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## CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement (the “**Announcement**”) of Zhuzhou CSR Times Electric Co., Ltd. (the “**Company**”) dated 31 August 2008 relating to the execution of the Arrangement Agreement by the Company and Dynex Power Inc. (“**Dynex**”) on 29 August 2008.

Paragraph 1.4 of the Announcement provides that:

“The Consideration was arrived at after arm’s length negotiations between the Company and Dynex, taking into account the prospective financial performance of Dynex by reference to its estimated price-over-earning ratio for year 2008 and its Rate of Return on Common Stockholders’ Equity (ROE) for the next 3 to 5 years. The Company also took into account the knowledge and know-how of Dynex in the area of high power semiconductors, which constitutes intangible assets not shown in Dynex’s financial reports that is nevertheless of value to the Company. The Consideration shall be paid in cash on the Effective Date.”

The board of directors of the Company would like to clarify that the key and decisive factor relevant to the determination of the Consideration is the knowledge and know-how of Dynex in the area of high power semiconductors. While the prospective financial performance of Dynex (by reference to its estimated price-over-earning ratio for year 2008 and its Rate of Return on Common Stockholders’ Equity (ROE) for the next 3 to 5 years) was considered by the Company, it did not amount to a significant factor in arriving at the Consideration.

Save for the above correction, the contents of the Announcement remain the same.

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

Zhuzhou, China, 19 September 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 Song Yali, Liao Bin and Ma Yunkun, and our independent non-executive Directors are Gao Yucai, Chan Kam Wing, Clement, Pao Ping Wing, Tan Xiao’ao and Liu Chunru.*