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**株洲中车时代电气股份有限公司**  
ZHUZHOU CRRC TIMES ELECTRIC CO., LTD.

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 3898)**

## **ANNOUNCEMENT**

### **CHANGES IN ACCOUNTING POLICIES**

The board (the “**Board**”) of directors (the “**Directors**”) of Zhuzhou CRRC Times Electric Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) announces that, on 25 April 2019, the Board resolved and approved changes in accounting policies of the Company.

#### **OVERVIEW**

These changes in accounting policies of the Company are made in accordance with the requirements of (i) the International Financial Reporting Standard No. 16 – Leases revised and issued by the International Accounting Standards Board in January 2016 and (ii) the Accounting Standard for Business Enterprises No.21 – Leases (《企業會計準則第21號－租賃》) revised and issued by the Ministry of Finance of the People's Republic of China (“**MOF**”) in December 2018 (collectively, the “**New Lease Standards**”).

#### **DETAILS OF THE CHANGES IN ACCOUNTING POLICIES AND IMPACT ON THE COMPANY**

The New Lease Standards mainly have the following revisions: (i) improved the definition of leasing, and added contents in relation to lease identification, separation and consolidation; and (ii) cancelled the classification of operating leases and finance leases of the lessee, and required right-of-use assets and leases liabilities to be recognised for all leases (except short-term leases and low-value asset leases) and depreciation and interest expenses to be accrued on these assets and liabilities respectively.

In accordance with the requirements of the New Lease Standards, the Company would implement the New Lease Standards to take effect from 1 January 2019. The implementation of these standards will not have a material impact on the Company's financial reporting.

#### **OPINION OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS AND THE SUPERVISORY COMMITTEE OF THE COMPANY REGARDING THE CHANGES IN ACCOUNTING POLICIES**

The independent non-executive Directors and the supervisory committee of the Company are of the view that the above changes in accounting policies of the Company (i) are reasonable changes made in accordance with the relevant requirements of the MOF, (ii) are in compliance with the relevant provisions of the Accounting Standard for Business Enterprises as well as with the actual circumstances of the Company, (iii) can objectively and fairly reflect the financial status and operating results of the Company and (iv) are in the interests of the Company and its shareholders as a whole. Therefore, the independent non-executive Directors and the supervisory committee of the Company agree with these changes in accounting policies of the Company.

The procedures for these changes comply with the relevant laws and regulations and the articles of association of the Company. The changes in the accounting policies are not required to be submitted to the general meeting of the Company for consideration by its shareholders.

By order of the Board  
**Zhuzhou CRRC Times Electric Co., Ltd.**  
**Li Donglin**  
*Chairman*

Zhuzhou, China, 25 April 2019

*As at the date of this announcement, our chairman of the Board and executive Director is Li Donglin, our vice chairman of the Board and executive Director is Yang Shouyi, our other executive Directors are Liu Ke'an and Yan Wu, our non-executive Director is Zhang Xinning, and our independent non-executive Directors are Chan Kam Wing, Clement, Pao Ping Wing, Liu Chunru, Chen Xiaoming and Gao Feng.*