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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

PAYMENT OF FINAL DIVIDEND

Reference is made to:

- 1) the results announcement of Zhuzhou CSR Times Electric Co., Ltd. (the “**Company**”) dated 20 March 2015 pursuant to which, it was announced, among other things, that the board of directors of the Company proposed a final dividend of RMB0.40 per share (inclusive of applicable tax) (“**Final Dividend**”) for the year ended 31 December 2014 subject to the approval of the shareholders of the Company (“**Shareholders**”); and
- 2) the announcement on the results of the annual general meeting of the Company for year 2014 (the “**AGM**”) dated 5 June 2015 pursuant to which, it was announced, among other things, that the resolution on Final Dividend was approved by the Shareholders.

FINAL DIVIDEND

The Company hereby announces that the Final Dividend will be paid to Shareholders holding H shares of the Company in Hong Kong dollars (being HK\$0.50685 per share, inclusive of applicable tax) on or about 17 July 2015 to the Shareholders whose names appeared on the register of members of the Company on 16 June 2015. The Final Dividend in Hong Kong dollars was calculated at the average midpoint exchange rate of Renminbi to Hong Kong dollars announced by the People's Bank of China for the five working days prior to 5 June 2015, being the date on which the AGM was held.

TAXATION ARRANGEMENTS

Pursuant to the provisions of the Corporate Income Tax Law of the People's Republic of China and the Implementing Regulations of the Corporate Income Tax Law of the People's Republic of China, effective from 1 January 2008, any PRC domestic enterprise shall withhold the corporate income tax upon the distribution of dividends payable to the shareholders being non-resident enterprises (legal persons) for accounting periods starting from 1 January 2008, and the payer shall serve as the withholding agent. The Company will strictly abide by the law and identify all shareholders who are subject to the withholding and payment of corporate income tax, whose names appear in the Company's register of members as holders of H shares on the record date and who are not individuals (including HKSCC Nominees Limited, other corporate nominees or trustees, and other entities or organizations which are all considered as non-resident enterprise shareholders), the Company will distribute the relevant dividends after deducting corporate income tax of 10%.

Pursuant to the requirements of "Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax (Cai Shui Zi [1994]020)" (財政部、國家稅務總局關於個人所得稅若干政策問題的通知(財稅字[1994]020號)), individual foreigners are exempted from individual income tax on dividends and bonus received from foreign-invested enterprises in the PRC. As the Company is a foreign-invested joint stock limited company, the individual shareholders who held the H shares of the Company and whose names appeared in the H-share registrar are not required to pay the individual income tax of the PRC.

For investors of the Shanghai Stock Exchange (including enterprises and individuals) investing in the H shares of the Company (the "**Southbound Trading**") listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"), the Company has entered into the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading (港股通H股股票現金紅利派發協議) with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, pursuant to which, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, as the nominee of the holders of H shares for Southbound Trading, will receive the cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H shares of Southbound Trading through its depository and clearing system.

The cash dividends for the investors of H shares of Southbound Trading will be paid in Renminbi. Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui[2014] No. 81), for dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by the domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

The record date and the date of distribution of the Final Dividend and other arrangements for the investors of Southbound Trading will be the same as those for the holders of H shares of the Company.

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

Zhuzhou, China, 25 June 2015

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