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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
PURSUANT TO RULE 13.09(1) OF THE LISTING RULES AND
THE INSIDE INFORMATION PROVISIONS
MEMORANDUM OF UNDERSTANDING
IN RELATION TO IGBT PRODUCTION LINE

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Zhuzhou CSR Times Electric Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that on 14 March 2014, the Company entered into a memorandum of understanding (the “**MOU**”) with 南車株洲電力機車研究所有限公 司 (CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.) (the “**Parent Company**”) in relation to the right of trial run and the right of first refusal (“**ROFR**”) for the leasing or purchase of the high power IGBT production line (the “**IGBT Production Line**”) for conducting high power IGBT-related businesses (“**IGBT Businesses**”).

As at the date of this announcement, the construction works of the IGBT Production Line at the expenses of, and on land belonging to the Parent Company have been substantially completed, pending acceptance (“**Project Acceptance**”).

In recent years, the Group has conducted IGBT Businesses. It is the mutual intention of the Company and the Parent Company to commence arms length negotiations on the sale of the IGBT Production Line to the Group upon completion of Project Acceptance of the IGBT Production Line. Prior to completion of transfer of the IGBT Production Line, the parties will commence arms length negotiations for the leasing of the IGBT Production Line to the Group.

On 14 March 2014, the Company and the Parent Company entered into the MOU in relation to the IGBT Production Line pursuant to which the Company has been granted (1) the right of trial run of the IGBT Production Line and (2) the ROFR for the leasing or purchase of the IGBT Production Line pending the parties' conclusion of a definitive agreement:

1. Right of Trial Run

Prior to completion of Project Acceptance of the IGBT Production Line, as a temporary arrangement, the Parent Company has authorised the Company to use the IGBT Production Line for trial run of IGBT Businesses for a period from the date of the MOU to (a) the date on which the lease of the IGBT Production Line to the Company becomes effective or (b) such other date as agreed by the parties in writing (whichever is earlier) (the "**Trial Run Period**"). The Company shall be responsible for its own costs and expenses arising from its usage of the IGBT Production Line for trial run of IGBT Businesses during the Trial Run Period.

2. ROFR for Lease

The Parent Company has agreed to grant to the Company the ROFR to enter into a lease of the IGBT Production Line subject to completion of Project Acceptance. It is intended that the lease of the IGBT Production Line will be for a term of three years commencing from the date of completion of Project Acceptance of the IGBT Production Line or a term commencing from the date of completion of Project Acceptance to the date of completion of the transfer of the IGBT Production Line or such other term as may be agreed by the parties (whichever is shorter). The rental will be determined with reference to fair valuation and in accordance with applicable laws, rules and regulations.

3. ROFR for Purchase

The Parent Company has agreed to grant to the Company the ROFR to enter into agreement to purchase the IGBT Production Line subject to completion of PRC Government Approvals. The consideration for the purchase will be determined with reference to fair valuation and in accordance with applicable laws, rules and regulations.

The MOU does not create any legally binding obligation on either party for the leasing or purchase of the IGBT Production Line and any such transaction between the Company and the Parent Company will be subject to arms length negotiation, entering into and completion of the definitive agreement and compliance with the applicable laws and regulations (including the Listing Rules).

The Parent Company is a company established under the laws of the People's Republic of China with limited liability and the controlling shareholder of the Company holding approximately 50.16% of the issued share capital of Company as at the date of this announcement and is therefore a connected person of the Company as defined under the Listing Rules.

The leasing of the IGBT Production Line, if it materialises, will constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules and the purchase of the IGBT Production Line, if it materialises, will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, and the Company will comply with the relevant requirements under the Listing Rules as and when appropriate.

As at the date of this announcement, no legally binding agreement in relation to the leasing or purchase of the IGBT Production Line has been entered into by the Company and the Parent Company. As the leasing or purchase of the IGBT Production Line may or may not materialise, shareholders of the Company and potential investors are advised to exercise caution when dealing in shares of the Company.

By order of the Board
Zhuzhou CSR Times Electric Co., Ltd.
Ding Rongjun
Chairman

Zhuzhou, China, 14 March 2014

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.