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This announcement is for information purposes only and does not constitute an offer or an invitation to induce an offer by any person to acquire, purchase or subscribe for securities. Potential investors should read the prospectus dated 8 December 2006 (the “Prospectus”) issued by 株洲南車時代電氣股份有限公司 (Zhuzhou CSR Times Electric Co., Ltd.) (the “Company”) for detailed information about the International Placing and the Public Offer described in the Prospectus before deciding whether or not to invest in the H Shares thereby being offered.*

Unless otherwise defined herein, terms used in this announcement shall have the same meanings as those defined in the Prospectus.



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

(Stock Code: 3898)

CLARIFICATION ANNOUNCEMENT ON CERTAIN PRESS ARTICLES

SUMMARY

- This announcement is made by the Company at the request of the Stock Exchange.
- This announcement is intended to clarify certain statements reported by the press on 6 and 7 December 2006.
- The Company and the Joint Sponsors have neither released nor authorised the release of the Statements. The Company and the Joint Sponsors would like to clarify that the Statements were not accurate.
- The Board also confirms that all material information regarding the Global Offering has been disclosed in the Prospectus.

The Company noted that there had been press coverage on the Company and market commentary on the Global Offering on 6 and 7 December 2006: statements appeared in certain press articles regarding the level of over-subscription with regard to the International Placing, in particular, that subscriptions for 5 times the number of shares comprising the International Placing have been received; gross margin and net income forecasts for the year 2007 were reported; and in one of the recent press articles, the Company's management was reported to have said that the Chinese authorities would take care of the interests of domestic firms first (all such statements and forecasts, the “Statements”). The Company and the Joint Sponsors have neither made nor authorised the release of the Statements. In addition, the Directors and the Joint Sponsors would like to clarify that the Statements were not accurate.

The Directors also confirm that all material information regarding the Global Offering has been disclosed in the prospectus dated 8 December 2006 (the “Prospectus”).

This announcement is issued at the request of the Stock Exchange taking account of Rule 11.13 of the Listing Rules and the Board confirms that there has been no significant change affecting any matter contained in the Prospectus and that no significant new matter has arisen, the inclusion of information in respect of which would have been required to be in the Prospectus if it had arisen before the Prospectus was issued.

Prospective investors should make any investment decision with respect to the Global Offering only after carefully reviewing and evaluating all of the information contained in the Prospectus. The Company and the Board accept full responsibility for the accuracy and completeness of the information contained in the Prospectus and this announcement.

Prospective investors should read the entire Prospectus carefully and the Company strongly cautions prospective investors not to place any reliance on any information contained in press articles or disseminated through other media, including, in particular, any financial projections, valuation or other forward-looking statements, certain of which may not be consistent with the information contained in the Prospectus.

As at the date of this announcement, the executive Directors are Ding Rongjun and Lu Penghu; the non-executive Directors are Liao Bin, Tian Lei and Ma Yunkun; and the independent non-executive Directors are Zhou Heliang, Gao Yucai, Chan Kam Wing, Clement, Pao Ping Wing and Tan Xiao’ao.

By order of the Board of Directors
Liao Bin
Chairman and Non-executive Director

Hong Kong, 7 December 2006

* The Company is registered as an overseas company under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) under its Chinese name and the English name “Zhuzhou CSR Times Electric Co.,Ltd.”.

Please also refer to the published version of this announcement in South China Morning Post.