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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 12 August 2013 for the mutual supply of certain products, parts and components, technical services, after-sales services, management services and other related services, and related facilities for research and development, production and testing purposes between the Group and the CSRG Group for a term of three years from 1 January 2014 and ending on 31 December 2016, 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 third quarter ended 30 September 2014, 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 2014 set out in the Circular.

Reference is made to the announcement dated 12 August 2013 (the “**Announcement**”) and the circular dated 30 August 2013 (the “**Circular**”) issued by Zhuzhou CSR Times Electric Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”).

The Company and 中國南車集團公司 (CSR Group) (“**CSRG**”, together with its subsidiaries but excluding the Group, the “**CSRG Group**”) entered into a mutual supply framework agreement on 12 August 2013 for the mutual supply of certain products, parts and components, technical services, after-sales services, management services and other related services, and related facilities for research and development, production and testing purposes between the Group and the CSRG Group for a term of three years from 1 January 2014 and ending on 31 December 2016. 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 29 October 2013.

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 third quarter ended 30 September 2014, 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 2014 set out in the Circular.

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

**Ding Rongjun**  
*Chairman*

Zhuzhou, China, 18 December 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 executive director is Deng Huijin, our other executive directors are Li Donglin and Yan Wu, our non-executive director is Ma Yunkun, and our independent non-executive directors are Gao Yucai, Chan Kam Wing, Clement, Pao Ping Wing, and Liu Chunru.*