

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

The table below sets forth information regarding the Company's Directors.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Liao Bin	43	Chairman and non-executive Director
Tian Lei	42	Vice chairman and non-executive Director
Ding Rongjun	45	Executive Director and president
Lu Penghu	40	Executive Director
Ma Yunkun	52	Non-executive Director
Zhou Heliang	74	Independent non-executive Director
Gao Yucai	65	Independent non-executive Director
Chan Kam Wing, Clement	48	Independent non-executive Director
Pao Ping Wing	59	Independent non-executive Director
Tan Xiao'ao	42	Independent non-executive Director

Executive Directors

Ding Rongjun, aged 45, an executive Director and the president of the Company. Mr. Ding joined the Parent Group in August 1984 and has held the positions of deputy director and project manager of scientific research division in ZELRI from 1999 to 2000, and deputy director, deputy chief engineer and chief engineer of ZELRI between 2000 and 2005. Mr. Ding graduated from Southwest Jiaotong University with a bachelor's degree in 1984 and from Changsha Railway Institute with a master's degree in 1996.

Lu Penghu, aged 40, an executive Director, joint secretary and chief administration officer of the Company. Mr. Lu joined the Parent Group in November 1990 and has held positions of deputy director of PCB plant, director of the general office, acting director of planning and development department, in ZELRI. Mr. Lu graduated from Lanzhou University in 1989 majoring in journalism, from Xiangtan University in 2001 with a bachelor's degree in law, and Wuhan University with a master's degree in software engineering in 2005.

Non-executive Directors

Liao Bin, aged 43, the Chairman of the Board and a non-executive Director of the Company. Mr. Liao joined ZELRI in August 1983 and has held the positions of general manager of Zhuzhou Times Rubber & Plastics Co. Ltd. from 1998 to 2000, deputy director of ZELRI and general manager of Times New Materials from 2000 to 2001, deputy director of ZELRI and chairman of the board of directors of Times New Materials from 2001 to 2004, and director of ZELRI since 2004. Mr. Liao is also a director of Times New Materials, a company listed on the Shanghai Stock Exchange. Mr. Liao graduated from South China University of Science and Engineering with a bachelor's degree in 1983 and finished his master courses of business administration study at the Institute of Commerce of Hunan University in 1996. Pursuant to the Rule of the Central Committee

of Communist Party of China (CPC) on the Implementation of the Responsibility and Accountability System for the Promotion of Anti-corruption Behaviour and the Implementation Measures of the CSR CPC Responsibility and Accountability System for the Promotion of Anti-corruption Behaviour, at a CSR CPC standing committee meeting held on 12 January 2006, Mr. Liao Bin was given criticism due to the fact that there were CPC members involved in the fraud case described in “Business — Special Event” who were under Mr. Liao’s supervision as the deputy Secretary of CPC committee of the Parent Company. No commercial or political consequences for Mr. Liao were set out in the criticism. Neither Mr. Liao’s position with the Parent Company nor any aspect of his duties or authorities have changed as a result of the criticism. The Directors believe that the aforementioned criticism has had no commercial or political consequences for Mr. Liao. The Company’s PRC legal counsel has confirmed that the criticism of Mr. Liao Bin does not affect Mr. Liao’s suitability under PRC law to act as a director of the Company.

Tian Lei, aged 42, the Vice Chairman of the Board and a non-executive Director of the Company. Mr. Tian joined the Parent Group in April 1988 and has held the positions of the director of personnel education division in ZELRI from 1996 to 1998, and appointed deputy director of ZELRI in 1998 and has been the party secretary and deputy director of ZELRI since 2000. Mr. Tian is also a director of Times New Materials, a company listed on the Shanghai Stock Exchange. Mr. Tian graduated from Changsha Railway Institute with a bachelor’s degree in 1985 and from Shanghai Railway Institute with a master’s degree in 1988. Pursuant to the Rule of the Central Committee of Communist Party of China (CPC) on the Implementation of the Responsibility and Accountability System for the Promotion of Anti-corruption Behaviour and the Implementation Measures of the CSR CPC Responsibility and Accountability System for the Promotion of Anti-corruption Behaviour, at a CSR CPC standing committee meeting held on 12 January 2006, Mr. Tian Lei was recorded criticism due to the fact that there were CPC members involved in the fraud case described in “Business — Special Event” who were under Mr. Tian’s supervision as the Secretary of CPC committee of the Parent Company. No commercial or political consequences for Mr. Tian were set out in the criticism. Neither Mr. Tian’s position with the Parent Company nor any aspect of his duties or authorities have changed as a result of the criticism. The Directors believe that the aforementioned criticism has had no commercial or political consequences for Mr. Tian. The Company’s PRC legal counsel has confirmed that the criticism of Mr. Tian Lei does not affect Mr. Tian’s suitability under PRC law to act as directors of the Company.

Ma Yunkun, aged 52, a non-executive Director of the Company. Mr. Ma has more than 10 years of experience in business management and is the chairman of the board of directors and general manager of Kunming China Railway since 2004. Mr. Ma held the positions of deputy director of Kunming Machine Factory from 1994 to 2003 and vice chairman of the board of directors and general manager of Kunming China Railway from 2003 to 2004.

Independent Non-executive Directors

Zhou Heliang, aged 74, an independent non-executive Director. Mr. Zhou is a senior engineer and professor and has more than 45 years of experience in the electro-technical industry. Mr. Zhou was the director and deputy director of the Electrical Equipment Industry Bureau in the PRC Ministry of Machinery Industry from 1982 to 1987, the director of the Major Technical Equipment Office of the Commission of Machinery Industry of the PRC from 1987 to 1990, the

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director of the Major Technical Equipment Office in the PRC Ministry of Machinery and Electronics Industry from 1990 to 1994, and the deputy director general and general secretary of the China Electro-technical Society from 1994 to 2004. Mr. Zhou is honorary director general of the China Electro-technical Society, a member of the expert committee of the China Machinery Industry Federation, vice chairman of the Asian Electric Automobile Institute and an executive committee member of the Asia Pacific Electric Automobile Association.

Gao Yucai, aged 65, an independent non-executive Director. Mr. Gao is a senior engineer and has more than 20 years of experience in the urban rail transportation industry. Mr. Gao was the deputy director of Beijing Public Utility Bureau from 1983 to 1990 and the general manager of Beijing Metro Corporation from 1990 to 2001. Mr. Gao is a commissioner of China Communication and Transportation Association (“CCTA”) and vice director of the urban rail transportation committee of CCTA. Mr. Gao graduated from PLA Engineering Academy (one of the predecessors of PLA University of Science and Technology) in 1966.

Chan Kam Wing, Clement, aged 48, an independent non-executive Director of the Company. Mr. Chan is a certified public accountant in Hong Kong, a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. Mr. Chan possesses the appropriate financial management expertise as required by the Listing Rules. Mr. Chan has been board director in Asia Region of Horwath International and the chief auditor in Horwath Hong Kong CPA Limited since 1996. Prior to that, Mr. Chan operated his own accounting firm. Mr. Chan was appointed as a member of the auditing team of Beijing 2008 Olympic Organisation Committee in 2003. Mr. Chan graduated from the City University London with a bachelor’s degree in literature and from the University of New South Wales with a master’s degree in commerce.

Pao Ping Wing, aged 59, an independent non-executive Director of the Company. Mr. Pao is a senior member of the Hong Kong Institute of Directors, and an honourable senior member of the Hong Kong Institute of Housing. Mr. Pao is also an director of Oriental Daily News Charitable Fund, The City of David Cultural Central and Teatism Alliance Hong Kong Limited, and vice chairman of the board of directors of Biomax Environmental Technology Holdings Co., Ltd. Mr. Pao is an independent non-executive director of Oriental Press Group Limited, UDL Holdings Limited, Sing Lee Software and Hembly International Holdings Limited, all of which are listed on the Stock Exchange. Mr. Pao has been a specially-invited delegate to Guangzhou Municipal Committee People’s Political Consultation since 2002 and a justice of peace of Hong Kong Government since 1987. Mr. Pao was a member of the management board of Hong Kong Land Development Corporation, a member of the management committee of Hong Kong Housing Authority, a member of the Urban Planning Committee of Hong Kong SAR Government, an Urban Councillor and a board member in Kowloon City District.

Tan Xiao’ao, aged 42, an independent non-executive Director of the Company. Mr. Tan has been a practising PRC lawyer since 1989 and a law professor of the law faculty of the Central China University and Hunan University since 2003. Mr. Tan was the director of the Jiaoyang Law

Office from 1996 to 2002, the general counsel of Hunan Taizinai Group from 2003 to 2004, deputy chairman of the board of directors, director and general manager of Hunan Taizinai Group Bio-tech Company Limited since 2004. Mr. Tan graduated from Zhongshan University with a bachelor's degree of law in 1987 and from Qinghua University with a master's degree of EMBA in 2006.

SUPERVISORS

Zhang Liqiang, aged 43, a supervisor of the Company and the chairman of the Company's supervisory committee. Mr. Zhang joined the Parent Group in May 2005 as a senior accountant and has been the chief accountant of ZELRI since May 2005. Mr. Zhang was deputy director and the director of accounting department and the director of audit department in ZELW from 1996 to 2005. Mr. Zhang graduated from Hubei Finance and Economics Institute with a bachelor's degree in financial accounting in 1983.

Pang Yiming, aged 42, a supervisor of the Company, representing the employees of the Company. Mr. Pang joined the Parent Group in October 1982 and has held positions of the assistant to the general manager of the manufacturing centre of ZELRI and deputy general manager of Times Electronics. Mr. Pang is also the chief production officer and director of the production department of Time Electronics. Mr. Pang graduated from Central South University in 2004 after a three-year study in management and engineering.

Jiang Yi, aged 35, a supervisor of the Company, representing the employees of the Company. Mr. Jiang joined the Parent Group in August 1992 and has held the positions of deputy general manager of research and development department, director of human resources department, director of quality and service department, director of after-sale service department, deputy director of manufacturing centre of ZELRI. Mr. Jiang graduated from Northern Jiaotong University (predecessor of Beijing Jiaotong University) with a bachelor's degree in electric traction and transmission control in 1992.

Liu Chunru, aged 35, an independent supervisor of the Company. Ms. Liu is a Certified Asset Valuer. She was vice president in Beijing China Enterprise Appraisal Co., Ltd. and has been a deputy general manager of Zhongfa International Appraisal Co., Ltd. since 2003. Ms. Liu graduated from Chongqing University with a bachelor's degree in engineering in 1994.

He Hongqu, aged 42, an independent supervisor of the Company. Mr. He has been a professor at the Institute of Commerce of Central South University since 2002. Mr. He was an associate professor at the Institute of Commerce of Central South University, director of accounting department and lecturer in Management Engineering Department in Central South University. Mr. He graduated from Hunan Institute of Finance and Economics with a bachelor's degree in enterprise management in 1986 and a master's degree in enterprise management in 1989 and graduated from Central South University with a doctorate in management in 2003.

SENIOR MANAGEMENT

Lu Penghu, aged 40, an executive Director, joint secretary and chief administration officer of the Company. His biographical details are set out above.

Feng Jianghua, aged 42, chief technology officer of the Company. Mr. Feng is a professor level senior engineer. He joined the Parent Group in August 1989 and has held positions of deputy chief engineer, director of research and development Center and director of system integration department in ZELRI. Mr. Feng graduated from Zhejiang University with a bachelor's degree in electric engineering in 1986 and a master's degree in electric engineering in 1989.

Li Donglin, aged 39, chief marketing officer of the Company. Mr. Li joined the Parent Group in July 1989 and has held positions of deputy chief engineer, deputy general manager of rail transport department, director of manufacturing centre, deputy general manager of sales and marketing centre in ZELRI. Mr. Li graduated from Southwest Jiaotong University with a bachelor's degree in electric traction and transmission control in 1989.

Cao Tianxuan, aged 42, chief financial officer of the Company. Mr. Cao was deputy chief economist of ZELRI from May to September 2005 and assistant to the president of the Company from September 2005 to March 2006. Before joining the Company, Mr. Cao has held the positions of chief financial controller in Hunan Tai Er Pharmaceutical Co., Ltd., chief financial controller in Sanyi Heavy Industry Road Machine Co., Ltd. (三一重工股份有限公司路機公司), chief financial controller in Wuhan Jinqian Tyre Co., Ltd., and manager of financial and accounting department in Shenzhen Zhongqi Co., Ltd. Mr. Cao graduated from Central South Finance and Economics University with a bachelor's degree in accounting in 1986.

Shen Yuxiang, aged 43, chief planning officer of the Company. Mr. Shen joined the Parent Group in June 1990 and has held positions of deputy director of research and development division in ZELRI, general manager in Times Electronics. Mr. Shen graduated from Huazhong Institute of Technology (predecessor of Huazhong University of Science and Technology) with a bachelor's degree in electrical power engineering in 1985 and a master's degree in electrical power engineering in 1990.

Wang Xiaofang, aged 39, president assistant of the Company. Mr. Wang joined the Parent Group in July 1987 and has held positions of deputy chief engineer, general manager of safety equipment division, deputy general manager of rail transport department and deputy director of research and development centre in ZELRI. Mr. Wang graduated from Northern Jiaotong University with a bachelor's degree in electrical engineering in 1987 and Central-South University with a master's degree in information engineering and control in 2001.

Tang Tuong Hock, Gabriel, aged 53, is the qualified accountant and joint secretary of the Company. Mr. Tang has been a member of the Institute of Chartered Accountants in England and Wales since 1981 and is also a member of the Chartered Association of Certified Accountants in the United Kingdom. Mr. Tang has more than 20 years of experience in accounting and management in various industries. During the period from 1985 to 1994, he was the financial controller/chief accountant for a number of private enterprises in Malaysia, including Malalands

Development Sdn. Bhd., Tanjong Manis Shipping Sdn Bhd., a company in the timber logging and processing industry. Mr. Tang was appointed as an executive director of Kong Sun Holding Limited, a publicly listed company in Hong Kong before acting as the general manager of TBMC Sdn., Bhd., a car and construction machinery dealer in Malaysia from 1998 to 2000. Subsequently, he worked as a freelance accountant on a project basis for a number of companies in Malaysia, including Sim Lee Sawmill Sdn., Bhd. from 2001 to 2003. Mr. Tang was the chief financial officer of L&D International Holdings Limited from 2003 to 2005.

COMPANY SECRETARY

Lu Penghu, aged 40, executive Director, joint secretary and chief administration officer of the Company. His biographical details are set out above.

Tang Tuong Hock, Gabriel, aged 53, joint secretary and the qualified accountant of the Company. His biographical details are set out above.

BOARD COMMITTEES

Strategy Committee

The Company established a strategy committee on 20 October 2005. The primary duties of the strategy committee include (i) providing research reports to the Board regarding national policy and industry trends; (ii) researching development strategies for the Group; (iii) reviewing and evaluating major investment and financing proposals; and (iv) reviewing major capital utilisation projects. The strategy committee consists of five directors: Mr. Liao Bin, Mr. Tian Lei, Mr. Ding Rongjun, Mr. Zhou Heliang and Mr. Pao Ping Wing. Liao Bin is the chairman of the strategy committee.

Audit Committee

The Company established an audit committee pursuant to a resolution of the Directors passed on 20 October 2005 in compliance with Rule 3.21 of the Listing Rules. The primary duties of the audit committee are to review and supervise the implementation of the financial reporting process and internal control procedures of the Group. The audit committee consists of five directors: Mr. Chan Kam Wing, Clement, Mr. Zhou Heliang, Mr. Gao Yucai, Mr. Ma Yunkun and Mr. Tan Xiao'ao. Chan Kam Wing, Clement is the chairman of the audit committee.

Risk Management Committee

The Company established a risk management committee on 24 June 2006 with primary duties including formulating, evaluating and revising risk management strategies. The risk management committee consists of five directors: Mr. Tian Lei, Mr. Chan Kam Wing, Clement, Mr. Ma Yunkun, Mr. Pao Ping Wing and Mr. Tan Xiao'ao. Tian Lei is the chairman of the risk management committee.

Remuneration Committee

The Company established a remuneration committee on 20 October 2005 with written terms of reference. The primary duties of the remuneration committee include: (i) reviewing the terms of the remuneration package of each Director and member of senior management and making recommendations to the Board regarding any adjustment thereof; (ii) reviewing and evaluating the performance of individual executive Directors for determining the amount of bonus (if any) payable to them. No Director shall participate in any discussion about his or her own remuneration. The remuneration committee consists of five directors: Mr. Pao Ping Wing, Mr. Gao Yucai, Mr. Ding Rongjun, Mr. Chan Kam Wing, Clement and Mr. Lu Penghu. Pao Ping Wing is the chairman of the remuneration committee.

COMPLIANCE ADVISER

The Company has appointed Macquarie and Polaris, as its compliance advisers pursuant to Rule 3A.19 of the Listing Rules to provide advisory services to the Company relating to the requirements thereunder. Macquarie and Polaris will, *inter alia*, provide advice to the Company with due care and skill on a timely basis when consulted by the Company in the following circumstances:

- (i) before the publication by the Company of any regulatory announcement (whether required by the Listing Rules or requested by the Stock Exchange or otherwise), circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction under Chapters 14 or 14A of the Listing Rules, is contemplated by the Company, including share issues and share repurchases;
- (iii) where the Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, developments or results of the Company deviate from any forecast, estimate, or other information in this prospectus; and
- (iv) where the Stock Exchange makes an inquiry of the Company under Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date.

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COMPENSATION OF DIRECTORS AND SUPERVISORS

The Company reimburses Directors and Supervisors for expenses which are necessarily and reasonably incurred for providing services to the Company or executing matters in relation to the Company's operations.

The aggregate amount of salaries, allowances, benefits in kind, bonuses and pension scheme contributions paid by the Company to its directors and supervisors during the three years ended 31 December 2003, 2004 and 2005 and the six months ended 30 June 2006 was approximately RMB1,253,000, RMB1,897,000, RMB2,329,000 and RMB1,560,000, respectively.

EMPLOYEES AND THEIR REMUNERATION

As at July 2006, the Group employed 2,500 full-time employees, 600 of whom hold bachelor's degrees, 74 of whom hold master's degrees, and nine of whom hold doctorates. The following table shows the breakdown of the number of employees by functional roles as at July 2006:

Functional Role	Number of staff in functional role
<i>Administration and Management</i>	299
Administration	58
Human Resources	30
Accounting/Auditing	65
Planning	12
Quality, Safety and Environment	60
Technology Standard/Project Management	59
Securities/Legal	15
<i>Production and Production Administration</i>	1,170
Production	945
Production Administration	96
Procurement	38
Logistics	91
<i>Sales, marketing and customer service</i>	331
<i>Research and Development</i>	700
Basic Research and Development	504
Engineering Technology	35
Manufacturing Technology	36
IT Technology	40
Testing Technology	85
<i>Total</i>	<u>2,500</u>

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The Directors believe that the Group has a satisfactory relationship with its employees. The Group has not experienced any material disruption to its normal business operations due to strikes or labour disputes during the last three years.

The Group rewards highly performing employees with pay increases and bonuses. The bonus scheme is at the discretion of the Directors with reference to the performance of the staff and operating results of the Group. The Group places significant emphasis on the ongoing training and development of its employees. Each staff member has to attend training with his department before he begins his employment. Thereafter, each year, management staff and other employees have to undergo training designated by the Group.

Under the relevant PRC regulations, the Company and its operating subsidiaries incorporated in the PRC are required to contribute retirement benefits in amounts equal to 20% of approved standard wage levels as regulated by relevant government authorities. The Group has no further payment obligation once such contributions have been made. In 2003 and 2004, the Group also maintained a supplementary pension scheme and made contributions of RMB2.7 million and RMB2.2 million to the scheme for the two years ended 31 December 2003 and 2004, respectively. The supplementary pension scheme was terminated in 2005. In 2006, the Group adopted a new supplementary annuity plan under which the Group is required to make a contribution of 4% of its employees' salaries. In addition to the pension plans, in accordance with applicable PRC regulations on social insurance, the Group also participates in a medical insurance plan and an unemployment insurance plan.