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ANNOUNCEMENT

(1) PRICE-SENSITIVE INFORMATION JOINT VENTURE AGREEMENT WITH CHINA RAILWAY AND CHINA RAILWAY BUS FOR ESTABLISHMENT OF A JOINT VENTURE COMPANY

(2) CHANGE IN USE OF PROCEEDS

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

The Board is pleased to announce that, on 25 March 2009, the Company entered into the Agreement with China Railway and China Railway Bus for the formation of the JV Company in Baoji City of Shanxi Province of the PRC to engage in the manufacture, sales, maintenance, after-sales service, research and development of railway and urban rail work machines and vehicles.

The JV Company is intended to be established in the form of a limited liability company in the PRC with a registered capital of RMB100,000,000, among which the Company shall contribute RMB60,000,000 by way of cash and China Railway Bus shall contribute RMB40,000,000 partly by way of cash and partly by way of injection of assets. Upon establishment, the JV Company will be held as to 60% by the Company and 40% by China Railway Bus. The JV Company will become a non-wholly owned subsidiary of the Company.

The Company intends to use the net proceeds from the Global Offering to finance its contribution to the registered capital of the JV Company. As such, the Board considers it necessary to reallocate part of such net proceeds initially designated to be used as working capital to facilitate the establishment of the JV Company.

The establishment of the JV Company is subject to the approval of the relevant PRC government authorities which may or may not be obtained. As such, shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company.

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 JOINT VENTURE

The board (the “**Board**”) of directors (the “**Directors**”) of Zhuzhou CSR Times Electric Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that, on 25 March 2009, the Company entered into a joint venture agreement (the “**Agreement**”) with China Railway Group Limited (“**China Railway**”) and China Railway Bus Co., Ltd. (“**China Railway Bus**”) ,for the establishment of BaoJi CSR Times Engineering Machinery Co. Ltd. (subject to the final approval of the relevant departments of the State Administration for Industry and Commerce) (the “**JV Company**”) as a joint venture company in Baoji City of Shanxi Province of the People’s Republic of China (the “**PRC**”) to engage in the manufacture, sales, maintenance, after-sales service, research and development of railway and urban rail work machines and vehicles (subject to the approval of the relevant departments of the State Administration for Industry and Commerce).

REGISTERED CAPITAL CONTRIBUTIONS

The JV Company is intended to be established in the form of a limited liability company in the PRC with a registered capital of RMB100,000,000, among which the Company shall contribute RMB60,000,000 by way of cash to be funded by the net proceeds from the Global Offering as disclosed below and China Railway Bus shall contribute RMB40,000,000 partly by way of cash and partly by way of injection of assets.

The registered capital of the JV Company shall be contributed by two installments. The initial contribution by the Company and China Railway Bus shall be 20% of the registered capital and shall be made upon registration of the JV Company. Accordingly, the Company and China Railway Bus shall contribute RMB12,000,000 and RMB8,000,000 respectively by way of cash as initial contribution in proportion to their respective percentage of equity interest held in the JV Company. The remainder of the registered capital shall be contributed by the Company and China Railway Bus by 31 March 2010.

Upon establishment, the JV Company will be held as to 60% by the Company and 40% by China Railway Bus. The JV Company will become a non-wholly owned subsidiary of the Company. The Company shall have an option to purchase the equity interests held by China Railway Bus within five years from the establishment of the JV Company.

COMPOSITION OF THE JV BOARD

The board of directors of the JV Company (the “**JV Board**”) shall comprise seven directors, among which four directors shall be recommended by the Company and the remaining three directors shall be recommended by China Railway Bus. The chairman of the JV Board and the general manager of the JV Company shall be nominated by the Company and appointed by the JV Board.

INFORMATION ON THE COMPANY AND CHINA RAILWAY BUS

The Group is a leading train-borne electrical system provider and integrator for the PRC railway industry engaging in the development, manufacture and sales of train power converters, auxiliary power supply equipment and control systems for trains for urban rail systems. In addition, the Group designs, manufactures and sells electrical components including power semiconductor devices, sensors and related products.

China Railway Bus is principally engaged in the manufacture of railway equipment. China Railway Bus is a wholly-owned subsidiary of China Railway, the H shares and A shares of China Railway are listed on the Main Board of the Stock Exchange and the Shanghai Stock Exchange respectively.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, prior to the establishment of the JV Company, China Railway Bus, China Railway and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

CHANGE IN USE OF PROCEEDS

The Company intends to use the net proceeds from the global offering of shares of the Company as more particularly set out in the Company’s prospectus dated 8 December 2006 (the “**Global Offering**”) to finance its contribution to the registered capital of the JV Company. As such, the Board considers it necessary to reallocate part of such net proceeds initially designated to be used as working capital to facilitate the establishment of the JV Company. The Board is of the view that the aforesaid reallocation of net proceeds is in the best interests of the Company and its shareholders as a whole.

GENERAL

The establishment of the JV Company is subject to the approval of the relevant PRC government authorities which may or may not be obtained. As such, shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company.

By order of the Board
Ding Rongjun
Chairman

Zhuzhou, China, 25 March 2009

As at the date of this notice 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.