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If you have sold or transferred all your shares in ZHUZHOU CSR TIMES ELECTRIC CO., LTD., you should at once hand this circular together with the accompanying form of proxy and reply slip to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**PROPOSED INCREASE IN INVESTMENT CAP
AND
PROPOSED REVISION OF EMOLUMENT
OF NON-EXECUTIVE DIRECTOR
AND
GENERAL MANDATE TO ISSUE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting for year 2014 of Zhuzhou CSR Times Electric Co., Ltd. to be held at Conference Room, 2nd Floor, Grandall Building, 15 Yanggongdi, Hangzhou, China on Friday, 5 June 2015 at 9:30 a.m. is set out in Appendix to this circular. Whether or not you intend to attend the meeting, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible but in any event not less than 24 hours before the time fixed for holding the meeting or the adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or at any adjournment thereof if you so wish.

If you intend to attend the meeting in person or by proxy, you should also complete and return the accompanying reply slip in accordance with the instructions printed thereon on or before Saturday, 16 May 2015.

21 April 2015

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“AGM”	the annual general meeting for year 2014 of the Company to be held on Friday, 5 June 2015
“AGM Notice”	the notice of AGM set out in Appendix to this circular
“Articles”	the articles of association of the Company as amended from time to time
“Board”	the board of Directors
“Company”	Zhuzhou CSR Times Electric Co., Ltd., a joint stock company incorporated in the PRC with limited liability
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	domestic share(s) of RMB1.00 each in the share capital of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) of RMB1.00 each in the share capital of the Company which are listed on the Stock Exchange and traded in HKD
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	a general mandate which is exercisable by the Board to allot, issue and deal with additional Domestic Shares and/or H Shares not exceeding 20% of the Domestic Shares and the H Shares respectively in issue as at the date of passing of the relevant shareholders’ resolution
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this circular
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Share(s)”	Domestic Share(s) and/or H Share(s)
“Shareholder(s)”	the holder(s) of Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

This circular contains translation of HKD to RMB at the rate of HKD1 = RMB0.7919 for the purpose of illustration only. The translation shall not be taken as representation that any amounts in HKD or RMB could be converted at such rate or at any other rate.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Ding Rongjun (*Chairman*)
Mr. Deng Huijin (*Vice Chairman*)
Mr. Li Donglin
Mr. Yan Wu

Registered office:

Times Road
Shifeng District
Zhuzhou
Hunan Province
PRC 412001

Non-executive Director:

Mr. Ma Yunkun

*Principal place of business
in Hong Kong:*

Unit 1106, 11th Floor
Jubilee Centre
18 Fenwick Street
Wanchai
Hong Kong

Independent non-executive Directors:

Mr. Gao Yucai
Mr. Chan Kam Wing, Clement
Mr. Pao Ping Wing
Ms. Liu Chunru

21 April 2015

To the Shareholders

Dear Sir/Madam,

**PROPOSED INCREASE IN INVESTMENT CAP
AND
PROPOSED REVISION OF EMOLUMENT
OF NON-EXECUTIVE DIRECTOR
AND
GENERAL MANDATE TO ISSUE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to give you the notice of the AGM and to provide you with information relating to the grant of the Issue Mandate, among other resolutions as set out in the AGM Notice, to be considered, and if thought fit, pass at the AGM.

LETTER FROM THE BOARD

2. PROPOSED INCREASE IN INVESTMENT CAP

At the first extraordinary general meeting of 2014 of the Company held on 25 March 2014, an ordinary resolution was passed granting the Board the power to apply up to and in aggregate, at any time, RMB3,000 million (equivalent to approximately HKD3,788.3 million) (the “**Investment Cap**”) of the surplus fund of the Group to treasury activities including but not limited to buying low-risk financial products offered by banks, advancing entrusted loans and investing in secured or guaranteed trust and treasury products (the “**Investment Activities**”), in accordance with the Group’s established policy and procedures and in compliance with applicable laws and regulations and the Listing Rules.

Taking into account the normal operation funds requirement and the liquidity needs of the Group, and with a view to preserve the value or to seek higher return on the Group’s surplus funds, the Board proposes to increase the Approved Cap by RMB500 million (equivalent to approximately HKD631.4 million) of the surplus funds of the Group to RMB3,500 million (equivalent to approximately HKD4,419.7 million) (the “**Proposed Increased Cap**”) to treasury activities including but not limited to the Investment Activities, in accordance with the Group’s established policy and procedures and in compliance with applicable laws and regulations and the Listing Rules.

It is intended that the Investment Activities will be within the Proposed Increase Cap, will compose of a combination of long-term and short-term investments for treasury management purposes only, and will not be speculative. The Board shall strictly monitor the Investment Activities to ensure compliance with applicable laws and regulations and Listing Rules, and should any of the Investment Activities involve any acquisition or disposal of assets (unless it falls within the exemption under Rule 14.04(1)(g) of the Listing Rules), and general making timely disclosure of information as required.

3. PROPOSED REVISION OF EMOLUMENT OF NON-EXECUTIVE DIRECTOR

At the annual general meeting for year 2013 of the Company held on 27 June 2014, an ordinary resolution was passed approving, among other things, the emolument of Mr. Ma Yunkun (“**Mr. Ma**”), a non-executive director of the Company. His current annual director’s fee is approximately RMB65,000 (excluding tax). In view of the time dedicated and the services provided to the Board by non-executive director, the Board proposes to adjust the annual director’s fee of non-executive director to be in line with that of the domestic independent non-executive directors of the Company, which is approximately RMB78,000 (excluding tax).

4. GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting for year 2013 of the Company held on 27 June 2014, a special resolution was passed granting the Board the Issue Mandate to allot, issue and deal with additional Domestic Shares and/or H Shares not exceeding 20% of the Domestic Shares and the H Shares respectively in issue as at 27 June 2014.

LETTER FROM THE BOARD

Considering that the Issue Mandate granted in the annual general meeting of the Company held on 27 June 2014 will have expired at the conclusion of the AGM, the Board will seek approval from the Shareholders at the AGM, by way of a special resolution, for granting the Issue Mandate, subject to the conditions as set out in the AGM Notice.

Any exercise of the power by the Board under the Issue Mandate will have to comply with the Articles, the Company Law of the PRC and the Listing Rules and all other applicable laws, rules, regulations and requirements of relevant governmental or regulatory authorities.

In order to ensure flexibility and discretion for the Board to issue new Shares, the Board believes that it is in the best interests of the Company and the Shareholders as a whole for the Issue Mandate to be granted.

5. THE AGM

The votes at the AGM will be taken by poll.

Notice of the AGM to be held at Conference Room, 2nd Floor, Grandall Building, 15 Yanggongdi, Hangzhou, China on Friday, 5 June 2015 at 9:30 a.m. is set out in Appendix to this circular.

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be temporarily closed from Wednesday, 6 May 2015 to Friday, 5 June 2015 (both days inclusive), during which period no transfer of Shares will be registered. In order to attend and vote at the AGM, all transfer documents together with the relevant Share certificates must be lodged, for holders of H Shares, with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or, for holders of Domestic Shares, the registered office address of the Company at Times Road, Shifeng District, Zhuzhou, Hunan Province, 412001, the PRC, not later than 4:30 p.m. on Tuesday, 5 May 2015.

In order to determine shareholders' entitlements to the final dividend, the register of members of the Company will be temporarily closed from Thursday, 11 June 2015 to Tuesday, 16 June 2015 (both days inclusive), during which period no transfer of Shares will be registered. All transfer documents together with the relevant Share certificates must be lodged, for holders of H Shares, with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or, for holders of Domestic Shares, the registered office address of the Company at Times Road, Shifeng District, Zhuzhou, Hunan Province, 412001, the PRC, not later than 4:30 p.m. on Wednesday, 10 June 2015.

A proxy form for appointing proxy is despatched with this circular and published on the website of the Stock Exchange (www.hkex.com.hk). Whether or not you intend to attend the AGM, you are requested to complete and return the proxy form in accordance with the instructions printed thereon not less than 24 hours before the time appointed for holding the AGM or the adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or at any adjournment thereof if you so wish.

LETTER FROM THE BOARD

If you intend to attend the AGM in person or by proxy, you should also complete and return the accompanying reply slip in accordance with the instructions printed thereon on or before Saturday, 16 May 2015.

6. RECOMMENDATION

The Board considers that (i) the proposed increase in Investment Cap; (ii) the proposed revision of the emolument of the non-executive director of the Company; and (iii) the grant of the Issue Mandate mentioned above are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favor of the relevant resolutions as set out in the AGM Notice.

Yours faithfully,
For and on behalf of the Board
Ding Rongjun
Chairman



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)

NOTICE OF ANNUAL GENERAL MEETING FOR YEAR 2014

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) of Zhuzhou CSR Times Electric Co., Ltd. (the “Company”) for year 2014 will be held at Conference Room, 2nd Floor, Grandall Building, 15 Yanggongdi, Hangzhou, China on Friday, 5 June 2015 at 9:30 a.m. for the following purposes:

As Ordinary Resolutions

1. To consider and approve the report of the board of directors (the “Directors”) of the Company (the “Board”) for the year ended 31 December 2014.
2. To consider and approve the report of the supervisory committee of the Company for the year ended 31 December 2014.
3. To consider and approve the audited consolidated financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2014 and the auditors’ report thereon.
4. To consider and approve the profits distribution plan of the Company for the year ended 31 December 2014 and to declare a final dividend for the year ended 31 December 2014.
5. To consider and approve the re-appointment of the retiring auditor, Ernst & Young Hua Ming LLP, as the auditors of the Company until the conclusion of the next annual general meeting of the Company and to authorize the Board to fix their remuneration.
6. To consider and approve the following:

“THAT the Board be and is hereby authorized to increase the existing investment cap of RMB3,000 million (equivalent to approximately HKD3,788.3 million) by RMB500 million (equivalent to approximately HKD631.4 million) of the surplus fund of the Group to RMB3,500 million (equivalent to approximately HKD4,419.7 million) (the “Proposed Increased Cap”) and to apply up to and in aggregate, at any time, the Proposed Increase Cap to treasury activities including but not limited to buying low-risk financial products offered by banks, advancing entrusted loans and investing in secured or guaranteed trust and treasury products, in accordance with the Group’s established policy and procedures and in compliance with applicable laws and regulations and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)(the “Listing Rules”), and that the Directors be and are hereby authorized to take any step as they consider necessary, desirable or expedient in connection therewith.”

7. To consider and approve the revision of the emolument of non-executive director of the Company.

As Special Resolution

8. To consider and approve the grant to the Board a general mandate to allot, issue and deal with additional domestic shares (the “**Domestic Shares**”) and/or H shares (the “**H Shares**”, together with the Domestic Shares, the “**Shares**”) of the Company subject to the following conditions:
- (a) subject to paragraphs (c) to (e) below, the Board be and is hereby authorized to exercise, whether by a single exercise or otherwise, all the powers of the Company to allot, issue and deal with additional Domestic Shares and/or H Shares during the Relevant Period (as defined in paragraph (g) below);
 - (b) the authority granted under paragraph (a) above shall authorize the Board to make an offer or agreement or grant an option during the Relevant Period which would or might require Shares to be allotted and issued either during or after the end of the Relevant Period;
 - (c) the aggregate number of Domestic Shares and/or H Shares allotted or agreed to be allotted (whether pursuant to an option or otherwise) by the Board pursuant to the authority granted under paragraphs (a) and (b) above shall not exceed 20% of the total number of Domestic Shares and H Shares respectively in issue at the date of passing of this special resolution;
 - (d) the Board shall only exercise the authority granted under paragraphs (a) and (b) above in accordance with the Articles of Association of the Company (the “**Articles**”), the Company Law of the People’s Republic of China and the Listing Rules and all other applicable laws, rules, regulations and requirements of relevant governmental or regulatory authorities;
 - (e) authority granted under paragraphs (a) and (b) above shall be conditional upon the approval of the China Securities Regulatory Commission and/or any other governmental or regulatory authorities as required by the laws, rules and regulations of the PRC being obtained by the Company;
 - (f) subject to paragraph (e) above, the Board be and it is hereby authorized to:
 - (i) approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issue of such new Shares; and
 - (ii) increase the registered capital of the Company pursuant to the issue of such new Shares and make such corresponding amendments to the Articles as it thinks fit so as to reflect the new capital structure of the Company; and

- (g) for the purpose of this special resolution, “Relevant Period” means the period from the passing of this special resolution until whichever is the earlier of:
- (i) the expiration of a period of twelve months following the passing of this special resolution;
 - (ii) the conclusion of the next annual general meeting following the passing of this special resolution; and
 - (iii) the date on which the authority set out in this special resolution is revoked or varied by a special resolution of the members of the Company in any general meeting.

By Order of the Board
Ding Rongjun
Chairman

Zhuzhou, China, 21 April 2015

Notes:

1. The votes at the AGM will be taken by poll.
2. Where two or more persons are registered as the joint holders of any share, only the person whose name appears first in the register of members shall be entitled to receive this notice, to attend and exercise all the voting powers attached to such share at the AGM, and the service of this notice to that person shall be deemed to have served on all joint holders of such share.
3. In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be temporarily closed from Wednesday, 6 May 2015 to Friday, 5 June 2015 (both days inclusive), during which period no transfer of Shares will be registered. In order to attend and vote at the AGM, all transfer documents together with the relevant Share certificates must be lodged, for holders of H Shares, with the Company’s H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong or, for holders of Domestic Shares, the registered office address of the Company at Times Road, Shifeng District, Zhuzhou, Hunan Province, 412001, the PRC, not later than 4:30 p.m. on Tuesday, 5 May 2015.
4. In order to determine shareholders’ entitlements to the final dividend, the register of members of the Company will be temporarily closed from Thursday, 11 June 2015 to Tuesday, 16 June 2015 (both days inclusive), during which period no transfer of Shares will be registered. All transfer documents together with the relevant Share certificates must be lodged, for holders of H Shares, with the Company’s H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong or, for holders of Domestic Shares, the registered office address of the Company at Times Road, Shifeng District, Zhuzhou, Hunan Province, 412001, the PRC, not later than 4:30 p.m. on Wednesday, 10 June 2015.

5. Holders of H Shares and Domestic Shares whose names appear on the register of members of the Company at the close of business on Tuesday, 5 May 2015 are entitled to attend and vote at the AGM and may appoint one or more proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company.
6. In order to be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or other authority, must be deposited, for holders of H Shares, to the H Share registrar of the Company or, for holders of Domestic Shares, the registered office address of the Company, not less than 24 hours before the time appointed for holding the AGM or any adjournment thereof.
7. Shareholders who intend to attend the AGM in person or by proxy should complete and return the attached reply slip by hand or by post, for holders of H Shares, to the principal place of business of the Company in Hong Kong or, for holders of Domestic Shares, to the registered office address of the Company, on or before Saturday, 16 May 2015.

8. The address of the H Share registrar of the Company is as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

9. The registered office address of the Company is as follows:

Times Road
Shifeng District
Zhuzhou
Hunan Province, 412001
The People's Republic of China
Tel: (86) 731 2849 8028

10. The principal place of business of the Company in Hong Kong is as follows:

Unit 1106, 11th Floor Jubilee Centre
18 Fenwick Street
Wanchai
Hong Kong
Tel: (852) 2189 7268

11. The AGM is expected to take half a day. Shareholders or their proxies attending the AGM shall be responsible for their own transportation, accommodation and other expenses. Shareholders or their proxies shall produce their identification documents for verification when attending the AGM.

As at the date of this document, 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.