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**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)**

## **ANNOUNCEMENT ON QUARTERLY REVIEW ON CONTINUING CONNECTED TRANSACTIONS**

The Company and CSRG entered into a mutual supply framework agreement on 28 April 2008 and supplemental agreements thereto on 14 April 2009 and 25 March 2011 for the mutual supply of certain products, facilities, technical and after-sales services between the Group and the CSRG Group, details of which were set out in the Announcement and the Circular.

CSRG is a connected person of the Company and the aforesaid mutual supply transactions between the Group and the CSRG Group constitute continuing connected transactions of the Company under the Listing Rules. In order to protect the interests of the Company's independent shareholders, the Company has adopted a series of corporate governance measures including, but not limited to, the review by the independent non-executive directors of the Company on a quarterly basis of the terms of such mutual supply transactions and the disclosure of their view in respect of such transactions to the Company's shareholders by way of an announcement.

The independent non-executive directors of the Company considered that, for the second quarter ended 30 June 2012, the relevant transactions were entered into in the ordinary and usual course of business of the Group; were on normal commercial terms which were fair and reasonable insofar as the interests of the Company and its shareholders as a whole are concerned; were conducted in accordance with the Group's pricing policies and the terms of the relevant agreements governing such transactions; and were within the annual cap amounts of 2012 set out in the Circular.

Reference is made to the announcement dated 25 March 2011 (the “**Announcement**”) and the circular dated 18 April 2011 (the “**Circular**”) issued by Zhuzhou CSR Times Electric Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”).

The Company and CSR Group (formerly known as China Southern Locomotive & Rolling Stock Industry (Group) Corporation) (“**CSRG**”, together with its subsidiaries but excluding the Group, the “**CSRG Group**”) entered into a mutual supply framework agreement on 28 April 2008 and supplemental agreements thereto on 14 April 2009 and 25 March 2011 for the mutual supply of certain products, facilities, technical and after-sales services between the Group and the CSRG Group for a term of five years from 1 January 2009 and ending on 31 December 2013. Details of such mutual supply transactions were set out in the Announcement and the Circular.

CSRG is a connected person of the Company and the aforesaid mutual supply transactions between the Group and the CSRG Group constitute continuing connected transactions of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), and are subject to the reporting, announcement and independent shareholders’ approval requirements set out in Rules 14A.45 to 14A.48 of the Listing Rules. The relevant independent shareholders’ approval was obtained by the Company at its extraordinary general meeting held on 10 June 2011.

In order to protect the interests of the Company’s independent shareholders, the Company has adopted a series of corporate governance measures including, but not limited to, the review by the independent non-executive directors of the Company on a quarterly basis of the terms of the aforesaid mutual supply transactions and the disclosure of their view in respect of such transactions to the Company’s shareholders by way of an announcement.

The independent non-executive directors of the Company considered that, for the second quarter ended 30 June 2012, the relevant transactions:

- (1) were entered into in the ordinary and usual course of business of the Group;
- (2) were on normal commercial terms which were fair and reasonable insofar as the interests of the Company and its shareholders as a whole are concerned;
- (3) were conducted in accordance with the Group’s pricing policies and the terms of the relevant agreements governing such transactions; and

(4) were within the annual cap amounts of 2012 set out in the Circular.

By order of the board of directors of  
**Zhuzhou CSR Times Electric Co., Ltd.**  
**Ding Rongjun**  
*Chairman*

Zhuzhou, China, 9 August 2012

*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 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.*