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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)

PLACING OF NEW H SHARES UNDER GENERAL MANDATE

GLOBAL COORDINATOR, BOOKRUNNER AND PLACING AGENT

**Goldman
Sachs**

PLACING OF NEW H SHARES

The Board is pleased to announce that on 20 October 2013, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company agreed to allot and issue the Placing Shares, and the Placing Agent agreed, as agent of the Company, to procure Placees on a best efforts basis to purchase the Placing Shares at the Placing Price and on the terms and subject to the conditions set out in the Placing Agreement. The Placing Agent shall not be obliged to purchase itself any of the Placing Shares, for which no Placees to purchase such Shares are procured by the Placing Agent. The Placing Shares will be allotted and issued pursuant to the General Mandate, and will be allocated to not less than six nor more than ten Placees.

The Company has received the CSRC Approval and the SASAC Approval.

On the assumption that all Placing Shares are fully placed, the aggregate gross proceeds from the Placing are expected to be approximately HK\$2,280,525,000 and the aggregate net proceeds (after deduction of the commissions and estimated expenses) from the Placing are expected to be approximately HK\$2,263,304,860. The net proceeds from the Placing are intended to be used to procure raw materials and machinery equipment in accordance with the Company's development strategy and for general corporate purposes. The maximum number of 91,221,000 H Shares to be placed under the Placing Agreement represents approximately 20% of the existing number of H Shares in issue, being 456,108,400 H Shares as at the date of this announcement and approximately 16.66% of the number of H Shares as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be RMB91,221,000.

The Placing is conditional upon the satisfaction or waiver by the Placing Agent of the conditions set out below under the heading "Conditions" on or before the fifth Business Day following the date of the Placing Agreement (or any other date as may be agreed between the Company and the Placing Agent).

The Placing Agreement is subject to termination in certain events as set out below under the heading "Termination".

As Completion is subject to the satisfaction of certain conditions precedent, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the H Shares.

PLACING OF NEW H SHARES

The Board is pleased to announce that the Company has received the CSRC Approval and SASAC Approval, and that on 20 October 2013, the Company and the Placing Agent entered into the Placing Agreement. The principal terms of the Placing Agreement are set out below.

THE PLACING AGREEMENT

Date

20 October 2013

Parties

- (1) The Company; and
- (2) The Placing Agent.

Placing Shares

Up to 91,221,000 new H Shares of RMB1.00 each in the registered capital of the Company will be allotted and issued by the Company pursuant to the terms and subject to the conditions set out in the Placing Agreement.

The maximum number of 91,221,000 new H Shares represents approximately 20% of the existing number of H Shares in issue, being 456,108,400 H Shares as at the date of this announcement and approximately 16.66% of the number of H Shares as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be RMB91,221,000.

The Placing

The Company agreed to allot and issue the Placing Shares, and the Placing Agent agreed as agent of the Company, to procure Placees on a best efforts basis to purchase the Placing Shares at the Placing Price and on the terms and subject to the conditions set out in the Placing Agreement. The Placing Agent shall not be obliged to purchase itself any of the Placing Shares, for which no Placees to purchase such Shares are procured by the Placing Agent.

The Placing Shares will be allotted and issued pursuant to the General Mandate, and will be allocated to not less than six nor more than ten Placees.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are not connected persons of the Company and its connected persons.

The Placees

The Placing Shares will be placed to not less than six nor more than ten Placees who are independent professional, institutional and other investors who and whose ultimate beneficial owners are not connected with the Company, connected persons of the Company and any of the Directors, chief executive or substantial Shareholder(s) of the Company or any of its subsidiaries or their respective associates. It is expected that none of the Placees will become a substantial Shareholder of the Company immediately after Completion.

Placing Price

The Placing Price of HK\$25.00 per Placing Share (exclusive of brokerage (if any), Stock Exchange trading fees and SFC transaction levy) represents:

- (a) a discount of approximately 8.76% to the closing price of HK\$27.40 per H Share as quoted on the Stock Exchange on 18 October 2013 being the last trading day before the publication of this announcement;
- (b) a discount of approximately 5.91% to the average closing price of the H Shares of HK\$26.57 per H Share quoted on the Stock Exchange for the last five trading days up to and including 18 October 2013;
- (c) a discount of approximately 3.40% to the average closing price of HK\$25.88 per H Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including 18 October 2013.

The Placing Price has been negotiated and arrived at on an arms length basis and by reference to the market conditions. The Directors are of the opinion that the Placing Price is fair and reasonable and is in the best interests of the Company.

The net Placing Price (after deduction of the commissions and expenses relating to the Placing) is approximately HK\$24.81 per Placing Share.

Ranking of the Placing Shares

The Placing Shares will rank pari passu in all respects with the existing issued H Shares as at the date of Completion, including the right to rank in full for all distributions declared, paid or made by the Company on or after the date of Completion.

Company's undertakings

The Company has undertaken to the Placing Agent, among other things, that (except for the issue of the Placing Shares pursuant to the Placing Agreement) for the period from the date of the Placing Agreement to the date being 90 days after the date of Completion, it will not, and will procure that none of its nominees, companies controlled by it, trusts associated with it and any other affiliates other than the Company's holding company (whether individually or together and whether directly or indirectly) will, or will cause any other person to (without the prior written consent of the Placing Agent):

- (a) offer, accept subscription for, lend, pledge, allot, issue or contract to allot, issue, grant or contract to grant any option, right or warrant to subscribe (either

conditionally or unconditionally, or directly or indirectly, or otherwise) or repurchase any Shares or any interests therein or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests, or

- (b) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (a) above;
- (c) enter into any swap or similar agreement or transaction that transfers, in whole or in part, the economic risk of ownership of such Shares, whether pursuant to any such transaction described in (a) or (b) above, is to be settled by delivery of Shares or such other securities, in cash or otherwise; or
- (d) announce any intention to enter into or effect any such transaction described in (a), (b) or (c) above.

Conditions

The placing of the Placing Shares is conditional upon, among other things, the satisfaction of the following conditions on or before the date of Completion (or any other date as may be agreed between the Company and the Placing Agent):

- (a) the CSRC Approval and SASAC Approval being in full force and effect and have not been revoked, varied or otherwise withdrawn, and all other approvals and consents required by the Company in connection with the Placing having been obtained from the relevant regulatory authorities and such approvals and consents being in full force and effect;
- (b) the Listing Approval having been obtained and not subsequently revoked;
- (c) the Placing Agent having received certain legal opinions under the Placing Agreement in form and substance reasonably satisfactory to the Placing Agent; and
- (d) any trading halt of the H Shares on the Stock Exchange, if implemented or requested, on the launch of the Placing being lifted by the Stock Exchange with the permission of the SFC, if applicable, by not later than 9:30 a.m. on the date which is two Business Days following the date of the Placing Agreement, and no subsequent suspension or halt of trading of the H Shares on the Stock Exchange having been implemented or requested, whether by the Company, the Stock Exchange, the SFC or the CSRC at any time prior to Completion.

The Placing Agent may, at any time in its absolute discretion, waive any or all of the conditions or extend the deadline for the fulfilment of such conditions by such number of days or in such manner as it may in its absolute discretion determine.

Termination

The Placing Agent shall have the right, exercisable at any time by notice in writing to the Company, to terminate the Placing Agreement if any of the Placing Shares are not delivered by the Company as provided in the Placing Agreement.

In addition, the Placing Agent at any time before 8:00 a.m. on the date of Completion be entitled to give notice to the Company to terminate the Placing Agreement with immediate effect in its absolute discretion, if:

- (A) there has occurred or come to the attention of the Placing Agent at any time prior to Completion:
 - (i) any breach of, or any event rendering untrue, inaccurate, misleading or breached in any respect, any of the representations, warranties or undertakings referred to in the Placing Agreement;
 - (ii) any event which occurs or any matter which arises which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations, warranties and undertakings untrue or inaccurate; or
 - (iii) any breach of, or failure to perform, any of the other obligations of the Company under the Placing Agreement which are required to be performed at or before Completion, which has such a material adverse effect as to make it, in the opinion of the Placing Agent, impracticable or inadvisable or inexpedient to proceed with the Placing;
- (B) there has developed, occurred or come into force or come to the attention of the Placing Agent at any time prior to Completion:
 - (i) any new law or regulation or any change in existing laws or regulations;
 - (ii) any change or prospective change in local, national or international financial, fiscal, industrial, regulatory, political, military, economic or market (including stock market) conditions or currency exchange rates or exchange controls in Hong Kong, the PRC, the United States, Canada, the United Kingdom, any other members of the European Union, Japan, Taiwan, Singapore or Australia (each a “**Relevant Jurisdiction**”);

- (iii) the commencement by any regulatory or political body or organisation of any action against the Company or any Director or an announcement by any regulatory or political body or organisation that it intends to take any such action;
- (iv) any outbreak or escalation of hostilities or any emergency or crisis involving any Relevant Jurisdiction, or the declaration by any Relevant Jurisdiction of a regional or national emergency or war (as the case may be);
- (v) any disruption or suspension of dealings (other than the suspension implemented or requested by the Company in relation to the Placing as contemplated by the Placing Agreement), or any cancellation of the listing of the H Shares, on the Stock Exchange; or
- (vi) any change or any development involving or likely to involve a prospective change in the management, business, properties, financial condition, prospects, shareholders' equity or results of operations of the Company,

which would, in the sole opinion of the Placing Agent, be likely (a) to prejudice materially the success of the Placing, (b) to make it impracticable or inadvisable or inexpedient to proceed with the Placing, sale or delivery of the Placing Shares on the terms and in the manner contemplated in the Placing Agreement, or (c) to affect the Placing Agent's ability to enforce the contracts for sale and/or Placing of the Placing Shares;

- (C) there has been imposed any moratorium on commercial banking activities by authorities of any Relevant Jurisdiction, or any moratorium, suspension or restriction or trading in shares or securities generally, or the establishment of minimum prices, on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to Completion; or
- (D) there has occurred a material disruption in securities settlement, payment or clearance services in any Relevant Jurisdiction.

Completion

Completion is expected to take place on a date which is no later than the fifth Business Day from the date of the Placing Agreement (or any other date as may be agreed between the Company and the Placing Agent), on which Completion shall take place pursuant to the Placing Agreement.

As Completion is subject to the satisfaction of certain conditions precedent, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the H Shares.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

The Placing Shares will be issued under the General Mandate. Under the General Mandate, up to 91,221,680 H Shares, representing 20% of the number of the H shares of the Company in issue as at 10 June 2013, being the date of the AGM, may be issued by the Company. As at 10 June 2013, the issued H Share capital of the Company was 456,108,400 H Shares. As at the date of this announcement, none of the H Shares have been issued under the General Mandate and the number of H Shares that may be issued under the General Mandate is 91,221,680 H Shares. Accordingly, the issue of the Placing Shares is not subject to any approval by the Shareholders.

REASONS FOR THE PLACING AND USE OF PROCEEDS FROM THE PLACING

On the assumption that all Placing Shares are fully placed, the aggregate gross proceeds from the Placing are expected to be approximately HK\$2,280,525,000 and the aggregate net proceeds from the Placing are expected to be approximately HK\$2,263,304,860. The net proceeds (after deduction of the commissions and estimated expenses) from the Placing are intended to be used to procure raw materials and machinery equipment in accordance with the Company's development strategy and for general corporate purposes. The Directors have considered different types of fund raising activities and consider that the Placing offers a good opportunity for the Company to raise additional capital in the most effective manner and will also provide an opportunity for the Company to broaden its shareholder base.

The Directors are of the opinion that the terms of the Placing Agreement, including but not limited to the Placing Price, are fair and reasonable and in the interests of the Company and its shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not carried out any equity fund raising activities during the twelve months immediately preceding the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing are set out below.

Name of Shareholder	Immediately before the Placing		Immediately after the Placing assuming all Placing Shares are placed	
	(Number of Shares)	% of total issued Shares	(Number of Shares)	% of total issued Shares
Domestic Shares				
CSR ZELRI	589,585,699	54.38	589,585,699	50.16
Qishuyan Works	9,380,769	0.87	9,380,769	0.80
CSR Investment & Leasing	9,380,769	0.87	9,380,769	0.80
CSR Zhuzhou	10,000,000	0.92	10,000,000	0.85
Kunming China Railway	9,800,000	0.90	9,800,000	0.83
Total Issued Domestic Shares	<u>628,147,237</u>	<u>57.94</u>	<u>628,147,237</u>	<u>53.44</u>
H SHARES				
Placees	—	—	91,221,000	7.76
Other public H Shareholders	<u>456,108,400</u>	<u>42.06</u>	<u>456,108,400</u>	<u>38.80</u>
Total Issued H Shares	<u>456,108,400</u>	<u>42.06</u>	<u>547,329,400</u>	<u>46.56</u>
TOTAL ISSUED SHARES	<u>1,084,255,637</u>	<u>100.00</u>	<u>1,175,476,637</u>	<u>100.00</u>

SASAC APPROVAL

In respect of the Placing, the Company has already obtained the SASAC Approval.

CSRC APPROVAL

In respect of the Placing, the Company has already obtained the CSRC Approval. According to the CSRC Approval, the Company may issue not more than 91,221,680 new H Shares.

LISTING APPROVAL

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange.

TERMS AND DEFINITIONS

Unless the context requires otherwise, the capitalised terms used herein shall have the following meanings:

“AGM”	the latest annual general meeting of the Company held on 10 June 2013
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays) on which banks generally are open for business in Hong Kong, New York and the PRC
“Company”	株洲南車時代電氣股份有限公司 (Zhuzhou CSR Times Electric Co., Ltd.), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Placing under the Placing Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CSR”	中國南車股份有限公司 (CSR Corporation Limited), a joint stock limited liability company incorporated in the PRC whose A shares and H shares are listed on the Shanghai Stock Exchange and the main board of the Stock Exchange, respectively
“CSR Investment & Leasing”	南車投資租賃有限公司 (CSR Investment & Leasing Co., Ltd.), one of the promoters of the Company and a wholly-owned subsidiary of CSR
“CSR Zhuzhou”	南車株洲電力機車有限公司 (CSR Zhuzhou Electric Locomotive Co., Ltd.), one of the promoters of the Company and a wholly-owned subsidiary of CSR

“CSRG”	中國南車集團公司 (CSR Group), the ultimate controlling shareholder of the Company and a PRC State-owned enterprise. CSRG is interested, directly and indirectly, in approximately 57.16% of the shares of CSR as at the date of this announcement
“CSR ZELRI”	南車株洲電力機車研究所有限公司 (CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.), a wholly-owned subsidiary of CSR, one of the promoters and also the controlling shareholder of the Company
“CSRC”	China Securities Regulatory Commission
“CSRC Approval”	the approval issued by the CSRC to the Company, approving the issue and allotment of up to 91,221,680 H Shares
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	ordinary share(s) of par value of RMB1.00 each in the registered capital of the Company, which are subscribed for and fully paid up in Renminbi by PRC incorporated entities
“General Mandate”	the general mandate granted at the AGM by the Shareholders to the Directors to allot and issue new Domestic Shares and H Shares not exceeding 20% of each of the Company’s Domestic Shares and H Shares in issue as at the date of the AGM
“Group”	the Company and its Subsidiaries
“H Share(s)”	ordinary share(s) of par value of RMB1.00 each in the registered capital of the Company, which are listed and traded on the Stock Exchange
“HK\$” or “\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Kunming China Railway”	昆明中鐵大型養路機械集團有限公司 (China Railway Large Maintenance Machinery Co., Ltd. Kunming), one of the promoters of the Company and a wholly-owned subsidiary of 中國鐵建股份有限公司 (China Railway Construction Corporation Limited)
“Listing Approval”	the approval to be granted by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Placees”	professional, institutional and other investors selected and procured by or on behalf of the Placing Agent to purchase the Placing Shares as contemplated by the Placing Agreement and may include the Placing Agent and/or its nominees
“Placing”	the placing by or on behalf of the Placing Agent and, where appropriate, the subscription as principal by the Placing Agent or its nominees, if any, of the Placing Shares on the terms and subject to the conditions referred to in the Placing Agreement
“Placing Agent”	Goldman Sachs (Asia) L.L.C.
“Placing Agreement”	the placing agreement dated 20 October 2013 entered into between the Company and the Placing Agent
“Placing Shares”	up to 91,221,000 H Shares to be issued by the Company pursuant to the terms and subject to the conditions set out in the Placing Agreement
“Placing Price”	HK\$25.00 per Placing Share
“PRC” or “China”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Qishuyan Works”	中國南車集團戚墅堰機車車輛廠 (CSR Qishuyan Locomotive & Rolling Stock Works), one of the promoters of the Company and a wholly-owned subsidiary of CSRG

“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council
“SASAC Approval”	the approval issued by SASAC to the Company in respect of the Placing
“SFC”	Securities and Futures Commission of Hong Kong
“Shares”	Domestic Share(s) and H Share(s)
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary” or “subsidiary”	has the meaning ascribed thereto in Chapter 1 of the Listing Rules
“substantial Shareholder”	has the meaning ascribed thereto in Chapter 1 of the Listing Rules
“%”	per cent.

By Order of the Board
Ding Rongjun
Chairman

Zhuzhou, China, 20 October 2013

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.