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*(a joint stock company incorporated in the People's Republic of China with limited liability)*  
(Stock Code: 3898)

## ANNOUNCEMENT

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

The Board is pleased to announce that the Company has entered into a non-binding letter of intent dated 28 March 2008 in respect of the possible acquisition, at the Company's option, of either 80% or 100% of the outstanding Shares of Dynex at the proposed price of Cdn\$0.55 per Share.

**The Board reiterates that there can be no assurance that any definitive agreement will be entered into, that any proposed acquisition will be accepted or approved by the shareholders of Dynex or that any transaction will be completed as a result of the execution of the letter of intent. Shareholders and potential investors in the Company are therefore advised to exercise caution in dealing in the shares of the Company.**

Save as disclosed herein, the Board is not aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

This announcement is made pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The board of directors ("**Board**") of Zhuzhou CSR Times Electric Co., Ltd. ("**Company**") is pleased to announce that the Company has entered into a non-binding letter of intent on 28 March 2008 in respect of the possible acquisition, at the Company's option, of either 80% or 100% of the outstanding common equity shares ("**Shares**") of Dynex Power Inc. ("**Dynex**") at the proposed price of Cdn\$0.55 per Share ("**Price**").

The Company has stated its intention to retain the services of Dynex's senior management team, as well as to retain Dynex's manufacturing plant in Lincoln, England. Dynex is one of the world's leading independent suppliers of specialist, high power semiconductor products. Dynex Semiconductor Ltd is its operating business and is based in Lincoln, England in a facility housing the fully integrated silicon wafer fabrication, assembly and test, sales, design and development operations. Dynex designs and manufactures high power bipolar discrete semiconductors, power modules, including insulated-gate bipolar transistors (IGBTs), and high power electronic assemblies. Dynex products are used world wide in power electronic applications including electric power generation, transmission and distribution, marine and rail traction drives, aviation, electric vehicles, industrial automation and controls. Dynex continues to produce and sell certain high reliability integrated circuits (ICs) for use in specialist applications led by its proven radiation hard Silicon-on-Sapphire products for space and nuclear applications. Dynex is listed on the TSX Venture Exchange.

The Price is non-binding on the Company, except as explained below. The transaction is subject to a definitive agreement being entered into by Dynex and the Company. There can be no assurances that the transaction will close. The Company has however agreed to use its reasonable efforts to reaffirm the Price within sixty (60) days of 28 March 2008. The structure to be used for the proposed transaction remains to be determined, and will be subject to further negotiation between Dynex and the Company, as will the terms to be contained in the definitive agreement.

If the proposed transaction proceeds, the entry into the definitive agreement and the closing of the transaction will be subject to conditions including but not limited to the following: approval of the transaction by the Company's Board and shareholders, satisfactory completion of due diligence by the Company, the execution of the definitive support agreement and the replacement irrevocable lock-up agreements (referred to below) , approvals from certain Chinese regulators and the TSX Venture Exchange, as well as the approval of the board of directors of Dynex and the approval or acceptance of the proposed transaction by the shareholders of Dynex.

The letter of intent includes binding exclusivity whereby Dynex agrees not to solicit, either actively or passively, offers to acquire all or part of Dynex, or accept or entertain offers from any party other than the Company to acquire all or part of Dynex for a period of 100 days from the date a letter of credit for the Dynex (as defined below) is opened. This exclusivity period may be extended by up to 25 days at the option of the Company. The exclusivity provision does not preclude the directors of Dynex from exercising their fiduciary duties in the context of an unsolicited offer, subject to Dynex immediately making the Company aware of such offer. During the exclusivity period, the Company will conduct its due diligence and the parties will engage in negotiations towards concluding the definitive agreement.

In exchange for granting the exclusivity period, the Company has agreed to deliver to Dynex within 15 business days from 28 March 2008, an irrevocable letter of credit opened by a reputable PRC bank and advised by a reputable Canadian bank, in favour of Dynex's legal counsel, LaBarge Weinstein Professional Corporation, in the amount of Cdn\$715,777 (the "**Dynex Break Fee**"). The Dynex Break Fee will be paid to Dynex if the proposed transaction does not close by reason of the Company refusing to proceed, save where (i) such failure to proceed is due to a force majeure event or by reason of Dynex, both of which exempting circumstances are defined in greater detail in the letter of intent; or (ii) the Company decides after conducting its due diligence that the Price of Cdn\$0.55 per Share is too high, because it is not within the current range of market multiples that an investment bank experienced in Canadian merger and acquisition transactions would normally apply to the annual revenue, EBITDA and pre-tax profits in establishing the enterprise value of a company.

A break fee of 5.0% of the aggregate Price for 80% of the Shares (or 100% if the Company has provided prior written notice of its intention to proceed with 100%) will be payable to the Company by Dynex if (i) Dynex closes an offer from another party to acquire Dynex during the exclusivity period, (ii) Dynex refuses to execute a mutually agreed support agreement, or (iii) Dynex otherwise fails to proceed with closing after the execution of the support agreement.

In addition, the Company has obtained from Messrs. David Banks and Daniel Owen, who collectively own approximately 40.95% of Dynex's outstanding Shares, irrevocable lock-up undertakings to vote their shares in favour of the proposed transaction and (depending on the transaction structure) tender their shares to the transaction at the Price (the "**Lock-Up Undertakings**"). The Company's purpose in obtaining these Lock-Up Undertakings is to seek to ensure a successful transaction. The Lock-Up Undertakings would be superseded by replacement irrevocable lock-up agreements to be entered into contemporaneously with the execution of the definitive agreement once the form of the transaction is determined.

A separate and potentially additional break fee of 2.5% of the aggregate Price for 80% of the Shares (or 100% if the Company has provided prior written notice of its intention to proceed with 100%) shall be immediately payable by Dynex to the Company upon either of David Banks or Daniel Owen (a) refusing to execute and deliver the related replacement irrevocable lock-up agreements concurrently with the definitive support agreement between Dynex and the Company; (b) materially breaches his Lock-Up Undertakings; or (c) otherwise fails to proceed with closing.

**The Board reiterates that there can be no assurance that any definitive agreement will be entered into, that any proposed acquisition will be accepted or approved by the shareholders of Dynex or that any transaction will be completed as a result of the execution of the letter of intent. Shareholders and potential investors in the Company are therefore advised to exercise caution in dealing in the shares of the Company**

Save as disclosed herein, the Board is not aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

By order of the Board  
**Ding Rongjun**  
*Chairman*

Zhuzhou, China, 31 March 2008

As at the date of this announcement, our chairman of the Board and executive Director is Ding Rongjun, our other executive Director is Lu Penghu, our non-executive Directors are Liao Bin, Song Yali and Ma Yunkun, and our independent non-executive Directors are Zhou Heliang, Gao Yucai, Chan Kam Wing, Clement, Pao Ping Wing and Tan Xiao'ao.