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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 CSR Corporation Limited (the “Company”), you should at once hand this circular and the enclosed form of proxy 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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中國南車股份有限公司
CSR CORPORATION LIMITED

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

(Stock code:1766)

(1) PROPOSED ADOPTION OF SHARE OPTION SCHEME
(2) PROPOSED ISSUE OF SHORT-TERM DEBENTURES
(3) PROPOSED ELECTION OF DIRECTORS OF THE SECOND SESSION
OF THE BOARD OF DIRECTORS
(4) PROPOSED ELECTION OF SHAREHOLDER REPRESENTATIVE SUPERVISORS
OF THE SECOND SESSION OF THE SUPERVISORY COMMITTEE
(5) NOTICE OF 2011 FIRST EXTRAORDINARY GENERAL MEETING
AND
(6) NOTICE OF 2011 FIRST H SHAREHOLDERS' CLASS MEETING

A notice convening the 2011 first extraordinary general meeting (the “EGM”) to be held at Empark Grand Hotel, No. 69 Banjing Road, Haidian District, Beijing, the PRC at 1:30 p.m. on Tuesday, 26 April 2011 (registration will begin at 12:00 p.m.) is set out on pages 57 to 64 of this circular.

A notice convening the 2011 first H shareholders’ class meeting (the “H Shareholders’ Class Meeting”) to be held at Empark Grand Hotel, No. 69 Banjing Road, Haidian District, Beijing, the PRC on Tuesday, 26 April 2011 immediately following the conclusion of the EGM and the 2011 first A shareholders’ class meeting or any adjournment thereof is set out on pages 65 to 67 of this circular.

Whether or not you are able to attend the EGM and/or the H Shareholders’ Class Meeting, you are advised to read the notice of the EGM and/or the H Shareholders’ Class Meeting and to complete the enclosed proxy forms and/or the Independent Director’s Proxy Forms in accordance with the instructions printed thereon and return the same to the Company as soon as possible.

Mr. Chen Yongkuan, an independent non-executive Director of the Company, has sent out an Independent Director’s Proxy Form for the EGM and the Class Meetings in accordance with the relevant regulations of the PRC to solicit votes from the Shareholders on the resolutions regarding the Share Option Scheme at the EGM and the Class Meetings. The Independent Director’s Proxy Forms sent out by Mr. Chen Yongkuan are enclosed with this circular.

For H Shareholders, the proxy forms and/or the Independent Director’s Proxy Forms should be returned 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 relevant meetings or any adjourned meetings thereof. Completion and return of the proxy forms and/or the Independent Director’s Proxy Forms will not preclude you from attending, and voting at, the EGM and/or the H Shareholders’ Class Meeting or at any adjourned meetings if you so wish.

If you intend to attend the EGM and/or the H Shareholders’ Class Meeting in person or by proxy, you are required to complete and return the reply slips to the Company’s H Share Registrar, Computershare Hong Kong Investor Services Limited (for H Shareholders), on or before Tuesday, 5 April 2011.

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RESPONSIBILITY STATEMENTS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DEFINITIONS

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

“Adoption Date”	the date on which the Share Option Scheme is approved and adopted by a special resolution at each of the EGM, the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting, respectively
“Articles of Association”	the articles of association of the Company
“A Share(s)”	the A shares of the Company
“A Shareholders’ Class Meeting”	the 2011 first A shareholders’ class meeting of the Company to be held at Empark Grand Hotel, No. 69 Banjing Road, Haidian District, Beijing, the PRC on Tuesday, 26 April 2011 immediately following the conclusion of the EGM or any adjournment thereof to approve and adopt, among other things, the Share Option Scheme including the Grant pursuant to the Share Option Scheme
“Board”	the board of Directors
“Class Meetings”	collectively, the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting
“Company” or “CSR”	CSR Corporation Limited (中國南車股份有限公司), a joint stock limited company established in the PRC with limited liability, the H Shares and A Shares of which 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
“Conditions of Grant”	the conditions to be satisfied by the Company and the Participants for the Grant of the Share Options under the Share Option Scheme

DEFINITIONS

“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“CSRG”	CSR Group (中國南車集團公司), a large-scale wholly state-owned enterprise and the controlling shareholder and one of the promoters of the Company;
“Directors”	the directors of the Company
“EGM”	the 2011 first extraordinary general meeting of the Company to be held at Empark Grand Hotel, No. 69 Banjing Road, Haidian District, Beijing, the PRC at 1:30 p.m. on Tuesday, 26 April 2011 to approve and adopt, among other things, the Share Option Scheme including the Grant under the Share Option Scheme, the notice of which is set out on pages 57 to 64 of this circular, or any adjourned meeting thereof
“Grant”	an act by the Company to grant to the Participants Share Options pursuant to the Share Option Scheme, the details of which are set out under Appendix II “Details of the Grant” to this circular
“Grantee”	any Participant who accepts an offer to be granted with Share Options in accordance with the terms of the Share Option Scheme
“Grant Date”	the date on which the Share Options are formally granted to the Participants by the Company pursuant to the Grant which must be a trading day
“Group”	the Company and its subsidiaries
“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

DEFINITIONS

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Shares”	the overseas foreign invested shares in the share capital of the Company
“H Shareholders’ Class Meeting”	the 2011 first H shareholders’ class meeting of the Company to be held at Empark Grand Hotel, No. 69 Banjing Road, Haidian District, Beijing, the PRC on Tuesday, 26 April 2011 immediately following the conclusion of the EGM and the A Shareholders’ Class Meeting or any adjournment thereof to approve and adopt, among other things, the Share Option Scheme including the Grant under the Share Option Scheme, the notice of which is set out on pages 65 to 67 of this circular, or any adjournment thereof
“Independent Director’s Proxy Form(s)”	the solicitation proxy forms sent out by Mr. Chen Yongkuan, an independent non-executive Director of the Company, to solicit votes from the Shareholders on the resolutions regarding the Share Option Scheme at the EGM and the Class Meetings
“Latest Practicable Date”	3 March 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Option(s)” or “Share Option(s)”	Conditional upon the fulfilment of the exercise conditions and other effective arrangements, an option to subscribe for one A Share of the Company at a pre-determined exercise price during the exercise period for such share options
“Participant(s)”	certain Directors, senior management members and other employees of the Company eligible for participating in the Share Option Scheme, further information of the proposed Participants is set out in Appendix II “Details of the Grant” to this circular

DEFINITIONS

“PRC”	the People’s Republic of China
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中國國務院國有資產監督管理委員會)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option Scheme”	the proposed share option scheme including the proposed Grant of Share Options under such scheme to be approved and adopted by the Company for the issue of A Shares to the Grantees, upon the exercise of Share Options under such scheme
“Shares”	the A Shares and H Shares of the Company
“Share Incentive Plan Measures”	the Measures for the Administration of Share Incentive Plans of Listed Companies (上市公司股權激勵管理辦法) promulgated by CSRC in 2005
“Share Option Scheme Announcement”	the announcements in relation to the Share Option Scheme published by the Company on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange, respectively, on 28 September 2010
“Shareholder(s)”	the holder(s) of the Shares of the Company, including both A Shares and H Shares
“Short-term Debentures”	the short-term debentures with an amount not exceeding RMB5 billion proposed to be issued by the Company
“Supplementary Guidance”	the supplementary guidance issued by the Hong Kong Stock Exchange on 5 September 2005 regarding adjustments to the exercise price and number of share options under Rule 17.03(13) of the Hong Kong Listing Rules

LETTER FROM THE BAORD



中國南車股份有限公司
CSR CORPORATION LIMITED

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

(Stock code:1766)

Executive Directors

Mr. Zhao Xiaogang
Mr. Zheng Changhong
Mr. Tang Kelin
Mr. Liu Hualong

Registered Office:

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

Independent Non-executive Directors

Mr. Zhao Jibin
Mr. Yang Yuzhong
Mr. Chen Yongkuan
Mr. Dai Deming
Mr. Tsoi, David

Place of Business in Hong Kong:

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

8 March 2011

To the Shareholders

Dear Sirs:

- (1) PROPOSED ADOPTION OF SHARE OPTION SCHEME**
(2) PROPOSED ISSUE OF SHORT-TERM DEBENTURES
(3) PROPOSED ELECTION OF DIRECTORS OF THE SECOND SESSION
OF THE BOARD OF DIRECTORS
(4) PROPOSED ELECTION OF SHAREHOLDER REPRESENTATIVE SUPERVISORS
OF THE SECOND SESSION OF THE SUPERVISORY COMMITTEE
(5) NOTICE OF 2011 FIRST EXTRAORDINARY GENERAL MEETING
AND
(6) NOTICE OF 2011 FIRST H SHAREHOLDERS' CLASS MEETING

The purpose of this circular is to provide you with the information regarding the proposals in respect of (i) the proposed adoption of the Share Option Scheme (including the Grant) and the related matters, (ii) the proposed issue of Short-term Debentures, (iii) the proposed re-election of Directors, and (iv) the proposed re-election and appointment of supervisors which will be considered at the EGM and/or the Class Meetings and to set out the notices of the EGM and the H Shareholders' Class Meeting.

LETTER FROM THE BAORD

1. PROPOSED ADOPTION OF THE SHARE OPTION SCHEME

Introduction

Reference is made to the Share Option Scheme Announcement.

Since the Share Option Scheme Announcement on 28 September 2010, the Company has made certain amendments to the proposed terms of the Share Option Scheme, of which the major amendment is the change from multiple grants to one single grant under the Share Option Scheme. Unlike the initial design where it was intended that there could be multiple grants, the terms of the Share Option Scheme have been amended to the effect that there could only be one Grant under the Share Option Scheme and the initial Grant referred to in the Share Option Scheme Announcement is the Grant, which will be the only grant under the Share Option Scheme. Other amendments are minor amendments which do not affect the terms and effects of the proposed Share Option Scheme.

At the EGM and Class Meetings, resolutions will be proposed for approval and adoption of the Share Option Scheme and details of the proposed Grant including the number of Share Options proposed to be granted to each Participant will be proposed as part of the resolutions for approval. The proposed grant of Options under the Grant to the executive Directors and senior management members of the Company has been approved by the independent non-executive Directors of the Company.

The purpose of this section of the circular is to provide you with updated and more detailed information concerning the proposed resolutions at the EGM and the Class Meetings relating to adoption of the Share Option Scheme including approval of the Grant by the Company. A summary of all the principle terms of the Share Option Scheme is set out in **Appendix I** to this circular.

Purposes of the Scheme

The Directors consider that in order to enhance the Company's capability to attract, motivate and retain its senior management and key employees, including certain Directors, and to closely align the interests of such personnel with the interests of the Company and the Shareholders, it is important that the Company provides such personnel with further incentives by offering them an opportunity to obtain an ownership interest in the Company. Such incentives would create more value for the Company and its Shareholders by maximizing the enthusiasm of such personnel and bring their initiatives into full play. The Directors therefore recommend the Shareholders to approve the adoption of the Share Option Scheme at the EGM and the Class Meetings.

Source and number of Shares subject to the Options to be granted

As at the Latest Practicable Date, no share option scheme has ever been adopted by the Company. **Only new A Shares of the Company** will be issued upon exercise of the Share Options to be granted under the Share Option Scheme and no H Shares of the Company will be issued under the Share Option Scheme. In accordance with the relevant provisions under the Articles of Association, the Share Option Scheme shall be approved and adopted by the Shareholders at a general meeting and the A Shareholders and H Shareholders at their respective Class Meetings.

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Pursuant to the Share Option Scheme, Options will be granted once only under the Grant and no further grant of Options will be made under the Share Option Scheme. Such Grant will also be subject to approvals by the Shareholders and A Shareholders and H Shareholders at the EGM and the Class Meetings, respectively. It is proposed that should the Share Option Scheme be approved and adopted and upon full exercise of all Options granted under the Grant, the Share Option Scheme will involve the issue of an aggregate of 36,735,000 A Shares to the Participants, representing approximately 0.374% of the total issued A Shares and approximately 0.310% of the total issued Shares as at the Latest Practicable Date, respectively. The details of the Grant, including the information of the Participants, the number of A Shares subject to the Options to be granted to the Participants and the exercise price of the Options under the Grant are set out under **Appendix II** to this circular. Such information is consistent with the information of the initial Grant of Share Options as disclosed in the Share Options Scheme Announcement.

Lock-up period and performance targets before Options can be exercised

Pursuant to the relevant provisions of the Share Option Scheme, the exercise of the Options is subject to a minimum two-year lock-up period during which a Participant is not allowed to exercise any Option granted. After the expiration of the two-year lock-up period, the Participant may exercise the Options in three batches within a term of no more than 3 years commencing from the beginning of the 3rd, 4th and 5th year after the Grant Date respectively. The Participant may only exercise up to 1/3 of the total Options granted to him/her in each batch. The details of such lock-up arrangement are set out under Paragraph 9 of **Appendix I** to this circular. Such lock-up arrangement may provide incentives to the Participants to remain employed with the Group during the two-year lock-up period and thereby enable the Group to benefit from the continued services of such Participants during such period. Additionally, if the Participant is also a Director or member of the senior management of the Company, at least 20% of the total Options granted to him/her will not be exercisable until such Participant successfully passes SASAC's evaluation after the expiration of his/her term of office.

Further, the Share Option Scheme has provided for performance target requirements that must be achieved before any Options can be exercised by a Participant. Details of such performance target requirements are set out in **Appendix III** (Measures for appraisal of performance of Participants to the Share Option Scheme) to this circular. This requirement, coupled with the aforementioned lock-up arrangement, may enable the Group to provide incentives to the Participants to remain and use their best endeavours in assisting the growth and development of the Group. The Directors are of the view that such arrangements will place the Group in a better position to attract and retain human resources that are valuable to the growth and development of the Group as a whole.

Conditions precedent to the Share Option Scheme becoming effective

The adoption of the Share Option Scheme is conditional upon:

- (a) SASAC approving the Share Option Scheme;
- (b) CSRC notifying the Company that it has no objection to the filing of the Share Option Scheme; and

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- (c) the Shareholders, the A Shareholders and the H Shareholders passing a special resolution at each of the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively, to approve the adoption of the Share Option Scheme.

As at the Latest Practicable Date, the Company has obtained approval from SASAC and CSRC has notified the Company that it has no objection to the filing of the Share Option Scheme.

Value of all Options to be granted pursuant to the Scheme

The value of all Options to be granted pursuant to the Grant at the Latest Practicable Date and the relevant pricing model and significant assumptions are set out under part 3 in **Appendix II** to this circular.

Adjustment to the exercise price and number of A Shares subject to Options

The Share Option Scheme has a mechanism for adjustment of the exercise price and/or the number of A Shares subject to Options to be granted under the Grant in the event of a capitalisation issue, bonus issue, sub-division or consolidation of Shares, rights issue or reduction of capital of the Company. The details of such adjustments are set out under paragraph 13 of **Appendix I** to this circular.

The Company further confirms that it will comply with the relevant requirements of the Hong Kong Listing Rules and the Supplementary Guidance in all future adjustments to be made to the exercise price and/or the number of A Shares subject to Options to be granted under the Grant.

Waivers from strict compliance with the Hong Kong Listing Rules

Since the Share Option Scheme involves the grant of new A Shares, Chapter 17 and certain provisions of the Hong Kong Listing Rules are therefore applicable to the Share Option Scheme. As the Share Option Scheme involves the grant of A Shares, the relevant PRC laws and regulations relating to establishment of share option scheme and grant of share options are also applicable. The Company has insofar as possible prepared the terms of the Share Option Scheme to be consistent with both the requirements of the relevant PRC laws and regulations as well as the Hong Kong Listing Rules and has applied to the Hong Kong Stock Exchange for a waiver from strict compliance with Note 1 of Rule 17.03(9) of the Hong Kong Listing Rules.

Note 1 of Rule 17.03(9) of the Hong Kong Listing Rules requires that the exercise price must be at least the higher of: (i) the closing price of the securities on the date of grant; and (ii) the average closing price of the securities for the five business days immediately preceding the date of grant. However, the relevant PRC laws and regulations require the exercise price of the Share Options under the Share Option Scheme shall be the higher of: (i) the closing price of the A Shares on the trading day immediately preceding the date of the Share Option Scheme Announcement; and (ii) the average closing price of the A Shares for the 30 trading days immediately preceding the date of the Share Option Scheme Announcement. Since the Share Option Scheme involves the issue of A Shares only, the Company has applied to and the Hong Kong Stock Exchange has granted a waiver from strict compliance with Note 1 of Rule 17.03(9) of the Hong Kong Listing Rules. For details of the determination of the exercise price of the Share Options under the Share Option Scheme, please refer to paragraph 8 headed "Exercise Price" in **Appendix I** to this circular.

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Solicitation of votes on the Share Option Scheme resolutions

Pursuant to the Share Incentive Plan Measures, independent directors of a company listed on the Shanghai Stock Exchange should solicit votes publicly from all shareholders of the company on any proposed resolution relating to adoption of a share incentive scheme by the listed company. The purpose of such arrangement is to encourage shareholders of a company listed on the Shanghai Stock Exchange to participate in the voting on the resolution relating to adoption of a share incentive scheme by providing them with an additional way of participation in the general meeting.

As the A Shares of the Company are listed on the Shanghai Stock Exchange, and pursuant to the Share Incentive Plan Measures, the independent non-executive Directors of the Company have nominated Mr. Chen Yongkuan as a caller on their behalf to solicit votes from the Shareholders on the resolutions regarding the Share Option Scheme at the EGM and the Class Meetings. Pursuant to the Share Incentive Plan Measures, Mr. Chen Yongkuan will solicit votes from the Shareholders on the three proposed resolutions relating to adoption of the proposed Share Option Scheme, namely, Resolution 1 (Approval of the proposed Share Option Scheme including the Grant), Resolution 2 (The Measures for Appraisal of Performance of Participants to the Share Option Scheme) and Resolution 3 (Authorization to the Board to administer the Share Option Scheme). Mr. Chen Yongkuan will not solicit votes on resolutions proposed at the EGM which are not related to the proposed Share Option Scheme. For such purposes, Mr. Chen Yongkuan has prepared three Independent Director's Proxy Forms, one proxy form for each of the EGM, the A Shareholders' Classing Meeting and H Shareholders' Class Meeting. The Independent Director's Proxy Forms for the EGM and H Shareholders' Class Meeting respectively are enclosed with this circular. Mr. Chen Yongkuan has, on behalf of the independent non-executive Directors, prepared a Report on the Solicitation of Votes by the Independent Directors, the announcement of which, dated 8 March 2011, has been published on the website of the Shanghai Stock Exchange and the website of the Hong Kong Stock Exchange.

You may appoint Mr. Chen Yongkuan as your proxy by filling in the Independent Directors' Proxy Forms to vote the resolutions relating to the proposed Share Option Scheme on your behalf and appoint your own proxy by filling in the usual proxy forms to vote for you on all other resolutions proposed at the EGM. Alternatively, you may simply appoint your own proxy to vote for you on all the resolutions (including those relating to the proposed Share Option Scheme). Please refer to the Notice of EGM and H Shareholders' Class Meeting for details of the solicitation of votes and voting arrangements.

Documents available for inspection

A copy of the Share Option Scheme is available for inspection at the principal place of business of the Company in Hong Kong at Unite H, 41/F., Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong during normal business hours from the date hereof up to and including the date of the EGM.

General information

Upon the adoption of the Share Option Scheme, the Company will disclose the required information in relation to the Share Option Scheme in its subsequent annual report and interim report in accordance with the disclosure requirements under Rule 17.07 of the Hong Kong Listing Rules.

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Your attention is drawn to the additional information set out in Appendix I (Summary of The Principal Terms of The Share Option Scheme), Appendix II (Details of the Grant) and Appendix III (Measures for appraisal of performance of Participants to the Share Option Scheme) to this circular.

2. PROPOSED ISSUE OF SHORT-TERM DEBENTURES

Introduction

Reference is made to the announcement of the Company dated 8 March 2011 in respect of the resolution of the Board regarding the proposed issue of Short-term Debentures in the PRC.

Background

To satisfy the funding requirements of the Company, reduce financing costs and further enhance investor's confidence in the Company's operation sustainability, after a comprehensive analysis on domestic macro-economy dynamics and the Company's working capital needs, the Board resolved on 7 March 2011 to submit to the Shareholders for consideration and approval the proposed issue of Short-term Debentures for an aggregate amount not exceeding RMB5 billion by the Company at the EGM. The Short-term Debentures are not convertible or exchangeable into any Shares of the Company.

According to the Articles of Association and the applicable PRC laws and regulations, the proposed issue of Short-term Debentures is subject to the approval of Shareholders. As such, the proposed issue of Short-term Debentures will be submitted for the approval of the Shareholders at the EGM by way of a special resolution.

Major Terms of the Proposed Issue of Short-term Debentures

The major terms of the proposed issue of Short-term Debentures are as follows:

(1) *Size of issue*

According to the relevant requirements that the balance of debentures to be repaid by an issuer shall not exceed 40% of the net assets of such issuer (including minority interests) upon completion of the issue of debentures, the size of issue will not exceed an amount of RMB5 billion. The Short-term Debentures will be registered all at once and will be issued in one or multiple tranches according to actual capital requirements.

(2) *Term of issue*

Not more than 365 days.

(3) *Interest rate*

The interest rate will be determined with reference to the prevailing market conditions at the time of the issue and upon negotiations with the lead underwriter(s), provided that the rate is approved by relevant regulatory authorities in the PRC.

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(4) *Target investors*

Institutional investors in the national inter-bank market.

(5) *Use of proceeds*

Including repayment of loan(s) and replenishment of working capital.

(6) *Conditions precedent to the issue*

(a) approval at the general meeting of the Company; and

(b) the National Association of Financial Market Institutional Investors accepting the Company's registration of the Short-term Debentures.

Granting of Authorization to Deal with Matters Relating to the Proposed Issue of Short-term Debentures

It is proposed that a general and unconditional mandate be granted to a committee of the Board comprising Mr. Zhao Xiaogang and Mr. Zheng Changhong, being the Directors of the Company, to determine and to deal with the following matters pursuant to applicable laws and the then market conditions:

- (1) to determine the details of the issue of the Short-term Debentures and to formulate and implement detailed issue proposal which includes, but not limited to, an issue size of not more than RMB5 billion, the issue plan, the amount and period of each tranche, the maturity and method of repayment of the principal and interests, the determination mechanism of the interest rate of the debentures, determination of the specific arrangements and use of proceeds based on the actual situation in accordance with the use of proceeds as approved at the general meeting of the Company;
- (2) to deal with other matters relating to the issue, including, but not limited to, selecting qualified professional institutions, applying for registration to the National Association of Financial Market Institutional Investors in respect of the issue, handling relevant matters in relation to issue and trading of the debentures, carrying out all relevant negotiations in relation to the issue of the Short-term Debentures for and on behalf of the Company, signing and executing all relevant agreements and other necessary documents for and on behalf of the Company, and making relevant information disclosure pursuant to applicable regulatory requirements (if necessary);
- (3) in the case that any change in regulatory polices or market conditions relating to the issue occurs, to make corresponding adjustments to the specific issue proposal and other relevant matters in relation to the issue of the Short-term Debentures in accordance with the opinions of the regulatory authorities, except for those matters which are subject to re-approval by the shareholders at a general meeting of the Company as required by the provisions of relevant laws, regulations and the Articles of Association; and
- (4) to take all such actions as necessary and in the interest of the Company and to determine or to deal with specific matters in relation to the issue of the Short-term Debentures.

LETTER FROM THE BOARD

Upon approval at the general meeting of the Company, the aforementioned authorization shall remain effective within the registered period of the issue of the Short-term Debentures or the duration of such relevant matters.

3. PROPOSED ELECTION OF DIRECTORS OF THE SECOND SESSION OF THE BOARD

Pursuant to the Articles of Association, the term of office of the Board shall not exceed three years for each session. The first session of the Board comprising Mr. Zhao Xiaogang (executive Director), Mr. Zheng Changhong (executive Director), Mr. Tang Kelin (executive Director), Mr. Liu Hualong (executive Director), Mr. Zhao Jibin (independent non-executive Director), Mr. Yang Yuzhong (independent non-executive Director), Mr. Chen Yongkuan (independent non-executive Director), Mr. Dai Deming (independent non-executive Director) and Mr. David Tsoi (independent non-executive Director), has reached its 3-year term under the Articles of Association.

According to the relevant provisions of the Articles of Association, upon the expiry of his/her term, a Director shall be eligible for re-election subject to the approval by the Shareholders at a general meeting. The candidates for the second session of the Board have been nominated by the Board on 27 December 2010 at the 22nd meeting of the first session of the Board. It is proposed that the second session of the Board shall comprise nine Directors and all members of the first session of the Board be re-elected as Directors of the second session of the Board. In particular, it is proposed that at the EGM, Mr. Zhao Xiaogang, Mr. Zheng Changhong, Mr. Tang Kelin and Mr. Liu Hualong be re-elected as executive Directors and Mr. Zhao Jibin, Mr. Yang Yuzhong, Mr. Chen Yongkuan, Mr. Dai Deming and Mr. David Tsoi be re-elected as independent non-executive Directors of the second session of the Board. The information of all candidates for independent non-executive Directors has passed the examination and verification by the Shanghai Stock Exchange in accordance with relevant PRC regulations.

Pursuant to the Articles of Association, the aforementioned candidates are eligible to be elected as Directors. The Directors of the second session of the Board shall hold office for a term of three years commencing from the date of election and approval at the EGM. Until the re-election of the second session of the Board becoming effective on the conclusion of the EGM, all Directors of the first session of the Board will continue to perform their duties as Directors in accordance with the relevant provisions of the Articles of Association.

Currently, the emoluments of the executive Directors are determined in accordance with relevant measures and regulations issued by SASAC. The Remuneration and Evaluation Committee of the Board submits proposals to the Board in respect of the remuneration policies and structure for executive Directors and the remuneration of independent non-executive Directors. The annual remuneration of the executive Directors comprises basic salary and performance-related bonuses. The amount of the performance-related bonuses is determined in accordance with the results of the annual evaluation of the Company. The remuneration of the independent non-executive Directors is based on the standards adopted by the Company in accordance with relevant requirements of SASAC. The annual remuneration of the independent non-executive Directors comprises basic remuneration and meeting subsidies.

Biographic details of each of the proposed Directors are set out in **Appendix IV** to this circular.

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As far as the Directors are aware and save as disclosed in this circular, none of the proposed Directors for re-election held any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last 3 years and none of them has any relationship with any Director, senior management or substantial or controlling shareholders of the Company, nor do they have any interests in the Shares of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

As far as the Directors are aware and save as disclosed in this circular, there is nothing which need to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules nor is there any issues which need to be brought to the attention of the Shareholders in respect of each of the aforesaid proposed Directors for re-election.

4. PROPOSED ELECTION OF SHAREHOLDER REPRESENTATIVE SUPERVISORS OF THE SECOND SESSION OF THE SUPERVISORY COMMITTEE

Pursuant to the Articles of Association, the term of office of the supervisory committee of the Company shall not exceed three years for each session. The first session of the supervisory committee of the Company has reached its 3-year term. Pursuant to the Articles of Association, members of the supervisory committee are eligible for re-election upon expiry of his/her term.

Reference is made to the announcement of the Company dated 28 December 2010. The candidates for the shareholder representative supervisors of the second session of the supervisor committee of the Company have been nominated by the supervisor committee of the Company on 27 December 2010 at the 15th meeting of the first session of the supervisor committee of the Company. It is proposed that at the EGM, Mr. Wang Yan and Mr. Sun Ke be re-elected and appointed as shareholder representative supervisors of the second session of the supervisory committee of the Company respectively.

Pursuant to the Articles of Association, the aforementioned candidates are eligible to be elected as supervisors of the Company.

As considered and approved at the employee congress, Mr. Qiu Wei was elected as the employee representative supervisor of the second session of the supervisory committee of the Company.

Currently, the emoluments of the shareholder representative supervisors are determined by the general meeting of Shareholders in accordance with the Articles of Association and relevant regulatory provisions of the Company. Mr. Wang Yan, a shareholder representative supervisor, did not receive any emoluments from the Company during his term of office as the supervisor of the first session of the supervisory committee of the Company. He will not receive payment of emoluments from the Company should he be re-elected as the supervisor of the second session of the supervisory committee of the Company.

Biographic details of each of the proposed shareholder representative supervisors and the employee representative supervisor of the Company are set out in **Appendix V** to this circular.

LETTER FROM THE BAORD

Save as disclosed in this circular, none of the proposed shareholder representative supervisors of the Company held any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last 3 years and none of them has any relationship with any Director, supervisor, senior management or substantial or controlling shareholders of the Company, nor do they have any interests in the Shares of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed in this circular, there is nothing which need to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules nor is there any issues which need to be brought to the attention of the Shareholders in respect of each of the aforesaid proposed shareholder representative supervisors of the Company.

5. EGM AND THE H SHAREHOLDERS' CLASS MEETING

A notice convening the EGM to be held at Empark Grand Hotel, No. 69 Banjing Road, Haidian District, Beijing, the PRC at 1:30 p.m. on Tuesday, 26 April 2011 is set out on pages 57 to 64 of this circular.

A notice convening the H Shareholders' Class Meeting to be held at Empark Grand Hotel, No. 69 Banjing Road, Haidian District, Beijing, the PRC on Tuesday, 26 April 2011 immediately following the conclusion of the EGM and the A Shareholders' Class Meeting or any adjournment thereof is set out on pages 65 to 67 of this circular.

To the extent that the Company is aware having made all reasonable enquiries, none of the Shareholders is required to abstain from voting in respect of any of the resolutions to be proposed at the EGM or the H Shareholders Class Meeting.

Pursuant to the Share Incentive Plan Measures, the independent non-executive Directors have nominated Mr. Chen Yongkuan, an independent non-executive Director, as their caller to solicit votes regarding the Share Option Scheme. Should you wish to appoint Mr. Chen Yongkuan as your proxy to vote for you and on your behalf at the EGM and/or the H Shareholders' Class Meeting on the resolutions regarding the Share Option Scheme, please complete the Independent Director's Proxy Forms. You may appoint Mr. Chen Yongkuan as your proxy to vote for you and on your behalf on the resolutions regarding the Share Option Scheme ONLY (i.e. the proposed Resolutions 1, 2 and 3). You have to use the proxy form to appoint your proxy to vote for you and on your behalf on all other resolutions (including the resolutions regarding issue of Short-term Debentures and election of Directors and supervisors of the Company). Alternatively, if you wish to appoint any person other than Mr. Chen Yongkuan as your proxy to vote for your and on your behalf at the EGM and/or the H Shareholders' Class Meeting on all the resolutions including those relating to the Share Option Scheme, you may simply disregard the Independent Director's Proxy Form and complete and return the proxy form instead .

LETTER FROM THE BOARD

A reply slip, a proxy form and an Independent Director's Proxy Form to be used at each of the EGM and the H Shareholders' Class Meeting are enclosed herewith. If you intend to appoint a proxy to attend the EGM and/or the H Shareholders' Class Meeting, you are required to complete and return the enclosed proxy forms and/or the Independent Director's Proxy Forms in accordance with the instructions printed thereon. For H Shareholders, the proxy forms and/or the Independent Director's Proxy Forms should be returned 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 relevant meetings or any adjourned meetings thereof. Completion and return of the proxy forms and/or the Independent Director's Proxy Forms will not preclude you from attending, and voting at, the EGM and/or the H Shareholders' Class Meeting or at any adjourned meetings if you so wish.

If you intend to attend the EGM and/or the H Shareholders' Class Meeting in person or by proxy, you are required to complete and return the reply slips to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited (for H Shareholders), on or before Tuesday, 5 April 2011 in accordance with the instructions printed thereon. You may still attend the EGM and/or the H Shareholders' Class Meeting in person or by appointing other persons to attend the EGM and/or the H Shareholders' Class Meeting, notwithstanding the appointment of Mr. Chen Yongkuan as your proxy to exercise your votes on the resolutions regarding the Share Option Scheme. Similarly, you may still attend the EGM and/or the H Shareholders' Class Meeting in person notwithstanding the appointment of a proxy to exercise your votes on your behalf.

In accordance with the requirements of the Hong Kong Listing Rules, the Company will publish an announcement on the outcome of the EGM and the Class Meetings in respect of the resolution relating to the adoption of the Share Option Scheme on the Adoption Date.

6. RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the proposed resolutions for approving (i) the adoption of the Share Option Scheme including the Grant under the Share Option Scheme and the related matters, (ii) the proposed issue of Short-term Debentures, (iii) the re-election of Directors, and (iv) the re-election and appointment of supervisors are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders and the H Shareholders to respectively vote in favour of the resolutions set out in the notices of the EGM and the H Shareholders' Class Meeting.

Yours faithfully,
By order of the Board
CSR Corporation Limited
Zhao Xiaogang
Chairman

The following is a summary of the principal terms of the Share Option Scheme to be approved and adopted at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting. It does not form part of, nor is it intended to be part of, the terms of the Share Option Scheme and it should not be taken as affecting the interpretation of the terms of the Share Option Scheme.

1. PURPOSE

The Directors consider that in order to enhance the Company's capability to attract, motivate and retain its senior management and key employees, including certain Directors, and to closely align the interests of such personnel with the interests of the Company and the Shareholders, it is important that the Company provides such personnel with further incentives by offering them an opportunity to obtain an ownership interest in the Company. Such incentives would create more value for the Company and its Shareholders by maximizing the enthusiasm of such personnel and bring their initiatives into full play. The Directors therefore recommend the Shareholders to approve the adoption of the Share Option Scheme at the EGM and the H Shareholders' Class Meeting.

2. THE SCOPE OF PARTICIPANTS AND BASIS FOR DETERMINING THE PARTICIPANTS

Eligible Participants under the Share Option Scheme are principally restricted to the senior management and key employees of the Company with an important role in achieving its strategic objectives, including Directors (excluding the independent non-executive Directors), senior management personnel and major technical and management personnel who have direct contributions to the operating performance and sustainable development of the Company. The independent non-executive Directors, supervisors of the Company, substantial shareholders holding over 5% shares of the Company and actual controllers of the Company, together with their respective spouses and lineal relatives are excluded from participating in the Share Option Scheme. The Participants shall not participate in the share option schemes of two (or more) listed companies during the same period.

The Participants under the Share Option Scheme are determined in accordance with relevant provisions of the Company Law, the Securities Law of the People's Republic of China, and relevant laws, regulations, ministerial rules and regulatory documents issued by relevant regulatory authorities such as SASAC and CSRC, and relevant provisions of the Articles of Association.

3. SUBJECT SECURITIES AND INCENTIVE METHOD

The Share Options to be granted under the Share Option Scheme concern the issue of new A Shares of the Company only. No H Shares of the Company will be issued pursuant to the exercise of any Option granted under the Scheme.

Grant of the Share Options shall be the incentive method of the Share Option Scheme. Within the exercisable period of the Share Option, and subject to the fulfilment of the exercise conditions and the effective arrangement of the Share Options, each of the Share Options entitles the holder to subscribe for one A Share of the Company at a pre-determined exercise price.

4. LIFE OF THE SHARE OPTION SCHEME AND MAXIMUM NUMBER OF OPTIONS TO BE GRANTED

Only one grant of Options will be made pursuant to the Share Option Scheme, after which no further grants will be made under the same Share Option Scheme. The details of the Grant are set out in Appendix II to this circular. The life of the Scheme and Options to be granted under the Grant have a validity period of 7 years, commencing from the Grant Date.

Under the Share Option Scheme, the total number of A Shares to be issued at any time upon exercise of all Share Options granted under the Share Option Scheme (exclusive of Share Options that lapsed) and other share option schemes of the Company (if any) must not in aggregate exceed 10% of the total issued A Shares as at the Adoption Date. As at the Adoption Date, the Company has no other share option schemes.

Under the Grant, it is proposed that an aggregate of 36,735,000 A Shares will be issued to the Participants should the Share Option Scheme be adopted and all Share Options granted pursuant to the Grant be accepted by the Participants and fully exercised, which will represent approximately 0.374% of the total issued A Shares and approximately 0.310% of the total issued Shares as at the Latest Practicable Date, respectively. The terms of the Grant are in compliance with the aforementioned restrictions on the maximum number of Share Options that can be granted pursuant to the Share Option Scheme.

5. MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

Unless specifically approved by the Shareholders at a general meeting of the Company, the aggregate number of A Shares to be acquired by any one Grantee through the Share Option Scheme and other effective share option schemes of the Company (if any) at any time shall not exceed 1% of the total A Shares in issue, and the maximum entitlement to be granted to any one Grantee (including the exercised, cancelled and outstanding Options) within any 12-month period shall not exceed 1% of the total A Shares in issue.

Options granted to a Director, chief executive or substantial shareholder (as defined in the Hong Kong Listing Rules) (other than an independent non-executive Director) of the Company or any of their respective associates must be approved by the independent non-executive Directors.

The number of Share Options to be granted to each Participant was determined on the basis that the estimated benefit upon exercise of the Share Options will not exceed 30% of his/her total emolument level (inclusive of the estimated Share Option benefit) at the Grant Date. In addition, if the actual benefit obtained by each Participant upon exercise of the Share Options exceeds 40% of his/her total emolument level at the Grant Date, the amount of benefit in excess shall be reclaimed by the Company.

As there will be only one grant of Share Options to the Participants pursuant to the Share Option Scheme, the terms of the Grant are in compliance with the aforementioned restrictions on the maximum entitlement of each Participant.

6. GRANT OF SHARE OPTIONS**Grant Date**

Upon the Share Option Scheme having been approved at the EGM and the Class Meetings, the Board will hold a meeting within one month after the date of the EGM to formally approve the Grant. The Grant Date shall be the date of such Board meeting. The Grant Date must be a trading day and shall not fall in any of the following periods:

- i. The earlier of either: Thirty (30) days prior to the publication of periodic report or thirty (30) days prior to the date of the Board meeting for the purpose of approving such periodic report. The aforesaid period shall end on the date of the publication of the Company's periodic report;
- ii. Anytime during the decision making process of a material transaction or a significant event until two trading days after the announcement of such transaction or event;
- iii. Any period from the occurrence of other significant events that have an impact on the Share price to a date which is two trading days after the announcement of such event; and
- iv. Where the Participant is a Director, the period from 60 days immediately preceding the publication date of the annual results up to the publication date of the results (publication date of the results inclusive); and the period from 30 days immediately preceding the publication date of the interim results and quarterly results up to the publication date of such results (publication date of the results inclusive).

Conditions of the Grant

The Company shall only grant Share Options to Participants in accordance with the Share Option Scheme upon fulfilment of the following conditions by the Company and the Participants:

- i. the performance results of the Company have satisfied the following conditions prior to the Grant:
 - (1) the weighted average rate of return on equity after deduction of non-recurring gains or losses for the three financial years of 2007, 2008 and 2009 shall not be lower than 10% and shall not be lower than that of the 50th percentile of the peer benchmark companies, which was 8.3%; and
 - (2) the three-year compound annual growth rate of the operating revenue as at the end of the 2009 financial year shall not be lower than 20% and shall not be lower than that of the 50th percentile of the peer benchmark companies, which was 24.4%.

- ii. none of the followings has occurred in relation to the Company:
 - (1) the auditors of the Company having provided an adverse opinion or been unable to provide an opinion in the Company's financial and accounting report for the latest financial year;
 - (2) the imposition of administrative penalties by CSRC during the past one year due to material non-compliance; and
 - (3) any other circumstance which, in the opinion of SASAC and CSRC, would render the implementation of the Share Option Scheme impossible.
- iii. according to the measures on the performance appraisal of the Company (details of which are set out in Appendix III to this circular.), the performance appraisal conducted on a Participant in the financial year preceding the Grant must reach the "pass" grade or above, and
- iv. none of the following has occurred in relation to a Participant:
 - (1) public censure or declaration as an ineligible candidate by a stock exchange in the latest three years;
 - (2) imposition of administrative penalties by CSRC during the latest three years due to material non-compliance; and
 - (3) circumstances under which the Participant is prohibited from acting as a director and senior management personnel of the Company, as stipulated in the Company Law.

Pursuant to the results published in the 2009 annual report of the Company, the weighted average rate of return on equity after deduction of non-recurring gains or losses for the three financial years of 2007, 2008 and 2009 was 12.06%. Further, the three-year compound annual growth rate of the operating revenue as at the end of the 2009 financial year was 25.45%. Therefore, the performance results of the Company satisfied the abovementioned conditions. In addition, the Company and all Participants have also satisfied the conditions set out in paragraphs ii to iv above. Therefore, the Company can proceed with the Grant accordingly.

Subject to the approval by and filing with SASAC and CSRC, the Board is authorized to make adjustment and amendment to the above results indicators and percentiles in consideration of the major impacts on the relevant indicators which may be caused by relevant factors such as corporate strategies and market environment.

7. PERFORMANCE TARGET BEFORE THE OPTIONS CAN BE EXERCISED

The Share Options under the Share Option Scheme shall only be exercised by the Participants until they come into effect upon fulfilment of the following conditions by the Company and the Participants:

i. the performance results of the Company having satisfied the following conditions in the financial year immediately preceding the Share Options becoming effective:

(1) the weighted average rate of return on equity after non-recurring gains or losses in the year immediately preceding each batch of the Share Options becoming effective (please refer to paragraph 9 below in relation to the effective arrangement of the Share Options) exceeds the higher of the two corresponding sets of data below, respectively:

The batch becoming effective	Weighted average rate of return on equity after non-recurring gains or losses	
First batch	11.0%	or, the 75th percentile of the peer benchmark companies in the corresponding year
Second batch	11.5%	
Third batch	12.0%	

(2) The annual growth rate of the operating revenue in the year immediately preceding prior to the Share Options becoming effective shall not be lower than 25% and that of the 75th percentile of the peer benchmark companies. In addition, the net profits attributable to the Shareholders and the net profits after deduction of non-recurring gains or losses attributable to the Shareholders for each year before the Share Options becoming effective shall not be lower than the averaged level for the three financial years immediately preceding the Grant Date and shall not be negative.

ii. none of the following events occurred in relation to the Company:

(1) the auditors of the Company having provided an adverse opinion or been unable to provide an opinion in the Company's financial and accounting report for the latest financial year;

(2) imposition of administrative penalties by CSRC in the latest year due to material breach or non-compliance; and

(3) any other circumstance which, in the opinion of SASAC and CSRC, would render the implementation of the Share Option Scheme impossible.

iii. according to the measures on the performance appraisal of the Company (details of which are set out in Appendix III to this circular), the performance appraisal conducted on the Participants in the financial year preceding the date of the Share Options becoming effective must reach the "pass" grade or above, and

- iv. none of the following has occurred in relation to a Participant:
- (1) publicly censure or declaration as an ineligible candidate by a stock exchange in the latest three years;
 - (2) imposition of administrative penalties by CSRC in the latest three years due to material breach or non-compliance;
 - (3) occurrence of any circumstance under which a Participant is prohibited from acting as a director, supervisor and member of the senior management of the Company, as stipulated in the Company Law.

Any Share Option which has not become effective due to failure to fulfil the above conditions will be withdrawn and cancelled by the Company.

8. EXERCISE PRICE

The exercise price of the Share Options under the Share Option Scheme is determined by the Board, which shall be the higher of:

- i. the closing price of the A Shares on the trading day immediately preceding the date of the Share Option Scheme Announcement, which was RMB5.43; and
- ii. the average closing price of the A Shares for the 30 trading days immediately preceding the date of the Share Option Scheme Announcement, which was RMB5.25.

Accordingly, as disclosed in the Share Option Scheme Announcement, the exercise price of the Share Options under the Grant shall be RMB5.43.

The Company has applied to and the Hong Kong Stock Exchange has granted a waiver from strict compliance with the basis of determination of the exercise price under Note (1) to Rule 17.03(9) of the Hong Kong Listing Rules.

9. VALIDITY PERIOD OF THE OPTIONS, LOCK-UP PERIOD, EFFECTIVE ARRANGEMENT AND RESTRICTIONS ON EXERCISE OF OPTIONS

Validity period

The validity period of the Share Options under the Share Option Scheme shall be a term of 7 years commencing from the Grant Date. Upon expiry of the validity period, Share Options not exercised shall automatically lapse forthwith and be cancelled by the Company.

Lock-up period

The Share Options granted under the Share Option Scheme are subject to a lock-up period of 24 months commencing from the Grant Date, during which period no Share Options are exercisable.

Effective arrangement

Subject to fulfilment of all conditions set out in paragraph 7 above and after the expiry of the two-year lock-up period from the Grant Date, the Share Options shall become exercisable in three batches according to the following effective arrangements:

- i. up to 1/3 of the total Share Options granted to each Participant may be exercisable during the first exercisable period, which shall commence on the first trading day after the expiration of the 24-month period following the Grant Date and shall end on the last trading day preceding the expiration of the 60-month period following the Grant Date;
- ii. up to 1/3 of the total Share Options granted to each Participant may be exercisable during the second exercisable period, which shall commence on the first trading day after the expiration of the 36-month period following the Grant Date and shall end on the last trading day preceding the expiration of the 72-month period following the Grant Date; and
- iii. the remaining 1/3 of the total Share Options granted to each Participant may be exercisable during the third exercisable period, which shall commence on the first trading day after the expiration of the 48-month period following the Grant Date and shall end on the last trading day preceding the expiration of the 84-month period following the Grant Date.

If a Participant is also a Director or member of the senior management of the Company, at least 20% of the total Options granted to him/her will not be exercisable until such Participant successfully passes SASAC's evaluation after the expiration of his/her term of office.

Restrictions on exercise of Share Options

The Participants may apply for the exercise of the maximum number of Share Options at any time during each of the aforementioned exercisable periods, except during the following periods:

- i. the period commencing from 30 days prior to the date of announcement of periodic reports of the Company and ending until two trading days after such announcement is published. Should the announcement of the periodic reports be postponed due to special reasons, the period shall commence from 30 days prior to the originally scheduled announcement date of such reports;
- ii. the period commencing from 10 days prior to the publication of the Company's announcements of results forecast and preliminary results and ending until two trading days after such announcement is published;
- iii. anytime during the decision making process of a material transaction or a significant event until two trading days after the announcement of such transaction or event;
- iv. where the Participant is a Director, the period from 60 days immediately preceding the publication date of the annual results up to the publication date of the results (publication date of the results inclusive); and the period from 30 days immediately preceding the publication date of the interim results and quarterly results up to the publication date of such results (publication date of the results inclusive); and

- v. any time from the occurrence of other material events that have an impact on the share price to a date which is two trading days after the announcement of such event.

10. LAPSE AND CANCELLATION OF OPTIONS

When any one of the following events occurs, the Share Options already becoming effective shall be exercised by the Participants within a 6-month period. Any outstanding Share Options after the expiry of the aforesaid period shall automatically lapse and Share Options granted but not yet becoming effective shall also lapse forthwith, and shall be cancelled by the Company:

- i. the Participant reaches the statutory retirement age and will not be employed by competitors of the Company after his or her retirement;
- ii. the Participant is subject to a transfer of office out of his or her control;
- iii. death of the Participant (the Share Options may be exercised by his/her legal successor(s) in accordance with applicable laws);
- iv. the Participant loses his/her capacity of conduct.

When any one of the following events occurs, all unexercised Share Options shall automatically lapse forthwith and be cancelled by the Company:

- i. when a Participant becomes an independent non-executive Director, supervisor or a person prohibited from holding the Company's Share Options;
- ii. when a Participant voluntarily resigns from office during the term of his or her labour contract;
- iii. when the labour contract of a Participant is not renewed after expiration;
- iv. when a Participant who is no longer within the scope of Participants prescribed under the Share Option Scheme due to incompetence in performing his/her duties or failure to reach the "pass" grade in performance appraisal or negligence or breach of laws or regulations;
- v. when a Participant is employed by competitors of the Company after his/her retirement; and
- vi. when a Participant is dismissed by the Company (the Board has the right to reclaim all or part of the benefits obtained from the exercise of Share Options based on the severity of the situations).

During the validity period of the Share Options, should any of the followings occur in relation to a Participant, all Share Options having become effective but not yet exercised shall be terminated and lapse forthwith, and such Share Options shall be cancelled by the Company:

- i. in the case of public censure or declaration of such Participant as an ineligible person to participate in the Share Option Scheme by a stock exchange, from the date of such public censure or declaration by the stock exchange;

- ii. in the case of imposition of administrative penalties by CSRC due to material non-compliance by such Participant, from the date of imposition of administrative penalties by CSRC;
- iii. in the case of such Participant being prohibited from acting as a director and a member of the senior management of the Company as stipulated in the Company Law, from the date of when any such circumstances arise;
- iv. where a Participant transfers the Share Options granted or uses the Share Options granted for the purpose of provision of guarantee or repayment of debt, from the earlier of: the date on which any of the above acts actually occur or the date on which relevant written documents are executed.

In case of any false financial and accounting records of the Company, the responsible Participants shall return to the Company all benefits obtained under the Share Option Scheme within 12 months from the date of announcement of such accounting records.

In case of amalgamation, demerger or change in control of the Company, the Share Options having been granted shall in principle remain unaffected and the Participants shall not exercise the Share Options prior to the pre-determined dates.

If any of the followings has occurred in relation to the Company, implementation of the Share Option Scheme shall be terminated, and the Share Options not yet exercised by the Participants shall lapse forthwith and be cancelled by the Company:

- i. the auditors of the Company having provided an adverse opinion or been unable to provide an opinion in the Company's financial and accounting report for the latest financial year;
- ii. imposition of administrative penalties by CSRC in the latest year due to material breach or non-compliance; and
- iii. other circumstances determined by CSRC.

In case of the happening to the Company or the Participants of any other event(s) not specified above, the Board shall have the power to deal with the Share Options granted to such Participants in accordance with the above principles.

11. RIGHTS ATTACHING TO AND THE RANKING OF THE SHARES

The A Shares to be issued upon the exercise of the Share Options will be subject to all the provisions of the Articles of Association for the time being in force and will rank pari passu with the fully paid A Shares in issue and accordingly will entitle the holders to voting, dividend, transfer and other rights, including those arising from a liquidation of the Company.

12. THE TRANSFERABILITY OF THE OPTOINS AND LOCK-UP PROVISIONS ON SHARES

The Share Options shall be personal entitlements granted to the Participants (in case of death of a Participant, the Share Options may be exercised by his/her legal successor(s) in accordance with applicable laws) and shall not be transferable. No Participant has the right to sell, transfer, guarantee, charge or pledge the Options granted to him/her, or use such Options to settle any debt. Any breach of the foregoing by the Participants shall automatically invalidate any Options concerned and the Company is entitled to cancel any other Options granted to such Participant (to the extent not already exercised).

The A Shares acquired by the Participants upon exercise of the Share Options granted under the Share Option Scheme are subject to the following lock-up provisions:

- i. the number of A Shares may be transferred by a Director or senior management personnel of the Company per year shall not exceed 25% of the total number of the Shares held by him/her;
- ii. a Director or senior management personnel of the Company shall not transfer the A Shares held by him/her within 6 months after his/her resignation; and
- iii. other provisions in relation to lock-up arrangement as provided in the Articles of Association.

13. ADJUSTMENT OF OPTIONS**Method of Adjusting the Number of the Share Options**

Since the Grant Date, in case of any capitalisation issue, bonus issue, sub-division or consolidation of Shares, rights issue or reduction of capital of the Company before the exercise of the Share Options, an adjustment to the number of the Share Options shall be made accordingly so as to ensure that a Participant is entitled to the same proportion of the equity capital as that to which that person was previously entitled. The method of adjustment is to be determined by the Board in compliance with relevant laws and regulations, which in principle is set out below:

- i. *Capitalisation issue, bonus issue and sub-division of Shares*

$$Q = Q_0 \times (1+n)$$

Where: “ Q_0 ” represents the amount of Share Options granted before the adjustment; “ n ” represents the ratio of increase per share resulting from the capitalisation issue, bonus issue and sub-division of Shares (i.e. the number of increased shares per Share upon capitalisation issue, bonus issue or subdivision of Shares); “ Q ” represents the adjusted amount of Share Options.

ii. Consolidation of Shares

$$Q = Q_0 \times n$$

Where: “Q₀” represents the amount of Share Options before the adjustment; “n” represents the ratio of consolidation of Shares (i.e. one Share shall be consolidated into n share); “Q” represents the adjusted amount of Share Options.

iii. Rights Issue

$$Q = Q_0 \times P_1 \times (1+n) / (P_1 + P_2 \times n)$$

Where: “Q₀” represents the amount of Share Options before the adjustment; “P₁” represents the closing price as at the record date; “P₂” represents the subscription price of the rights issue; “n” represents the basis of the rights issue (i.e. the number of issued Shares under the rights issue in proportion to the total share capital of the Company before the rights issue); “Q” represents the adjusted amount of Share Options.

Methods of Adjusting the Exercise Price

Since the Grant Date, in case of any capitalisation issue, bonus issue, sub-division or consolidation of Shares, rights issue or reduction of capital in the Company before the exercise of Options, an adjustment to the exercise price shall be made accordingly so as to ensure that a Participant is entitled to the same proportion of the interest of the Share Options granted to him/her under the Scheme as that to which that person was previously entitled, but no such adjustments may be made to the effect that a share would be issued at less than its nominal value. The method of adjustment is to be determined by the Board in compliance with relevant laws and regulations. The method of adjustment in principle is set out below:

i. Capitalisation issue, bonus issue and sub-division of Shares

$$P = P_0 \div (1+n)$$

Where: “P₀” represents the exercise price before the adjustment; “n” represents the ratio of increase per share resulting from the capitalisation issue, bonus issue and sub-division of Shares; “P” represents the adjusted exercise price.

ii. Consolidation of Shares

$$P = P_0 \div n$$

Where: “P₀” represents the exercise price before the adjustment; “n” represents the ratio of consolidation of Shares (i.e. one Share shall be consolidated into n share); “P” represents the adjusted exercise price.

iii. Rights issue

$$P = P_0 \times (P_1 + P_2 \times n) / (P_1 \times (1 + n))$$

Where: “P₀” represents the exercise price before the adjustment; “P₁” represents the closing price as at the record date; P₂ represents the subscription price of the rights issue; “n” represents the basis of the rights issue (i.e. the number of issued Shares under the rights issue in proportion to the total share capital of the Company before rights issue); “P” represents the adjusted exercise price.

Procedures for Adjusting the Amount of Share Options and the Exercise Price

The Board is authorised by the Shareholders to adjust the number and the exercise price of Share Options pursuant to the circumstances as prescribed above. The Board shall engage lawyers to issue professional opinions to the Board as to whether the above adjustments conform to relevant laws and regulations, the Articles of Association and the provisions of the Share Option Scheme. Except for adjustments made as a result of capitalization issue, an independent financial adviser or the auditors of the Company shall be appointed to confirm in writing to the Company as to whether the relevant adjustments conform to the aforesaid provisions. The Board shall issue an announcement in a timely manner after the exercise price or the number of Share Options has been adjusted pursuant to the above provisions.

If the number of Share Options, the exercise price or other term(s) needs to be adjusted for other reasons, after consideration by the Board, such adjustment shall be subject to the review and approval of SASAC, issue of an objection letter by CSRC and approvals at a general meeting.

The Company further confirms that it will comply with the relevant requirements of the Hong Kong Listing Rules and the Supplementary Guidance in all future adjustments to be made to the exercise price and number of A Shares subject to Options to be granted under the Share Option Scheme.

14. AMENDMENTS TO THE SHARE OPTION SCHEME

The Board may make amendments to the Share Option Scheme and submit to SASAC and CSRC for filing in accordance with the requirements of laws and regulations. In case of any discrepancies between the terms of the Share Option Scheme and the requirements of relevant laws, regulations, agreements, the Shanghai Stock Exchange or the Hong Kong Stock Exchange (including any amendments made to such requirements), the requirements of relevant laws, regulations, agreements, the Shanghai Stock Exchange or the Hong Kong Stock Exchange shall prevail. If certain amendments to the Share Option Scheme also require the approval by Shareholders at a general meeting or from SASAC, CSRC or the Shanghai Stock Exchange, the Board must obtain such approval for the amendments to the Share Option Scheme.

In respect of the Participants having been granted the Share Options under the Share Option Scheme, in case of amendments to or suspension of the Share Option Scheme, no changes or impairment may be made or caused to the rights and obligations of the Participants without their prior consents.

For the avoidance of doubt and without prejudice to the generality mentioned above, the provisions relating to matters set out in Rule 17.03 of the Hong Kong Listing Rules cannot be altered to the advantage of the Participants without the prior approval of the Shareholders at a general meeting and all necessary filing procedures.

Any material amendments to other terms of the Share Option Scheme, or any amendments to the terms of the Options granted under the Share Option Scheme, or amendments to the power of the Board to amend the terms of the Share Option Scheme are subject to prior approvals of the Shareholders at the general meeting of the Company and all necessary filing procedures, unless such amendments are otherwise automatically effective in accordance with the existing provisions stipulated in the Share Option Scheme.

15. TERMINATION OF THE SHARE OPTION SCHEME

Within the validity period of the Share Options, the Board may, as it deems fit, propose a resolution to be submitted to a general meeting for early termination of the Share Option Scheme. In the event that the Share Option Scheme is terminated in such manner, the Share Options granted but yet exercised shall lapse forthwith and shall be cancelled by the Company.

16. SUPPLEMENTAL PROVISIONS

The Share Option Scheme is conditional upon:

- i. SASAC approving the Share Option Scheme;
- ii. CSRC notifying the Company that it has no objection to the filing of the Share Option Scheme; and
- iii. the Shareholders, the A Shareholders and the H Shareholders passing an special resolution at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively, to approve the adoption of the Share Option Scheme.

As at the Latest Practicable Date, the Company has obtained approval from SASAC and CSRC has notified the Company that it has no objection to the filing of the Share Option Scheme.

The Board is responsible for interpreting the Share Option Scheme.

Detailed information in relation to the Grant, including the information of the Participants, the number of A Shares subject to the Options to be granted to the Participants, the exercise price of the Options and the value of the Options as at the Latest Practicable Date is set out in this appendix. The grant of Options to the executive Directors and senior management members of the Company has been approved by the independent non-executive Directors of the Company.

1. NUMBER AND ALLOCATION OF THE SHARE OPTIONS

Pursuant to the terms of the Share Option Scheme, the Share Options will be granted to 328 persons, representing 0.38% of total number of the employees of the Company. It is proposed that an aggregate of 36,735,000 A Shares will be issued to the Participants should the Share Option Scheme be adopted and all Share Options granted pursuant to the Grant be fully exercised, representing approximately 0.374% of the total issued A Shares and 0.310% of the total issued Shares as at the Latest Practicable Date, respectively. In particular, a total of approximately 1.4 million Share Options will be granted to 4 executive Directors and 4 senior management members under the Share Option Scheme, representing approximately 3.81% of the total number of the Share Options granted. Details of the allocation of the Grant are as follows:

No.	Category and name	Position	Number of share options granted	As a percentage of total share options granted
(I) Chairman and President of the Company				
1	Zhao Xiaogang	Chairman and Party Secretary of the Company	200,000	0.54%
2	Zheng Changhong	Vice Chairman and President of the Company	200,000	0.54%
(II) Deputy Chiefs of the Company				
3	Tang Kelin	Executive Director and Vice President of the Company	170,000	0.46%
4	Liu Hualong	Executive Director, Deputy Party Secretary, and the Secretary of the Disciplinary Committee of the Company	170,000	0.46%
5	Zhang Jun	Vice President of the Company	170,000	0.46%
6	Fu Jianguo	Vice President of the Company	170,000	0.46%
7	Zhan Yanjing	Vice President and Chief Financial Officer of the Company	170,000	0.46%
(III) President Assistants of the Company and Counterparts				
8	Zhang Xinning	Chief Engineer of the Company	150,000	0.41%
9	Wu Jianxing	General Legal Adviser to the Company	150,000	0.41%
10	Guo Bingqiang	Director of Trade Union Working Committee of the Company	150,000	0.41%
11	Shao Renqiang	Secretary to the Board of Directors of the Company	150,000	0.41%
12	Li Zhixuan	President Assistant of the Company as well as Executive Director and President of the Hong Kong company	150,000	0.41%
13	Jiang Jing	President Assistant of the Company and Chairman and Party Secretary of CSR Sifang	150,000	0.41%
14	Miao Yongchun	Chief Inspector in Production Safety of the Company	150,000	0.41%

(IV) Chief Positions of Direct Wholly-owned Subsidiaries (Category One)				
15	Zhang Zuo	Chairman of CSR Yangtze Rolling Stock Co., Ltd.	141,400	0.38%
16	Gui Zukang	Director and Party Secretary of CSR Yangtze Rolling Stock Co., Ltd.	141,400	0.38%
17	Hu Haiping	General Manager of CSR Yangtze Rolling Stock Co., Ltd.	141,400	0.38%
18	Liu Ning	Party Secretary and Deputy General Manager of CSR Zhuzhou Electric Locomotive Co., Ltd	141,400	0.38%
19	Xu Zongxiang	Executive Director and General Manager of CSR Zhuzhou Electric Locomotive Co., Ltd	141,400	0.38%
20	Luo Yanming	Chairman of CSR Ziyang Locomotive Co., Ltd.	141,400	0.38%
21	Yao Weidong	Director and Party Secretary of CSR Ziyang Locomotive Co., Ltd.	141,400	0.38%
22	Xiang Jun	General Manager of CSR Ziyang Locomotive Co., Ltd.	141,400	0.38%
23	Wang Hongnian	Executive Director and General Manager of CSR Qishuyan Locomotive Co., Ltd.	141,400	0.38%
24	Liu Daihua	Party Secretary and Deputy General Manager of CSR Qishuyan Locomotive Co., Ltd.	141,400	0.38%
25	Wang Jun	Vice Chairman and General Manager of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	141,400	0.38%
26	Lou Qiliang	Executive Director and General Manager of CSR Nanjing Puzhen Rolling Stock Co., Ltd.	141,400	0.38%
27	Tao Yunnan	Party Secretary and Deputy General Manager of CSR Nanjing Puzhen Rolling Stock Co., Ltd.	141,400	0.38%
28	Meng Weixin	Executive Director and General Manager of CSR Meishan Rolling Stock Co., Ltd.	141,400	0.38%
29	Zheng Ping	Party Secretary and Deputy General Manager of CSR Meishan Rolling Stock Co., Ltd.	141,400	0.38%
30	Wang Gongcheng	Executive Director and General Manager of CSR Luoyang Locomotive Co., Ltd.	141,400	0.38%
31	Gao Kang	Party Secretary and Deputy General Manager of CSR Luoyang Locomotive Co., Ltd.	141,400	0.38%
32	Shi Shuozhi	Executive Director and General Manager of CSR Er Qi Rolling Stock Co., Ltd.	141,400	0.38%
33	Rao Shu	Party Secretary and Deputy General Manager of CSR Er Qi Rolling Stock Co., Ltd.	141,400	0.38%
34	Ding Rongjun	Executive Director and General Manager of CSR Zhuzhou Electric Locomotive Research Institute Co.,Ltd.	141,400	0.38%
35	Deng Huijin	Party Secretary and Deputy General Manager of CSR Zhuzhou Electric Locomotive Research Institute Co.,Ltd.	141,400	0.38%

36	Liu Jie	Executive Director and General Manager of CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	141,400	0.38%
37	Wang Qi	Party Secretary and Deputy General Manager of CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	141,400	0.38%
38	Hu Yang	Executive Director and General Manager of CSR Zhuzhou Motor Co., Ltd. (南車株洲電機有限公司)	141,400	0.38%
39	Zhou Junjun	Party Secretary and Deputy General Manager of CSR Zhuzhou Motor Co., Ltd..	141,400	0.38%
(V) Deputy Chief Engineers and Economists of the Company and Counterparts				
40	Wang Songwen	Deputy Chief Engineer of CSR Corporation Limited and General Manager of the Passenger Carriages Business Dept.	130,000	0.35%
41	Gu Dacun	Deputy Secretary of the Disciplinary Committee and Head of the Supervision Dept. of CSR Corporation Limited	130,000	0.35%
42	Sun Xuejun	Deputy Chief Engineer and Head of the Strategy & Development Dept. of CSR Corporation Limited	130,000	0.35%
43	Xiao Xiaozhou	Deputy Chief Economist of CSR Corporation Limited and Chairman of CSR Investment & Leasing Co., Ltd.	130,000	0.35%
44	Wang Jiaqi	Party Secretary of CSR Corporation Limited	130,000	0.35%
45	Wang Xian	Deputy Chief Economist of CSR Corporation Limited and Secretary and Deputy General Manager of the Overseas Business Dept.	130,000	0.35%
46	Sun Ke	Deputy Chief Economist of CSR Corporation Limited and Head of the Audit and Risk Dept.	130,000	0.35%
47	Zhu Longju	Deputy Chief Engineer of CSR Corporation Limited	130,000	0.35%
48	Xu Weifeng	Deputy Chief Accountant of CSR Corporation Limited and Head of the Financial Dept.	130,000	0.35%
49	Huang Shizhou	Deputy Chief Engineer of CSR Corporation Limited and General Manager of the Wagon Business Dept.	130,000	0.35%
(VI) Chief Positions of Direct Wholly-owned Subsidiaries (Category two)				
50	Shen Shaoquan	Deputy Party Secretary and Secretary of the Disciplinary Committee of CSR Yangtze Rolling Stock Co., Ltd.	130,000	0.35%
51	Sun Yuchang	Director and Chairman of the Trade Union of CSR Yangtze Rolling Stock Co., Ltd.	130,000	0.35%

52	Wu Xiaodong	Deputy General Manager of CSR Yangtze Rolling Stock Co., Ltd. and General Manger of the Tongling Branch	130,000	0.35%
53	Xia Chunsheng	Executive Director and General Manager of CSR Sifang Rolling Stock Co., Ltd.	130,000	0.35%
54	Wang Haiyu	Party Secretary and Deputy General Manager of CSR Sifang Rolling Stock Co., Ltd.	130,000	0.35%
55	Zeng Jizong	Party Secretary and Deputy General Manager of CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	130,000	0.35%
56	Zhao Xiaoqian	Executive Director and General Manager of CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	130,000	0.35%
57	Qiu Licheng	Deputy Party Secretary and Secretary of the Disciplinary Committee of CSR Luoyang Locomotive Co., Ltd.	130,000	0.35%
58	Zhao Weizong	Executive Director and General Manager of CSR Shijiazhuang Rolling Stock Co., Ltd.	130,000	0.35%
59	Wang Hefa	Party Secretary and Deputy General Manager of CSR Shijiazhuang Rolling Stock Co., Ltd.	130,000	0.35%
60	Wang Shishan	General Manager of CSR Investing & Leasing Co., Ltd.	130,000	0.35%
61	Wang Guojing	Party Secretary and Deputy General Manager of CSR Investing & Leasing Co., Ltd.	130,000	0.35%
(VII) Departmental Heads of the Company and Counterparts				
62	He Shugao	Director of the President Office of CSR Corporation Limited	125,000	0.34%
63	Yinming Yueguang (陰明月光)	Head of the Operation Management Dept. of CSR Corporation Limited	125,000	0.34%
64	Liu Jiang	Head of the Capital Operation Dept. of CSR Corporation Limited	125,000	0.34%
65	Xue Song	Head of the Human Resources Dept. of CSR Corporation Limited	125,000	0.34%
66	Zhang Cihong	Head of the Legal Affairs Dept. of CSR Corporation Limited	125,000	0.34%
67	Chen Du	Head of the Science & Technology Dept. of CSR Corporation Limited	125,000	0.34%
68	Fu Gang	Head of the IT Dept. of CSR Corporation Limited	125,000	0.34%
69	Chen Xiong	Deputy Head of the Financial Dept. of CSR Corporation Limited (Chief Position)	125,000	0.34%
70	Suo Jianguo	General Manager of the Locomotives Business Dept. of CSR Corporation Limited	125,000	0.34%
71	Xu Hongchun	General Manager of the Rapid Transit Business Dept. of CSR Corporation Limited	125,000	0.34%
72	Lin Tian	General Manager of the New Business Dept. of CSR Corporation Limited	125,000	0.34%
73	Shen Jiajun	General Manager of the Overseas Business Dept. of CSR Corporation Limited	125,000	0.34%

74	Cao Gangcai	Head of the Corporate Culture Dept. of CSR Corporation Limited	125,000	0.34%
75	Feng Qiusheng	Deputy Party Secretary of CSR Corporation Limited (Chief Position)	125,000	0.34%
76	Wang Yiming	Deputy Head of the Corporate Culture Dept. of CSR Corporation Limited (entitled to the welfare and remuneration for chief positions)	125,000	0.34%
77	Sha Jinhong	Head of the Rights Protection Dept. of the Trade Union and Chairman of the Trade Union of CSR Corporation Limited (entitled to the welfare and remuneration for chief positions)	125,000	0.34%
(VIII) Deputy Chiefs of Direct Wholly-owned Subsidiaries(Category one)				
78	Liu Jianhua	Deputy General Manager and Chief Financial Officer of CSR Yangtze Rolling Stock Co., Ltd.	125,000	0.34%
79	Liu Tao	Deputy General Manager of CSR Yangtze Rolling Stock Co., Ltd. and General Manger of the Wuhan Division	125,000	0.34%
80	He Chaoyang(何朝陽)	Deputy General Manager of CSR Yangtze Rolling Stock Co., Ltd. and Party Secretary of the Wuhan Division	125,000	0.34%
81	Yao Guosheng	Deputy General Manager of CSR Yangtze Rolling Stock Co., Ltd. and General Manger and Party Secretary of the Changzhou Branch	125,000	0.34%
82	Guo Jie	Deputy General Manager of CSR Yangtze Rolling Stock Co., Ltd.	125,000	0.34%
83	Zhou Donghai	Deputy General Manager of CSR Yangtze Rolling Stock Co., Ltd.	125,000	0.34%
84	Jiang Qiangjun	Chief Engineer of CSR Yangtze Rolling Stock Co., Ltd.	125,000	0.34%
85	Zhang Lei	General Manager of the Zhuzhou Branch of CSR Yangtze Rolling Stock Co., Ltd.	125,000	0.34%
86	Jiang Qingping	Party Secretary and Deputy General Manager of Zhuzhou Branch of CSR Yangtze Rolling Stock Co., Ltd.	125,000	0.34%
87	Cheng Guang	Party Secretary and Deputy General Manager of the Tongling Branch of CSR Yangtze Rolling Stock Co., Ltd.	125,000	0.34%
88	Li Tiesheng	Deputy General Manager and Chief Financial Officer of CSR Zhuzhou Electric Locomotive Co., Ltd.	125,000	0.34%
89	Fu Chengjun	Deputy General Manager of CSR Zhuzhou Electric Locomotive Co., Ltd.	125,000	0.34%
90	Yang Zhihua	Deputy General Manager and Chief Engineer of CSR Zhuzhou Electric Locomotive Co., Ltd.	125,000	0.34%

91	Guo Pengfei	Deputy Party Secretary and Secretary of the Disciplinary Committee of CSR Zhuzhou Electric Locomotive Co., Ltd.	125,000	0.34%
92	Ma Kexiang	Deputy General Manager of CSR Zhuzhou Electric Locomotive Co., Ltd.	125,000	0.34%
93	Zhou Qinghe	Deputy General Manager of CSR Zhuzhou Electric Locomotive Co., Ltd.	125,000	0.34%
94	Chen Youzhuang	Deputy General Manager of CSR Zhuzhou Electric Locomotive Co., Ltd.	125,000	0.34%
95	Xiao Gaohua	Deputy General Manager of CSR Zhuzhou Electric Locomotive Co., Ltd.	125,000	0.34%
96	Luo Chongfu	Deputy General Manager of CSR Zhuzhou Electric Locomotive Co., Ltd.	125,000	0.34%
97	Zhang Hongquan	Deputy General Manager of CSR Zhuzhou Electric Locomotive Co., Ltd.	125,000	0.34%
98	Zhang Guiming	Deputy General Manager of CSR Ziyang Locomotive Co., Ltd.	125,000	0.34%
99	Wen Xiaoting	Deputy General Manager of CSR Ziyang Locomotive Co., Ltd.	125,000	0.34%
100	Jin Biao	Chief Engineer of CSR Ziyang Locomotive Co., Ltd.	125,000	0.34%
101	Chen Yong	Deputy General Manager and Chief Financial Officer of CSR Ziyang Locomotive Co., Ltd.	125,000	0.34%
102	Xiong Jianping	Deputy General Manager of CSR Ziyang Locomotive Co., Ltd.	125,000	0.34%
103	Ma Xu	Deputy Party Secretary and Secretary of the Disciplinary Committee of CSR Ziyang Locomotive Co., Ltd.	125,000	0.34%
104	Shi Xiaoyu	Deputy Party Secretary and Secretary of the Disciplinary Committee of CSR Qishuyan Locomotive Co., Ltd.	125,000	0.34%
105	Xu Jun	Deputy General Manager of CSR Qishuyan Locomotive Co., Ltd.	125,000	0.34%
106	Liu Chunyang	Deputy General Manager of CSR Qishuyan Locomotive Co., Ltd.	125,000	0.34%
107	Zhang Liqiang	Deputy General Manager and Chief Financial Officer of CSR Qishuyan Locomotive Co., Ltd.	125,000	0.34%
108	Qin Hui	Deputy General Manager of CSR Qishuyan Locomotive Co., Ltd.	125,000	0.34%
109	Wang Weiping	Deputy General Manager of CSR Qishuyan Locomotive Co., Ltd.	125,000	0.34%
110	Xu Renhua	Chief Engineer of CSR Qishuyan Locomotive Co., Ltd.	125,000	0.34%
111	Zhang Zaizhong	Deputy General Manager of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	125,000	0.34%
112	Wang Rigang	Deputy General Manager of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	125,000	0.34%

APPENDIX II**DETAILS OF THE GRANT**

113	Zhang Min	Deputy General Manager and Chief Financial Officer of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	125,000	0.34%
114	Zhao Jiaduo	Deputy General Manager of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	125,000	0.34%
115	Gong Ming	Deputy General Manager and Chief Engineer of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	125,000	0.34%
116	Luo Bin	Deputy General Manager of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	125,000	0.34%
117	Ma Yunshuang	Deputy General Manager of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	125,000	0.34%
118	Ni Shengyi	Deputy General Manager of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	125,000	0.34%
119	Tian Xuehua	Deputy General Manager of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	125,000	0.34%
120	Wang Chenglong	Deputy Party Secretary and Secretary of the Disciplinary Committee of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	125,000	0.34%
121	Zhao Dabin	Deputy General Manager and Chief Engineer of CSR Nanjing Puzhen Rolling Stock Co., Ltd.	125,000	0.34%
122	Wang Xiaoyang	Deputy General Manager of CSR Nanjing Puzhen Rolling Stock Co., Ltd.	125,000	0.34%
123	Xin Qun	Deputy General Manager and Financial Director of CSR Nanjing Puzhen Rolling Stock Co., Ltd.	125,000	0.34%
124	Li Dingnan	Deputy General Manager of CSR Nanjing Puzhen Rolling Stock Co., Ltd.	125,000	0.34%
125	Yu Jiang	Deputy General Manager of CSR Nanjing Puzhen Rolling Stock Co., Ltd.	125,000	0.34%
126	Tao Zhaoshan	Deputy General Manager of CSR Nanjing Puzhen Rolling Stock Co., Ltd.	125,000	0.34%
127	Shi Qingsong	Deputy General Manager of CSR Nanjing Puzhen Rolling Stock Co., Ltd.	125,000	0.34%
128	Hu Yaohua	Deputy Party Secretary and Secretary of the Disciplinary Committee of CSR Nanjing Puzhen Rolling Stock Co., Ltd.	125,000	0.34%
129	Meng Qingyuan	Deputy General Manager of CSR Meishan Rolling Stock Co., Ltd.	125,000	0.34%
130	Lei Ziyuan	Deputy General Manager of CSR Meishan Rolling Stock Co., Ltd.	125,000	0.34%
131	Xiao Ying	Chief Engineer of CSR Meishan Rolling Stock Co., Ltd.	125,000	0.34%
132	Wu Daibin	Deputy General Manager and Chief Financial Officer of CSR Meishan Rolling Stock Co., Ltd.	125,000	0.34%
133	Wang Zhiqiang	Deputy Party Secretary and Secretary of the Disciplinary Committee of CSR Meishan Rolling Stock Co., Ltd.	125,000	0.34%

APPENDIX II**DETAILS OF THE GRANT**

134	Wang Yundong	Deputy General Manager of CSR Meishan Rolling Stock Co., Ltd.	125,000	0.34%
135	Wang Yonghe	Deputy General Manager of CSR Luoyang Locomotive Co., Ltd.	125,000	0.34%
136	Fan Baolin	Deputy General Manager of CSR Luoyang Locomotive Co., Ltd.	125,000	0.34%
137	Wang Miao	Deputy General Manager of CSR Luoyang Locomotive Co., Ltd.	125,000	0.34%
138	Huang Jiandong	Deputy General Manager and Chief Financial Officer of CSR Luoyang Locomotive Co., Ltd.	125,000	0.34%
139	Chen Dongping	Chief Engineer of CSR Luoyang Locomotive Co., Ltd.	125,000	0.34%
140	Li Tao	Deputy General Manager of CSR Luoyang Locomotive Co., Ltd.	125,000	0.34%
141	Du Zhipin	Deputy General Manager of CSR Luoyang Locomotive Co., Ltd and General Manager and Party Secretary of the Xiangfan Branch	125,000	0.34%
142	Du Xiangdong	Deputy General Manager of CSR Er Qi Rolling Stock Co., Ltd.	125,000	0.34%
143	Zhang Zhishan	Deputy General Manager of CSR Er Qi Rolling Stock Co., Ltd.	125,000	0.34%
144	Dai Zhiyong	Deputy General Manager of CSR Er Qi Rolling Stock Co., Ltd.	125,000	0.34%
145	Yang Ruixin	Deputy General Manager and Chief Financial Officer of CSR Er Qi Rolling Stock Co., Ltd.	125,000	0.34%
146	An Wei	Deputy General Manager of CSR Er Qi Rolling Stock Co., Ltd.	125,000	0.34%
147	Sun Bin	Deputy General Manager of CSR Er Qi Rolling Stock Co., Ltd.	125,000	0.34%
148	Lan Ye	Chief Engineer of CSR Er Qi Rolling Stock Co., Ltd.	125,000	0.34%
149	Hu Zhaohui (胡朝暉)	Deputy Party Secretary and Secretary of the Disciplinary Committee of CSR Er Qi Rolling Stock Co., Ltd.	125,000	0.34%
150	Yang Shouyi	Deputy Party Secretary and Secretary of the Disciplinary Committee of CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	125,000	0.34%
151	He Wencheng	Deputy General Manager and Chief Financial Officer of Zhuzhou Electric Locomotive Research Institute Co., Ltd.	125,000	0.34%
152	Liu Liangen	Deputy General Manager of Zhuzhou Electric Locomotive Research Institute Co., Ltd.	125,000	0.34%
153	Feng Jianghua	Deputy General Manager and Chief Engineer of Zhuzhou Electric Locomotive Research Institute Co., Ltd.	125,000	0.34%

154	Zeng Hongping	Deputy General Manager of Zhuzhou Electric Locomotive Research Institute Co., Ltd.	125,000	0.34%
155	Li Donglin	President of CSR Times Electric of CSR Zhuzhou Electric Locomotive Research Institute Co.,Ltd.	125,000	0.34%
156	Wang Wenhui	Deputy General Manager of CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	125,000	0.34%
157	Sun Zhouming	Deputy General Manager of CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	125,000	0.34%
158	Chen Zhifang	Deputy General Manager of CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	125,000	0.34%
159	Chen Wei	Deputy General Manager of CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	125,000	0.34%
160	Luo Yuhong	Deputy General Manager and Chief Financial Officer of CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	125,000	0.34%
161	Li Jin	Deputy General Manager of CSR Zhuzhou Motor Co., Ltd.	125,000	0.34%
162	Xiao Anhua	Deputy General Manager of CSR Zhuzhou Motor Co., Ltd.	125,000	0.34%
163	Wang Xiaofang	Deputy General Manager of CSR Zhuzhou Motor Co., Ltd.	125,000	0.34%
164	Hu Xionghui	Deputy General Manager of CSR Zhuzhou Motor Co., Ltd.	125,000	0.34%
165	Jiang Youming	Deputy General Manager and Chief Engineer of CSR Zhuzhou Motor Co., Ltd.	125,000	0.34%
166	Li Minliang	Deputy General Manager and Chief Financial Officer of CSR Zhuzhou Motor Co., Ltd.	125,000	0.34%
167	Yu Bin	Deputy Party Secretary and Secretary of the Disciplinary Committee of CSR Zhuzhou Motor Co., Ltd.	125,000	0.34%
(IX)	Deputy Departmental Heads of the Company and Counterparts			
168	Niu Weidong	Deputy Director of the President Office of CSR Corporation Limited	115,000	0.31%
169	Zheng Sheng	Deputy Director of the Directors' Office of CSR Corporation Limited	115,000	0.31%
170	Zhao Mingde	Deputy Head of the Strategy & Development Dept. of CSR Corporation Limited	115,000	0.31%
171	He Enguang	Deputy Head of the Strategy & Development Dept. of CSR Corporation Limited	115,000	0.31%

172	Liu Huiyun	Deputy Head of the Human Resources Dept. of CSR Corporation Limited	115,000	0.31%
173	Li Wancheng	Deputy Head of the IT Dept. of CSR Corporation Limited	115,000	0.31%
174	Wang Quanle	Deputy Head of the Science & Technology Dept. of CSR Corporation Limited	115,000	0.31%
175	Li Guoqiang	Deputy General Manager of the Locomotives Business Dept. of CSR Corporation Limited	115,000	0.31%
176	Zhou Guanghua	Deputy General Manager of the Passenger Carriages Business Dept. of CSR Corporation Limited	115,000	0.31%
177	Zhang Tao	Deputy General Manager of the New Business Dept. of CSR Corporation Limited	115,000	0.31%
178	Li Xin	Director of the Trade Union Office of CSR Corporation Limited (entitled to welfare and remuneration for deputy chiefs)	115,000	0.31%
179	Zhao Yuezhou	Deputy Head of the Supervision Dept. of CSR Corporation Limited	115,000	0.31%
180	Sheng Tonghao	Deputy Head of the Supervision Dept. of CSR Corporation Limited	115,000	0.31%
181	Xiong Ruihua	Deputy Head of the Audit & Risk Dept. of CSR Corporation Limited	115,000	0.31%
182	Shi Shenglin	Deputy General Manager of the Overseas Business Dept. of CSR Corporation Limited	115,000	0.31%
183	Yang Li	Vice President of CSR (Hong Kong) Co., Ltd.	115,000	0.31%
(X)	Deputy Chiefs of Direct Wholly-owned Subsidiaries(Category two)			
184	Zhang Housheng	Deputy Chief Engineer of CSR Yangtze Rolling Stock Co., Ltd.	110,000	0.30%
185	Yao Zhengfan	Deputy General Manager of the Wuhan Division of CSR Yangtze Rolling Stock Co., Ltd.	110,000	0.30%
186	Luo Guochang	Deputy General Manager of the Wuhan Division of CSR Yangtze Rolling Stock Co., Ltd.	110,000	0.30%
187	Chen Mingli	Deputy Party Secretary and Secretary of the Disciplinary Committee of the Wuhan Division of CSR Yangtze Rolling Stock Co., Ltd.	110,000	0.30%
188	Xu Zhiping	Deputy General Manager of the Wuhan Division of CSR Yangtze Rolling Stock Co., Ltd.	110,000	0.30%
189	Yao Jianyun	Deputy General Manager of the Zhuzhou Branch of CSR Yangtze Rolling Stock Co., Ltd.	110,000	0.30%
190	Dai Shuyan	Deputy General Manager of the Zhuzhou Branch of CSR Yangtze Rolling Stock Co., Ltd.	110,000	0.30%
191	Peng Gangqiang	Deputy General Manager of the Zhuzhou Branch of CSR Yangtze Rolling Stock Co., Ltd.	110,000	0.30%

192	Deng Jianrong	Deputy General Manager of the Zhuzhou Branch of CSR Yangtze Rolling Stock Co., Ltd.	110,000	0.30%
193	Tao Fangze	Deputy General Manager of the Tongling Branch of CSR Yangtze Rolling Stock Co., Ltd.	110,000	0.30%
194	Hong Xiaogeng	Deputy General Manager of the Tongling Branch of CSR Yangtze Rolling Stock Co., Ltd.	110,000	0.30%
195	Shi Guangyong	Deputy General Manager of the Tongling Branch of CSR Yangtze Rolling Stock Co., Ltd.	110,000	0.30%
196	Kan Shaoping	Deputy Party Secretary and Secretary of the Disciplinary Committee of the Tongling Branch of CSR Yangtze Rolling Stock Co., Ltd.	110,000	0.30%
197	Zhang Guomin	Deputy General Manager of the Changzhou Branch of CSR Yangtze Rolling Stock Co., Ltd.	110,000	0.30%
198	Yang Mindong	Deputy General Manager of the Changzhou Branch of CSR Yangtze Rolling Stock Co., Ltd.	110,000	0.30%
199	Zhu Qingbai	Deputy Party Secretary and Secretary of the Disciplinary Committee of the Changzhou Branch of CSR Yangtze Rolling Stock Co., Ltd.	110,000	0.30%
200	Guo Changlong	Deputy General Manager of CSR Sifang Rolling Stock Co., Ltd.	110,000	0.30%
201	Zang Qingchun	Deputy General Manager and Chief Engineer of CSR Sifang Rolling Stock Co., Ltd.	110,000	0.30%
202	Jiang Tong	Deputy General Manager of CSR Sifang Rolling Stock Co., Ltd.	110,000	0.30%
203	Yao Linqiang	Deputy General Manager of CSR Sifang Rolling Stock Co., Ltd.	110,000	0.30%
204	Gao Mingyi	Deputy Party Secretary and Secretary of the Disciplinary Committee of CSR Sifang Rolling Stock Co., Ltd.	110,000	0.30%
205	Zhang Jun	Deputy General Manager of CSR Sifang Rolling Stock Co., Ltd.	110,000	0.30%
206	Yan Qiang	Deputy General Manager and Chief Financial Officer of CSR Sifang Rolling Stock Co., Ltd.	110,000	0.30%
207	Yang Ming	Deputy General Manager of CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	110,000	0.30%
208	Yang Song	Deputy General Manager of CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	110,000	0.30%
209	Wei Yong	Deputy General Manager and Chief Financial Officer of CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	110,000	0.30%

210	Cai Dequan	Deputy General Manager of CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	110,000	0.30%
211	Hu Bin	Chief Engineer of CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	110,000	0.30%
212	Zeng Dejiang	Deputy Party Secretary and Secretary of the Disciplinary Committee of CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	110,000	0.30%
213	Yang Mingcheng	Deputy General Manager of the Xiangfan Branch of CSR Luoyang Locomotive Co., Ltd.	110,000	0.30%
214	Zhang Zubin	Deputy General Manager of the Xiangfan Branch of CSR Luoyang Locomotive Co., Ltd.	110,000	0.30%
215	Zhan Dehai	Deputy Party Secretary and Secretary of the Disciplinary Committee of the Xiangfan Branch of CSR Luoyang Locomotive Co., Ltd.	110,000	0.30%
216	Liu Yunshan	Deputy General Manager of the Xiangfan Branch of CSR Luoyang Locomotive Co., Ltd.	110,000	0.30%
217	Mao Hong	Deputy General Manager of the Xiangfan Branch of CSR Luoyang Locomotive Co., Ltd.	110,000	0.30%
218	Han Wenlin	Deputy General Manager of the Xiangfan Branch of CSR Luoyang Locomotive Co., Ltd.	110,000	0.30%
219	Geng Xiangjian	Deputy General Manager of CSR Shijiazhuang Rolling Stock Co., Ltd.	110,000	0.30%
220	Zhang Jianwu	Deputy General Manager of CSR Shijiazhuang Rolling Stock Co., Ltd.	110,000	0.30%
221	Sun Ruilin	Deputy General Manager of CSR Shijiazhuang Rolling Stock Co., Ltd.	110,000	0.30%
222	Li Lue	Deputy General Manager and Chief Financial Officer of CSR Shijiazhuang Rolling Stock Co., Ltd.	110,000	0.30%
223	Jia Hailin	Deputy General Manager of CSR Shijiazhuang Rolling Stock Co., Ltd.	110,000	0.30%
224	Zhao Shijun	Deputy General Manager and Chief Financial Officer of CSR Investing & Leasing Co., Ltd.	110,000	0.30%
(XI)	Key Technical Experts			
225	Liu Guijun	Deputy Chief Engineer of CSR Yangtze Rolling Stock Co., Ltd.	90,000	0.24%
226	Zhang Simei	Chief Designer of CSR Er Qi Rolling Stock Co., Ltd.	90,000	0.24%
227	Pan Shuping	Deputy Chief Engineer of CSR Meishan Rolling Stock Co., Ltd.	90,000	0.24%
228	Peng Qibiao	Deputy Chief Engineer and Chief Expert of CSR Zhuzhou Motor Co., Ltd	90,000	0.24%

229	Wei Chunyang	Head of Mechanical Design of Product Design Dept. of Technology Center of CSR Qishuyan Locomotive Co., Ltd.	90,000	0.24%
230	Meng Yufa	Chief Designer of the Research and Development Dept. of CSR Ziyang Locomotive Co., Ltd.	90,000	0.24%
231	Zhang Hong	Deputy Chief Engineer of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	90,000	0.24%
232	Ding Sansan	Deputy Chief Engineer and Director of the Technology Center of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	90,000	0.24%
233	Chu Yongping	Deputy Chief Engineer of CSR Nanjing Puzhen Rolling Stock Co., Ltd.	90,000	0.24%
234	Xin Li	Chief Expert of Zhuzhou Electric Locomotive Research Institute Co., Ltd.	90,000	0.24%
235	Zhou Guifa	Chief Expert of Zhuzhou Electric Locomotive Research Institute Co., Ltd.	90,000	0.24%
236	Wang Youhong	General Manager of Ruitai Company (瑞泰公司) of CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	90,000	0.24%
(XII) Key Technicians				
237	Li Jialiang	Expert of CSR Yangtze Rolling Stock Co., Ltd.	80,000	0.22%
238	Jiao Hui	Expert of CSR Yangtze Rolling Stock Co., Ltd.	80,000	0.22%
239	Zhang Donghui	Deputy Chief Engineer of CSR Yangtze Rolling Stock Co., Ltd.	80,000	0.22%
240	Jiang Ruifeng	Deputy Chief Engineer of the Zhuzhou Branch of CSR Yangtze Rolling Stock Co., Ltd.	80,000	0.22%
241	Jiang Ruijin	Chief Designer of Product Research Institute of CSR Yangtze Rolling Stock Co., Ltd.	80,000	0.22%
242	Tu Zhiwen	Chief Designer of Product Research Institute of CSR Yangtze Rolling Stock Co., Ltd.	80,000	0.22%
243	Jing Chuanfeng	Chief Designer of Product Research Institute of CSR Yangtze Rolling Stock Co., Ltd.	80,000	0.22%
244	Chen Xihong	Deputy Chief Engineer and Chief Expert of CSR Zhuzhou Electric Locomotive Co., Ltd.	80,000	0.22%
245	Yang Ying	Deputy Chief Engineer and Chief Expert of CSR Zhuzhou Electric Locomotive Co., Ltd.	80,000	0.22%
246	Liu Yuxiang	Chief Expert of CSR Zhuzhou Electric Locomotive Co., Ltd. and Deputy General Manager of the Brakes Branch	80,000	0.22%
247	Fan Yunxin	Deputy Chief Engineer, Deputy Director of the Technology Center and Manager of the Locomotive Research and Development Dept. of CSR Zhuzhou Electric Locomotive Co., Ltd.	80,000	0.22%

248	Liu Xiaofeng	Deputy Director of the Technology Center and Manager of the Rapid Transit Research and Development Dept. of CSR Zhuzhou Electric Locomotive Co., Ltd.	80,000	0.22%
249	Chen Guosheng	Director of Components Unit of the Bogie Research and Development Dept. of Technology Center of CSR Zhuzhou Electric Locomotive Co., Ltd.	80,000	0.22%
250	Hu Yuewen	Deputy Director of the Technology Center and Deputy General Manager of the Electric Branch of CSR Zhuzhou Electric Locomotive Co., Ltd.	80,000	0.22%
251	Yuan Lixiang	Deputy General Manager of the Rapid Transit Business Dept. of CSR Zhuzhou Electric Locomotive Co., Ltd.	80,000	0.22%
252	Lan Xiong	Director of the Lean Office of CSR Zhuzhou Electric Locomotive Co., Ltd.	80,000	0.22%
253	Min Yangchun	Director of the Bodywork Unit of Locomotive Development Dept. of Technology Center of CSR Zhuzhou Electric Locomotive Co., Ltd.	80,000	0.22%
254	Yang Xiangjian	Head of Bodywork Design of the Locomotive Development Dept. of Technology Center of CSR Zhuzhou Electric Locomotive Co., Ltd.	80,000	0.22%
255	Wu Zhiming	Manager of the Engineering Technology Unit of the Rapid Transit Business Dept. of CSR Zhuzhou Electric Locomotive Co., Ltd.	80,000	0.22%
256	Li Gang	Chief Designer of the Locomotive Research and Development Dept. of CSR Ziyang Locomotive Co., Ltd.	80,000	0.22%
257	Du Shaogui	Chief Technologist of the Technology and Quality Dept. of CSR Ziyang Locomotive Co., Ltd.	80,000	0.22%
258	Su Cheng	Chief Technologist of the Technology and Quality Dept. of CSR Ziyang Locomotive Co., Ltd.	80,000	0.22%
259	Teng Chao	Chief Designer of Engine Research and Development Dept. of CSR Ziyang Locomotive Co., Ltd.	80,000	0.22%
260	Fang Guiming	Chief Designer of Tunnel Equipment Research and Development Dept. of CSR Ziyang Locomotive Co., Ltd.	80,000	0.22%
261	Li Bin	Deputy Chief Engineer of CSR Qishuyan Locomotive Co., Ltd.	80,000	0.22%
262	Shen Yongping	Deputy Chief Engineer of CSR Qishuyan Locomotive Co., Ltd.	80,000	0.22%
263	Jing Liusheng	Deputy Chief Engineer of CSR Qishuyan Locomotive Co., Ltd.	80,000	0.22%
264	Xu Shibao	Deputy Chief Engineer of CSR Qishuyan Locomotive Co., Ltd.	80,000	0.22%

265	Zhang Jianqin	Deputy Head of the Product Design Dept. of Technology Center of CSR Qishuyan Locomotive Co., Ltd.	80,000	0.22%
266	Li Liang	Chief Designer of the Product Design Dept. of Technology Center of CSR Qishuyan Locomotive Co., Ltd.	80,000	0.22%
267	Guan Minwei	Head of Locomotive Design Unit of the Product Design Dept. of CSR Qishuyan Locomotive Co., Ltd.	80,000	0.22%
268	Liang Jianying	Chief Design Controller of the Technology Center of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	80,000	0.22%
269	Yan Guizhen	Chief Design Controller of the Technology Center of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	80,000	0.22%
270	Yu Dalian	Chief Design Controller of the Technology Center of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	80,000	0.22%
271	Lin Junshan	Chief Engineer of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	80,000	0.22%
272	Tian Aiqin	Chief Designer of the Technology Center of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	80,000	0.22%
273	Shi Zhongnian	Deputy General Manager of the Maintenance Services Dept. of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	80,000	0.22%
274	Wu Donghua	Director of the Technology Center of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	80,000	0.22%
275	Cao Zhiwei	Deputy Chief Engineer and Head of the Quality Management Dept. of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	80,000	0.22%
276	Yang Jihong	Chief Design Controller of the Technology Center of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	80,000	0.22%
277	Lv Renyuan	Chief Technologist of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	80,000	0.22%
278	Yu Yanzun	Chief Technology Controller of the Engineering Dept. of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	80,000	0.22%
279	Wang Xinhong	Chief Technology Controller of the Engineering Dept. of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	80,000	0.22%
280	Sun Yuande	Deputy Head of the Quality Assurance Dept. of CSR Sifang Rolling Stock Co., Ltd.	80,000	0.22%
281	Jia Haiyan	Head of the Product Development Dept. of Technology Center of CSR Sifang Rolling Stock Co., Ltd.	80,000	0.22%

282	Feng Qinlei	Head of Technology Development Unit of the Passenger Carriages Refurbishment Dept. of CSR Sifang Rolling Stock Co., Ltd.	80,000	0.22%
283	Huang Wenjie	Deputy Chief Engineer and Head of the MU Design Dept. of CSR Nanjing Puzhen Rolling Stock Co., Ltd.	80,000	0.22%
284	Wang Wei	Deputy Head of the MU Design Dept. of CSR Nanjing Puzhen Rolling Stock Co., Ltd.	80,000	0.22%
285	Chen Meixia	Head of Train Network Unit of the Electric Research and Development Dept. of CSR Nanjing Puzhen Rolling Stock Co., Ltd.	80,000	0.22%
286	Tang Yongming	Head of the Bogie Design Dept. of CSR Nanjing Puzhen Rolling Stock Co., Ltd.	80,000	0.22%
287	Xi Huafeng	Deputy Head of the Electric Research and Development Dept. of CSR Nanjing Puzhen Rolling Stock Co., Ltd.	80,000	0.22%
288	Xu Deyan	Head of the Technology Dept. of CSR Nanjing Puzhen Rolling Stock Co., Ltd.	80,000	0.22%
289	Wang Zhiping	Head of Stainless Steel Technology Unit of the Technology Dept. of Rapid Transit Company (城軌公司) of CSR Nanjing Puzhen Rolling Stock Co., Ltd.	80,000	0.22%
290	Xue Shusheng	RAMS Designer of the IT Dept. of CSR Nanjing Puzhen Rolling Stock Co., Ltd.	80,000	0.22%
291	Zhang Bin	Deputy General Manager of Haitai Company (海泰公司) of CSR Nanjing Puzhen Rolling Stock Co., Ltd.	80,000	0.22%
292	Chen Jiande	Deputy General Manager of Braking Technology Company (制動科技公司) of CSR Meishan Rolling Stock Co., Ltd.	80,000	0.22%
293	Liu Ying'an	Senior Chief Designer of Product Development Dept. of CSR Meishan Rolling Stock Co., Ltd.	80,000	0.22%
294	Li Zhu	Senior Chief Technologist of Process Technology Dept of CSR Meishan Rolling Stock Co., Ltd.	80,000	0.22%
295	Li Hongbing	Deputy Chief Engineer of CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	80,000	0.22%
296	Zhao Linshen	Motor design expert of the Motor Company (電機公司) of CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	80,000	0.22%
297	Sun Daqing	Head of the Technology Dept. of Locomotive Company (機車公司) of CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	80,000	0.22%
298	Chen Yanhui	Deputy Chief Engineer of CSR Luoyang Locomotive Co., Ltd.	80,000	0.22%

299	Zhao Hongjun	Deputy Chief Engineer of CSR Luoyang Locomotive Co., Ltd.	80,000	0.22%
300	Zou Jialong	Head of the Technology Development Dept. of the Xiangfan Branch of CSR Luoyang Locomotive Co., Ltd.	80,000	0.22%
301	Luo Longman	Head of the Motor Quality Assurance Dept. of the Xiangfan Branch of CSR Luoyang Locomotive Co., Ltd.	80,000	0.22%
302	Sun Xiaoyun	Chief Product Designer of the Product Development Dept. of CSR Er Qi Rolling Stock Co., Ltd.	80,000	0.22%
303	Wang Xiuqin	Head of Welding Technology Unit of the Process Technology Dept. of CSR Er Qi Rolling Stock Co., Ltd.	80,000	0.22%
304	Xu Xiufeng	Deputy Director of the Technology Center of CSR Shijiazhuang Rolling Stock Co., Ltd.	80,000	0.22%
305	Sun Chuanyin	Deputy Chief Engineer and Director of the Technology Center of CSR Shijiazhuang Rolling Stock Co., Ltd.	80,000	0.22%
306	Li Jun	Director of Process Unit of the Technology Center of CSR Shijiazhuang Rolling Stock Co., Ltd.	80,000	0.22%
307	Guo Shuying	Chief Expert of Zhuzhou Electric Locomotive Research Institute Co., Ltd.	80,000	0.22%
308	Wang Qi	Chief Expert of Zhuzhou Electric Locomotive Research Institute Co., Ltd.	80,000	0.22%
309	Li Yifeng	Chief Expert of Zhuzhou Electric Locomotive Research Institute Co., Ltd.	80,000	0.22%
310	Zhou Zhifei	Chief Expert of Zhuzhou Electric Locomotive Research Institute Co., Ltd.	80,000	0.22%
311	Zhang Ming	Chief Expert of Zhuzhou Electric Locomotive Research Institute Co., Ltd.	80,000	0.22%
312	Liu Ke'an	Chief Technical Officer of CSR Times Electric of CSR Zhuzhou Electric Locomotive Research Institute Co.,Ltd.	80,000	0.22%
313	Li Jianghong	Chief Designer of Zhuzhou Electric Locomotive Research Institute Co., Ltd.	80,000	0.22%
314	Liu Jianxun	Chief Engineer of Times New Material of CSR Zhuzhou Electric Locomotive Research Institute Co.,Ltd.	80,000	0.22%
315	Wang Jin	Chief Quality Controller of Zhuzhou Electric Locomotive Research Institute Co., Ltd.	80,000	0.22%
316	Zhang Yuanlin	Chief Expert of Zhuzhou Electric Locomotive Research Institute Co., Ltd.	80,000	0.22%
317	Liu Ling	Chief Technical Officer of Times Electric of CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	80,000	0.22%

318	Huang Zhiwen	Deputy Chief Engineer of Beijing Times Company (北京時代公司) of CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	80,000	0.22%
319	Zhou Ping	Deputy Chief Engineer of CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	80,000	0.22%
320	Zhang Guorong	Director of the Casting Engineering Dept. of CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	80,000	0.22%
321	Huang Zhiyong	Deputy Director of the Technology Center of CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	80,000	0.22%
322	Zheng Jianyun	Chief Engineer of Changzhou Tiema Company (常州鐵馬公司) of CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	80,000	0.22%
323	Wan Shengyun	Director of Non-destructive Testing of the Testing Center of CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	80,000	0.22%
324	Wu Gang	Manager of Process Unit of the Gear Transmission Business Dept. of CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	80,000	0.22%
325	Cheng Xi	Chief Designer of CSR Zhuzhou Motor Co., Ltd.	80,000	0.22%
326	Wu Shunhai	Chief Designer of CSR Zhuzhou Motor Co., Ltd.	80,000	0.22%
327	Long Guzong	Chief Designer of CSR Zhuzhou Motor Co., Ltd.	80,000	0.22%
328	Li Jinze	Chief Designer of CSR Zhuzhou Motor Co., Ltd.	80,000	0.22%
	Total		36,735,000	100.00%

2. EXERCISE PRICE OF THE SHARE OPTIONS

The exercise price of the Share Options for the Grant under the Scheme is RMB5.43. Upon fulfilment of the exercise conditions, Participants can subscribe for one A Share of the Company at the price of RMB5.43 upon exercise of each of the Share Options granted to them. The exercise price was determined as the higher of:

- i. the closing price of the A Shares on the trading day immediately preceding the date of the Share Option Scheme Announcement, which was RMB5.43;
- ii. the average closing price of the A Shares for the 30 trading days immediately preceding the date of the Share Option Scheme Announcement, which was RMB5.25.

The subscription prices payable by the Participants pursuant to the Share Option Scheme will be used to replenish the liquidity of the Company.

3. VALUE OF THE SHARE OPTIONS

The Company used the Black-Scholes model to calculate the value of the Share Options, taking the Latest Practicable Date as the measurement date, i.e., 3 March 2011. The estimated value of the Share Options is RMB4.51 per A Share, representing 58.70% of the market price of the A Share as at the Latest Practicable Date. Data used in and results of the calculation are as follows:

Factors	Amount of factors	Description
Exercise price	RMB5.43	the higher of: (i) the closing price of the A Shares on the trading day immediately preceding the date of the Share Option Scheme Announcement (i.e., RMB5.43) and (ii) the average closing price of the A Shares for the 30 trading days immediately preceding the date of the Share Option Scheme Announcement (i.e., RMB5.25)
Market price	RMB7.69	the closing price of the A Shares on the Latest Practicable Date
Expected life	5 years	$0.5 \times$ (the weighted shortest validity period + the total validity period)
Expected price volatility rate	58.86%	price volatility rate of the benchmark companies for the last five years preceding the Latest Practicable Date
Expected rate of return on dividend	0.77%	rate of return on dividend of the benchmark companies for the one year preceding the Latest Practicable Date
Risk-free interest rate	3.57%	rate of return on fixed-interest treasury bonds of the PRC on the Latest Practicable Date (PRC ZhaiQuan.net)
Value of Options per A Share	RMB4.51	Calculation rate of the Black-Scholes model = 58.70%

Notes:

1. The calculation results of the value of the Share Options are subject to a number of assumptions of the parameters used herein and the limitation of the model adopted, therefore the estimated value of the Share Options may be subjective and uncertain.
2. As the Shares of the Company were listed in August 2008, the price volatility rate and the rate of return on dividend of the Company have to be determined with reference to those of the benchmark companies. The data on the price volatility rate and the rate of return on dividend used herein are sourced from the financial database, Capital IQ, provided by Standard & Poor's, and the risk-free interest rate used herein is derived from the rate of return on five-year fixed-interest treasury bonds on 3 March 2011 published on the website of ZhaiQuan.net.
3. The exercise price used herein was determined in accordance with the relevant provisions stated in the Share Option Scheme, being not lower than the higher of :
 - (1) the closing price of the A Shares on the trading day immediately preceding the date of the Share Option Scheme Announcement (i.e., RMB5.43);
 - (2) the average closing price of the A Shares for the 30 trading days immediately preceding the date of the Share Option Scheme Announcement (i.e., RMB5.25).

Therefore, the exercise price for calculating the value of the Share Options is RMB5.43.

4. As there was no historical data for the measurement of the impact of employees' exercise of the Share Options in advance, the expected life of the Share Options is calculated in accordance with the common market practice, which is, $\text{expected life} = 0.5 \times (\text{the weighted shortest validity period} + \text{the total validity period})$, i.e., $\text{expected life} = 0.5 \times (2 \text{ years} \times 33\% + 3 \text{ years} \times 33\% + 4 \text{ years} \times 34\% + 7 \text{ years}) = 5 \text{ years}$.

CSR Corporation Limited
Measures for Appraisal of Performance of Participants to the Share Option Scheme¹

Chapter 1 General Provisions

- Article 1 These rules are formulated for the purpose of establishing a sound performance appraisal system for the share option scheme of CSR Corporation Limited (the “Company”), establishing an effective incentive and binding mechanism, motivating the Participants’ working enthusiasm and creativity, continuously facilitating improvement of work performance of Participants and ensuring accomplishment of the overall business targets of the Company.
- Article 2 Participants referred herein represents directors and senior management of the Company participating in the Share Option Scheme and other eligible staff.
- Article 3 The following principles shall be followed in respect of performance appraisal:
- (1) Combination of quantitative appraisal and qualitative evaluation;
 - (2) Combination of level-by-level management and level-by-level appraisal;
 - (3) The combination of appraisal results and grant and exercise of share options.

Chapter 2 Personal Performance Appraisal

- Article 4 Different appraisal approaches shall be adopted for different Participants.
- Article 5 Performance of senior management of the Company shall be assessed in accordance with the following regulations.

1. Scope of the appraisal

Appraisal indicators mainly include three categories, i.e. “performance indicators of the Company” “work division performance indicators” and “personal behaviour indicators”. Personal behaviour indicators refer to such five aspects including leadership, decision-making, learning and innovation, visionary planning and foresights and spirit of dedication.

Performance indicators of the Company shall be assessed in accordance with the Provisional Measures for Operating Performance Appraisal of Persons Responsible for Central Enterprises (《中央企業負責人經營業績考核暫行辦法》) (Guo Zi Wei Ling No. 22).

¹ This appendix sets out the English translation of the Chinese version of the Company’s Measures for Appraisal of Performance of Participants to the Share Option Scheme. Should there be any inconsistency in the interpretations or meanings of the two versions, the Chinese version should always prevail.

Different weights are assigned to each category of indicators based on the work division and scale of responsibility of each senior management of the Company, details of which are as follows:

Content/Weight	Assessment results of performance indicators of the Company	Assessment results of work division performance indicators	Assessment results of personal behaviour indicators
Chief positions of the Company	90%	10%	
Deputy chiefs of the Company	60%	30%	10%

2. Assessment results

The annual appraisal results are classified into A, B, C, D, and E five rating levels based on the annual comprehensive score of each senior management of the Company, details of which are as follows:

Comprehensive score	Appraisal rating	Appraisal grade
$110 \leq X \leq 120$	A	Excellent
$100 \leq X < 110$	B	Good
$90 \leq X < 100$	C	Average
$80 \leq X < 90$	D	Pass
$80 < X$	E	Fail

Article 6

The appraisal on senior management of the Company's direct wholly-owned subsidiaries (一級子公司) shall be organized and carried out by the Company in accordance with the Provisional Appraisal Measures for Performance of Senior Management of Direct Wholly-owned Subsidiaries of CSR (中國南車一級子公司高管績效考核暫行辦法). The major contents are set out below:

1. Scope of the appraisal

The primary aspects subject to the appraisal include the fulfilment status of indicators for corporate asset operation responsibility system on an annual basis, fulfilment status of indicators for the work division under his/her charge and fulfilment status of personal key behaviour indicators.

- (1) Indicators for asset management responsibility system. This shall be assessed in accordance with the Performance Appraisal Measures for the Corporate Asset Management Responsibility System of CSR (《中國南車股份有限公司企業資產經營責任制考核辦法》).
- (2) Indicators for respective work division. These refer in particular to the performance indicators applicable to deputy chiefs of the Company's subsidiaries for work divisions under their respective charge. Based on respective work divisions of the deputy chiefs, the Company's annual business goals and priorities are broken down into their respective posts and appropriate performance indicators and assessment criteria are set up which, after approval at work meetings of the general manager and the Party committee of relevant subsidiary, shall be reported to the human resources department of the Company.

- (3) Key behaviour indicators. These refer to personal behaviour indicators in such five aspects including leadership, decision-making, learning and innovation, visionary motivation and forward-looking planning and spirit of dedication.

Different weights are assigned to each category of indicators based on the division and responsibility of each senior management, details of which are as follows:

Content/Weight	Assessment results of asset management responsibility system indicators	Assessment results of indicators for respective divisions under the charge of deputy chiefs'	Assessment results of personal key behaviour indicators
Chief positions of subsidiaries	90%		10%
Deputy chiefs of subsidiaries	60%	30%	10%

2. Appraisal procedures

- (1) At the beginning of the second year, the human resources department of the Company shall require senior management of subsidiaries to complete the Annual Performance Appraisal Form for Senior Management of Subsidiaries of CSR (中國南車子公司高層管理人員年度績效考評表), the Performance Appraisal Form for Work Divisions under the Charge of Senior Management (Deputy Chiefs) of Subsidiaries of CSR (中國南車子公司高層管理人員(副職)分管領域績效指標考核表) and the Performance Appraisal Form for Personal Key Behaviour Indicators of Senior Management of Subsidiaries of CSR (中國南車子公司高層管理人員關鍵行為目標評價表) in accordance with relevant requirements.
- (2) With respect to the chief positions of the Company's subsidiaries, the performance appraisal form shall include appraisal comments given by the Company's key leaders, and the key behaviour indicators appraisal form shall be jointly evaluated by all leaders of the Company with the Company's key leaders and other deputy chiefs carrying weight of 60% and 40% in evaluation, respectively. With respect to deputy chiefs, the performance appraisal form shall include appraisal comments given by the party committee chiefs of relevant subsidiaries, and the performance appraisals for work divisions under the charge of deputy chiefs and the appraisal for key behaviour indicators shall be carried out by the party committee chiefs of relevant subsidiaries.

- (3) Appraisal of indicators for corporate asset management responsibility system shall be conducted under the organization of the business management department of the Company, and the same appraisal results shall be applied to all senior management which shall be calculated into the comprehensive score of individual performance appraisal in proportion to different weights.
- (4) The human resources department of the Company shall calculate and summarise the appraisal results of the senior management of each direct wholly-owned subsidiary (一級子公司) based on the pre-set weights.

3. Appraisal results

The annual appraisal results are classified into A, B, C, D, and E five rating levels based on the comprehensive score of each senior management, details of which are as follows:

Comprehensive score	Appraisal rating	Appraisal grade
$110 \leq X \leq 120$	A	Excellent
$100 \leq X < 110$	B	Good
$90 \leq X < 100$	C	Average
$80 \leq X < 90$	D	Pass
$80 <$	E	Fail

Article 7

Other Participants shall be assessed in accordance with the Trial Guidelines on Performance and Management Appraisal for All Staff of CSR (《中國南車實施全員績效管理的指導意見》). Main processes are set out below:

1. Work Contents

Based on the principle of “management by objectives” (MBO), CSR’s strategy, operation responsibility, organization objectives and requirements on key behaviours of employees are broken down into every level of the organization and every employee by way of performance contract, so as to establish effective connection between performances of the organization and the individual, align the development targets of the organization and the individual and ensure the performance management with participation from all staff and strategic linkage.

Within a working year, having regard to actual situation of themselves, each entity may apply different performance management tools and appraisal methods to employees at different organizational levels, types of position and type of work on monthly, quarterly and annual basis. In such connection, the assessment shall focus on annual asset operation responsibility and performance for senior managers, accomplishment of annual work objectives for mid-level managers, job responsibilities and implementation of job (project) schedule for common managers and engineering and technical staff, and work quantity, product and work quality and operation safety for workers.

2. Performance Indicators

Performance indicators mainly include three categories, i.e. “organizational performance indicators”, “individual task indicators” and “individual behaviour indicators”.

- (1) Organizational performance indicators. This group of indicators is designed mainly based on the value orientation of relevant department to primarily measure the performance of duties of the department. Such indicators include key performance indicators (department level KPI), major work indicators (department level GS), peripheral performance assessment, etc..
- (2) Individual task indicators are designed mainly based on value orientation of relevant post to primarily measure the performance and results of individual duties. Such indicators include key duty indicator (post KPI) and key duty break-down indicator, etc.
- (3) Individual behaviour Indicators are used to evaluate staff in teamwork spirit, resource sharing, work attitude, service awareness and personal capacity development, thus enabling employees to pay attention to both their work performance and personal improvements in terms of capability and quality.

3. Performance appraisal

Appraisal will be carried out on the principle of “appraisal shall be made by person in charge on the person who performs the work”. With respect to individual task indicators and individual behaviour indicators, the evaluation shall be made by the employee’s direct leader and the score so derived shall be subject to examination and confirmation by the leader one-level higher; with respect to organizational performance indicators, the performance appraisal score of the organization to which he/she belongs for the current period shall be applied.

- (1) Monthly (Quarterly) performance appraisal. The evaluation will be conducted mainly in the form of 100-point system, pursuant to which, specific points are given based on the fulfilment of each indicator as listed in the performance schedule, and the monthly (quarterly) performance score is arrived at after taking into account the weights of each type of indicators. In principle, compulsory classification shall be applied to the appraisal results of monthly (quarterly) performance.
- (2) Annual performance appraisal. Annual performance evaluation may follow the same principle adopted for monthly (quarterly) performance appraisal. In particular, scoring of various indicator as listed in the annual performance schedule shall be made with reference to the fulfilment and appraisal results for relevant indicator as listed in the monthly (quarterly) performance schedule. Results of annual performance appraisal shall be compulsorily classified into five grades, namely A, B, C, D and E.

Chapter III Individual Performance Conditions

Article 8 Individual performance of Participants shall be rated into five grades: Excellent, Good, Average, Pass and Fail. The detailed conditions are set out as follows:

(1) Individual performance conditions of Grant

Should a Participant’s individual performance for the year prior to the Grant be rated inferior than the grade of Pass, he/she can not participate in the Grant.

(2) Individual performance conditions of becoming effective

Subject to the satisfaction of conditions of becoming effective in terms of enterprise’s performance, the following interrelation between the individual performance grade and the proportion of his/her share options actually becoming effective shall apply:

Appraisal rating	Performance grade	The percentage of individual share options actually becoming effective in the batch of share options to become effective
A	Excellent	100%
B	Good	100%
C	Average	100%
D	Pass	90%
E	Fail	0

Chapter IV Supplementary provisions

Article 9 These measures shall be interpreted by the Board of the Company.

Article 10 Implementation of these measures is subject to the consideration and approval by the Board and shareholders’ general meeting of the Company.

The biographic details of the proposed Directors are as follows:

Mr. Zhao Xiaogang (趙小剛), born in 1951, aged 59, a Chinese national with no right of abode overseas, currently serves as the chairman and an executive Director of the first session of the Board and Party Secretary of the Company. He also acts as general manager and deputy Party secretary of CSRG. Mr. Zhao had many years of senior management experience in the manufacture of rail transportation equipment. He also had abundant industry knowledge and extensive operation management experience. Mr. Zhao had been the deputy head, and then Party secretary and the deputy head of Zhuzhou Electric Locomotive Research Institute (株洲電力機車研究所) under the Ministry of Railways, and the head and deputy Party secretary of Zhuzhou Electric Locomotive Works (株洲電力機車廠) under the Ministry of Railways. In September 2000, Mr. Zhao was appointed as CSRG's vice chairman and general manager as well as deputy Party secretary. Mr. Zhao has been appointed as the general manager (legal representative) and deputy Party secretary of CSRG since June 2002. He was appointed as Chairman and an executive Director of the first session of the Board and Party secretary of the Company since December 2007. Mr. Zhao was a deputy to the 9th session of the National People's Congress, standing council member of the China Communication and Transportation Association (中國交通運輸協會常務理事), and standing council member of the China Railway Society (中國鐵道學會常務理事). Mr. Zhao graduated from the International Business School of Hunan University with a master's degree majoring in Engineering, and obtained the Senior Professional Manager qualification (a talent with unique contribution) awarded by China Enterprise Confederation (中國企業聯合會) and China Enterprise Directors Association (中國企業家協會). Mr. Zhao is a professor level senior engineer. Mr. Zhao received a total emolument of RMB658,000 for the year 2009. Mr. Zhao's service contract does not have provisions on the amount of his emolument.

Mr. Zheng Changhong (鄭昌泓), born in 1955, aged 55, a Chinese national with no right of abode overseas, currently serves as the vice chairman and an executive Director of the first session of the Board, President and deputy Party secretary of the Company, and CSRG's Party secretary. Mr. Zheng possesses in-depth knowledge and extensive operational and management experience in the industry which the Company specializes in. Mr. Zheng had worked as the deputy head of Beijing Er Qi Locomotive Works (北京二七機車廠) under the Ministry of Railways and director of the head office, a director and the deputy general manager of LORIC (中國鐵路機車車輛工業總公司). In September 2000, Mr. Zheng was appointed as CSRG's director and deputy general manager. Between June 2002 and May 2004, Mr. Zheng was the deputy general manager of CSRG. Mr. Zheng has been the Party secretary of CSRG since May 2004, and the deputy general manager of CSRG from May 2004 until December 2007. Since December 2007, he served as the vice chairman and an executive Director of the first session of the Board, President and deputy Party secretary of the Company, and CSRG's Party secretary. Mr. Zheng graduated from the Lanzhou Railway University majoring in electronics technology and Northern Jiaotong University (now known as Beijing Jiaotong University) majoring in accounting, and obtained a doctorate research studentship in Traffic and Transportation Planning and Management and a doctorate degree in engineering from Beijing Jiaotong University. He obtained the senior professional manager qualification awarded by China Enterprise Confederation and China Enterprise Directors Association. Mr. Zheng is a professor level senior engineer and part-time professor of Lanzhou Jiaotong University. Mr. Zheng received a total emolument of RMB658,000 for the year 2009. Mr. Zheng's service contract does not have provisions on the amount of his emolument.

Mr. Tang Kelin (唐克林), born in 1952, aged 58, a Chinese national with no right of abode overseas, currently serves as an executive Director of the first session of the Board, the vice president and a standing member of the Party Committee of the Company, and a standing member of the Party Committee of CSRG. Mr. Tang has extensive experience in technology management and operational management in the business of the Company. Mr. Tang had been the head of the General Technology Division of the Engineering Section (機務局綜合技術處) and the head of the Locomotive Technology Inspection Division of the Equipment Section under the Transport Bureau (運輸局裝備部機車技術驗收處) under the Ministry of Railways. In September 2000, Mr. Tang was appointed as a Director and Deputy General Manager of CSRG. Mr. Tang had been the deputy general manager and a standing member of the Party Committee (appointed in November 2004) of CSRG between June 2002 and December 2007. He has been an executive Director of the first session of the Board, the vice president and a standing member of the Party Committee of the Company since December 2007. Mr. Tang graduated from Southwest Jiaotong University majoring in combustion locomotive. He obtained the Senior Professional Manager qualification awarded by China Enterprise Confederation and China Enterprise Directors Association. Mr. Tang is a professor level senior engineer and receives a special government subsidy from the State Council. Mr. Tang received a total emolument of RMB568,000 for the year 2009. Mr. Tang's service contract does not have provisions on the amount of his emolument.

Mr. Liu Hualong (劉化龍), born in 1962, aged 48, a Chinese national with no right of abode overseas, currently serves as an executive Director of the first session of the Board, deputy Party secretary, and secretary of the Disciplinary Committee of the Company. Mr. Liu is also CSRG's Party deputy secretary, secretary of the Disciplinary Committee, and chairman of the Labor Union. Mr. Liu has in-depth knowledge and extensive management experience in the business of the Company. Mr. Liu had served as the deputy manager of Qiqihar Rolling Stock Works (齊齊哈爾車輛廠) under the Ministry of Railways, and the deputy general manager, then the vice chairman and general manager and deputy Party secretary, and then the chairman and general manager and deputy Party secretary of CNRG Qiqihar Railway Rolling Stock (Group) Co. Ltd. (中國北車集團齊齊哈爾鐵路車輛(集團)有限責任公司). Between May 2004 and December 2007, he was CSRG's deputy general manager and a standing member of the Party Committee (appointed in November 2004). Since December 2007, he has been an executive Director of the first session of the Board, deputy Party secretary, and the secretary of the Disciplinary Committee of the Company and also deputy Party secretary, the secretary of the Disciplinary Committee, and Chairman of the Labor Union of CSRG. Mr. Liu graduated from Dalian Railway Institute majoring in welding. He obtained the Senior Professional Manager qualification awarded by China Enterprise Confederation and China Enterprises Directors Association. Mr. Liu is a senior engineer. Mr. Liu received a total emolument of RMB568,000 for the year 2009. Mr. Liu's service contract does not have provisions on the amount of his emolument.

Mr. Zhao Jibin (趙吉斌), born in 1952, aged 58, a Chinese national with no right of abode overseas, currently serves as an independent non-executive Director of the first session of the Board of the Company. He also serves as the deputy general manager and member of Party committee of China Mobile Communications Group Corporation (中國移動通信集團公司), and the chairman and Party secretary of China Tietong Communications Group Corporation (中國鐵通集團有限公司). Mr. Zhao had served as the head and Party secretary of Shenyang Railway Administration Bureau Changchun Divisional Bureau, the head and deputy Party secretary of Hohhot Railway Bureau, and the head and deputy Party secretary of Zhengzhou Railway Bureau. Since October 2003, Mr. Zhao has been Chairman and Party Secretary of China Tietong Communications Group Corporation. He has been an independent non-executive Director of the first session of the Board of the Company since December 2007. He has served as the deputy general manager and a member of the Party committee of China Mobile Communications Group Corporation since May 2008. Mr. Zhao was a deputy to the 9th and 10th session of the National People's Congress and a National Model Worker. Mr. Zhao graduated from Southwest Jiaotong University majoring in railway transportation and obtained a master's degree in management in Changchun Institute of Optics and Precision Mechanics. He is a senior engineer, and a part-time professor at Beijing Jiaotong University. Mr. Zhao received a total emolument of RMB173,000 for the year 2009. Mr. Zhao's service contract does not have provisions on the amount of his emolument.

Mr. Yang Yuzhong (楊育中), born in 1944, aged 67, a Chinese national with no right of abode overseas, currently serves as an independent non-executive Director of the first session of the Board of the Company. Mr. Yang also serves as an external Director of China National Materials Group Corporation Ltd. (中國中材集團有限公司) and a consultant of China Aviation Industry Corporation (中國航空工業集團公司). Mr. Yang had been the deputy chief of the China Aviation Research Institute (中國航空研究院); the deputy head of the Science and Technology Bureau and Head of the Technology and Quality Supervision Bureau of Aviation Industries of China (中國航空工業總公司); the executive deputy general manager and deputy Party secretary of China Aviation Industry Corporation I (中國航空工業第一集團公司) and the head of China Aviation Research Institute (中國航空研究院) and the chairman of AVIC I Commercial Aircraft Co., Ltd (中航商用飛機有限責任公司). He has been a consultant of China Aviation Industry Corporation since August 2006. He was an independent director of China National Materials Co., Ltd. (中國中材股份有限公司, a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 1893) from June 2007 to December 2009. He has been an independent non-executive Director of the first session of the Board of the Company since December 2007 and an external director of China National Materials Group Corporation Ltd. since December 2009. Mr. Yang graduated from Beijing Aeronautical and Astronautical Institute majoring in aircraft design and manufacture. Mr. Yang is a professor level senior engineer and was offered the title of Foreign Member of the Royal Aeronautical Society in the United Kingdom. He receives a special government subsidy from the State Council. Mr. Yang received a total emolument of RMB188,000 for the year 2009. Mr. Yang's service contract does not have provisions on the amount of his emolument.

Mr. Chen Yongkuan (陳永寬), born in 1946, aged 65, a Chinese national with no right of abode overseas, currently serves as an independent non-executive Director of the first session of the Board of the Company. Mr. Chen is also an independent non-executive director of Metallurgical Corporation of China Ltd. (中國冶金科工股份有限公司, a company whose ordinary shares are listed on the Main Board of the Hong Kong Stock Exchange and Shanghai Stock Exchange). Mr. Chen had been the deputy dean and the dean of Changsha Communications University; the director of the Education Division of the Ministry of Transport; Party secretary and the vice-president of China Harbour Construction (Group) Company (中國港灣建設(集團)總公司); Party secretary and the vice chairman of China Communications Construction Group Company Ltd. (中國交通建設集團有限公司); and Vice Chairman of China Communications Construction Group Company Ltd. and China Communications Construction Company Ltd. (中國交通建設股份有限公司, a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 1800) from July 2006 to December 2007. He has been an independent non-executive Director of the first session of the Board of the Company since December 2007, and also an independent director of Metallurgical Corporation of China Ltd. since November 2008. Mr. Chen graduated from Wuhan Institute of Hydraulic and Electrical Engineering with a master's degree. Mr. Chen is a professor. Mr. Chen receives a special government subsidy from the State Council. Mr. Chen received a total emolument of RMB170,000 for the year 2009. Mr. Chen's service contract does not have provisions on the amount of his emolument.

Mr. Dai Deming (戴德明), born in 1962, aged 48, a Chinese national with no right of abode overseas, currently serves as an independent non-executive Director of the first session of the Board of the Company. He is also an external supervisor of China Construction Bank Corporation (中國建設銀行股份有限公司), an independent non-executive director of Beijing Northking Technology Co., Ltd. (京北方科技股份有限公司), a professor and instructor to doctorate students of the Accounting Department of the School of Business of Renmin University of China, the vice-chairman of the China Accounting Institution (中國會計學學會), and the vice secretary-general of the National MPAcc Education and Instruction Commission (全國會計專業碩士學位教學指導委員會). Mr. Dai had served as a lecturer of Zhongnan University of Economics, as well as the lecturer, associate professor, professor, deputy dean and dean of the Accounting Department of Renmin University of China. He has been an independent non-executive director of Qingdao Aucma Stock Company Limited (青島澳柯瑪股份有限公司, a company whose shares are listed on the Shanghai Stock Exchange), Tsinghua Unisplendour Guhan Bio-pharmaceutical Corporation Ltd. (清華紫光古漢生物制藥股份有限公司, a company whose shares are listed on the Shenzhen Stock Exchange), Yunnan Fretrade Science and Technology Co., Ltd. (雲南新概念保稅科技股份有限公司, a company whose shares are listed on the Shanghai Stock Exchange), SDIC ZhongLu Fruit Juice Co., Ltd. (國投中魯果汁股份有限公司, a company whose shares are listed on the Shanghai Stock Exchange) and Guangdong MACRO Co., Ltd. (廣東萬家樂股份有限公司, a company whose shares are listed on the Shenzhen Stock Exchange) from May 2002 to May 2007. He has served as the dean of the Accounting Department of the School of Business of Renmin University of China from October 2001 to September 2010. He has been an external supervisor of China Construction Bank Corporation since June 2007, and an independent non-

executive Director of the first session of the Board of the Company since December 2007. He has been an independent non-executive director of Beijing Northking Technology Co., Ltd. since December 2007. Mr. Dai graduated from Hunan College of Finance & Economics majoring in Industrial Financial Accounting, pursued master's and doctorate studies at Zhongnan University of Economics and Renmin University of China respectively, and obtained a doctorate degree in Economics at Renmin University of China. He had conducted post-doctorate research at Hitotsubashi University. He is a professor and instructor to doctoral students. Mr. Dai received a total emolument of RMB182,000 for the year 2009. Mr. Dai's service contract does not have provisions on the amount of his emolument.

Mr. Tsoi David (蔡大維), born in 1947, aged 63, Chinese (Hong Kong), currently is an independent non-executive Director of the first session of the Board of the Company. He also serves as a director and general manager of Alliot, Tsoi CPA Limited and an independent non-executive director of Melco LottVentures Limited (a company whose shares are listed on the Growth Enterprise Market of the Hong Kong Stock Exchange, stock code: 8198) and Enviro Energy International Holdings Limited (a company whose shares are listed on the Main Board of the Hong Kong Stock Exchange, stock code: 1102). Mr. Tsoi had been the chairman of the Asia-Pacific region of Alliot Group, the chairman of the Association of Chartered Certified Accountants (Hong Kong Division), the president of the Society of Chinese Accountants and Auditors, council member of the Taxation Institute of Hong Kong and member of the Hong Kong Institute of Certified Public Accountants' Practice Review Committee, Ethics Committee, and Registration and Practising Committee. He was a director of Alliot Tsoi Ha CPA Limited. He has been an independent non-executive director of Melco LottVentures Limited since October 2001 and a director and general manager of Alliot, Tsoi CPA Limited since September 2004. He has been an independent non-executive Director of the first session of the Board of the Company since March 2008 and an independent non-executive director of Enviro Energy International Holdings Limited since July 2008. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and Associate Member of the Institute of Chartered Accountants in England and Wales, the Society of Chinese Accountants and Auditors, the Association of Certified General Accountants of Canada, Macau Society of Certified Practising Accountants and fellow member of the Taxation Institute of Hong Kong. Mr. Tsoi is a member of the Selection Committee for the first Government of the Hong Kong Special Administrative Region, Committee Member of the Travel Industry Council of Hong Kong and Guangdong Overseas Friendship Association. He graduated from the University of East Asia in Macau (now called the University of Macau) majoring in Business Administration and holds a master's degree in Business Administration. Mr. Tsoi is a certified public accountant. Mr. Tsoi received a total emolument of RMB182,000 for the year 2009. Mr. Tsoi's service contract does not have provisions on the amount of his emolument.

The biographic details of the proposed shareholder representative supervisors are as follows:

Mr. Wang Yan (王研), born in 1955, aged 55, a Chinese national with no right of abode overseas, currently is the chairman of the Company's first session of the supervisory committee. He also serves as an assistant to general manager of CSRG and director of Assets Management Center of CSRG, the chairman of the supervisory committee of CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd. and a supervisor of CSR Ziyang Locomotive Co., Ltd. Mr. Wang is well-versed in policies and possesses significant knowledge in finance. He has many years of finance and management experience in the Company's specialized industry. Mr. Wang had served as the deputy director of the Finance Department of LORIC (中國鐵路機車車輛工業總公司), the head of the Finance Department and director of the Accounting Information Division of CSRG, and then the deputy chief accountant and head of the Finance Department of CSRG. Since March 2007, he has been the assistant to the general manager of CSRG and head of the directors' and supervisors' office of CSRG (holding the latter post till December 2007). He has served as the chairman of the Company's first session of the supervisory committee and a shareholder representative supervisor since December 2007. Mr. Wang graduated from the Second College of Renmin University of China majoring in finance. He obtained the senior professional manager qualification awarded by China Enterprise Confederation and China Enterprise Directors Association. Mr. Wang is a senior accountant.

Mr. Sun Ke (孫克), born in 1955, aged 55, a Chinese national with no right of abode overseas, currently is deputy chief economist and head of the Audit and Risk Department of the Company. He also serves as a part-time supervisor of the Supervisory Committee of State-Owned Enterprises under SASAC and chairman of supervisory committee of Zhuzhou Times New Material Technology Co., Ltd (株洲時代新材料科技股份有限公司). Mr. Sun is well-versed in policies and has many years of working and management experience in the Company's specialized industry. Mr. Sun had been deputy manager of Multi-economic Development Department of LORIC, deputy general manager, a director and general manager of Beijing Railway Industry Trade Company, deputy chief economist of CSRG as well as chairman and director of Assets Management Center of Beijing Railway Industry Trade Company. He has been deputy chief economist and head of the Audit and Risk Department of the Company since January 2010 and a part-time supervisor of the Supervisory Committee of State-Owned Enterprises under SASAC since June 2010. Mr. Sun graduated from Northern Jiaotong University (now known as Beijing Jiaotong University) majoring in railway vehicles and accounting. He obtained the senior professional manager qualification from China Enterprise Confederation and China Enterprise Directors Association. Mr. Sun is a senior engineer.

The biographic details of the employee representative supervisor are as follows:

Mr. Qiu Wei (邱偉), born in 1959, aged 51, a Chinese national with no right of abode overseas, currently is Deputy Director of the Working Committee of Labor Union of the Company. Mr. Qiu has extensive knowledge and management experience in the business of the Company. He served as Deputy Director of Party Committee Office of China National Railways Locomotive and Rolling Stock Industrial Corporation from December 1997 to December 2000, Head of the General Affairs Division of the General Office of CSRG from December 2000 to April 2005, also Head of the Administration Division of the General Office of CSRG from February 2001 to April 2005, and Deputy Director of General Office (Party Committee Office) and Head of the General Affairs Division of the General Office of CSRG from April 2005 to December 2007. He has been Deputy Director of the Working Committee of Labor Union of the Company since January 2008 and employee representative supervisor of the first session of the supervisory committee of the Company since 22 December 2009. Mr. Qiu graduated from Chinese Communist Party's Central Party School majoring in Economic Management (distance-learning). Mr. Qiu is a senior political engineer.

NOTICE OF 2011 FIRST EXTRAORDINARY GENERAL MEETING



中國南車股份有限公司 CSR CORPORATION LIMITED

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

(Stock code:1766)

NOTICE OF 2011 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2011 first extraordinary general meeting (the “**EGM**”) of CSR Corporation Limited (the “**Company**”) will be held at Empark Grand Hotel, No. 69 Banjing Road, Haidian District, Beijing, the PRC at 1:30 p.m. on Tuesday, 26 April 2011 (registration will begin at 12:00 p.m.) 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 8 March 2011):

SPECIAL RESOLUTIONS

1. **THAT** the Share Option Scheme, the terms of which are contained in the document marked “**A**” produced to the EGM and, for the purposes of identification, signed by the chairman thereof and summarised in the circular of the Company dated 8 March 2011, on the following particular structure and terms (*Note 1*), be and is hereby approved and adopted:
 - 1.1 source and number of A Shares subject to the Share Options;
 - 1.2 the scope of Participants and basis for determining the Participants;
 - 1.3 number of Share Options to be granted to the Directors, senior management personnel and other Participants or the method for determining the number of Share Options to be granted;
 - 1.4 the life of the Share Option Scheme and lock-up provisions on the A Shares which are subject to the Share Options;
 - 1.5 conditions of the Grant and exercise of the Share Options;
 - 1.6 the exercise price of the Share Options or the method for determining the exercise price;
 - 1.7 methods and procedures of the adjustment of the number of Share Options and subject Shares and the exercise price of the Share Options; and
 - 1.8 provisions on amendments and termination of the Share Option Scheme.
2. **THAT** the Measures for Appraisal of Performance of Participants to the Share Option Scheme, the terms of which are contained in the document marked “**B**” produced to the EGM and, for the purposes of identification, signed by the chairman thereof and summarised in the Appendix III to the circular of the Company dated 8 March 2011, be and is hereby approved and adopted.

NOTICE OF 2011 FIRST EXTRAORDINARY GENERAL MEETING

3. **THAT** the Board be and is authorized to implement and administer the Share Option Scheme of the Company. The Board is authorized to, inter alia:
- (i) grant the Share Options to the Participants upon fulfilment of the Conditions of Grant by the Company and the Participants, and to handle all matters necessary in relation to the granting of Share Options;
 - (ii) examine and confirm the fulfilment of the effective conditions by the Company and the Participants, and to handle all matters necessary in relation to the exercise of Share Options by the Participants;
 - (iii) adjust the number and exercise price of the Share Options in the event of any capitalization issue, bonus issue, sub-division or consolidation of Shares, rights issue or reduction of capital in accordance with the provisions of the Share Option Scheme;
 - (iv) handle the Share Options (effective or not effective, exercised or outstanding) granted to the Participants in accordance with the provisions of the Share Option Scheme, in the event of resignation, retirement or death of a Participant or occurrence of other special events in relation to the Company or the Participants as specified in the Share Option Scheme;
 - (v) determine whether to reclaim the benefits obtained from the exercise of Share Options by Participants as stipulated in accordance with the Share Option Scheme;
 - (vi) otherwise manage the Share Option Scheme where necessary;
 - (vii) carry out any other matters (exclusive of those matters expressly stipulated in relevant documents to be determined/approved by the general meeting) necessary for the implementation of the Share Option Scheme.
4. To consider and approve the proposed issue of short-term debentures with an aggregate amount not exceeding RMB5 billion (the “**Short-term Debentures**”) of the Company:

THAT

- (a) the Company be authorized to issue Short-term Debentures on the following major terms:

- (1) Size of issue

According to the relevant requirements that the balance of debentures to be repaid by an issuer shall not exceed 40% of the net assets of such issuer (including minority interests) upon completion of the issue of debenture, the size of issue will not exceed an amount of RMB5 billion. The Short-term Debentures will be registered all at once and will be issued in one or multiple tranches according to actual capital requirements.

- (2) Term of issue

Not more than 365 days.

NOTICE OF 2011 FIRST EXTRAORDINARY GENERAL MEETING

(3) Interest rate

The interest rate will be determined with reference to the prevailing market conditions at the time of the issue and upon negotiations with the lead underwriter(s), provided that the rate is approved by relevant regulatory authorities in the PRC.

(4) Target investors

Institutional investors in the national inter-bank market.

(5) Use of proceeds

Including repayment of loan(s) and replenishment of working capital.

(6) Conditions precedent to the issue

- i) approval at the general meeting of the Company; and
- ii) the National Association of Financial Market Institutional Investors accepting the Company's registration of the Short-term Debentures.

(b) a general and unconditional mandate be granted to the committee of the Board comprising Mr. Zhao Xiaogang and Mr. Zheng Changhong, being the Directors of the Company, to determine and to deal with the following matters pursuant to applicable laws and the then market conditions:

- (1) to determine the details of the issue of the Short-term Debentures and to formulate and implement detailed issue proposal which includes, but not limited to, an issue size of not more than RMB5 billion, the issue plan, the amount and period of each tranche, the maturity and method of repayment of the principal and interests, the determination mechanism of the interest rate of the debentures, determination of the specific arrangements and use of proceeds based on the actual situation in accordance with the use of proceeds as approved at the general meeting of the Company;
- (2) to deal with other matters relating to the issue, including, but not limited to, selecting qualified professional institutions, applying for registration to the National Association of Financial Market Institutional Investors in respect of the issue, handling relevant matters in relation to issue and trading of the debentures, carrying out all relevant negotiations in relation to the issue of the Short-term Debentures for and on behalf of the Company, signing and executing all relevant agreements and other necessary documents for and on behalf of the Company, and making relevant information disclosure pursuant to applicable regulatory requirements (if necessary);

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- (3) in the case that any change in regulatory polices or market conditions relating to the issue occurs, to make corresponding adjustments to the specific issue proposal and other relevant matters in relation to the issue of the Short-term Debentures in accordance with the opinions of the regulatory authorities, except for those matters which are subject to re-approval by the shareholders at a general meeting of the Company as required by the provisions of relevant laws, regulations and the Articles of Association; and
- (4) to take all such actions as necessary and in the interest of the Company and to determine or to deal with specific matters in relation to the issue of the Short-term Debentures.

Upon approval at the general meeting of the Company, the aforementioned authorization shall remain effective within the registered period of the issue of the Short-term Debentures or the duration of such relevant matters.

ORDINARY RESOLUTIONS

5. To consider and approve the re-election of the executive Directors of the second session of the Board:
 - 5.1 to consider and approve the re-election of Mr. Zhao Xiaogang as an executive Director;
 - 5.2 to consider and approve the re-election of Mr. Zheng Changhong as an executive Director;
 - 5.3 to consider and approve the re-election of Mr. Tang Kelin as an executive Director; and
 - 5.4 to consider and approve the re-election of Mr. Liu Hualong as an executive Director.
6. To consider and approve the re-election of the independent non-executive Directors of the second session of the Board:
 - 6.1 to consider and approve the re-election of Mr. Zhao Jibin as an independent non-executive Director;
 - 6.2 to consider and approve the re-election of Mr. Yang Yuzhong as an independent non-executive Director;
 - 6.3 to consider and approve the re-election of Mr. Chen Yongkuan as an independent non-executive Director;
 - 6.4 to consider and approve the re-election of Mr. Dai Deming as an independent non-executive Director; and
 - 6.5 to consider and approve the re-election of Mr. Tsoi, David as an independent non-executive Director.

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7. To consider and approve the re-election and appointment of the shareholder representative supervisors of the second session of the supervisory committee:
 - 7.1 to consider and approve the re-election of Mr. Wang Yan as a shareholder representative supervisor; and
 - 7.2 to consider and approve the appointment of Mr. Sun Ke as a shareholder representative supervisor.

INDEPENDENT DIRECTOR'S PROXY FORM

Pursuant to the Share Incentive Plan Measures, independent directors of a company listed on the Shanghai Stock Exchange should solicit votes publicly from all shareholders of the company if the company is to adopt a share incentive scheme. This is to encourage shareholders of such listed company to participate in the voting on proposals regarding adoption of a share incentive scheme by providing them with an additional way of participation in the general meeting. Mr. Chen Yongkuan, being an independent non-executive Director, has sent out the Independent Director's Proxy Forms to solicit votes from the Shareholders pursuant to the Share Incentive Plan Measures and authorization of other independent non-executive Directors. Please also refer to the announcement of the Company dated 8 March 2011 with respect to additional information on the Independent Director's Proxy Form.

Should you wish to appoint Mr. Chen Yongkuan as your proxy to vote for you and on your behalf at the EGM on the resolutions regarding the Share Option Scheme, please complete the Independent Director's Proxy Form and return it 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 EGM or its adjourned meeting.

You may appoint Mr. Chen Yongkuan as your proxy to vote for you and on your behalf on the resolutions regarding the Share Option Scheme ONLY (i.e., the special resolutions 1 to 3 set out above). You have to use the proxy form to appoint your proxy to vote for you and on your behalf on all other resolutions (i.e., the special resolution 4 and the ordinary resolutions 5 to 7 set out above). Alternatively, if you wish to appoint any person other than Mr. Chen Yongkuan as your proxy to vote for you and on your behalf at the EGM on all resolutions including those regarding the Share Option Scheme, you may simply disregard the Independent Director's Proxy Form and complete and return the proxy form instead.

Please note that if you complete and return both the proxy form and the Independent Director's Proxy Form and your voting indications in relation to the relevant resolutions as set out in the proxy form and the Independent Director's Proxy Form are inconsistent, your voting indications set out in the INDEPENDENT DIRECTOR'S PROXY FORM will be counted as your vote(s) for or against the relevant resolutions regarding the Share Option Scheme (i.e. special resolutions 1 to 3 set out above).

NOTICE OF 2011 FIRST EXTRAORDINARY GENERAL MEETING

ADOPTION OF CUMULATIVE VOTING SYSTEM ON THE RESOLUTIONS WITH RESPECT TO RE-ELECTION AND APPOINTMENT OF DIRECTORS AND SHAREHOLDER REPRESENTATIVE SUPERVISORS

Pursuant to the relevant provisions under the Company Law, Guidelines on Corporate Governance of Listed Companies and the Articles of Association, votes will be taken by way of cumulative voting method in the EGM with respect to the re-election and appointment of Directors and shareholder representative supervisors of the second session of the Board and the second session of the supervisory committee of the Company respectively. The rules relating to cumulative voting method are listed below:

1. As for the re-election of the executive Directors of the second session of the Board, every Share held by a Shareholder carrying voting right shall carry as many voting rights as the number of executive Directors to be re-elected. That is, the total number of the votes a Shareholder is entitled to cast in respect of the ordinary resolution 5 set out above (the “**Total Available Votes**”) shall equal **the number of Shares held by such Shareholder multiplied by the number of executive Director candidates to be elected (e.g. 4)**. A Shareholder may cast all votes for one candidate, or cast votes for various candidates, provided that the aggregate number of votes casted for (regardless of voting for, against or abstain) all candidates under ordinary resolution 5 set out above shall not exceed the Total Available Votes, or otherwise his/her voting shall be deemed void in respect of the ordinary resolution 5. In the event that the aggregate number of the votes casted for (regardless of voting for, against or abstain) all candidates under ordinary resolution 5 is less than the Total Available Votes, the resultant difference shall be considered as having abstained from voting and excluded from the calculation of the number of actual valid votes.
2. As for the re-election of the independent non-executive Directors of the second session of the Board and the re-election and appointment of shareholder representative supervisors of the second session of the supervisory committee of the Company, a cumulative voting method similar to that set out under paragraph 1 above shall be adopted, with the exception that the total number of independent non-executive Directors and the shareholder representative supervisors to be elected shall be **five (5)** and **two (2)** respectively, and the Total Available Votes with respect to ordinary resolutions 6 and 7 shall be determined accordingly.

Voting examples:

Assuming that a Shareholder holds a total of 1,000 H Shares. With respect to ordinary resolution 5 as set out above, his Total Available Votes shall be 4,000 votes (i.e., 1,000 H Shares multiplied by 4 (as there are 4 candidates under ordinary resolution 5)). He/she may cast his/her votes as follows:

Example 1: Casting votes for all 4 candidates

	Ordinary resolution 5	For	Against	Abstain
5.1	Executive Director Candidate 1	1000	0	0
5.2	Executive Director Candidate 2	1000	0	0
5.3	Executive Director Candidate 3	1000	0	0
5.4	Executive Director Candidate 4	1000	0	0

NOTICE OF 2011 FIRST EXTRAORDINARY GENERAL MEETING

Example 2: Casting all Total Available Votes for 1 single candidate only

Ordinary resolution 5	For	Against	Abstain
5.1 Executive Director Candidate 1	4000	0	0
5.2 Executive Director Candidate 2	—	—	—
5.3 Executive Director Candidate 3	—	—	—
5.4 Executive Director Candidate 4	—	—	—

Example 3: Casting all Total Available Votes for 2 candidates only

Ordinary resolution 5	For	Against	Abstain
5.1 Executive Director Candidate 1	2000	0	0
5.2 Executive Director Candidate 2	2000	0	0
5.3 Executive Director Candidate 3	—	—	—
5.4 Executive Director Candidate 4	—	—	—

Such Shareholder may cast his/her votes in other manners provided that he/she complies with the requirements set out in paragraph 1 above.

By Order of the Board
CSR Corporation Limited
Zhao Xiaogang
Chairman

Beijing, the PRC
8 March 2011

Notes:

- For further details of the terms of the Share Option Scheme and special resolutions numbered 1.1 to 1.8 set out above, please refer to the letter from the Board, Appendix I and Appendix II to the circular of the Company dated 8 March 2011.
- The H Share register of members of the Company will be closed from Sunday, 27 March 2011 to Tuesday, 26 April 2011 (both days inclusive), during which period no transfer of H Shares will be registered.** In order to attend the EGM, all share transfers, 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 Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, **no later than 4:30 p.m. on Friday, 25 March 2011.** H Shareholders whose name 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 EGM.
- Shareholders who intend to attend the EGM in person or by proxy should return the reply slip for the EGM to the Directors' Office of the Company (for A Shareholders) or the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited (for H Shareholders), by hand, by post or by fax on or before Tuesday, 5 April 2011. The Directors' Office is located at No. 16, Central West Fourth Ring Road, Haidian District, Beijing, the PRC, 100036 (Telephone: (86) 10 5186 2188, Fax: (86) 10 6398 4785). 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).

NOTICE OF 2011 FIRST EXTRAORDINARY GENERAL MEETING

4. In order to be valid, the instrument appointing a proxy (including the proxy form and Independent Director's Proxy Form) together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, should be completed and deposited at the Company's Directors' Office (for A Shareholders) or the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited (for H Shareholders), at least 24 hours before the EGM or any adjourned meeting thereof. Completion and return of the proxy form and/or the Independent Director's Proxy Form will not preclude a Shareholder from attending in person and voting at the EGM or any adjournment thereof should he/she so wish.
5. Any Shareholder entitled to attend and vote at the EGM to be convened by the above notice is entitled to appoint one or more proxies to attend and vote on behalf of him/her. A proxy need not be a Shareholder of the Company.
6. In case of joint shareholdings and the shareholder or the proxy attending the EGM is more than one person, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names appear in the register of members of the Company in respect of the joint shareholdings.
7. The EGM 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 EGM.

NOTICE OF 2011 FIRST H SHAREHOLDERS' CLASS MEETING



中國南車股份有限公司 CSR CORPORATION LIMITED

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

(Stock code:1766)

NOTICE OF 2011 FIRST H SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY GIVEN that the 2011 first H shareholders' class meeting (the "**Meeting**") of CSR Corporation Limited (the "**Company**") will be held at Empark Grand Hotel, No.69 Banjing Road, Haidian District, Beijing, the PRC on Tuesday, 26 April 2011 (registration will begin at 12:00 p.m.) immediately following the conclusion of the EGM and the A Shareholders' Class Meeting or any adjournment thereof, for the purpose of considering and approving 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 8 March 2011):

SPECIAL RESOLUTIONS

1. **THAT** the Share Option Scheme, the terms of which are contained in the document marked "**A**" produced to the Meeting and, for the purposes of identification, signed by the chairman thereof and summarised in the circular of the Company dated 8 March 2011, on the following particular structure and terms (*Note 1*), be and is hereby approved and adopted:
 - 1.1 source and number of A Shares subject to the Share Options;
 - 1.2 the scope of Participants and basis for determining the Participants;
 - 1.3 number of Share Options to be granted to the Directors, senior management personnel and other Participants or the method for determining the number of Share Options to be granted;
 - 1.4 the life of the Share Option Scheme and lock-up provisions on the A Shares which are subject to the Share Options;
 - 1.5 conditions of the Grant and exercise of the Share Options;
 - 1.6 the exercise price of the Share Options or the method for determining the exercise price;
 - 1.7 methods and procedures of the adjustment of the number of Share Options and subject Shares and the exercise price of the Share Options; and
 - 1.8 provisions on amendments and termination of the Share Option Scheme.
2. **THAT** the Measures for Appraisal of Performance of Participants to the Share Option Scheme, the terms of which are contained in the document marked "**B**" produced to the Meeting and, for the purposes of identification, signed by the chairman thereof and summarised in the Appendix III to the circular of the Company dated 8 March 2011, be and is hereby approved and adopted.

NOTICE OF 2011 FIRST H SHAREHOLDERS' CLASS MEETING

3. **THAT** the Board be and is authorized to implement and administer the Share Option Scheme of the Company. The Board is authorized to, inter alia:
- (i) grant the Share Options to the Participants upon fulfilment of the Conditions of Grant by the Company and the Participants, and to handle all matters necessary in relation to the granting of Share Options;
 - (ii) examine and confirm the fulfilment of the effective conditions by the Company and the Participants, and to handle all matters necessary in relation to the exercise of Share Options by the Participants;
 - (iii) adjust the number and exercise price of the Share Options in the event of any capitalization issue, bonus issue, sub-division or consolidation of Shares, rights issue or reduction of capital in accordance with the provisions of the Share Option Scheme;
 - (iv) handle the Share Options (effective or not effective, exercised or outstanding) granted to the Participants in accordance with the provisions of the Share Option Scheme, in the event of resignation, retirement or death of a Participant or occurrence of other special events in relation to the Company or the Participants as specified in the Share Option Scheme;
 - (v) determine whether to reclaim the benefits obtained from the exercise of Share Options by Participants as stipulated in accordance with the Share Option Scheme;
 - (vi) otherwise manage the Share Option Scheme where necessary;
 - (vii) carry out any other matters (exclusive of those matters expressly stipulated in relevant documents to be determined/approved by the general meeting) necessary for the implementation of the Share Option Scheme.

INDEPENDENT DIRECTOR'S PROXY FORM

Pursuant to the Share Incentive Plan Measures, independent directors of a company listed on the Shanghai Stock Exchange should solicit votes publicly from all shareholders of the company if the company is to adopt a share incentive scheme. This is to encourage shareholders of such listed company to participate in the voting on proposals regarding adoption of a share incentive scheme by providing them with an additional way of participation in the general meeting. Mr. Chen Yongkuan, being an independent non-executive Director, has sent out the Independent Director's Proxy Forms to solicit voting rights from the Shareholders pursuant to the Share Incentive Plan Measures and authorization of other independent non-executive Directors. Please also refer to the announcement of the Company dated 8 March 2011 with respect to additional information on the Independent Director's Proxy Form.

Should you wish to appoint Mr. Chen Yongkuan as your proxy to vote for you and on your behalf at the Meeting on the resolutions regarding the Share Option Scheme, please complete the Independent Director's Proxy Form and return it 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 Meeting or its adjourned meeting. For the avoidance of doubt, if you wish to appoint any person other than Mr. Chen Yongkuan as your proxy to vote for you and on your behalf at the H Shareholders' Class Meeting on the resolutions regarding the Share Option Scheme, you may simply disregard the Independent Director's Proxy Form and complete and return the proxy form instead.

NOTICE OF 2011 FIRST H SHAREHOLDERS' CLASS MEETING

Please note that if you complete and return both the proxy form and the Independent Director's Proxy Form and your voting indications in relation to the relevant resolutions as set out in the proxy form and the Independent Director's Proxy Form are inconsistent, your voting indications set out in the INDEPENDENT DIRECTOR'S PROXY FORM will be counted as your vote(s) for or against the relevant resolutions regarding the Share Option Scheme (i.e. special resolutions 1 to 3 set out above).

By Order of the Board
CSR Corporation Limited
Zhao Xiaogang
Chairman

Beijing, the PRC
8 March 2011

Notes:

1. For further details of the terms of the Share Option Scheme and special resolutions numbered 1.1 to 1.8 set out above, please refer to the letter from the Board, Appendix I and Appendix II to the circular of the Company dated 8 March 2011.
2. **The H Share register of members of the Company will be closed from Sunday, 27 March 2011 to Tuesday, 26 April 2011 (both days inclusive), during which period no transfer of H Shares will be registered.** In order to attend the Meeting, all share transfers, 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 Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, **no later than 4:30 p.m. on Friday, 25 March 2011.** H Shareholders whose name 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 Meeting.
3. H Shareholders who intend to attend the Meeting in person or by proxy should return the reply slip for the Meeting to the Computershare Hong Kong Investor Services Limited, by hand, by post or by fax on or before Tuesday, 5 April 2011. 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).
4. In order to be valid, the instrument appointing a proxy (including the proxy form and Independent Director's Proxy Form) together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, should be completed and deposited at the H Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, at least 24 hours before the Meeting or any adjourned meeting thereof. Completion and return of the proxy forms (including the proxy form and Independent Director's Proxy Form) will not preclude a H Shareholder from attending in person and voting at the Meeting or any adjournment thereof should he/she so wish.
5. Any H Shareholder entitled to attend and vote at the Meeting to be convened by the above notice is entitled to appoint one or more proxies to attend and vote on behalf of him/her. A proxy need not be a Shareholder of the Company.
6. In case of joint shareholdings and the shareholder or the proxy attending the Meeting is more than one person, the vote of the senior joint H Shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint H Shareholder(s) and for this purpose seniority will be determined by the order in which the names appear in the register of members of the Company in respect of the joint shareholdings.
7. H Shareholders who attend the Meeting in person or by proxy shall bear their own travelling and accommodation expenses. H Shareholders or their proxies shall produce their identity documents when they attend the Meeting.