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中国南车

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)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus (“**Prospectus**”) of Zhuzhou CSR Times Electric Co., Ltd. (“**Company**”, together with its subsidiaries, the “**Group**”) dated 8 December 2006 in relation to the global offering of the shares of the Company (“**Global Offering**”), the announcements of the Company dated 16 September 2008 (“**2008 Announcement**”), 25 March 2009 (“**2009 Announcement**”) and 25 October 2010 (“**2010 Announcement**”) respectively, and the announcement on interim results for the six months ended 30 June 2010 dated 10 August 2010 (“**2010 Interim Results Announcement**”).

USE OF PROCEEDS

The net proceeds from the Global Offering after deducting share issuing expenses amounted to RMB2,109,852,000 (“**Net Proceeds**”). As disclosed in the 2010 Interim Results Announcement, as at 30 June 2010, approximately RMB1,856.2 million of the Net Proceeds had been used and applied to those intended uses as disclosed in the Prospectus, the 2008 Announcement and the 2009 Announcement. As disclosed in 2010 Announcement, a further RMB 100 million had been used and applied to contribution to the increased registered capital of Baoji CSR Times Engineering Machinery Co., Ltd.

As at 30 November 2010, approximately RMB132 million of the Net Proceeds remained unutilized (“**Unutilised Proceeds**”).

CHANGE IN USE OF PROCEEDS

The Company intends to use the Unutilised Proceeds to finance its investments in train power converters, auxiliary power supply equipment and control system and investments in large size power semi-conductor devices and for our working capital and other general corporate purpose. The board of directors of the Company (the “**Board**”) is of the view that such re-allocation of the Unutilised Proceeds will increase the Company’s flexibility in its financial management, and is in the interests of the Company and its shareholders as a whole.

By order of the Board
Ding Rongjun
Chairman

Zhuzhou, China, 7 December 2010

As at the date of this announcement, our chairman of the Board and executive director is Ding Rongjun, our other executive director is Li Donglin, our non-executive directors are Deng Huijin, Lu Penghu 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.