and Vice Chairman of the Board shall be three (3) years, renewable upon re-election.”

is proposed to be amended to read:

“Directors shall be elected or removed from office at a general meeting, and can be dismissed by the general meeting before expiry of the current term of office. The term of office of the Directors shall be three (3) years. Upon expiry of the current term of office, a Director shall be eligible to offer himself for re-election and re-appointment. The Chairman and Vice Chairman of the Board shall be elected and dismissed by more than one-half of all the Directors. The term of office of the Chairman and Vice Chairman of the Board shall be three (3) years, renewable upon re-election.”

- (5) Amend paragraph 2 under Article 149 of the existing Articles of Association and add one paragraph after paragraph 3 as paragraph 4, and the existing paragraph 4 shall be re-numbered as paragraph 5:**

“Independent Directors shall, pursuant to the requirements of the relevant laws and regulations, the Guiding Opinions on Establishing the System of Independent Directors by Listed Companies and the Articles of Association, conscientiously perform their duties and responsibilities, safeguard the Company’s interests as a whole and, in particular, ensure that the lawful rights and interests of small and medium shareholders are not impaired.”

is proposed to be amended to read:

“Independent Directors shall, pursuant to the requirements of the relevant laws and regulations, the Guiding Opinions on Establishing the System of Independent Directors in Listed Companies and the Articles of Association, conscientiously perform their duties and responsibilities, safeguard the Company’s interests as a whole and, in particular, ensure that the lawful rights and interests of small and medium shareholders are not impaired. Independent Directors shall report to the general meeting each year.

.....

In the event of conflicts between shareholders or Directors which have significant impact on the operation and management of the Company, Independent Directors shall actively perform their duties and responsibilities to safeguard the Company’s interests as a whole.”

- (6) Article 150 of the existing Articles of Association:**

“Independent Directors are Directors who do not hold any positions in the Company other than as a Director and do not maintain with the Company and its substantial shareholders a connection which may possibly compromise their independent and objective judgments. An independent Director shall meet the following basic conditions:

.....”

is proposed to be amended to read:

“Independent Directors are Directors who do not hold any positions in the Company other than as a member of the Board’s special committees and do not maintain with the Company and its substantial shareholders a connection which may possibly compromise their independent and objective judgments. An independent Director shall meet the following basic conditions:

.....”

**(7) Paragraph 2 under Article 160 of the existing Articles of Association:**

“The Board may, in compliance with the relevant laws and regulations, establish special committees, namely the Strategy Committee, the Audit and Risk Management Committee, the Nomination Committee and the Remuneration and Evaluation Committee.”

is proposed to be amended to read:

“The Board establishes the Audit and Risk Management Committee. The Board may, in compliance with the relevant laws and regulations, establish the Strategy Committee, the Nomination Committee, the Remuneration and Evaluation Committee and other special committees.”

**(8) Delete clause (7) of paragraph 1 under Article 166 of the existing Articles of Association, and amend former clauses (8) and (9) as clauses (7) and (8) accordingly:**

“(7) unless objected by more than three (3) Directors or more than two (2) independent Directors, the Chairman of the Board may decide to incorporate the topics raised by the Directors during the Board meeting into the agenda of the meeting; ”

**(9) Article 169 of the existing Articles of Association:**

“Notices of routine Board meetings should be served by the following means:

- (1) If the time and place of the routine Board meetings have been previously decided upon by the Board and notified to the Directors, there is no need to issue a notice of meeting fourteen (14) days prior to the date appointed for the meeting, but the agenda of the meeting and the documents of the Board meetings attached thereto shall be delivered to all the Directors two (2) days prior to the date of the meeting to be held (or other date agreed by the Board).
- (2) If the time and place of the routine Board meetings have not previously been decided upon or the scheduled time and place of the routine Board meetings have been modified by the Board, a notice regarding the time and venue of such meeting shall be sent by the Chairman of the Board to all the Directors at least fourteen (14) days prior to the date of convening the meeting by means of telex, telegraph, facsimile, express delivery service, registered mail or personal delivery.
- (3) Notice shall be in Chinese language, with an English version attached if necessary. Notice should include an agenda. Any Director is entitled to renounce his/her right to be issued a notice of the Board meeting in writing.
- (4) Directors who have attended the meeting will be deemed to have been issued a notice of Board meeting if he had not raised any dissent or not having received such notice before or during the Board meeting.”

is proposed to be amended to read:

“Notice of the Board meeting shall be given by telex, cable, facsimile, express courier service, registered mail or by hand.”

**(10) Paragraph 2 under Article 171 of the existing Articles of Association:**

“When more than one fourth of the Directors or more than two (2) independent Directors consider that the information on the resolution is insufficient or the argumentation is not specified, they may propose to adjourn the Board meeting or the matters to be resolved and the Board shall adopt the proposition.”

is proposed to be amended to read:

“When more than one fourth (1/4) of the Directors or more than two (2) independent Directors consider that the information on the resolution is insufficient or the argumentation is not specified, they may propose to adjourn the Board meeting or the matters to be resolved and the Board shall adopt the proposition. In respect of such opinions of more than two (2) independent Directors, the Board shall disclose in a timely manner.”

**(11) Paragraph 4 under Article 178 of the existing Articles of Association:**

“The Directors shall be liable for the resolutions of the Board. If a resolution of the Board violates the laws, regulations or the Articles of Association, the Directors who voted for the resolution shall be directly liable to the Company; if it can be proved that a Director who voted against the resolution expressly objected to the resolution when the resolution was voted on, such Director shall be waived from such liability; the Directors, who abstained from voting or failed to attend the meeting in person or appoint a proxy to attend the meeting, shall not be waived from such liability; and the Directors, who expressly objected to the resolution when the resolution was voted on but failed to vote against, also shall not be waived from such liability.”

is proposed to be amended to read:

“The Directors shall be liable for the resolutions of the Board. If a resolution of the Board violates the laws, regulations, the Articles of Association or resolutions of the general meeting and thus results in material losses to the Company, the Directors who have voted in respect of the resolution shall be liable for compensation to the Company. If it can be proved that a Director who voted in respect of the resolution expressly objected to the resolution when the resolution was voted on, such Director shall be waived from such liability.”

**(12) Article 180 of the existing Articles of Association:**

“In accordance with the relevant resolutions of the general meeting, the Board of the Company establishes the Strategy Committee, the Audit and Risk Management Committee, the Nomination Committee, the Remuneration and Evaluation Committee. The Board may set up other board committees or adjust the existing committees where necessary. All members of the Board Committees shall be comprised of Directors, of which independent Directors shall account for the majority of the members of the Audit and Risk Management Committee, the Nomination Committee and the Remuneration and Evaluation Committee and shall act as the convener. For the Audit and Risk Management Committee, there should be at least three members, one (1) member out of which is an accounting professional.”

is proposed to be amended to read:

“In accordance with the relevant resolutions of the general meeting, the Board of the Company establishes the Strategy Committee, the Audit and Risk Management Committee, the Nomination Committee, the Remuneration and Evaluation Committee. The Board may set up other board committees or adjust the existing committees where necessary. All members of the Board Committees shall be comprised of Directors, of which independent Directors shall account for the majority of the members of the Audit and Risk Management Committee, the Nomination Committee and the Remuneration and Evaluation Committee and shall act as the convener. For the Audit and Risk Management Committee, there should be at least three members, and the convener is an accounting professional.”

**(13) Article 193 of the existing Articles of Association:**

“Persons who hold positions other than Directors in any entity of the controlling shareholder or de facto controller of the Company shall not be appointed as the President and other senior management members of the Company, except where a waiver is granted by the securities regulatory authority of the place(s) where the Company’s shares are listed.”

is proposed to be amended to read:

“Persons who hold administrative positions other than Directors or Supervisors in any entity of the controlling shareholder of the Company shall not be appointed as the President and other senior management members of the Company, except where a waiver is granted by the securities regulatory authority of the place(s) where the Company’s shares are listed.

If the senior management members of the controlling shareholders concurrently act as the Directors or Supervisors of the listed company, they shall guarantee that they have enough time and energy to undertake the work of the listed company.”

**(14) Delete clause (3) of paragraph 2 under Article 204 of the existing Articles of Association:**

“(3) Details of candidates for shareholder representative supervisors shall be disclosed to the shareholders by the Supervisory Committee one (1) month prior to the convention of general meeting, to ensure shareholders casting their votes with enough understanding of the candidates.”

**(15) Add one paragraph under Article 216 of the existing Articles of Association as the last paragraph:**

“When the Directors and senior management are found to have violated the laws and regulations or the Articles of Association, the Supervisory Committee shall perform its supervisory duty, and report to the Board or the general meeting, or report directly to CSRC and its local offices, the stock exchanges or other departments.”

**(16) Article 245 of the existing Articles of Association:**

“The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the overseas place where the Company’s shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be made in the financial statements. When the Company is to distribute its after-tax profits, the lower of the after-tax profits as shown in the two financial statements shall be adopted.”

is proposed to be amended to read:

“The financial statements of the Company shall be prepared in accordance with PRC accounting standards and regulations, unless those also shall be prepared in accordance with either international accounting standards or that of the overseas place where the Company’s shares are listed as stipulated by the laws, regulations, departmental rules and the requirements of the listing rules of the place(s) where the Company’s shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be made in the notes to the financial statements. When the Company is to distribute its after-tax profits, the lower of the after-tax profits as shown in the two financial statements shall be adopted.”

**(17) Article 246 of the existing Articles of Association:**

“Any interim results or financial information published or disclosed by the Company shall be prepared and presented in accordance with PRC accounting standards and regulations, and also in accordance with either international accounting standards or that of the overseas place where the Company’s shares are listed.”

is proposed to be amended to read:

“Any interim results or financial information published or disclosed by the Company shall be prepared and presented in accordance with PRC accounting standards and regulations, unless those also shall be prepared in accordance with either international accounting standards or that of the overseas place where the Company’s shares are listed as stipulated by the laws, regulations, departmental rules and the requirements of the listing rules of the place(s) where the Company’s shares are listed.”

**(18) Paragraph 4 under the Article 255 of the Articles of Association:**

“The Company shall strictly comply with the cash dividend policy set out in the Articles of Association and the cash dividend plan considered and approved by the general meeting. In the event that adjustment or change of the cash dividend policy set out in the Articles of Association is necessary due to the special circumstances stated in the Article 254 above, the Company shall make the adjustment or change upon thorough discuss, compliance with the relevant decision-making procedures and approval of no less than two-thirds of voting rights of shareholders present at the general meeting. The reasons and opinions of the independent directors on the relevant issues shall be disclosed in the current annual report.”

is proposed to be amended to read:

“The Company shall strictly comply with the cash dividend policy set out in the Articles of Association and the cash dividend plan considered and approved by the general meeting. In the event that adjustment or change of the cash dividend policy set out in the Articles of Association is necessary due to the special circumstances stated in the Article 254 above, the Company shall make the adjustment or change upon thorough discussion, compliance with the relevant decision-making procedures and approval of no less than two-thirds (2/3) of voting rights of shareholders present at the general meeting. The reasons and opinions of the independent directors on the relevant issues shall be disclosed in the current annual report.”

**11. Resolution in relation to amendments to the Rules of Procedure for General Meetings**

In order to further improve its corporate governance, pursuant to amendments to the prevailing laws, regulations and regulatory documents including the Company Law (revised in October 2018), the Corporate Governance Guidelines for Listed Companies (revised in September 2018), and the Guidelines on Articles of Association of Listed Companies (revised in April 2019), and based on the Company’s needs in its actual production and operation, the Company proposed to amend the Rules of Procedure for General Meetings based on the amendments to the Articles of Association.

**Details of proposed amendments to the Rules of Procedure for General Meetings are set out below:**

**Paragraph 2 under Article 33 of the existing Rules of Procedure for General Meetings:**

“The Company shall arrange for the venue for an on-site meeting to be held. The Company shall provide an on-line voting platform or other means to offer convenience for shareholders attending the general meeting. Shareholders who attend the meeting by aforementioned means shall be deemed as being present at the meeting.”

is proposed to be amended to read:

“The general meeting shall set meeting venue and be convened by way of a combination of on-site meetings and online voting modes or other ways permitted by laws, regulations and the listing rules of the place where the Company’s shares are listed. The Company shall provide an online voting platform or other means to offer convenience for shareholders attending the general meeting. Shareholders who attend the meeting by aforementioned means shall be deemed as being present at the meeting.”

The above resolution on amendments to the Rules of Procedure for General Meetings was considered and approved by the Board on 29 April 2019 and is hereby presented to the AGM for consideration and approval.

**12. Resolution in relation to amendments to the Rules of Procedure for the Board**

In order to further improve its corporate governance, pursuant to amendments to the prevailing laws, regulations and regulatory documents including the Company Law (revised in October 2018), the Corporate Governance Guidelines for Listed Companies (revised in September 2018), and the Guidelines on Articles of Association of Listed Companies (revised in April 2019), and based on the Company’s needs in its actual production and operation, the Company proposed to amend the Rules of Procedure for the Board based on the amendments to the Articles of Association.

Details of proposed amendments to the Rules of Procedure for the Board are set out below:

**(1) Article 8 of the existing Rules of Procedure for the Board:**

“The Board is entitled to make decision on the following matters of the Company (including the subsidiaries):

.....”

is proposed to be amended to read:

“The Board is entitled to make decision on the following matters of the Company (including those of the subsidiaries) within the scope authorized by the general meeting:

.....”

**(2) Article 15 of the existing Rules of Procedure for the Board:**

“In accordance with the relevant resolutions of the general meeting, the Board of the Company establishes the Strategy Committee, the Audit and Risk Management Committee, the Nomination Committee, the Remuneration and Evaluation Committee. All members of the Board Committees shall be Directors. Independent Directors shall account for the majority of the members of the Audit and Risk Management Committee, the Nomination Committee and the Remuneration and Evaluation Committee and shall act as the convener. For the Audit and Risk Management Committee, at least one (1) independent Director must be the accounting professionals.”

is proposed to be amended to read:

“In accordance with the relevant resolutions of the general meeting, the Board of the Company establishes the Strategy Committee, the Audit and Risk Management Committee, the Nomination Committee, the Remuneration and Evaluation Committee. All members of the Board Committees shall be Directors. Independent Directors shall account for the majority of the members of the Audit and Risk Management Committee, the Nomination Committee and the Remuneration and Evaluation Committee and shall act as the convener. For the Audit and Risk Management Committee, there should be at least three members, and the convener is an accounting professional.”

**(3) Article 19 of the existing Rules of Procedure for the Board:**

“The Board shall be convened by the Chairman. A written notice of the regular meeting of the Board shall be delivered to all Directors and Supervisors 14 days prior to the meeting.”

is proposed to be amended to read:

“The Board meeting shall be convened by the Chairman. A written notice of the regular meeting of the Board shall be delivered to all Directors and Supervisors 14 days prior to the meeting.”

**(4) Paragraph 2 under Article 28 of the existing Rules of Procedure for the Board:**

“When one fourth or more of the Directors or two independent Directors or more believe that the information in relation to the meetings proposals is inadequate or that the argumentation is unclear, they can jointly request the Board in writing to postpone the meeting or postpone the consideration of such matters, and the Board shall adopt that.”

is proposed to be amended to read:

“When one fourth or more of the Directors or two independent Directors or more believe that the information in relation to the meeting proposals is inadequate or that the argumentation is unclear, they can jointly request the Board in writing to postpone the meeting or postpone the consideration of such matters, and the Board shall adopt that. In respect of such opinions of more than two (2) independent Directors, the Board shall disclose in a timely manner.”

**(5) Article 30 of the existing Rules of Procedure for the Board:**

“The meetings of the Board shall be convened and presided over by the Chairman. If the Chairman is unable to or does not perform his/her duties, the meetings shall be convened and presided over by the vice Chairman. If the vice Chairman is unable to or does not perform his/her duties, a Director jointly elected by a half or more of the Directors shall convene and preside over the meetings.”

is proposed to be amended to read:

“The Board meetings shall be presided over by the Chairman. If the Chairman is unable to or does not perform his/her duties, the meetings shall be presided over by the vice Chairman. If the vice Chairman is unable to or does not perform his/her duties, a Director jointly elected by a half or more of the Directors shall preside over the meetings.”

**(6) Paragraph 1 under Article 41 of the existing Rules of Procedure for the Board:**

“The meeting of the Board adopts the principle of voting on each matter at a time, which means that voting begins upon completion of the consideration of a proposal, and that the next proposal shall not be voted before the voting on a proposal has completed.”

is proposed to be amended to read:

“The Board meeting adopts the principle of voting on one matter at a time, which means that voting begins upon completion of the consideration of a proposal, and that the voting results will be announced uniformly after all the proposals are considered.”

**(7) Article 43 of the existing Rules of Procedure for the Board:**

“Resolutions shall be adopted by the Board on by a half or more of all Directors. If there is any equality in the votes, the chairman shall have a casting vote.”

is proposed to be amended to read:

“Resolutions could be adopted by the Board if passed by a half or more of all Directors, unless otherwise provided by the laws, administrative regulations, the Articles of Association and the Rules of Procedure for the Board. If there is any equality in the votes, the Chairman shall have a casting vote.”

**(8) Article 50 of the existing Rules of Procedure for the Board:**

“The Directors shall be liable for resolutions of the Board. If a resolution of the Board violates the laws, regulations or the Articles of Association, the Directors who voted for the resolution shall be directly liable. If it is proved that a Director who objected to the resolution when the resolution was voted on, and voted against the resolution pursuant to the minutes, such Director shall be exempt from the liability. Directors who abstained from voting or who failed to attend the meeting either in person or by a proxy, shall not be exempt from the liability. Directors who expressly objected to the resolution when the resolution was voted on but failed to vote against, shall neither be exempt from the liability.”

is proposed to be amended to read:

“The Directors shall be liable for resolutions of the Board. If a resolution of the Board violates the laws, regulations, the Articles of Association or resolutions of the general meeting and thus resulting in material losses to the Company, the Directors shall be liable for compensation to the Company. If it can be proved that a Director who voted in respect of the resolution expressly objected to the resolution when the resolution was voted on, such Director shall be waived from such liability.”

The above resolution on amendments to the Rules of Procedure for the Board was considered and approved by the Board on 29 April 2019 and is hereby presented to the AGM for consideration and approval.

**13. Resolution in relation to amendments to the Rules of Procedure for the Supervisory Committee**

In order to further improve its corporate governance, pursuant to amendments to the prevailing laws, regulations and regulatory documents including the Company Law, the Corporate Governance Guidelines for Listed Companies, and the Guidelines on Articles of Association of Listed Companies, and based on the Company’s needs in its actual production and operation, the Company proposed to amend the Rules of Procedure for the Supervisory Committee based on the amendments to the Articles of Association.

**Details of proposed amendments to the Rules of Procedure for the Supervisory Committee are set out below:**

**Add a paragraph under Article 6 of existing Rules for Procedure for the Supervisory Committee:**

“When the Directors and senior management are found to have violated the laws and regulations or the Articles of Association, the Supervisory Committee shall perform its supervisory duty, and report to the Board or the general meeting, or report directly to CSRC and its local offices, the stock exchanges or other departments.”

The above resolution on amendments to the Rules of Procedure for the Supervisory Committee was considered and approved by the Supervisory Committee on 29 April 2019 and is hereby presented to the AGM for consideration and approval.

**14. Resolution in relation to the issuance of debt financing instruments by the Company for 2019**

In order to satisfy the production and operation needs of the Company, to adjust the structure of liabilities, and to reduce the financing costs of the Company, according to the Company's financing plans for 2019, the Company intends to finance by debt instruments and issue one or a portfolio of debt financing instruments in one or multiple tranches. And it has been resolved that the resolution in relation to the proposed issue of debt financing instruments above will be proposed to the AGM for Shareholders' consideration and approval.

**(1) Issue plan**

The categories of the debt financing instruments proposed to be issued by the Company include corporate bonds, ultra-short-term debentures, short-term debentures, medium-term notes, perpetual bonds, asset-backed debentures (including but not limited to ABN and ABS) overseas bonds denominated in RMB, bonds denominated in USD, A Share convertible bonds, H Share convertible bonds or other new types of bonds ("Debentures") issued in the PRC with the total outstanding balance of repayment amount of the Debentures not exceeding an aggregate of equivalent to RMB70 billion. In respect of the convertible bonds proposed to be issued, the A Share or H Share so converted may be issued pursuant to the general mandate to additional issue considered and passed by the general meetings of the Company in response to the application for conversion by the holders of the convertible bonds.

**(2) Principal terms of issue**

- (i) Issuer: the Company, and for the issuance of overseas debt financing instruments, the Company or an overseas wholly-owned subsidiary of the Company will act as the issuer.
- (ii) Size of issue: the specific size of issue will be determined in line with the capital requirements and market conditions with the total outstanding repayment amount of the Debentures not exceeding an aggregate of equivalent to RMB70 billion, provided that requirements of relevant laws and regulations and regulatory documents are complied with.
- (iii) Term(s) and category(ies): the Debentures can take the form of single term debenture or a combination of multiple categories with different terms. The specific composition of such terms and the issue size of each category with a specific term will be determined in accordance with relevant requirements and the market conditions, and the issue size of each category of debentures shall not exceed the limit applicable to the issue of such category of Debentures by the Company in accordance with relevant requirements of the PRC.

- (iv) Use of proceeds: the proceeds to be raised from such issue will be used for satisfying the production and operation needs of the Company, the adjustment of the structure of liabilities, replenishment of working capital and/or project investments.
- (v) Validity term of the resolution: the validity term of the resolution in relation to the proposed issuance of the debt financing instruments means the period from the approval date of this resolution at the general meeting to the date for convening the 2019 annual general meeting of the Company. In the event that the Company has resolved to carry out such issuance within the validity term of the resolution and the Company has obtained the approval, permit or registration in relation to the issuance from the regulatory authorities within the validity term of the above resolution, the Company may complete such issuance within the validity term so far as such approval, permit or registration remains valid.

### **(3) Authorization**

It is proposed to grant a general and unconditional mandate at the general meeting to the Board to deal with the following matters within the scope of the principal terms of the issue as set out in paragraph (2) above, pursuant to relevant laws and regulations, the opinions and advices of regulatory authorities, the operation needs of the Company as well as the then market conditions:

- (i) to determine the type(s), specific category(ies), specific terms and conditions as well as other matters of the Debentures, including but not limited to all the matters in relation to the issue such as the size of issue, actual total amount, currency, issue price, interest rate or the determination method thereof, applicable issuer, place of issue, timing of issue, term(s), whether to issue in tranches and the number of tranches, whether to adopt any terms for repurchase and redemption, rating arrangements, guarantee matters, term of repayment of the principal and interests, use of proceeds, as well as listing and underwriting arrangements;
- (ii) to carry out all necessary and incidental actions and procedures for the issue of Debentures, including but not limited to, engaging intermediary agencies to handle, on behalf of the Company, the approval, record, filing and registration procedures with relevant regulatory authorities relating to the application for the issue, executing all necessary legal documents relating to the issue and dealing with other matters relating to the issue and trading of the Debentures;
- (iii) to make relevant adjustments to the relevant matters of the issue of the Debentures and to determine whether to proceed with the issue with reference to the opinions from relevant domestic regulatory authorities and the changes in policies and market conditions, provided that such adjustments and decision shall be within the scope of the authorization of the general meeting and shall be subject to re-voting at a general meeting of the Company if otherwise required by the relevant laws and regulations and the Articles of Association of CRRC Corporation Limited;

- (iv) to deal with other specific matters in relation to the issue of the Debentures and to execute all the required documents;
- (v) to approve the Board's further delegation of the aforesaid authorization to the Chairman of the Board and the president of the Company for the implementation of the issue.

The abovementioned resolution in relation to the issuance of the debt financing instruments in 2019 was considered and approved by the Board on 28 March 2019 and is hereby proposed to the AGM for consideration and approval.

**15. Resolution in relation to the grant of general mandate to the Board to issue additional A Shares and H Shares of the Company**

The Board hereby proposes to the general meeting for approval by way of a special resolution in relation to the grant of an unconditional general mandate to the Board to, subject to market condition and the requirements of the Company, separately or concurrently issue, allot and deal with, by share capital or equity linked instruments (as defined below), new shares not exceeding 20% of each of the issued domestic shares (A Shares) and/or overseas listed foreign invested shares (H Shares) of the Company at the time of passing this resolution at the general meeting. According to requirements of relevant PRC laws and regulations and regulatory documents, the Board shall seek approval from the general meeting for each issuance of new A Shares even if the general mandate has been granted to the Board. Details of the general mandate include but are not limited to the following matters:

1. to formulate and implement the detailed issue proposal which includes, without limitation, the class of new shares to be issued, the pricing mechanism and/or the issue price (including a price range), the number of shares to be issued, the target subscribers and the use of proceeds; to determine the timing of the issue and the period of the issue, and to decide whether to place to existing shareholders or not;
2. to consider, approve and execute, on behalf of the Company, agreements relating to the issue, including but not limited to placing and underwriting agreements, engagement agreements with intermediaries;
3. to consider, approve and execute, on behalf of the Company, legal documents relating to the issue which shall be submitted to the relevant regulatory authorities; to fulfill the relevant approval procedures in accordance with the requirements of the regulatory authorities and requirements at the places where the Company is listed;
4. to make necessary amendments to the relevant agreements and legal documents in items 2 and 3 above in accordance with the requirements of domestic and foreign regulatory authorities;
5. to affix the seal of the Company on the agreements and legal documents relating to the issue;

6. to engage intermediaries in connection with the issue and to approve and execute all actions, deeds, documents and such other matters that are necessary, appropriate, expedient or relevant to the issue;
7. to approve the increase of the registered capital of the Company, make relevant amendments to the Articles of Association of the Company relating to the total capital and shareholding structure, and fulfill the relevant registration and filing procedures pursuant to the domestic and overseas legal requirements, after the issue of the new shares.

Except that the Board may make or grant offers, agreements, or options during the Relevant Period in relation to the issue of A Shares and/or H Shares, which might require further promotion or implementation after the end of the Relevant Period, the period of the above mandate shall not exceed the Relevant Period. The Relevant Period means the period from the date of granting the mandate by a special resolution at the 2018 AGM until whichever is the earliest of:

1. the conclusion of the 2019 annual general meeting of the Company;
2. the expiration of the 12-month period following the passing of this resolution by a special resolution at the 2018 AGM;
3. the date on which the mandate under this resolution is revoked or varied by a special resolution at any general meeting of the Company.

For the purpose of this resolution, “equity-linked instruments” include bonds that may be converted or exchanged into A Share and/or H Share, options or other derivatives.

The abovementioned resolution in relation to the grant of a general mandate to the Board to issue new A Shares and H Shares of the Company was considered and approved by the Board on 28 March 2019 and is hereby proposed to the AGM for consideration and approval.

## CRRC CORPORATION LIMITED 2018 WORK REPORT OF THE BOARD

The year 2018 was the first year for the Company to fully implement the spirit of the 19th National Congress of the Communist Party. During the year, the Company effectively responded to the profound change of internal and external environments, forged ahead and rose abruptly based on its accumulated strength with the operation performance stabilized and rebounded. The Board of the Company earnestly fulfilled the duties entrusted by the Company Law and the Articles of Association, took the maximization of shareholders' value as its own responsibility, actively explored the way to give play to the function of the Board in strategic leading, deepening reform, scientific decision-making and risk prevention, and promoted the improvement of corporate governance standards and the development of the Company's business operations. All Directors of the Company conscientiously performed their duties, worked diligently and did a lot of work for the Company's major decisions and the normative operation of the Board.

### **I. Persisting in target leading to ensure that the Company achieves its annual business objectives.**

**1. Promoting the revision of development strategy.** In light of the changes of the political and economic situation at home and abroad and industry market landscape since the 19th National Congress of the Communist Party, in order to play the leading role of strategic planning and promote the high-quality development, the Company made a general revision of the "13th Five-Year Plan" development strategy on the basis of interim evaluation on the implementation of "13th Five-Year Plan" strategy on the principle of "two highs and two combinations" (i.e. insisting on the high-quality development and high target leading and the combination with changes of external circumstance and the combination with political inspection and rectification). The revised "13th Five-Year Plan" strategy clearly defined the strategic goal of "two builds, one develop (雙打造一培育)" (i.e. building a respected international company and a "golden card" of CRRC for Party construction as well as developing into a world-leading company with global competitiveness) based on the analysis of internal and external environments operation performance and put forward the general thought of high-quality development and the development goal and major measures of the "13th Five-Year Plan".

**2. Promoting the deepening of reform and restructuring.** Firstly, the Company achieved staged achievements in reorganization and integration of internal businesses, Qiqihar Group and Yangtze Group were formally established and commenced operation which provided a reference model for the implementation of subsequent reform, and achieved the restructuring of other business segments in an orderly way. Secondly, with the rapid promotion of the "double hundred action" for the reform of state-owned enterprises, Qiqihar Group, CRRC Changchun, Zhuzhou Motor and CRRC ZELRI were successfully elected in the enterprise list of the "double hundred action" for the reform of state-owned enterprises. The Company ranked first among state-owned enterprises in terms of the number of enterprises included in the list, and comprehensively started implementing the overall reform plan. Thirdly, fruitful results were achieved in "cutting expenses" and "dealing with zombie enterprises and enterprises in extreme financial difficulties", and the task of "cutting expenses" of SASAC was completed a year early. The endogenous power of the reform and restructuring was continuously released.

**3. Promoting the performance of social responsibility.** The Company continued to improve the social responsibility system, strengthened the social responsibility management ability, vigorously promoted the practice of social responsibility and proactively issued the corporate social responsibility report. The Company will perform its social responsibility as the inevitable requirements for deepening enterprise reform and improving core competitiveness of enterprises, continued to promote the integration of social responsibility concept into enterprise operation and management, continuously strengthened the sustainable operation capability, insisted on the mission of “connecting the world to benefit human”, and made contributions to the social development. In 2018, in order to fully meet the overall requirements for national ecological civilization construction, resolutely fought against pollution, and won the battle of protecting the environment, the Company formulated a 3-Years Action Plan of CRRC, and set the working goal of ecological protection and pollution prevention and control in the next three years. The Company always took into consideration of the environmental and social impacts, provided green and high-quality products and services to the public to meet their yearning for better life, and united strength from all parties to establish a community of shared future for CRRC, achieve mutual benefits and share the fruits of development with all parties.

**4. Promoting the achievement of operation targets.** Facing the complicated and ever-changing internal and external environment, the Company worked hard in a concerted effort with all employees work together. By focusing on three topics of “quality, efficiency and momentum”, the Company deeply developed the activities of “improving quality and reducing cost” and comprehensively promoted the 12 key special measures. With the comprehensive budget management as the main line, the Company established six indicators for improving quality, improved the business quality and management efficiency, the overall operating performance of the Company remained stable and good, the Company completed the operation target for 2018. In 2018, the Company achieved operation revenue of RMB219.1 billion, representing an increase of 3.82% compared with that of the last year; the Company achieved net profit attributable to parent company of RMB11.3 billion, representing an increase of 4.76% compared with that of the last year.

## **II. Persisting in compliant operation and continuing to strengthen Board construction.**

**1. Successfully completing the re-election of the Board.** In 2018, the three-year term of office of the first session of the Board of the Company was expired. The Company successfully completed the re-election of the Board in accordance with the relevant provisions of the Company Law and the Articles of Association, bringing more rational composition and knowledge structure of Board members. The second session of the Board of the Company is composed of 7 Directors. The Board members have rich experience and the structure of the members is reasonable. Among them, there are three executive Directors, namely Liu Hualong, Sun Yongcai and Xu Zongxiang; one non-executive Director, Liu Zhiyong; and three independent non-executive Directors, namely Li Guo’an, Wu Zhuo and Sun Patrick. The Board has four committees, namely strategy committee, audit and risk management committee, remuneration and assessment committee and nomination committee. Other than the strategy committee which is chaired by the chairman of the Company, the other three committees are all chaired by independent non-executive Directors. The audit and risk management committee and the remuneration and assessment committee are all composed of non-executive Directors. Non-executive Directors account for the majority of the nomination committee, which ensures that non-executive Directors could fully express their opinions and effectively participate in

corporate governance, and guarantees the normative, scientific and effective operation of the Board. The committee members are as follows - the strategy committee: chairman Liu Hualong, vice chairman Liu Zhiyong, members Sun Yongcai, Xu Zongxiang and Li Guo'an; the audit and risk management committee: chairman Sun Patrick, members Liu Zhiyong and Li Guo'an; the nomination committee: chairman Li Guo'an, members Liu Hualong, Sun Yongcai, Wu Zhuo and Sun Patrick; the remuneration and assessment committee: chairman Wu Zhuo, members Liu Zhiyong and Sun Patrick.

**2. Standardising efficient operation of the Board and Shareholders' meeting.** In 2018, the Board conscientiously fulfilled its responsibilities and made scientific decisions in a timely manner on major issues such as the Company's operating plan, investment plan and reform and development in accordance with the requirements of the regulatory authorities and the development needs of the Company. One general meeting was organized and convened. Through on-site voting in combination with online voting, the Company considered and approved 18 resolutions including the Resolution on the Work Report of the Board of CRRC Corporation Limited for 2017. At the meeting, the second session of the Board of the Company was re-elected and the inclusion of party construction in the Articles of Association was completed. The Board convened 12 Board meetings and considered and approved 59 resolutions in respect of periodic reports, connected transactions, amendments to the Articles of Association, etc. The Board convened 17 special committee meetings of the Board, of which, three by the strategy committee, eight by the audit and risk management committee, five by the nomination committee, and one by the remuneration and assessment committee.

**3. Timely and comprehensively keeping abreast of the information about the Company.** External Directors understand and keep abreast of the Company's information through a variety of channels to improve scientific decision-making. Firstly, they obtained relevant information through daily communication. They gained an understanding of the operation and development of the Company through its regular collection of information on management, market expansion, product development, technological innovation, selection and recruitment of talents and financial management. Subject to the specific needs of a meeting, the external Directors communicated with the management on relevant affairs before such Board meeting is officially convened and even before the determination of proposals to be considered. When the Company has a significant event, the secretary of the Board will organize a special report to the external Directors. During the period of corresponding meetings of the Board and special committees, the Company regularly set out its major investments, research and development projects as well as market expansion and other notified matters, in addition to the necessary proposals. Secondly, external Directors attended important meetings held by the Company's management to gain an understanding of the Company's operations. Thirdly, the Company went to subsidiaries for investigations and studies to understand the production and operation of the Company in detail. In 2018, the Company went to 16 subsidiaries at various levels including Guangzhou Company, Logistics Company, Yangtze Group, Tangshan Company and Qishuyan Company for investigation, and went to the UK to investigate and study the Company's projects of deep-sea robot and semiconductor wafer, so as to understand the development of the enterprises, the progress of major investment projects and the development of the Company's international business.

**4. Persisting in communication and collaboration between various governance bodies.** The Board of the Company performs its duties in accordance with the laws, and respects the statutory functions of various governance bodies, such as Shareholders, the Board of Supervisors, the

management, the party committee, employee representative assembly, fulfilling their respective duties and responsibilities, collaborating operation and effectively maintaining balance with each of the governance bodies. The Board of the Company maintained communication with Shareholders to actively discuss with them about the Company's strategies and operations at the general meeting. The Board consciously accepted the supervision of the Board of Supervisors with all Supervisors present at Board meetings. Under the leadership of the president, the management actively supported and cooperated in the work of the Board, reporting to the Board, accepting questions and enquiries from the Directors, and carrying out the daily production and operation according to the laws. Smooth communication was maintained between the chairman and president, as well as between the independent non-executive Directors and non-executive Directors and the management members.

### **III. Emphasizing on the construction of the internal control system and effectively defending against operating risks**

**1. Continuing to promote risk management.** The Board of the Company attaches great importance to risk management and continues to promote the Company's risk management. In 2018, the Company continued to improve the risk management system, further clarifying the risk management organizational system of the headquarters and subsidiaries. It formulated the "Framework and Construction Measures of Risk Management and Internal Control Systems of CRRC Corporation Limited", which proposed 63 complete risk control guideline systems in relation to risks and internal control guideline (guidance). The Company established an annual risk assessment and major project risk assessment mechanism, quarterly risk analysis report and other systems. The construction of an integrated risk management and control information system has realized "one platform, one procedure, one database", reducing costs for repeated investments and decentralisation of resources, and realising the instant transmission and presentation of information. The Board is highly concerned about the development of high-risk businesses such as PPP projects, and has repeatedly listened to reports on business development with provision of guidance.

**2. Intensifying the construction of the internal control system.** The audit and risk management committee of the Board guides the Company with the internal control evaluation. The scope of the evaluation shall include, but not limited to, 18 aspects stated in the "Guidelines for the Application of Internal Control of Enterprises", also concentrating on the businesses with significant losses and loss risks, the areas with lower level of integrity and more power concentration, and less efficient business processes. A closed-loop mechanism including "process streamlining - internal control assessment - defect identification - defect rectification" was established, and tool templates such as "risk list, risk event library, risk assessment table, internal control process, internal control matrix, permission assignment table" were formulated and improved. The Board fully controlled the construction of the internal control system, embedded risk management into major decision-making processes, and improved risk identification and control capabilities.

**3. Comprehensively fine-tuning and improving the corporate governance system.** At the beginning of its establishment, CRRC focused on the normative, scientific and effective operation of the Board. The Company has completed formulating the governance system of "Articles of Association + Basic Systems + Special Systems", clearly setting out the core content such as the Company's organizational form, general meeting, organisation structure, terms of reference, rules of procedure, and right and obligation systems of the Board, Board of Supervisors, and various special committees.

In the three-year implementation process, the corporate governance system has been continuously improved. In order to adapt to corporate governance needs and changes in regulatory policies, the corporate governance system was improved with full-scale amendments in 2018. The first was to amend the “Articles of Association” and the rules of procedure of general meeting, the Board and Board of Supervisors, focusing on the inclusion of party construction in the Articles of Association and the adjustment to decision-making authority of various decision-making bodies. The second was to amend 15 basic systems including the Working Rules for the President of CRRC Corporation Limited, focusing on the revision of the working rules of various special committees of the Board, the measures for the management of information disclosure, the management system for external guarantees, and the measures for the management of connected transactions.

#### **IV. Pushing on market value management to improve the image in the capital market**

**1. Disclosure of information in compliance with laws and regulations.** The Board of the Company, always insists on the principle of “truth, accurateness, completeness and timeliness”, carefully reviewed the disclosed information through emails, meetings, etc. and fulfilled its information disclosure obligations in accordance with laws and regulations. During the year, the Company published 121 ad hoc reports on the SSE; published 123 announcements in traditional Chinese, 69 announcements in English, i.e. 192 announcements in aggregation, on the Hong Kong Stock Exchange. The Board focused on completing the information disclosure of 6 non-daily connected transactions; published the announcements in relation to corporate bond interest payment and delisting, follow-up rating announcement and the announcement of implementing dividend distribution. The Company published 5 contract announcements, disclosing a contract amount of RMB197.95 billion in total, which accounted for approximately 94% of the audited operating income of the Company in 2017. The Company has obtained Grade A in the evaluation of information disclosure of listed companies on the SSE for three consecutive years.

**2. Actively communicating with investors in an effective manner.** The Board of the Company is committed to protecting the interests of all the Shareholders, continually enhancing investor relations management and making active responses to the appeals of the Shareholders. The Company established an investor relations management team that includes senior management, executive department and support department. Senior management, which comprised the chairman, president, vice president and the secretary to the Board of the Company, would be responsible for decision-making and planning of major events of investor relations. Executive department is the Board office of the Company, which would be responsible for day-to-day communications with investors, non-transaction road shows, Shareholders’ analysis, capital market monitoring and information feedback. Supporting department, which comprised the responsible persons of business departments of the Company and all its subsidiaries, would be responsible for providing the information necessary for investor relations management. Through recent years of practices, the Company’s act to establish a platform for communication with investors, expand channels for communication with investors, effectively communicate with investors, has improved the Company’s image in the capital market. During the year, the Company organized in total 3 series of roadshows and 1 series of reverse roadshows, received in total 38 series of visit (approximately 265 persons came to the Company for inspections), convened 62 conference calls, arranged 10 series of subsidiary inspections, participated in 19 strategy events organized by securities institutions.

**3. Establishing a market value management mechanism.** The Board of Directors of the Company continued to pay attention to the Company's stock price, market value movement and capital market dynamics, taking advantage of the role of capital market for optimising allocation of resources to maximize the Company's intrinsic value and Shareholders' equity. The establishment of a market value management mechanism will help the Company achieve the strategic goal of "two builds, one develop (雙打造一培育)", which in turn would enable the synergic development of the capital market and the product market, increasing the brand value of the Company. The Company holds a market value management meeting every quarter to promote the implementation of market value management and continuously improve the Company's capitalization.

In the past year, all the Directors put forward ideas and plans for the Company with due diligence, considered every resolution and gave careful, objective and fair advices. With thorough understanding of the on-site production and operation of the Company and active participation in decision making of the Board, interests of the Company and the shareholders have been safeguarded. As the level of corporate governance of CRRC has been constantly increasing, the Company has been awarded with the following honors in the capital market consecutively: **18 important awards, including Gold Prize of Round Table (金圓桌獎) — "Corporate Governance Excellent Enterprise" (公司治理卓越企業獎) and "Most Influential Independent Director" (最具影響力獨立董事獎) by the 14th Session of the Board of Directors of PRC Listed Companies, "Outstanding Contribution Entrepreneur in the Forty Years Course of Reform and Opening Up" (改革開放四十週年傑出貢獻企業家獎), "One Belt and One Road Listed Company with Best Practices" (一帶一路最佳實踐上市公司獎) and "Best Secretary of the Board of Directors of Listed Company" (最佳上市公司董事會秘書獎) by 2018 Golden Bauhinia on Securities in China (中國證券金紫荊獎), Golden Lion Award (金獅獎) — "Listed Company with the Best Brand Value" (最具品牌價值上市公司獎) by Sina Finance, ranking 58th in Asia Pacific Region in "2017 Vision Awards Annual Report Competition" from League of American Communications Professionals (LACP) and "Gold Winner — Equipment, Machinery & Instruments" (裝備機械儀器行業金獎).**

In 2019, the Company set its primary operation goal to ensure the stability and growth of operation income and net profits attributable to owners of the parent company. The Company will focus on the three themes of "synergism, making up for deficiencies and increasing quality" by establishing five mechanisms of "strategic control, resource coordination, risk control, joint construction and sharing, incentives and constraints", building integrated six systems of "comprehensive budget management, technological innovation, information management, global talent fostering, supervision and appraisal, international control", as well as making great efforts on eight key tasks, i.e. "stabilising growth, enhancing control, increasing capability, warding off risks, developing driving force, optimising innovation, improving quality and forging brand". The Company will, through the main line of comprehensive budget management, the approach of refined management and with an aim to improve quality and enhance efficiency, endeavour to reinforce operation management, enhance corporate governance and expedite international operation, thus laying a solid foundation for the Company to realise the goal of "two builds, one develop (雙打造一培育)".

The Company's development has received unprecedented attention. The Board represents the interests of all Shareholders, also carries on the expectations of all employees of the Company. In 2019, the Board will continue with the spirit of unity, hard work, pioneering and innovation, diligently perform its duties, make scientific decisions, and push ahead the high-quality development of the Company.

**The Board of CRRC Corporation Limited**

*Note:* All the financial data provided in this report were prepared under the PRC Accounting Standards; and unless stated otherwise, the currency used for book-keeping was Renminbi.

**CRRC CORPORATION LIMITED**  
**2018 WORK REPORT OF THE SUPERVISORY COMMITTEE**

In 2018, strictly in accordance with the relevant provisions of the Company Law of the PRC and other laws and regulations and the Articles of Association and the Rules of Procedure for the Supervisory Committee, from the interests of all shareholders, all members of the Supervisory Committee of the Company conducted supervision and examination on the legal compliance of the Company's financial affairs, the implementation of the resolutions of the Shareholders' general meeting, the major decision-making procedures of the Board and the operation and management activities of the Company, and the performance of the duties of Directors and senior management, promoting the Company's sustainable and healthy development. All supervisors seriously performed their duties, actively and effectively carried out the work of the Supervisory Committee for the year 2018.

**I. WORK OF THE SUPERVISORY COMMITTEE**

In 2018, the Supervisory Committee summoned and convened the meetings of the Supervisory Committee pursuant to the laws and regulations and according to the operation of the Company, and mainly carried out works in the following aspects:

**1. Meetings of the Supervisory Committee in 2018**

During the Reporting Period, the Supervisory Committee held 10 meetings to consider 32 proposals. The meetings were convened in strict accordance with the relevant provisions of the Company Law of the PRC, the Articles of Association and the Rules of Procedure for the Supervisory Committee. Details of the meetings are as follows:

On 19 January 2018, the 19th meeting of the first session of the Supervisory Committee was convened by way of circulation for signature, at which the Resolution on the Use of Proceeds to Temporarily Supplement the Working Capital was considered and approved.

On 7 March 2018, the 20th meeting of the first session of the Supervisory Committee was convened in the form of on-site meeting, at which the Resolution in Relation to the Establishment of CRRC Financial Leasing Company Limited by CRRC Corporation Limited together with CRRC GROUP Co., Ltd. and Tianjin Trust Co., Ltd. was considered and approved.

On 28 March 2018, the 21st meeting of the first session of the Supervisory Committee was convened in the form of on-site meeting, at which 14 resolutions, including the Resolution in Relation to the 2017 Annual Report of CRRC Corporation Limited, were considered and approved.

On 26 April 2018, the 22th meeting of the first session of the Supervisory Committee was convened in the form of on-site meeting, at which 4 resolutions, including the Resolution in Relation to the 2018 First Quarterly Report of CRRC Corporation Limited, were considered and approved.

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## **ANNEX B      2018 WORK REPORT OF THE SUPERVISORY COMMITTEE**

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On 11 May 2018, the 23th meeting of the first session of the Supervisory Committee was convened in the form of on-site meeting, at which 2 resolutions, including the Resolution on Nominating Candidates for Supervisors of the Second Session of the Supervisory Committee of CRRC Corporation Limited 《關於提名中國中車股份有限公司第二屆監事會監事候選人的議案》, were considered and approved.

On 31 May 2018, the 1st meeting of the second session of the Supervisory Committee was convened in the form of on-site meeting, at which the Resolution on Election of Chairman of the Second Session of the Supervisory Committee of CRRC Corporation Limited 《關於選舉中國中車股份有限公司第二屆監事會主席的議案》 was considered and approved.

On 24 August 2018, the second meeting of the second session of the Supervisory Committee was convened in the form of on-site meeting, at which 3 resolutions, including the Resolution in Relation to the 2018 Interim Report of CRRC Corporation Limited, were considered and approved.

On 28 September 2018, the 3rd meeting of the second session of the Supervisory Committee was convened in the form of on-site meeting, at which 2 resolutions, including the Resolution on the Transfer of the Equity Interest of Zhejiang CRRC Electric Vehicle Co., Ltd. (浙江中車電車有限公司) Held by CRRC Zhuzhou Locomotive Co., Ltd. 《關於中車株洲電力機車有限公司轉讓所持浙江中車電車有限公司股權的議案》, were considered and approved.

On 30 October 2018, the 4th meeting of the second session of the Supervisory Committee was convened in the form of on-site meeting, at which 2 resolutions, including the Resolution in Relation to the 2018 Third Quarterly Report of CRRC Corporation Limited, were considered and approved.

On 11 December 2018, the 5th meeting of the second session of the Supervisory Committee was convened in the form of on-site meeting, at which 2 resolutions, including the Resolution on the Transfer of 51% Equity Interest of Tianjin CRRC Jinpu Industrial Park Management Co., Ltd. (天津中車津浦產業園管理有限公司) by Tianjin CRRC Equipment Co., Ltd. (天津中車機輛裝備有限公司) 《關於天津中車機輛裝備有限公司協議轉讓天津中車津浦產業園管理有限公司51%股權的議案》, were considered and approved.

### **2. Attendance of Members of the Supervisory Committee at the Company's Other Meetings**

In 2018, members of the Supervisory Committee attended the 2017 annual general meeting, presented as non-voting attendees at 12 Board meetings and 23 office meetings of president convened by the Company in 2018, and attended the Company's annual work meeting and operational management meeting.

In accordance with the Articles of Association, the Supervisory Committee conducted effective supervision on, among others, the convening procedures of the Company's shareholders' general meeting and the Board meeting, issues and voting procedures. During the voting, a supervisor was sent to supervise the implementation of the resolution of the shareholders' general meeting by Directors and senior management.

During their participation in the aforesaid meetings, members of the Supervisory Committee communicated with the relevant departments when necessary, investigated and made enquiries on key proposals and offered opinions and recommendations on key issues to ensure that the various tasks are in compliance with the relevant laws and regulations.

### **3. The Special Research Organized by the Supervisory Committee**

In 2018, in accordance with the provisions of the Rules of Procedure for the Supervisory Committee of the Company, the Supervisory Committee's right to know shall be protected, ensuring the supervisors' effective supervision, inspection and evaluation on the Company's financial status and operation and management. The Supervisory Committee organized three in-depth enterprise field investigations, inspecting 12 subsidiaries, including Guangzhou Locomotive Co., Ltd., CRRC Yangtze Co., Ltd., CRRC Qishuyan Co., Ltd., etc. From 31 October 2018 to 4 November 2018, the Supervisory Committee inspected the Company's deep-sea robot project, semiconductor project, etc. Through the in-depth enterprise site investigation, supervisors were able to further understand the financial operating situation of the enterprises.

## **II. OPINION OF THE SUPERVISORY COMMITTEE REGARDING COMPLIANCE OF THE COMPANY'S OPERATIONS**

The Supervisory Committee supervised over and checked on the legal performance of duties, establishment of the internal control system of the Company as well as its sound and consistent implementation during the reporting period.

The Supervisory Committee is of the following opinion: The Board and the senior management of the Company were able to conduct its operations legally and strictly in compliance with the requirements of the Company Law of the PRC and the Articles of Association as well as other relevant laws, regulations and rules. The Board and the senior management performed their own duties in a faithful and diligent manner and implemented the resolutions and mandates of the general meetings and the Board earnestly. None of them was found to have engaged in any act undermining the interests of the Company or Shareholders, breached the laws and regulations, the Articles of Association and rules and systems.

## **III. OPINION OF THE SUPERVISORY COMMITTEE REGARDING INSPECTION ON THE COMPANY'S FINANCIAL CONDITIONS**

Through attending presentations by the Company's financial representative, reviewing the Company's financial statements, and deliberating on the Company's regular reports and the auditor's audit report as well as conducting field trips for the major investment projects undertaken by the Board during the reporting period, members of the Supervisory Committee conducted inspection and supervision on the Company's financial operations.

The Supervisory Committee is of the following opinion: the Company's financial system is comprehensive and the financial system is sound. The financial report of the Company gave a true, fair and full picture of the financial position and operating results of the Company and its various expenses and disbursements were reasonable. Deloitte Touche Tohmatsu Certified Public Accountants LLP

(Special General Partnership) performed an audit on the Company's financial report for 2017 and issued a standard unqualified opinion in its audit report. It was of the opinion that the Company's financial statements were prepared in all material respects in accordance with the requirements of the corporate accounting principles promulgated by the Ministry of Finance of the PRC and presented a fair view of the Company's financial position and cash flow as of 31 December 2017. The Supervisory Committee has reviewed the report.

#### **IV. OPINION OF THE SUPERVISORY COMMITTEE REGARDING THE MANAGEMENT AND USE OF THE FUNDS RAISED BY THE COMPANY**

The Supervisory Committee supervised the use of the funds raised during the reporting period, and is of the following opinion: the Company managed and used the funds raised strictly in compliance with the requirements under Measures for the Management of Funds Raised of CRRC Corporation Limited, the actual allocation of the funds raised was in compliance with the stipulations of the PRC's relevant laws and regulations as well as the Articles of Association, and there was no act which undermined the interests of the Company or its Shareholders.

The Supervisory Committee will continue to supervise and inspect the progress regarding the use of the funds raised.

#### **V. OPINION OF THE SUPERVISORY COMMITTEE REGARDING THE ACQUISITION AND DISPOSAL OF ASSETS BY THE COMPANY**

During the reporting period, the Company made reasonable pricing decisions and followed procedures in compliance in its asset acquisition or disposal transactions, and there were no circumstances in which the Company's assets were lost or the interests of its Shareholders were undermined.

#### **VI. OPINION OF THE SUPERVISORY COMMITTEE REGARDING THE STATUS OF THE COMPANY'S CONNECTED TRANSACTIONS**

The Supervisory Committee conducted supervision over the Company's connected transactions which occurred during the reporting period, and is of the following opinion: in relation to all of the Company's related party transactions, the Company strictly followed the laws and regulations as the Company Law of the PRC, the Securities Law of the PRC, the listing rules of the place where the Company's shares are listed as well as stipulations in the Articles of Association and Management Measures on Connected Transactions of CRRC Corporation Limited, and such connected transactions were entered into upon sufficient discussion and investigation and prudent decision-making by the Board and management of the Company, where pricing was determined in accordance with principles such as government pricing and fair market pricing, did not violate the principles of openness, fairness and impartiality, and there were no circumstances in which the interests of the Company or the interests of its minority Shareholders were undermined.

**VII. OPINION OF THE SUPERVISORY COMMITTEE REGARDING EVALUATION OF THE INTERNAL CONTROL OF THE COMPANY**

During the reporting period, upon review of the Assessment Report on Internal Control of CRRC Corporation Limited for 2017, the Supervisory Committee has no objections to the report. Deloitte Touche Tohmatsu CPA LLP audited the internal control of the Company for 2017, and issued an audit report on the internal control of CRRC Corporation Limited for 2017, which believed that the Company maintained effective internal control of financial report in all material respects in accordance with the Basic Practices of Internal Control of Enterprises and the relevant requirements as at 31 December 2017.

In 2019, the Supervisory Committee will continue to diligently perform its duties strictly in accordance with the Company Law of the PRC, the Articles of Association and other relevant requirements, adequately express its opinion, and carefully and independently considered resolutions and cast its vote in order to facilitate the sound and sustainable development of the Company.

The Supervisory Committee of CRRC Corporation Limited