

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



株洲南车时代电气股份有限公司

中国南车 ZHUZHOU CSR TIMES ELECTRIC CO., LTD.

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

(Stock Code: 3898)

ANNOUNCEMENT

FURTHER INFORMATION ON THE PAYMENT OF 2010 FINAL DIVIDEND

Reference is made to the announcement of Zhuzhou CSR Times Electric Co., Ltd. (the “**Company**”) dated 10 June 2011 (the “**Announcement**”) in respect of, among other things, the payment of the final dividend for the year ended 31 December 2010 (the “**2010 Final Dividend**”). The board of directors of the Company (the “**Board**”) wishes to clarify certain information in relation to the payment of the 2010 Final Dividend as follows.

Due to the recent change of PRC tax regulations, the Circular on the Questions Concerning Tax on the Profits Earned by Enterprises with Foreign Investment, Foreign Enterprises and Individual Foreigners from the Transfer of Stocks (Stock Rights) and on Dividend (Guo Shui Fa [1993] No. 45) (《關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得稅收問題的通知》(國稅發[1993] 45號)) issued by the State Administration of Taxation, where individual foreigners who were the holders of H shares were temporarily exempted from PRC individual income tax for the dividend (bonus) paid by domestic enterprises which issued such H shares, was recently repealed under the Announcement on the List of Fully and Partially Invalid and Repealed Tax Regulatory Documents (《關於公布全文失效廢止、部份條款失效廢止的稅收規範性文件目錄的公告》) issued by the State Administration of Taxation on 4 January 2011 (the “**2011 Announcement**”).

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Tentative Measures on Withholding and Payment of Individual Income Tax (《個人所得稅代扣代繳暫行辦法》) and other relevant laws and regulations, the individual foreigners who are the holders of H shares shall pay individual income tax at a tax rate of 20% upon their receipt of distribution of dividend from domestic enterprises which issued such H shares, which shall be withheld and paid by such domestic enterprises on behalf of the such individual H

shareholders. Such individual H shareholders may, however, enjoy applicable preferential treatment (if any) in accordance with the relevant provisions of applicable tax agreements (arrangements), provided that relevant PRC tax authorities confirm the same based on the information provided by such individual H shareholders.

In view of the above possible change of PRC tax regulations, some H-share listed companies have announced about further information on the payment of dividend that they would temporarily withhold 20% of such dividend to be distributed to the individual H shareholders, pending the confirmation of the relevant PRC tax authorities on the appropriate treatment for this.

However, the Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax (《財政部國家稅務總局關於個人所得稅若干政策問題的通知》 dated 13 May 1994 (the “**1994 Notice**”) grants exemption to foreign individuals from PRC individual income tax on dividend from foreign-invested enterprises. Since the Company has been changed to a “foreign-invested enterprise” after its listing which has been approved by the relevant PRC industry and commerce and tax authorities, the individual shareholders who hold the Company’s H shares and whose names appear on the register of members of H shares of the Company (the “**Individual H Shareholders**”) are not required to pay PRC individual income tax when the Company distributes the 2010 Final Dividend based on the 1994 Notice. Therefore, the Company will not withhold any amount of the 2010 Final Dividend to be distributed the Individual H Shareholders to pay the PRC individual income tax as required under the 2011 Announcement. The Company expects to distribute the 2010 Final Dividend to its shareholders on or around 10 July 2011.

Shareholders are recommended to consult their taxation advisors for advice on the PRC, Hong Kong and other tax effects with respect to the holding and disposing of H shares of the Company.

By order of the Board
Ding Rongjun
Chairman

Zhuzhou, China, 23 June 2011

As at the date of this announcement, our chairman of the Board and executive Director is Ding Rongjun, our vice chairman of the Board and non-executive Director is Deng Huijin, our other executive Director is Li Donglin, our other non-executive Directors are Yan Wu and Ma Yunkun, and our independent non-executive Directors are Gao Yucai, Chan Kam Wing, Clement, Pao Ping Wing and Liu Chunru.