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株洲南车时代电气股份有限公司

ZHUZHOU CSR TIMES ELECTRIC CO., LTD.

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

(Stock Code: 3898)

ANNOUNCEMENT

INSIDE INFORMATION AND RESUMPTION OF TRADING

This announcement is made by Zhuzhou CSR Times Electric Co., Ltd. (the “Company”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (cap. 571, Laws of Hong Kong).

Background

The Company has received notification from CSR Group (中國南車集團有限公司) (“CSR Group”), the ultimate controlling shareholder of the Company, regarding a proposed merger between CSR Corporation Limited (中國南車股份有限公司) (“CSR”) (Stock Exchange stock code: 1766), a subsidiary of CSR Group and an indirect controlling shareholder of the Company, and China CNR Corporation Limited (中國北車股份有限公司) (“CNR”) (Stock Exchange stock code: 6199) (the “Proposed Merger”). For details of the Proposed Merger, please refer to the respective announcements of CSR and CNR dated 30 December 2014.

Inside Information

The Company has also been notified by CSRG that as certain business of the subsidiaries of CNR, including drive control systems, network control systems, traction power supply systems, braking systems and track works (the “Competing Business”), overlaps with the business of the Company and its subsidiaries (the “Group”), certain business competition between the Group and the merged entity of CSR and CNR after implementation of the Proposed Merger (“the Merged Entity”) will arise from the Proposed Merger. The Company has reserved its right to acquire the Competing Business of the Merged Entity after (but not before) the completion of the Proposed Merger.

In addition, on 30 December 2014, each of CSR Group and China Northern Locomotive & Rolling Stock Industry (Group) Corporation (中國北方機車車輛工業集團公司) (controlling shareholder of CNR) undertook with the Company to procure the Merged Entity to give a non-competition undertaking to the Company, which will include the following undertakings:

- (1) after the completion of the Proposed Merger, a call option shall be granted to the Company pursuant to which the Company may, at its own discretion and at any time, require the Merged Entity to sell the Competing Business to the Company; and
- (2) after the completion of the Proposed Merger, a pre-emptive right shall be granted to the Company pursuant to which the Merged Entity shall, when proposing to sell the Competing Business to an independent third party, first offer to sell such Competing Business to the Company on the same terms, and may only sell the Competing Business to such independent third party if the Company does not purchase such Competing Business.

The exercise of the above rights shall require approval by the independent non-executive directors of the Company, and shall comply with listing rules requirements applicable to the Merged Entity and the Company. Such non-competition undertaking shall be valid from the date of its issue to the earlier of the de-listing of the Company and the Merged Entity is no longer an indirect controlling shareholder of the Company.

The Company has also been informed by CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd. (南車株洲電力機車研究所有限公司), which is the direct controlling shareholder of the Company, that the Proposed Merger will not involve any asset injection or disposal or other restructuring which affects the Company, nor will the Proposed Merger result in any change in the shareholding or actual control of the Company.

Resumption of Trading

At the request of the Company, trading in the H shares of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) has been suspended since 9:00 a.m. on Monday, 27 October 2014 pending the release of this announcement. The Company has applied to the Stock Exchange for resumption of trading in the H shares of the Company with effect from 9:00 a.m. on Wednesday, 31 December 2014.

This announcement is made by the order of the board of directors (“Directors”) of the Company. The Directors collectively and individually accept responsibility for the accuracy of this announcement.

Shareholders and other investors are advised to exercise extreme caution when dealing in the securities of the Company.

By order of the Board
Zhuzhou CSR Times Electric Co., Ltd.
Ding Rongjun
Chairman

Zhuzhou, China, 30 December 2014

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 Director are Li Donglin and Yan Wu, our Non-executive Directors is Ma Yunkun, and our Independent Non-executive Directors are Gao Yucai, Chan Kam Wing, Clement, Pao Ping Wing and Liu Chunru.