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**株洲中车时代电气股份有限公司**

**ZHUZHOU CRRC TIMES ELECTRIC CO., LTD.**

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

**(Stock Code: 3898)**

## **ANNOUNCEMENT ON QUARTERLY REVIEW OF CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement dated 12 August 2013 (the “**Announcement**”) and the circular dated 30 August 2013 (the “**Circular**”) issued by Zhuzhou CRRC Times Electric Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”).

The Company and 中國南車集團公司(CSR Group) (which has merged with 中國北方機車車輛工業集團公司 (China Northern Locomotive and Rolling Stock Industry (Group) Corporation) and been renamed 中國中車集團公司(CRRC Group), together with its subsidiaries but excluding the Group, the “**CRRC Group of Companies**”) entered into a mutual supply framework agreement on 12 August 2013 for the mutual supply of certain products, parts and components, technical services, after-sales services, management services and other related services, and related facilities for research and development, production and testing purposes between the Group and the CRRC Group of Companies for a term of three years from 1 January 2014 and ending on 31 December 2016 (the “**Agreement**”). Details of such mutual supply transactions were set out in the Announcement and the Circular.

As one of the CRRC Group of Companies and an indirect controlling shareholder of the Company, 中國中車股份有限公司 (CRRC Corporation Limited) (“**CRRC**”, formerly known as 中國南車股份有限公司 (CSR Corporation Limited) before it merged with 中國北車股份有限公司 (China CNR Corporation Limited)) (stock code: 1766) has confirmed to the Company in a confirmation letter dated 14 May 2015 that upon completion of its merger, it shall, and shall procure its direct and indirect subsidiaries to continue to be bound by and implement all the obligations and undertakings under the Agreement until the expiry of the Agreement or the entering of a new or replacement framework agreement with the Company.

CRRC Group is a connected person of the Company and the aforesaid mutual supply transactions between the Group and the CRRC Group of Companies constitute continuing connected transactions of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), and are subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. The relevant independent shareholders’ approval for the transactions contemplated under the Agreement was obtained by the Company at its extraordinary general meeting held on 29 October 2013.

In order to protect the interests of the Company’s independent shareholders, the Company has adopted a series of corporate governance measures including, but not limited to, the review by the independent non-executive directors of the Company on a quarterly basis of the terms of the relevant transactions under the Agreement including the aforesaid mutual supply transactions with the CRRC Group of Companies and the disclosure of their view in respect of such transactions to the Company’s shareholders by way of an announcement.

The independent non-executive directors of the Company considered that, for the second quarter ended 30 June 2016, the relevant transactions:

- (1) were entered into in the ordinary and usual course of business of the Group;
- (2) were on normal commercial terms which were fair and reasonable insofar as the interests of the Company and its shareholders as a whole are concerned;
- (3) were conducted in accordance with the Group’s pricing policies and the terms of the relevant agreements governing such transactions; and
- (4) were within the annual cap amounts of 2016 set out in the Circular.

By order of the Board of directors of  
**Zhuzhou CRRC Times Electric Co., Ltd.**  
**Ding Rongjun**  
*Chairman*

Zhuzhou, China, 19 August 2016

*As at the date of this announcement, our chairman of the Board and executive director is Ding Rongjun, our vice chairman of the Board and executive director is Deng Huijin, our other executive directors are Liu Ke’an and Yan Wu, our non-executive director is Ma Yunkun, and our independent non-executive directors are Chan Kam Wing, Clement, Pao Ping Wing, and Liu Chunru.*