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

DISCLOSEABLE TRANSACTION ACQUISITION OF DYNEX POWER INC.

On 29 August 2008, the Company entered into the Arrangement Agreement with Dynex in respect of the proposed Acquisition of 75% of the outstanding Common Shares of Dynex at the cash consideration of Cdn\$0.55 per Common Share from the Holders. The obligations of the Company and Dynex to consummate the transaction contemplated under the Arrangement Agreement are subject to the satisfaction (or waiver by the appropriate party) of the conditions precedent stipulated in the Arrangement Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Dynex and all Holders and their respective ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

As the relevant percentage ratios for the Acquisition is more than 5% but less than 25% under Rule 14.06(2) of the Listing Rules, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing further details of the Acquisition will be dispatched to the Company shareholders as soon as practicable.

1. ACQUISITION OF DYNEX POWER INC.

1.1 The Acquisition

The Board is pleased to announce that the Company has on 29 August 2008 entered into an arrangement agreement ("**Arrangement Agreement**") with Dynex Power Inc. ("**Dynex**") in respect of the proposed acquisition ("**Acquisition**") of 75% of the outstanding Common Shares of Dynex at the cash consideration ("**Consideration**") of Cdn\$0.55 per Common Share from the Holders.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Dynex and all Holders and their respective ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

1.2 The Arrangement under Canadian Law

The Acquisition will proceed by way of an arrangement (“**Arrangement**”) under Section 192 of the Canadian Business Corporations Act. The terms of the Arrangement are set out in the Arrangement Agreement and the Plan of Arrangement (both of which are described in further detail below). To effect the Arrangement, Dynex agrees under the Arrangement Agreement to:

- (i) as soon as practicable after the execution of the Arrangement Agreement, apply to the Ontario Superior Court of Justice for an interim order (“**Interim Order**”) giving directions on: the calling of a meeting of the Holders (“**Dynex Shareholders’ Meeting**”) to approve the Arrangement; the conduct of the Dynex Shareholders’ Meeting; and the level of approval (specified as two-third or 66.67% of the shareholders entitled to vote) by which the Holders must approve the Arrangement at the Dynex Shareholders’ Meeting in order for it to take effect; and
- (ii) (assuming the required level of approval is obtained from the Holders at the Dynex Shareholders’ Meeting) as soon as practicable after the Dynex Shareholders’ Meeting, proceed with and diligently pursue an application to the Ontario Superior Court of Justice for its final order (“**Final Order**”) approving the Arrangement.

1.3 Arrangement Agreement and Plan of Arrangement

The Arrangement Agreement sets out, *inter alias*, the respective representations and warranties of the Company and Dynex; and the conditions precedent to the obligations of the Company and Dynex to effect the Arrangement (some of which are set out under Section 1.5 below).

The Plan of Arrangement is appended to the Arrangement Agreement as “Exhibit B”, and sets out, *inter alias*, the procedures by which Holders may elect to transfer their shares to the Company in connection with the Arrangement; the method by which the number of shares tendered shall be pro-rated or adjusted upwards or downwards (as the case may be) in the event it exceeds or fails to reach 75% of the outstanding Common Shares of Dynex; and the treatment of the Optionholders, who may elect to exercise all or part of their Options and to tender the Common Shares issued upon such exercise to the Company in connection with the Arrangement.

1.4 Assets to be Acquired and Consideration

Subject to the terms and conditions of the Arrangement Agreement, the Company intends to acquire 75% of the outstanding Common Shares of Dynex at the Consideration of Cdn\$0.55 per share. As the total number of Common Shares and Options outstanding as at the date of this Announcement is 39,748,782 and 790,472 respectively, the aggregate consideration for the Acquisition will total at Cdn\$16,722,442.¹

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 table below sets out the recent price of the Common Shares in comparison with the Consideration:

Date (USA Eastern Time)	Dynex's Latest Share Price (Cdn\$)	Consideration (Cdn\$)	Premium of Consideration over Dynex's Latest Share Price (%)
2008/8/26	0.420	0.55	30.95
2008/8/25	0.420	0.55	30.95
2008/8/22	0.430	0.55	27.91
2008/8/21	0.440	0.55	25.00
2008/8/20	0.425	0.55	29.41
2008/8/19	0.470	0.55	17.02
2008/8/18	0.480	0.55	14.58
2008/8/15	0.470	0.55	17.02
2008/8/14	0.460	0.55	19.57
2008/8/13	0.450	0.55	22.22
2008/8/12	0.480	0.55	14.58
2008/8/11	0.470	0.55	17.02
2008/8/08	0.425	0.55	29.41
2008/8/07	0.410	0.55	34.15
2008/8/06	0.380	0.55	44.74
2008/8/05	0.380	0.55	44.74
2008/8/04	0.400	0.55	37.50

There is no provision under the listing rules of the TSX-V or Canadian law which would require the Company to acquire more than 75% of the Common Shares.

¹ This figure is arrived at on the assumption that all Options will be exercised and converted into Common Shares on or prior to the closing of the Acquisition.

1.5 Conditions Precedent to the Arrangement

The consummation of the Arrangement is conditional upon the conditions precedent set out in the Arrangement Agreement, which includes (but are not limited to) the following:

- (i) The Arrangement shall have been duly approved by at least 66.67% or two-third of the Holders present in person or by proxy at the Dynex Shareholders' Meeting;
- (ii) The Interim Order and Final Order shall each have been obtained in a form and on terms reasonably satisfactory to each of the Company and Dynex;
- (iii) After giving effect to the Arrangement and as of the closing date of the Acquisition, Dynex shall be eligible to maintain its status as a publicly-listed company on the TSX-V, and Dynex shall not have received any notice or be aware of any circumstance that would result in its delisting from the TSX-V;
- (iv) Each of the Company and Dynex shall have obtained all necessary regulatory approvals for the consummation of the Arrangement, on terms which will not have a material adverse effect on either the Company or Dynex;
- (v) The Support Agreement (as described in further detail under paragraph 1.6 below) ("**Support Agreement**") shall be in full force and effect; and
- (vi) There has not been a material breach of either the Company's or Dynex's representations, warranties and covenants under the Arrangement Agreement.

1.6 Support Agreement

Messrs. David Banks and Daniel Owen, who collectively own approximately 42% of Dynex's outstanding Common Shares as at the date of this announcement, have on the execution date of the Arrangement Agreement each entered into a support agreement ("**Support Agreement**"), under which they undertake irrevocably to vote their shares in favour of the Arrangement. The Company's purpose in obtaining such undertakings is to increase the chances of a successful Acquisition.

2. INFORMATION ON DYNEX

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, aircraft, electric vehicles, industrial automation and controls. Dynex is listed on the TSX-V.

The following are the consolidated audited results of Dynex for the financial years ended 31 December 2007 and 2006, and the book value of Dynex's total and net assets as at 31 December 2007 and 2006:

	Year ended 31 December 2007 (Cdn\$)	Year ended 31 December 2006 (Cdn\$)
Net profit for the year (<i>before</i> tax and extraordinary items)	2,171,503	(273,449)
Net profit for the year (<i>after</i> tax and extraordinary items)	2,171,503	(273,449)
	At 31 December 2007 (Cdn\$)	At 31 December 2006 (Cdn\$)
Book value of total assets	15,086,835	13,652,026
Book value of total liabilities	13,444,450	14,424,614
Book value of net assets	1,642,385	(772,588)

3. INFORMATION ON THE COMPANY

The Company is a joint stock limited company incorporated in Hunan, the PRC. The Company's H Shares were listed and traded on the Main Board of the Stock Exchange on 20 December 2006.

The Group is the leading train-borne electrical system provider and integrator for the PRC railway industry. The Group possesses comprehensive capabilities in research and development, design, manufacture, sales and customer service.

The Group is also engaged in developing, manufacturing and selling train power converts, auxiliary power supply equipment and control system for trains for urban rails systems.

In addition, the Group designs, manufactures and sells electrical components for the PRC railway industry, the urban railway industry and non-railway applications. The Group's electrical component products include power semiconductor devices, sensors and related products.

4. REASONS FOR THE ACQUISITION

The development and production of semiconductor devices is integral to the Company's business. In view that Dynex is a global supplier of products and services specialising in the field of power semiconductors and integrated circuit products, the Board considers the Acquisition will provide an opportunity for the Company to:

- enlarge its business network;
- enhance its market position and competitiveness;
- optimize its customer base;
- further expand into overseas markets; and
- realize operational synergies, including in the area of technological research and development

The Board is of the view that the Acquisition would be in line with the Company's long-term business strategies. The Board believes the terms of the Acquisition are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

5. IMPLICATIONS UNDER THE LISTING RULES

As the relevant percentage ratios involved in the Acquisition under Chapter 14 of the Listing Rules exceed 5% but are less than 25%, the entering into of the Arrangement Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing, amongst others, details of the Acquisition will be dispatched to the shareholders of the Company as soon as practicable.

6. DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context otherwise requires:

“Board”	the board of Directors of the Company
“Cdn\$”	the lawful currency of Canada
“Common Shares”	the common equity shares of Dynex
“Company”	Zhuzhou CSR Times Electric Co., Ltd, a company incorporated in the PRC with limited liability, the issued shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company as at the date of this announcement
“Effective Date”	the date upon which all of the conditions precedent to the consummation of the Arrangement (as set out under the Arrangement Agreement) have been duly waived or satisfied and all documents agreed to be delivered thereunder have been duly delivered (or such other date as the Company and Dynex may agree)
“Group”	the Company and its subsidiaries
“Holders”	The registered holders of Common Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Options”	the options to purchase Common Shares under any stock option plans or other equity-related plans of Dynex
“Optionholders”	the holders of the Options

