

## 1. FURTHER INFORMATION ABOUT THE COMPANY

### A. Incorporation

The Company was established as a joint stock limited company in the PRC on 26 September 2005 with the Parent, ZELC, CSR Qishuyan, Kunming China Railway and New Leap as Promoters. The Company has established a place of business in Hong Kong at Room 1106, 11th Floor, Jubilee Centre, 18 Fenwick Street, Wanchai, Hong Kong, and were registered with the Registrar of Companies in Hong Kong as an oversea company under Part XI of the Companies Ordinance on 27 November 2006. Mr. Tang Tuong Hock, Gabriel, the authorised representative of the Company for the purposes of Part XI of the Companies Ordinance, has been appointed as the Company's agent for the acceptance of service of process in Hong Kong. As the Company is established in the PRC, its corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. Summaries of the relevant laws and regulations of the PRC and of the Company's Articles of Association are set out in Appendices VI and VII to this prospectus.

### B. Registered capital

At the time of the Company's establishment, its registered capital was RMB669,611,637 divided into 669,611,637 Domestic Shares of RMB1.00 each, which were held and paid up as follows:

| Promoters             | Number of Domestic Shares held by each Promoter | Approximate percentage of shareholding of each Promoter in the registered capital of the Company |
|-----------------------|---|--|
| the Parent            | 629,811,637                                     | 94.06%   |
| ZELC                  | 10,000,000                                      | 1.49%  |
| CSR Qishuyan          | 10,000,000                                      | 1.49%  |
| Kunming China Railway | 9,800,000                                       | 1.47%  |
| New Leap              | 10,000,000                                      | 1.49%  |

Immediately after the Global Offering, the Company's registered share capital will be RMB1,030,171,637, made up of about 633,555,637 Domestic Shares and 396,616,000 H Shares, fully paid up or credited as fully paid up, representing about 61.5% and 38.5% of the registered capital, respectively (assuming that the Over-allotment Option is not exercised).

### C. Proceedings at the extraordinary shareholders' meetings of the Company

(A) At an extraordinary general meeting of the Company held on 27 October 2005, resolutions were passed, among others, to approve:

- (i) the proposal for the Global Offering and the listing of H Shares on the Stock Exchange; and
- (ii) the Directors to deal with all matters and to implement all the resolutions relating to the Global Offering and the listing of H Shares on the Stock Exchange.

- (B) At an extraordinary general meeting of the Company held on 23 January 2006, resolutions were passed, among others, to approve:
- (i) the adoption of the Company's new Articles of Association, which will come into effect upon the listing of the H Shares on the Stock Exchange.
- (C) At an extraordinary general meeting of the Company held on 12 March 2006, resolutions were passed, among others, to approve:
- (i) the conversion of the Company into an "Overseas Subscription Company".
- (D) At an extraordinary general meeting of the Company held on 29 November 2006, the following resolutions, among other resolutions, were duly passed:

Conditional upon, among others, (i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the H Shares to be issued as mentioned herein; and (ii) the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of such agreements or otherwise:

- (a) the issue of H Shares and the granting of the Over-allotment Option were approved; and
- (b) the listing of the H Shares on the Stock Exchange was approved.

## 2. CORPORATE REORGANISATION

The Reorganisation which was effected in preparation for the listing, involved, among others, the following:

- (a) On 6 April 2005 the Promoters executed an agreement to approve the establishment of the Company as a joint stock limited company;
- (b) On 6 April 2005, the Parent Company and the Company entered into the Reorganization Agreement (as supplemented and amended on 26 June 2006);
- (c) On 20 September 2005 the Promoters convened an inaugural meeting, at which, among other things, the establishment of the Company was approved and the Company's initial Articles of Association were adopted;
- (d) On 26 September 2005, a new business licence was granted by the Hunan Administrative Bureau for Industry and Commerce to the Company and the Company was formally reorganised as a joint stock limited company;
- (e) The SASAC granted an approval for the conversion of the Company into an overseas public subscription company on 29 April 2006; and
- (f) On 7 November 2006, the CSRC issued an approval document authorising the Company to issue overseas listed foreign-invested shares pursuant to the Global Offering.

### 3. SUBSIDIARIES

The Company's principal subsidiaries are referred to in the Accountants' Report, the text of which is set out in Appendix I to this prospectus under the section headed "Group Reorganisation".

On 20 June 2006, Ningbo Company was converted into a limited liability Company and its registered capital was increased from RMB10,800,000 to RMB48,826,200.

In June 2006, Times Electronics increased its registered capital from RMB50,000,000 to RMB80,000,000 by converting reserve fund in the amount of RMB30,000,000 into equity. Save as disclosed, there has been no alteration in the share capital of any of the Company's subsidiaries within the two years preceding the date of this prospectus.

### 4. FURTHER INFORMATION ABOUT THE BUSINESS

#### A. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company within the two years preceding the date of this prospectus and are or may be material:

- (a) the Reorganization Agreement;
- (b) an equity transfer agreement dated 11 April 2006 entered into between the Parent Company and the Company in relation to the transfer of the 50% interest in Shiling held by the Parent Company to the Company at a consideration equivalent to 50% of (i) the base price of the higher of: (a) Shiling's net assets as at 31 December 2005 as valued by a valuation agency determined by the parties and (b) Shiling's net assets on its accounts as at 31 December 2005, and (ii) an adjustment equivalent to the difference between Shiling's net assets in its accounts on 31 December 2005 and the last day of the month immediately preceding the completion of the business registration of the share transfer, as reviewed by an auditor approved by the parties;
- (c) an equity transfer agreement dated 31 May 2006 entered into between Times Investment and the Company in relation to the transfer of 10% interest in Times Electronics by Times Investment to the Company for a consideration of RMB9,150,000 equivalent to the capital contributed by Times Investment for the 10% equity in Times Electronics. Pursuant to the equity transfer agreement, Times Investment would also be entitled to 10% of the net profits of Times Electronics for the period from 1 January 2006 to 30 June 2006;
- (d) an equity transfer agreement dated 18 July 2006 entered into between the Parent Company and the Company in relation to the transfer of the 17% interest in Siemens Zhuzhou held by the Parent Company to the Company at a consideration equivalent to 17% of (i) the base price of the higher of: (a) Siemens Zhuzhou's net assets as at 31 December 2005 as valued by a valuation agency determined by the parties and (b) Siemens Zhuzhou's net assets on its accounts as at 31 December 2005, and (ii) an

adjustment equivalent to the difference between Siemens Zhuzhou's net assets in its accounts on 31 December 2005 and the last day of the month immediately preceding the completion of the business registration of the share transfer, as reviewed by an auditor approved by the parties;

- (e) a deed of non-competition undertaking dated 30 November 2006 entered into among the Company, the Parent Company and CSR;
- (f) the deed of indemnity dated 4 December 2006 ("Deed of Indemnity") given by the Parent Company in favour of the Company containing the indemnities in respect of taxation referred to in sub-paragraph A of paragraph 7 of this Appendix; and
- (g) the Public Offer Underwriting Agreement.

## B. Intellectual property rights

### (a) Software Copyright

- (i) As at the Latest Practicable Date, the Group owned or had registered (as the case may be) the following software copyright in the PRC:

| Name of Software Copyright  | Registration Number | Registration Certificate Number | Date of First Publication |
|---|---------------------|---------------------------------|---------------------------|
| 時代機車車輛顯示診斷系統 V1.0<br>(Times rail vehicle display and diagnosis system V1.0)   | 2006SR04030         | Ruan Zhu Deng Zi no.<br>051696  | 20 May 1999               |
| 時代軌道交通地面供電系統 V1.0<br>(Times rail transportation power supply system V1.0)   | 2006SR04031         | Ruan Zhu Deng Zi no.<br>051697  | 25 August 1999            |
| 時代列車網絡控制系統 V1.0<br>(Times train communication and control system V1.0)  | 2006SR04032         | Ruan Zhu Deng Zi no.<br>051698  | 20 September 2001         |
| 時代監控 LKJ2000<br>型列車運行監控記錄系統 V1.0<br>(Times monitor LKJ2000 type train operation monitoring and recording system V1.0) | 2006SR04033         | Ruan Zhu Deng Zi no.<br>051699  | 28 December 2003          |
| 時代機車控制系統 V1.0<br>(Times locomotive control system V1.0)   | 2006SR04034         | Ruan Zhu Deng Zi no.<br>051700  | 28 March 1996             |
| 時代安全監控裝置系統 V2.0<br>(Times safety monitoring equipment and system V2.0)  | 2005SR15467         | Ruan Zhu Deng Zi no.<br>046968  | 28 November 2005          |

| Name of Software Copyright  | Registration Number | Registration Certificate Number | Date of First Publication |
|---|---------------------|---------------------------------|---------------------------|
| 時代網絡控制系統 V2.0<br>(Times communication and control system V2.0)  | 2005SR15466         | Ruan Zhu Deng Zi no.<br>046967  | 28 November 2005          |
| 時代機車控制系統 V2.0<br>(Times locomotive control system V2.0)   | 2005SR15465         | Ruan Zhu Deng Zi no.<br>046966  | 28 November 2005          |
| 時代機車車輛顯示診斷系統 V2.0<br>(Times rail vehicle display and diagnosis V2.0)  | 2005SR15468         | Ruan Zhu Deng Zi no.<br>046969  | 28 November 2005          |
| TEG TCS2000大型養路機械<br>電子插件自動測試系統 V1.0<br>(TEG TCS2000 large railway maintenance vehicle electronic plug-in unit automatic testing system V1.0) | 2003SR7613          | Ruan Zhu Deng Zi no.<br>012704  | 20 April 2003             |
| PC工作站網絡隔離控制軟件 TNP1.0<br>(PC workstation network isolating control software TNP1.0)  | 2002SR3499          | Ruan Zhu Deng Zi no.<br>003499  | 1 November 2001           |
| TEG 鐵路客車電氣綜合控制櫃<br>控制軟件 V1.0<br>(TEG railway passenger car electrical control cabinet control software V1.0)                                  | 2002SR3804          | Ruan Zhu Deng Zi no.<br>003804  | 20 July 2002              |
| TEG 機車空調電源控制軟件 V1.0<br>(TEG locomotive air-condition power supply control software V1.0)  | 2002SR3805          | Ruan Zhu Deng Zi no.<br>003805  | 15 October 1997           |
| 杰瑞電子櫃整機測試系統 V1.0<br>(Jierui electronic cabinet testing system V1.0)   | 2004SR10395         | Ruan Zhu Deng Zi no.<br>028796  | 8 October 2002            |
| 杰瑞軸溫監測裝置檢測系統 V2.0<br>(Jierui axle-temperature detecting device testing system V2.0)   | 2004SR10397         | Ruan Zhu Deng Zi no.<br>028798  | 1 July 2002               |
| 杰瑞軸溫監測裝置綜合測試台測試系統 V2.0<br>(Jierui axle-temperature detecting device synthesis testing) System V2.0  | 2004SR10396         | Ruan Zhu Deng Zi no.<br>028797  | 9 October 2002            |

| Name of Software Copyright   | Registration Number | Registration Certificate Number | Date of First Publication |
|--|---------------------|---------------------------------|---------------------------|
| TEG 第三代電力機車 110V<br>電源櫃控制軟件 V1.0<br>(TEG 3rd generation locomotive<br>110V power supply control<br>software V1.0)          | 2005SR09288         | Ruan Zhu Deng Zi no.<br>040789  | 15 December 2002          |
| TEG 機車走行部狀態監測及<br>故障診斷系統 V1.0<br>(TEG locomotive running gear<br>condition detecting and<br>failure diagnosis system V1.0) | 2005SR09290         | Ruan Zhu Deng Zi no.<br>040791  | 22 July 2004              |
| TEG 客車防滑器防滑控制軟件 V1.0<br>(TEG passenger car anti-slip device<br>anti-slip control software V1.0)                            | 2005SR09289         | Ruan Zhu Deng Zi no.<br>040790  | 15 May 2004               |
| TEG 內燃動車組 WTB<br>網絡控制系統 V1.0<br>(TEG DMU WTB communication and<br>control system V1.0)                                     | 2005SR09291         | Ruan Zhu Deng Zi no.<br>040792  | 3 September 2004          |

(b) *Patents*

(i) As at the Latest Practicable Date, the Group owned the following patents in the PRC:

| Patent  | Registration Number | Place of Registration | Expiry Date      |
|---|---------------------|-----------------------|------------------|
| 逆變器用低感母排<br>(Low inductance bus-bar for inverters)                            | ZL00225841.2        | PRC                   | 25 October 2010  |
| 一種逆變器用低感母排<br>(A kind of low inductance<br>bus-bar for inverters)             | ZL00225842.0        | PRC                   | 25 October 2010  |
| IGBT 絕緣柵極晶體管逆變器模塊<br>(Inverter module for IGBT insulated<br>gate transistors) | ZL02223850.6        | PRC                   | 15 April 2012    |
| 平板型功率半導體器件用散熱器<br>(Heat-sink for flat power<br>semi-conductor devices)        | ZL97239388.9        | PRC                   | 16 December 2007 |
| 印製電路板 224B<br>(PCB 224B)  | ZL02368518.2        | PRC                   | 30 November 2012 |

| Patent   | Registration Number | Place of Registration | Expiry Date       |
|--|---------------------|-----------------------|-------------------|
| 印製電路板 220B<br>(PCB 220B)   | ZL02368519.0        | PRC                   | 30 November 2012  |
| 印製電路板 221B<br>(PCB 221B)   | ZL02368521.2        | PRC                   | 30 November 2012  |
| 印製電路板 964A<br>(PCB 964A)   | ZL02368520.4        | PRC                   | 30 November 2012  |
| 印製電路板 222B<br>(PCB 222B)   | ZL02368679.0        | PRC                   | 27 December 2012  |
| 印製電路板 223A<br>(PCB 223A)   | ZL02368680.4        | PRC                   | 27 December 2012  |
| 印製電路板 225A (Note)<br>(PCB 225A)  | ZL02368682.0        | PRC                   | 27 December 2012  |
| 一體化機車空調電源<br>(Integrated locomotive air-condition<br>power supply)           | ZL02277307.X        | PRC                   | 19 September 2012 |
| 列車接觸網供電電源系統<br>(Train Contact Line Power Supply System)                      | ZL02139635.3        | PRC                   | 19 September 2022 |
| 一種列車接觸網供電電源控制裝置<br>(A control device for train contact<br>line power supply) | ZL02277308.8        | PRC                   | 19 September 2012 |
| 一種列車空調控制裝置<br>(A train air-condition control device)                         | ZL01213461.9        | PRC                   | 22 February 2011  |
| 列車空調控制裝置<br>(Train air-condition control device)                             | ZL00225421.2        | PRC                   | 11 August 2010    |
| 靜態無功發生器<br>(Static VAR generator)  | ZL00225558.8        | PRC                   | 4 September 2010  |
| 一種靜止無功發生器的控制裝置<br>(A static VAR generator control device)                    | ZL00113669.0        | PRC                   | 4 September 2020  |
| 水冷却導電銅排<br>(Water-cooling copper bus-bar)                                    | ZL03227325.8        | PRC                   | 3 April 2013      |
| 一種測試數字電路的裝置<br>(A digital circuit testing device)                            | ZL03248613.8        | PRC                   | 21 August 2013    |

| Patent  | Registration Number | Place of Registration | Expiry Date       |
|---|---------------------|-----------------------|-------------------|
| 一體化網絡隔離卡<br>(Compact network isolating card)  | ZL03248811.4        | PRC                   | 18 September 2013 |
| 一種通用型無線監控裝置<br>(A general-purpose wireless monitoring device)   | ZL200420068094.8    | PRC                   | 6 July 2014       |
| 宿營用列車廂<br>(Camping vehicle)   | ZL200530047873.X    | PRC                   | 23 May 2015       |
| 自動售貨機<br>(Automatic vending machine)  | ZL200530047874.4    | PRC                   | 23 May 2015       |
| 基于分布式工業微波爐智能控制裝置<br>(Distributed industrial microwave stove intelligent control device)                     | ZL200420068895.4    | PRC                   | 12 November 2014  |
| 機車輪緣噴油控制器<br>(Locomotive wheel-edge lubrication controller)   | ZL200420068894.X    | PRC                   | 12 October 2014   |
| 一種 VHDLC-HostLink 網關裝置<br>(A VHDLC-HostLink network gate device)  | ZL200420069297.9    | PRC                   | 29 November 2014  |
| 一種模擬量採集裝置<br>(An Analogue-data collecting device)   | ZL200420069298.3    | PRC                   | 29 November 2014  |
| 一種 VHDLC-RS485 網關裝置<br>A VHDLC-RS485 network gate device  | ZL200420069301.1    | PRC                   | 29 November 2014  |
| 一種自動售貨機無貨指示及選貨按鍵裝置<br>(A goods empty indicator and good choosing push-button for automatic vending machine) | ZL200520050179.8    | PRC                   | 26 January 2015   |
| 一種超溫保護裝置<br>(An over-temperature protecting device)   | ZL200520050845.8    | PRC                   | 23 May 2015       |

*Note:* This patent is still registered under the name of the Parent Company. Application has been made to the intellectual property authority in the PRC to transfer the above patents to the Company.



- (ii) As at the Latest Practicable Date, the Group has applied for the registration of the following patents in the PRC:

| <b>Patent</b>  | <b>Application Number</b> | <b>Place of Registration</b> | <b>Date of Application</b> |
|--|---------------------------|------------------------------|----------------------------|
| 一種防止軌道動車車輪空轉與滑行的方法<br>(A method for anti-sliding & anti-slip of motor vehicle wheels)                              | 200510032371.9            | PRC                          | 11 November 2005           |
| 應用於鐵道機車的語音錄音方法及裝置<br>(Voice recording method and device for locomotive)  | 200510136623.2            | PRC                          | 27 December 2005           |
| 應用於鐵道機車的語音錄音裝置<br>(Voice recorder for locomotive)  | 200520052904.5            | PRC                          | 27 December 2005           |
| 母排(凸塊型)<br>(Cam type busbar)   | 200530049190.8            | PRC                          | 29 November 2005           |
| 母排(T字型)<br>(T type busbar)   | 200530049192.7            | PRC                          | 29 November 2005           |
| 母排(長方型)<br>(Rectangle busbar)  | 200530049193.1            | PRC                          | 29 November 2005           |
| 母排(平板型)<br>(Plate busbar)  | 200530049194.6            | PRC                          | 29 November 2005           |
| 母排(長條型)<br>(Strip busbar)  | 200530049195.0            | PRC                          | 29 November 2005           |
| 一種晶閘管門極與陰極隔離的製造方法<br>(A manufacturing method isolating gate and cathode of thyristor)                              | 200610031192.8            | PRC                          | 25 January 2006            |
| 一種晶閘管管芯參數測試模具<br>(A thyristor die parameter testing mould)   | 200610031254.5            | PRC                          | 22 February 2006           |
| 一種旋轉噴腐挖槽方法的化學挖槽工藝方法及裝置<br>(A chemical chamferring procedure and device by rotating spray-erode chamferring method) | 200610031477.1            | PRC                          | 6 April 2006               |



| Patent  | Application Number | Place of Registration | Date of Application |
|---|--------------------|-----------------------|---------------------|
| 一種用於門極可關斷晶閘管離子注入擴散工藝方法<br>(An ion injecting and diffusing procedure for GTO)  | 200610031478.6     | PRC                   | 6 April 2006        |
| 一種機車監控裝置用的無線IC卡讀卡器<br>(A Wireless IC card reader for monitoring device for locomotive)  | 200610031614.1     | PRC                   | 9 May 2006          |
| 一種機車監控裝置用的無線IC存儲卡方法及系統裝置<br>(Wireless IC memory card method and system device)  | 200610031615.6     | PRC                   | 9 May 2006          |
| 一種用於機車監控裝置數據讀寫與存儲的無線IC卡<br>(A wireless data read, write and memory IC card for monitoring device for locomotive)                        | 200610031616.0     | PRC                   | 9 May 2006          |
| 基於嵌入式操作系統的機車數字網絡互聯設備及其控制方法<br>(Locomotive data network interconnection equipment and control method based on embedded operating system) | 200610031617.5     | PRC                   | 9 May 2006          |
| 一種電力機車IDD箱/盒的輸出接頭連接方式及裝置<br>(An IDD cubicle output connecting method and device for electric locomotive)                                | 200610031618.x     | PRC                   | 9 May 2006          |
| 一種電器金屬機箱/盒的電源佈置方法及裝置<br>(A power arrangement method and device for metal cabinet of electric equipment)                                 | 200610031613.7     | PRC                   | 9 May 2006          |
| 晶閘管管芯參數測試模具<br>(Thyristor die parameter testing mould)  | 200620050077.0     | PRC                   | 22 February 2006    |
| 一種電力機車IDD裝置<br>(IDD for locomotive)   | 200620050872.x     | PRC                   | 9 May 2006          |

| <b>Patent</b>  | <b>Application Number</b> | <b>Place of Registration</b> | <b>Date of Application</b> |
|--|---------------------------|------------------------------|----------------------------|
| 印制板(讀卡器1)<br>(PCB (card reader 1))   | 200630048145.5            | PRC                          | 8 May 2006                 |
| 印制板 (IC卡)<br>(PCB (IC card))   | 200630048146.x            | PRC                          | 8 May 2006                 |
| 印制板 (讀卡器 2)<br>(PCB (card reader 2))                                       | 200630048147.4            | PRC                          | 8 May 2006                 |
| 電器盒 (VCM)<br>(Electrical appliance cabinet (VCM))                          | 200630048148.9            | PRC                          | 8 May 2006                 |
| 印制板 (VCM-1)<br>(PCB (VCM1))  | 200630048149.3            | PRC                          | 8 May 2006                 |
| 印制板 (VCM-2)<br>(PCB (VCM2))  | 200630048150.6            | PRC                          | 8 May 2006                 |
| 顯示器 (IDD)<br>(Information display device (IDD))                            | 200630048151.0            | PRC                          | 8 May 2006                 |
| 印制板 (IDD外 1)<br>(PCB (IDD appearance patent 1))                            | 200630048152.5            | PRC                          | 8 May 2006                 |
| 印制板 (IDD外 2)<br>(PCB (IDD appearance patent 2))                            | 200630048153.x            | PRC                          | 8 May 2006                 |
| 印制板 (IDD外 3)<br>(PCB (IDD appearance patent 3))                            | 200630048154.4            | PRC                          | 8 May 2006                 |
| 一種自動售貨機的出貨機構<br>(An outloading mechanism for<br>automatic vending machine) | 200520050847.7            | PRC                          | 24 May 2005                |
| 小型飲料自動售貨機<br>(Small drink automatic vending machine)                       | 200520050846.2            | PRC                          | 24 May 2005                |
| 無源強隔離微電壓檢測開關<br>(Active isolated micro-voltage<br>inspecting switch)       | 200510031586.9            | PRC                          | 24 May 2005                |

| <u>Patent</u>   | <u>Application Number</u> | <u>Place of Registration</u> | <u>Date of Application</u> |
|---|---------------------------|------------------------------|----------------------------|
| 一種動力分散內燃液力傳動擺式動車組的網絡控制系統<br>(A networking control system for power distributed diesel hydraulic traction tilting motive unit) | 200510032486.8            | PRC                          | 2 December 2005            |
| 一種機車 110V控制電源<br>(A 110V control power for locomotive)  | 200510032487.2            | PRC                          | 2 December 2005            |
| 一種養路機械電子插件自動測試系統<br>(An automatic testing system for electronic plug-in units for large railway maintenance vehicle)          | 200410045014.1            | PRC                          | 7 July 2004                |
| 一種銅散熱器加工製作工藝方法<br>(A procedure of production for copper radiator making)  | 200410046834.2            | PRC                          | 13 October 2004            |


(C) *Trademark*

As at the Latest Practicable Date, the Group obtained the right to use each of the following trademarks in China pursuant to a trademark license agreement dated 20 January 2006:

| <u>Trademarks</u>   | <u>Class</u> | <u>Products or services covered</u>   | <u>Registration number</u> | <u>Expiry date</u> |
|---|--------------|---|----------------------------|--------------------|
|  | 7            | Agriculture machinery, scrubber, washing machine, mixer (construction), escalator, non-land vehicle transmission engine, vehicle engine ignition plug, machine tool, electronic industry equipment, non-land vehicle gear transmission device | 3785448                    | 6 December 2015    |
|  | 7            | Agriculture machinery, scrubber, washing machine, mixer (construction), escalator, non-land vehicle transmission engine, vehicle engine ignition plug, machine tool, electronic industry equipment, non-land vehicle gear transmission device | 3785498                    | 6 December 2015    |

| <u>Trademarks</u>  | <u>Class</u> | <u>Products or services covered</u>   | <u>Registration number</u> | <u>Expiry date</u> |
|--|--------------|---|----------------------------|--------------------|
|   | 9            | Semi-conductor component, transformer, plug, socket and other contactor (plug head), sensor, magnet, electroplating equipment, cable connecting socket, electric condenser, wire connector (electric), electric resistor, shutter, high and low voltage switch, mutual inductor, computer software (loaded), terminal box (electric), variable inductor, internal communication device, inverter (electric), power distribution station (electric), railway locomotive electronic control box (see product manual), railway locomotive control power source box (see product manual), railway safety equipment, printed circuit, rectifier (commutator) | 2017014                    | 13 November 2012   |
|  | 9            | Semi-conductor component, transformer, plug, socket and other contactor (plug head), sensor, magnet, electroplating equipment, cable connecting socket, electric condenser, wire connector (electric), electric resistor, shutter, high and low voltage switch, mutual inductor, computer software (loaded), terminal box (electric), variable inductor, internal communication device, inverter (electric), power distribution station (electric), railway locomotive electronic control box (see product manual), railway locomotive control power source box (see product manual), railway safety equipment, printed circuit, rectifier (commutator) | 2017013                    | 13 November 2012   |

| <u>Trademarks</u>   | <u>Class</u> | <u>Products or services covered</u>   | <u>Registration number</u> | <u>Expiry date</u> |
|---|--------------|---|----------------------------|--------------------|
|    | 9            | Computer, optic lamp, rectifying power device, alarm, eye-glasses, animation films, time pieces (time recording devices), electronic sign boards, monitors (electronic), car batteries, electric filter, , electronic testing equipment | 3785446                    | 6 October 2015     |
|    | 9            | Computer, optic lamp, rectifying power device, alarm, eye-glasses, animation films, time pieces (time recording devices), electronic sign boards, monitors (electronic), car batteries, electric filter, , electronic testing equipment | 3785496                    | 6 October 2015     |
|    | 12           | Land vehicle transmission engine, railway car buffer  | 1798693                    | 27 June 2012       |
|    | 12           | Locomotive, motor vehicle, bicycle, cable car, trolley, tire, vessel, sledge (vehicle), Wheel Anti-Slide Device, land, air, sea or rail bound mechanized transporter  | 3784738                    | 27 September 2015  |
|  | 12           | Land vehicle transmission engine, railway car buffer  | 1798692                    | 27 June 2012       |
|  | 32           | Drinking mineral water, soya milk, mineral water, mineral water (drinks), green bean drinks, vegetable juice (drinks), water (drinks), lithium salt mineral water   | 1995707                    | 20 December 2012   |
|  | 32           | Beer, non-alcoholic juice, coke, sour soya milk, beverage products, beverage flavour essence, plant beverage, bean beverage, mineral water ingredients  | 3785485                    | 27 July 2015       |

| <u>Trademarks</u>   | <u>Class</u> | <u>Products or services covered</u>  | <u>Registration number</u> | <u>Expiry date</u> |
|---|--------------|--|----------------------------|--------------------|
|  | 12           | Locomotive, motor vehicle, bicycle, cable car, trolley, tire, vessel, sledge (vehicle), Wheel Anti-Slide Device, land, air, sea or rail bound mechanized transporter | 3785493                    | 6 December 2015    |

Save as disclosed above, there are no other copyright, patents or other intellectual property rights which are material in relation to the business of the Group.

## **5. FURTHER INFORMATION ABOUT DIRECTORS, SUPERVISORS, MANAGEMENT, STAFF AND SUBSTANTIAL SHAREHOLDERS**

### **A. Particulars of Directors' and Supervisors' service agreements**

Each of the executive Directors and Supervisors has entered into a service contract with the Company for a term of three years. Each of the independent non-executive Directors has entered into a service contract with the Company for a term of three years. Such service contracts may be terminated by either party by giving three months' notice in advance or in accordance with the other terms provided in the service contracts.

Each of the Directors shall abstain from voting and not be counted in the quorum in respect of any resolution of the Directors regarding the amount of annual salary and management bonus payable to himself.

### **B. Directors' and Supervisors' remuneration**

#### *(a) Directors*

The aggregate amount of salaries, allowances, pension, bonuses and benefits in kind paid by the Company to the Directors for each of the three years ended 31 December 2005 and the six-month period ended 30 June 2006 were about RMB957,000, RMB1,458,000, RMB1,744,000 and RMB1,150,000 respectively.

Save as disclosed in this prospectus, no other emoluments have been paid or are payable, in respect of the three years ended 31 December 2005 by the Company to the Directors.

Under the arrangements currently in force, it is estimated that the aggregate remuneration (including benefit in kind) of the Directors payable by the Company for the year ending 31 December 2006 will be about RMB2,740,000.

(b) *Supervisors*

The aggregate amount of salaries, allowances, pension, bonuses and benefits in kind paid by the Company to the Supervisors for each of the three years ended 31 December 2005 and the six-month period ended 30 June 2006 were about RMB296,000, RMB439,000, RMB585,000 and RMB410,000, respectively.

Save as disclosed in this prospectus, no other emoluments have been paid or are payable, in respect of the three years ended 31 December 2005 by the Company to the Supervisors.

Under the arrangements currently in force, it is estimated that the aggregate remuneration (including benefit in kind) of the Supervisors payable for the year ending 31 December 2006 will be about RMB840,000.

**6. DISCLOSURE OF INTERESTS****A. Disclosure of interests**

- (a) So far as the Directors are aware, immediately following completion of the Global Offering, none of the Directors and Supervisors will have any interest and/or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, in each case once the H Shares are listed on the Stock Exchange.
- (b) So far as the Directors are aware, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), the following persons will have an interest or short position in the Shares or underlying Shares (which are disclosable under Divisions 2 and 3 of Part XV of the SFO):

| <b>Name</b>                          | <b>Name of Group member</b> | <b>Capacity</b>                    | <b>Class and number of securities</b> | <b>Approximate percentage of shareholding</b> |
|--------------------------------------|-----------------------------|------------------------------------|---------------------------------------|---|
| The Parent Company ( <i>Note 1</i> ) | The Company                 | Beneficial owner                   | 594,832,559 Domestic Shares           | 57.74%  |
| CSR ( <i>Note 1</i> )                | The Company                 | Interest in controlled corporation | 623,755,637 Domestic Shares           | 60.55%  |

*Note:*

- The Parent Company is owned as to 51% by CSR. CSR is a state-owned enterprise. CSR is also directly interested as to 100% in the registered capital of CSR Qishuyan, directly and indirectly interested as to 100%



in the registered capital of New Leap and directly and indirectly interested as to 98.74% in the registered capital of ZELC. Accordingly, CSR is deemed under the SFO to be interested in the Shares held by each of the Parent Company, CSR Qishuyan, New Leap and ZELC.

- (c) So far as the Directors are aware, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), the following persons will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

| Name         | Name of Group member | Capacity   | Class and number of securities | Approximate percentage of shareholding |
|--------------|----------------------|------------|--------------------------------|--|
| Pang Yiming  | Times                | Beneficial | Registered capital             | 10%                                    |
|              | Guangchuang          | owner      | of RMB 300,000                 |  |
| Liu Kuojun   | Times                | Beneficial | Registered capital             | 10%                                    |
|              | Guangchuang          | owner      | of RMB 300,000                 |  |
| Wang Yingyao | Times                | Beneficial | Registered capital             | 10%                                    |
|              | Guangchuang          | owner      | of RMB 300,000                 |  |

## B. Disclaimers

Save as disclosed in this prospectus:

- (a) none of the Directors or Supervisors has any interest or short position in the Company's equity or debt securities or any of the Company's associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, in each case once the H Shares are listed on the Stock Exchange;
- (b) save as otherwise disclosed in the paragraph "2. The Corporate Reorganisation" of this appendix, none of the Directors or the Supervisors nor any of the parties listed in sub-paragraph G of the paragraph "7. Other Information" of this appendix is interested in the promotion of the Company, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to the Company or the Company's subsidiaries, or are proposed to be acquired or disposed of by or leased to the Company or the Company's subsidiaries;
- (c) none of the Directors or the Supervisors nor any of the parties listed in sub-paragraph G of the paragraph "7. Other Information" of this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the Company's business or that of its subsidiaries;

- (d) save in connection with the Underwriting Agreements, none of the parties listed in sub-paragraph G of the paragraph “7. Other Information” of this appendix:
  - (i) is interested legally or beneficially in any of the Shares or that of the Company’s subsidiaries; or
  - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for the Company’s securities or that of its subsidiaries;
- (e) save as referred to above, there are no existing or proposed service contracts (excluding contracts expiring or terminable by the employer within one year without payment of compensation other than statutory compensation) between the Company or its subsidiaries and any of the Directors or Supervisors;
- (f) no amount or benefit has been paid or given within the two years preceding the date of this prospectus to the Promoter nor is any such amount or benefit intended to be paid or given; and
- (g) save as disclosed, none of the Directors, Supervisors, their respective associates (as defined in the Listing Rules) or any Shareholder (which to the knowledge of the Directors owns more than 5% of the registered capital of the Company) has any interest in any of the Group’s five largest suppliers and the five largest customers or that of the Company’s subsidiaries.

## 7. OTHER INFORMATION

### A. Tax, Estate Duty and other indemnity

- (i) Under the Deed of Indemnity (as defined in paragraph 4A of this Appendix), the Parent Company has undertaken to and covenanted with the Company that they will indemnify and keep the Group indemnified against any and all tax liabilities falling on any member of the Group which might be payable by the Group in respect of any incomes, profits or gains earned, accrued or received on or before the date on which the Global Offering becomes unconditional, save in the following circumstances:
  - (a) to the extent that provision or reserve has been made for such taxation in the audited accounts as have been prepared for the Company as at 30 June 2006;
  - (b) for which the Company is or may become primarily liable as a result of transactions in the ordinary course of business after 30 June 2006;
  - (c) to the extent that such taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law or practice thereof by the Tax Bureau of the PRC or the Hong Kong Inland Revenue Department or any of

the relevant authorities coming into force after the date of the Deed of Indemnity or to the extent that such taxation claim arises or is increased by an increase in rates of taxation after the date on which the Global Offering becomes unconditional with retrospective effect;

- (d) to the extent that any provision or reserve made for such taxation in the audited accounts for the Company as at 30 June 2006 is determined to contain an excessive reserve, then the Promoters' liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such over-provision or excessive reserve.

The Directors have been advised that no material liability for estate duty is likely to fall on the Group under the PRC law.

- (ii) Pursuant to the Reorganisation Agreement, the Parent Company has also given indemnities in favour of the Company in relation to (i) all tax and liability incurred before the Reorganisation relating to the transferred assets and businesses or tax and other liability incurred relating to the Reorganisation; (ii) claims made against the Company after the Reorganisation caused by the default or error of the Parent Company; (iii) claims made against the Company caused by the Parent Company's failure to perform the Reorganisation Agreement; and (iv) claims made against the Company as a result of its holding of the transferred assets and businesses. In addition, the Parent Company has also given indemnities in favour of the Company in relation to any claims, damages or unreported losses that may arise from (a) the fraud committed by three former management members of Times Fittings during 1998 and 2005; and (b) treasury accounts maintained by Times Fittings prior to the Reorganisation.

## **B. Litigation**

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and the Directors confirm that no litigation, arbitration or claim of material importance is pending or threatened against the Company or any of its subsidiaries that would have an effect on the Company's results of operations or financial condition.

## **C. Joint Sponsors**

The Joint Sponsors have made an application on behalf of the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the H Shares. All necessary arrangements have been made enabling the securities to be admitted into CCASS.

## **D. No material adverse change**

The Directors confirm that there has been no material adverse change in the Company's financial or trading position or future prospects since 30 June 2006 (being the date of the most recently published audited financial statements of the Company).

**E. Preliminary expenses**

The Company's preliminary expenses are estimated to be about RMB 5.6 million and are payable by the Company.

**F. Promoters**

The Parent Company, ZELC, CSR Qishuyan, Kunming China Railway and New Leap are the Promoters and the Parent Company is the controlling shareholder of the Company. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the Promoters in connection with the Global Offering or the related transactions described in this prospectus.

**G. Qualifications of experts**

The qualifications of the experts who have given opinions in this prospectus are as follows:

| Name                           | Qualifications   |
|--------------------------------|--|
| CAF Securities Company Limited | Licensed corporation to conduct type 1, 4 and 6 regulated activities under the SFO |
| Macquarie Securities Limited   | Licensed corporation to conduct type 1, 4 and 6 regulated activities under the SFO |
| Grandall Legal Group Hangzhou  | PRC lawyers  |
| Knight Frank Petty Ltd.        | Property valuer  |
| Ernst & Young                  | Certified public accountants   |
| Protiviti Shanghai Co., Ltd.   | Independent international risk consultants   |

**H. Consents of experts**

Each of the Joint Sponsors, Grandall Legal Group Hangzhou, Knight Frank Petty Ltd., Ernst & Young and Protiviti Shanghai Co., Ltd. has given and has not withdrawn its written consent to the issue of this prospectus with inclusion of its report and/or letter and/or valuation certificates and/or the references to its name in the form and context in which they are respectively included.

**I. Binding effect**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

**J. Taxation**

- (a) Dealings in H Shares will be subject to Hong Kong stamp duty.
- (b) Intending holders of H Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in H Shares. It is emphasised that none of the Company, the Directors or any other parties involved in the Global Offering accepts responsibility for any tax effect on, or liabilities of holders of H Shares resulting from their subscription for, purchase, holding or disposal of or dealing in H Shares.

**K. Bilingual Prospectus**

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

**L. Miscellaneous**

- (a) Save as disclosed in this prospectus:
  - (i) within the two years preceding the date of this prospectus, no share or loan capital of the Company or in of its subsidiaries, if any, has been issued or agreed fully or partly paid either for cash or a consideration other than cash.
  - (ii) none of the Share or loan capital or that of any of the Company's subsidiaries is under any option or is agreed conditionally or unconditionally to be put under option.
  - (iii) within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any of the share or loan capital or that of any of the Company's subsidiaries.
  - (iv) the Company has no founders, management or deferred shares.
  - (v) none of the Company's equity and debt securities or that of any of the Company's subsidiaries is listed or dealt in any other stock exchange nor in any listing or permission to deal being or proposed to be sought.
- (b) The Company currently does not intend to apply for the status of a sino-foreign investment joint stock limited company and does not expect to be subject to the Sino-foreign Joint Venture Law.