株洲南車時代電氣股份有限公司
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 OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

The board of directors (the "Board") of Zhuzhou CSR Times Electric Co., Ltd. (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009, which have been prepared in accordance with International Financial Reporting Standards, set out (unless otherwise stated, the figures contained in this announcement are denominated in Renminbi) as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

	Notes	For the six months ended 2009 *(Unaudited)* *RMB'000*	2008 *(Unaudited)* *RMB'000*
REVENUE	4	**1,313,960**	1,014,839
Cost of sales		**(832,446)**	(625,192)
Gross profit		**481,514**	389,647
Other income and gains	4	**39,263**	63,225
Selling and distribution costs		**(71,084)**	(64,472)
Administrative expenses		**(175,004)**	(126,078)
Other expenses		**(26,380)**	(9,925)
OPERATING PROFIT		**248,309**	252,397
Finance costs	5	**(5,459)**	—
Share of profits and losses of:			
A jointly-controlled entity		**4,071**	2,407
An associate		**(883)**	—
PROFIT BEFORE TAX	6	**246,038**	254,804
Tax	7	**(37,381)**	(62,515)
PROFIT FOR THE PERIOD		**208,657**	192,289
Attributable to:			
Equity holders of the parent		**206,841**	192,449
Minority interests		**1,816**	(160)
		208,657	192,289
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (basic)	9	**RMB0.19**	RMB0.18

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Profit for the period	**208,657**	192,289
Exchange differences on translation of foreign operations	**16,230**	—
Tax	**—**	—
Other comprehensive income for the period, net of tax	**16,230**	—
Total comprehensive income for the period, net of tax	**224,887**	192,289
Attributable to:		
Equity holders of the parent	**220,561**	192,449
Minority interests	**4,326**	(160)
	224,887	192,289

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2009

	Notes	**30 June 2009** **(Unaudited)** **RMB'000**	31 December 2008 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**1,100,544**	933,250
Prepaid land lease payments		**72,778**	73,937
Goodwill		**53,932**	47,743
Other intangible assets		**85,973**	87,557
Interest in a jointly-controlled entity		**85,396**	81,325
Interest in an associate		**18,023**	18,906
Available-for-sale investments		**400**	400
Deferred tax assets		**13,824**	12,630
Total non-current assets		**1,430,870**	1,255,748
CURRENT ASSETS			
Inventories		**645,685**	523,293
Trade receivables	11	**941,882**	711,544
Bills receivable		**358,077**	327,937
Prepayments, deposits and other receivables		**207,034**	450,516
Financial assets at fair value through profit or loss		**—**	100,000
Pledged deposits		**25,263**	3,362
Cash and cash equivalents		**1,044,767**	796,722
Total current assets		**3,222,708**	2,913,374
CURRENT LIABILITIES			
Trade payables	12	**494,364**	370,358
Bills payable		**62,293**	46,234
Other payables and accruals		**413,386**	193,927
Provision for warranties		**60,139**	51,573
Interest-bearing bank and other borrowings		**47,163**	20,703
Government grants		**3,796**	6,916
Tax payable		**35,941**	12,130
Total current liabilities		**1,117,082**	701,841
NET CURRENT ASSETS		**2,105,626**	2,211,533
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,536,496**	3,467,281

	Notes	30 June 2009 (Unaudited) RMB'000	31 December 2008 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**3,841**	3,736
Government grants		**31,000**	27,000
Deferred tax liabilities		**9,159**	8,876
Total non-current liabilities		**44,000**	39,612
NET ASSETS		**3,492,496**	3,427,669
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**1,084,256**	1,084,256
Reserves		**2,377,366**	2,156,805
Proposed final dividend	8	**—**	168,060
		3,461,622	3,409,121
Minority interests		**30,874**	18,548
TOTAL EQUITY		**3,492,496**	3,427,669

NOTES:

1. CORPORATE INFORMATION

Zhuzhou CSR Times Electric Co., Ltd. (the "Company") was established in the People's Republic of China (the "PRC") on 26 September 2005 as a joint stock company with limited liability under the Company Law of the PRC.

The registered office of the Company is located at Times Road, Shifeng District, Zhuzhou City, Hunan Province, PRC.

The Company and its subsidiaries (collectively the "Group") are principally engaged in the sale and manufacture of train-borne electrical systems and electrical components.

In the opinion of the directors, the holding company of the Group is CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd. (formerly CSR Zhuzhou Electric Locomotive Research Institute, "CSR ZELRI") and the ultimate holding company of the Group is China South Locomotive & Rolling Stock Industry (Group) Corporation ("CSRG"), which are established in the PRC.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2009 have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2008.

The interim condensed consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand, except when otherwise indicated.

2.2 IMPACT OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008, except for the adoption of new Standards and Interpretations as of 1 January 2009, noted below:

(a) IFRS 1 First-time Adoption of IFRSs and IAS 27 Consolidated and Separate Financial Statements - *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

The IAS 27 Amendment requires all dividends from subsidiaries, associates or jointly-controlled entities to be recognised in the income statement in the separate financial statements. The amendment is applied prospectively only. The IFRS 1 Amendment allows a first-time adopter of IFRSs to measure its investment in subsidiaries, associates or jointly-controlled entities using a deemed cost of either fair value or the carrying amount under the previous accounting practice in the separate financial statements. The adoption of IAS 27 Amendment has no impact on the consolidated financial statements. As the Group is not a first-time adopter of IFRSs, the IFRS 1 Amendment is not applicable to the Group.

(b) IFRS 2 Share-based Payment - *Vesting Conditions and Cancellations*

The Standard has been amended to clarify the definition of vesting conditions and to prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

(c) IFRS 7 Financial Instruments: Disclosures

The amended standard requires additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, a reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures and the liquidity risk disclosures are not significantly impacted by the amendments.

(d) IFRS 8 Operating Segments

This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this Standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under IAS 14 Segment Reporting.

(e) *IAS 1 Revised Presentation of Financial Statements*

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

(f) *IAS 23 Borrowing Costs (Revised)*

IAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group's current policy for borrowing costs aligns with the requirements of the revised standard, the revised standard did not have any impact on the financial position or performance of the Group.

(g) *IAS 32 Financial Instruments: Presentation and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation*

The standards have been amended to allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfill a number of specified criteria. The adoption of these amendments did not have any impact on the financial position or performance of the Group.

(h) *IFRIC-Int 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement*

These amendments to IFRIC-Int 9 require an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. IAS 39 now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at fair value through profit or loss.

(i) *IFRIC-Int 13 Customer Loyalty Programmes*

This interpretation requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. A portion of the fair value of the consideration received is allocated to the award credits and deferred. This is then recognised as revenue over the period that the award credits are redeemed. As the Group currently has no applicable customer loyalty award credits, the interpretation is not applicable to the Group and therefore is unlikely to have any financial impact on the Group.

(j) *IFRIC-Int 15 Agreements for the Construction of Real Estate*

IFRIC-Int 15 clarifies when and how an agreement for the construction of real estate should be accounted for as a construction contract in accordance with IAS 11 Construction Contracts or an agreement for the sale of goods or services in accordance with IAS 18 Revenue. As the Group currently is not involved in any construction of real estate, the interpretation is unlikely to have any financial impact on the Group.

(k) *IFRIC-Int 16 Hedges of a Net Investment in a Foreign Operation*

The interpretation is to be applied prospectively. IFRIC-Int 16 provides guidance on the accounting for a hedge of a net investment. As such it provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment, where within the group the hedging instruments can be held in the hedge of a net investment and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. As the Group currently has no hedge of a net investment in a foreign operation, the interpretation is unlikely to have any impact on the Group.

Improvements to IFRSs

In May 2008 the Board issued its first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

IAS 1 Presentation of Financial Statements: Assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the statement of financial position. The Group amended its accounting policy accordingly and analysed whether management's expectation of the period of realisation of financial assets and liabilities differed from the classification of the instrument. This did not result in any re-classification of financial instruments between current and non-current in the statement of financial position.

IAS 16 Property, Plant and Equipment: Replace the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

IAS 20 Accounting for Government Grants and Disclosure of Government Assistance: Requires government loans granted in the future with no or at a below-market rate of interest to be recognised and measured in accordance with IAS 39 Financial Instruments: Recognition and Measurement and the benefit of the reduced interest to be accounted for as a government grant.

IAS 23 Borrowing Costs: The definition of borrowing costs is revised to consolidate the two types of items that are considered components of 'borrowing costs' into one - the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39. The Group has amended its accounting policy accordingly which did not result in any change in its financial position.

The amendments to the following standards below did not have any impact on the accounting policies, financial position or performance of the Group:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures
- IAS 8 Accounting Policies, Change in Accounting Estimates and Error
- IAS 10 Events after the Reporting Period
- IAS 16 Property, Plant and Equipment
- IAS 18 Revenue
- IAS 19 Employee Benefits
- IAS 27 Consolidated and Separate Financial Statements
- IAS 28 Investment in Associates
- IAS 31 Interest in Joint ventures
- IAS 34 Interim Financial Reporting
- IAS 36 Impairment of Assets
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these interim condensed consolidated financial statements.

IFRS 2 Amendment	Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions [2]
IFRS 3 (Revised)	Business Combinations [1]
IAS 27 (Revised)	Consolidated and Separate Financial Statements [1]
IAS 39 Amendment	Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items [1]
IFRIC-Int 17	Distribution of Non-cash Assets to Owners [1]
IFRIC-Int 18	Transfers of Assets from Customers [1]

Apart from the above, the International Accounting Standards Board ("IASB") has also issued Improvements to IFRSs* which sets out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarify wording. The Group expects to adopt the amendments to IFRSs from 1 January 2010. There are separate transitional provisions for each standard.

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2010
* Improvements to IFRSs contains amendments to IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC-Int 9 and IFRIC-Int 16.

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, it has concluded that the adoption of IFRS 3 (Revised), IAS 27 (Revised) may result in changes in accounting policies, these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

The Group has adopted IFRS 8 "Operating Segment" with effect from 1 January 2009. The Group has determined the operating segments based on the reports reviewed by the chief operating decision-makers that are used to assess performance and allocate resources.

For management purposes, the Group's operating activities are attributable to a single operating segment, focusing on manufacture and sale of electrical systems and components relating to locomotive and rolling stock. Therefore, no analysis by operating segment is presented.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, net of discounts and returns.

An analysis of the Group's revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Revenue:		
Sale of goods	**1,316,732**	1,021,553
Less: Sales taxes and surcharges	**(2,772)**	(6,714)
	1,313,960	1,014,839
Other income and gains:		
Interest income	**8,179**	11,432
Investment income from financial products	**3,023**	11,468
Profit from sale of raw materials	**782**	624
Gross rental income	**1,545**	1,508
Value-added tax refund	**12,893**	12,236
Technical service income	**4,174**	1,159
Exchange gains, net	**—**	6,644
Government grants	**5,194**	10,127
Gain on change in fair value of financial derivatives	**—**	7,225
Others	**3,473**	802
Total	**39,263**	63,225

5. FINANCE COSTS

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**3,988**	—
Interest on discounted bills	**1,471**	—
Total	**5,459**	—

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Cost of inventories sold	**832,446**	625,192
Staff costs (including directors' and supervisors' remuneration)	**146,980**	92,384
Depreciation of items of property, plant and equipment	**36,802**	27,080
Amortisation of prepaid land lease prepayments	**1,159**	782
Amortisation of other intangible assets	**7,380**	822
Research and development costs	**71,662**	44,378
Less: staff costs included above	**(34,816)**	(20,051)
depreciation and amortisation included above	**(6,724)**	(5,631)
development costs capitalised	**(1,418)**	—
Research and development costs net of staff costs, depreciation, amortisation and development costs capitalised	**28,704**	18,696
Loss on disposal of items of property, plant and equipment, net	**264**	137
Exchange losses/(gains), net	**6,089**	(6,644)
Provision for obsolete inventories	**2,669**	3,114
Provision for impairment of trade and other receivables, net	**19,686**	9,387
Provision for warranties	**23,791**	22,287
Interest income	**(8,179)**	(11,432)
Gross rental income	**(1,545)**	(1,508)

7. TAX

The major components of income tax expense are as follows:

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Current income tax - Mainland China	**38,512**	73,843
- Elsewhere	**948**	—
Deferred income tax credit	**(2,079)**	(11,328)
Income tax charge for the year	**37,381**	62,515

The PRC corporate income tax for the Company and its subsidiaries is calculated at rates ranging from 15% to 25% (six months ended 30 June 2008: 25%) on their estimated assessable profits for the period based on existing legislation, interpretations and practices in respect thereof.

Taxes on profits assessable elsewhere have been calculated at the rates of jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the two periods ended 30 June 2009 and 2008.

8. DIVIDENDS

On 23 June 2009, a dividend of RMB15.5 cents per ordinary share amounting to RMB168,060,000 in aggregate (six months ended 30 June 2008: RMB14.5 cents per ordinary share amounting to RMB157,217,000 in aggregate for the 2007 final dividend) was approved as the final dividend for 2008.

The board of directors did not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: nil).

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on:

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Earnings:		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**206,841**	192,449
Shares:		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**1,084,255,637**	1,084,255,637

No diluted earnings per share have been disclosed as no diluting events existed during the six months ended 2009 and 2008.

10. PROPERTY, PLANT AND EQUIPMENT

During six months ended 30 June 2009, the Group acquired property, plant and equipment with an aggregate cost amounting to approximately RMB198,260,000 (six months ended 30 June 2008: RMB145,032,000). In addition, during the same period, property, plant and equipment with aggregate net carrying value of approximately RMB410,000 (six months ended 30 June 2008: RMB273,000) were disposed of which resulted in a net loss on disposal of approximately RMB264,000 (six months ended 30 June 2008: RMB137,000) and recorded as other expenses.

11. TRADE RECEIVABLES

The Group generally stipulates payment upon delivery in sales contracts entered into with customers. However, in the opinion of the directors, the Group has effectively granted an average credit period of around six months to its customers after taking into account the practice of the industry in which the Group conducts its business.

An aged analysis of the trade receivables as at the statement of financial position date, based on the invoice date and net of provision for impairment of receivables, is as follows:

	30 June 2009	31 December 2008
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Within 1 year	**890,145**	662,131
Over 1 year but within 2 years	**35,393**	38,268
Over 2 years but within 3 years	**16,344**	11,145
Over 3 years	**—**	—
	941,882	711,544

	30 June 2009	31 December 2008
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Trade receivables from:		
CSRG and its subsidiaries	**319,053**	212,047
Jointly-controlled entity	**612**	908
Third parties	**622,217**	498,589
	941,882	711,544

The amounts due from the jointly-controlled entity, CSRG and its subsidiaries included in the Group's trade receivables are unsecured, interest-free and repayable on similar credit terms to those offered to the major customers of the Group.

12. TRADE PAYABLES

An aged analysis of the trade payables as at the statement of financial position date, based on the invoice date, is as follows:

	30 June 2009	31 December 2008
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Within 3 months	**372,403**	333,479
Over 3 months but within 1 year	**117,384**	30,802
Over 1 year but within 2 years	**2,979**	3,821
Over 2 years but within 3 years	**668**	408
Over 3 years	**930**	1,848
	494,364	370,358

	30 June 2009	31 December 2008
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Trade payables to:		
CSRG and its subsidiaries	**22,984**	21,372
Jointly-controlled entity	**100,319**	55,115
Third parties	**371,061**	293,871
	494,364	370,358

The normal credit period for trade payables is three months. The amounts due to the jointly-controlled entity, CSRG and its subsidiaries included in the Group's trade payables are unsecured, interest-free and repayable on similar credit terms to those offered by major suppliers of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with the Group's unaudited condensed consolidated interim financial statements and the notes thereon in this interim report.

SUMMARY

The revenue of the Group for the six months ended 30 June 2009 amounted to RMB1,313,960,000 (for the six months ended 30 June 2008: RMB1,014,839,000), representing an increase of 29.47% over the same period of last year. Profit before tax amounted to RMB246,038,000 (for the six months ended 30 June 2008: RMB254,804,000), representing a decrease of 3.44% over the same period of last year. Profit attributable to equity holders of the parent amounted to RMB206,841,000 (for the six months ended 30 June 2008: RMB192,449,000), representing an increase of 7.48% over the same period of last year. Basic earnings per share on a non-dilutive basis amounted to RMB0.19 (for the six months ended 30 June 2008: RMB0.18).

Business Overview

In the first half of 2009, the business of the Group achieved progress in the following areas:

1. completed the development and testing of the electric systems for new type 7,200kW high-powered locomotives which laid a good foundation for batch delivery in the second half of the year. After starting the project for 7,200kW at the end of the previous year, the Company completed the design and sample testing in the shortest period of time;

2. a joint venture was established with China Railway Group (details on page 18 of this announcement) and started small to medium railway maintenance vehicles;

3. the production line of new high-powered semiconductor parts was completed and put into operation and orders of high-powered semiconductor parts from the State power grid for their high-powered direct current projects were obtained and delivered.

Future prospect for the second-half of the year

In the second half of 2009, the Company will make progress in the following areas:

1. endeavours to settle down the supply contracts of electrical systems for 7,200kW high-power locomotives as soon as possible and starts to deliver them in batches. Currently, the assembly and testing of traction systems, the testing for various parts and components as well as the testing work for prototype of locomotive are underway. According to the delivery plan of locomotive manufacturer, the Company is organizing the subsequent batch production;

2. endeavours to settle down the supply contracts of electrical systems for 350km/h EMUs as soon as possible and make adequate preparation to ensure that the units are able to be delivered for use in 2010 to 2012;

3. increases its expansion strength in new business.

Revenue

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	*(Unaudited)*
	(RMB million)	*(RMB million)*
Train power converters, auxiliary power supply equipment and control systems	**691.7**	517.4
Including: Locomotives	**290.3**	190.0
Electric Multiple units	**309.6**	268.2
Metropolitan rail transportation equipment	**91.8**	59.2
Train operation safety equipment	**103.4**	157.0
Electrical control systems for railway maintenance vehicles	**213.9**	181.3
Electrical systems	**1,009.0**	855.7
Power semiconductor devices	**221.7**	85.2
Sensors and related products	**34.9**	45.1
Others	**48.4**	28.8
Electric components	**305.0**	159.1
Total revenue	**1,314.0**	1,014.8

Revenue increased by 29.5% from RMB1,014.8 million for the six months ended 30 June 2008 to RMB1,314.0 million for the six months ended 30 June 2009.

Except for the decrease in revenue from train operation safety equipment and sensors and related products, faster growth was seen in revenue from other product categories of the Group in the first half of 2009. The Group recorded the strongest growth of RMB174.3 million in revenue of train power converters, auxiliary power supply equipment and control systems. Such increase was mainly due to the delivery of electrical systems for EMUs products, the improvement of power supply system for passenger locomotives and the delivery of electrical systems for Beijing Metro and Shenyang Metro. The second strongest growth of RMB136.5 million was recorded in power semiconductor components, which was due to the revenue of RMB117.7 million contributed by the newly acquired Dynex by the Group in October 2008.

Cost of sales

Cost of sales increased by 33.1% from RMB625.2 million for the six months ended 30 June 2008 to RMB832.4 million for the six months ended 30 June 2009. The increase in cost of sales was mainly due to the growth in the Group's revenue, resulting in the increase in the corresponding cost of sales.

Gross profit

Due to the above reason, the Group's gross profit increased by 23.6% from RMB389.6 million for the six months ended 30 June 2008 to RMB481.5 million for the six months ended 30 June 2009, while gross profit margin decreased from38.4% for the six months ended 30 June 2008 to 36.6% for the six months ended 30 June 2009. Due to the gradual opening of the railway industry in China and the increasingly fierce competition as well as the expansion of the Company scale, more and more products fall into other categories beyond railway sectors, the management of the Group is of the view that the Company's gross profit margin still faces the possibility of a continuous fall in the future.

Other income and gains

Other income and gains decreased by 37.9% from RMB63.2 million for the six months ended 30 June 2008 to RMB39.3 million for the six months ended 30 June 2009.

Selling and distribution costs

Selling and distribution costs increased by 10.3% from RMB64.5 million (representing 6.4% of the revenue for the half year) for the six months ended 30 June 2008 to RMB71.1 million (representing 5.4% of the revenue for the half year) for the six months ended 30 June 2009. The increase in selling and distribution costs was mainly due to the increase in sales income during the period, the consolidation of Dynex and Baoji CSR Times Engineering Machinery Co., Ltd. ("Baoji CSR Times") into the Company's accounts.

Administrative expenses

Administrative expenses increased by 38.8% from RMB126.1 million for the six months ended 30 June 2008 to RMB175.0 million for the six months ended 30 June 2009. The increase in administrative expenses was due to the increase in operating activities and the increase in research and development costs compared to the same period last year and the consolidation of Dynex and Baoji CSR Times into the Company's accounts.

Finance costs

Finance costs increased from nil for the six months ended 30 June 2008 to RMB5.5 million for the six months ended 30 June 2009. The increase in finance costs was primarily attributable to the borrowing interests of Dynex, a subsidiary of the Group.

Income tax expenses

Income tax expenses decreased by RMB25.1 million from RMB62.5 million for the six months ended 30 June 2008 to RMB37.4 million for the six months ended 30 June 2009. The decrease in income tax expenses was due to the fact that the Company, Times Electronics, Ningbo Company and Times Guangchuang were under approval for High/New Technology Enterprises and obtained the approval from relevant government authorities at the end of 2008, thus they were subject to CIT at the rate of 15% in the current period and they were subject to the CIT at the rate of 25% pursuant to the Corporate Income Tax Law of the PRC effective from 1 January 2008 in the previous period.

Deferred tax assets and deferred tax liabilities of the Group mainly arose from temporary differences of accrued liabilities.

Commitments

The Group's capital commitments as at the dates indicated are set out as follows:

	30 June 2009 ***(RMB million)***	31 December 2008 *(RMB million)*
Contracted but not provided for:		
Purchase of items of property, plants and equipment	**124.6**	167.8
Purchase of items of intangible assets	**106.4**	113.7
Total	**231.0**	281.5
Authorised, but not contracted for:		
Purchase of items of property, plant and equipment	**344.0**	263.2
Purchase of items of intangible assets	**30.5**	4.4
Total	**374.5**	267.6

Investments

On 26 March 2009, the Company invested RMB12 million and established Baoji CSR Times, a joint venture subsidiary, in Baoji City, Shanxi Province with a registered capital of RMB100 million. Baoji CSR Times mainly engages in the manufacture of railway maintenance vehicles and is held as to 60% by the Company. In June 2009, the Company increased its investment in Zhuzhou Times Equipment Technology Co., Ltd., a wholly-owned subsidiary, by RMB25 million.

Use of Proceeds from Initial Public Offering

The Company issued 414,644,000 H shares (including H shares issued via the exercise of the over–allotment option) in the global offering in December 2006. The issue price was HK$5.3 per share, the proceeds from the issue amounted to approximately HK$2,197,613,000 (equivalent to RMB2,209,968,000). The net proceeds from the initial public offering after deducting share issuing expenses amounted to RMB2,109,852,000. All the proceeds were received by the Company on 28 December 2006. As at 30 June 2009, approximately RMB1,385.77 million has been applied to those intended uses as set out in the Company's prospectus, details of which are set out below:

(1) Approximately RMB822.21 million for investments in train power converters, auxiliary power supply equipment and control systems;

(2) Approximately RMB60.60 million for investments in train operation safety equipment;

(3) Approximately RMB30.52 million for investments in importation of technology and development of a new generation of railway maintenance vehicles;

(4) Approximately RMB241.91 million for investments in large power semi-conductor devices;

(5) Approximately RMB77.98 million for investments in sensors and related products;

(6) Approximately RMB84.55 million for other areas;

(7) Approximately RMB48.82 million for supplementing working capital;

(8) Approximately RMB7.18 for acquisition of 13% equity interest in Siemens Traction Equipment Ltd., Zhuzhou ("Zhuzhou Siemens") which is different from the intended use;

(9) Approximately RMB12 million were reallocated for the joint establishment of Baoji CSR Times.

    The Company reallocated part of the net proceeds from the global offering of shares of the Company initially designated to be used as working capital to finance the acquisition of the 12% and 1% equity interests in Zhuzhou Siemens held by CSR Zhuzhou and Siemens Ltd., China respectively and for the joint establishment of Baoji CSR Times. Please refer to the announcement of connected transactions and the announcement of price-sensitive information published by the Company on 16 September 2008 and 25 March 2009, respectively for details.

Gearing Ratio

The gearing ratio, which is net debt divided by total capital plus net debt, changed from -5% as at 31 December 2008 to -1% as at 30 June 2009. This was mainly due to the movement in the net debt position.

Contingent liabilities

The Group was not involved in any material litigations, and so far as the Group is aware, there are no pending or potential material litigations involving the Group.

Market risks

The Group was subject to market risks, including interest risks, foreign exchange risks and risk of inflation during the daily course of its business.

OTHER INFORMATION

Corporate Governance

1. *Compliance with the "Code of Corporate Governance Practices" (the "CG Code")*

   The Company is committed to maintaining a high level of superiority, stability and reasonability on corporate governance. During the reporting period ended 30 June 2009, the Company has adopted and applied all the principles contained in the CG Code as set out in Appendix 14 of the Listing Rules, and has complied with all the provisions of the CG Code.

2. *Securities transactions by Directors*

   The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct for directors' securities transactions, and having made specific inquiries to the Directors, all the Directors confirmed that they have complied with the relevant standards for securities transactions by directors in the Model Code during the reporting period.

Purchase, redemption and sale of listed securities of the Company

During the reporting period, there was no purchase, redemption or sale of any listed securities of the Company by the Company or any of its subsidiaries.

Distribution of dividends

1. *Distribution plan and implementation of 2008 final dividends*

   Having been considered and passed at the 2008 annual general meeting of shareholders, the Company has distributed a cash dividend of RMB0.155 per share (applicable taxes inclusive) as final dividend for 2008 to all shareholders based on the Company's total share capital of 1,084,255,637 shares as at the end of 2008, totaling RMB168.06 million. Implementation of the dividend distribution plan has been completed before 28 July 2009.

2. *2009 interim profit distribution plan*

   The Board did not recommend distribution of interim dividend for the six months ended 30 June 2009.

Connected transactions

During the reporting period, the Company has strictly complied with the relevant requirements in respect of connected transactions under Chapter 14A of the Listing Rules, and has established a set of mechanism to protect minority interests. The auditors of the Company has provided quarterly reports to independent non-executive Directors on transactions conducted between the Group and CSRG Group/KCR Group . In addition, the independent non-executive Directors have conducted quarterly reviews on the terms of supply and purchase contracts entered into between the Group and CSRG Group, and the opinions regarding such transactions were disclosed to shareholders by way of announcements.

On 14 April 2009, the Company entered into the Supplemental Mutual Supply Agreement with CSRG, the Second Supplemental Mutual Supply Agreement with KCR, the Mutual Supply Agreement with CRGL, respectively, renewed the total annual caps in respect of continuing connected transactions between the Group and CSRG Group and between the Group and the KCR Group for each financial year from 2009 to 2013 and confirmed the total annual caps in respect of the continuing connected transactions between the Group and CRGL and its subsidiaries for each financial year from 2009 to 2011. Such agreements have been approved by the independent shareholders in the extraordinary general meeting held on 23 June 2009. Please refer to the announcement dated 14 April 2009 and the circular dated 5 May 2009 issued by the Company for details.

Employees and training

As at 30 June 2009, the Company had 3,920 employees.

The Company adjusts the salaries and benefit system of the employees at applicable time and improves the level of the employees salaries level gradually by way of raising salaries through annual performance evaluation and position promotions.

The Company has put much emphasis on staff training and provided scheduled trainings to the employees through a combination of external and internal and self-training by employees themselves. Meanwhile, the Company has also enhanced establishment of internal training system, and currently has set up internal training system with the Company's characteristic, so as to provide a exchange platform for the employees. The Company has fulfilled the theme of "Reform Trainings" based on the past trainings provided to the employees, which has resulted in the constant innovation and improvement of the employees' trainings, so as to meet the demands for accumulation and sharing of knowledge in the development of the Company.

REVIEW BY THE AUDIT COMMITTEE

The Group's unaudited interim results for the six months ended 30 June 2009 and this results announcement have been reviewed and confirmed by the audit committee of the Board.

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

19 August 2009

As at the date of this announcement, our chairman of the Board and executive Director is Ding Rongjun, our executive Director is Lu Penghu, other non-executive Directors are Song Yali, Deng Huijin and Ma Yunkun, and independent non-executive Directors are Gao Yucai, Chan Kam Wing, Clement, Pao Ping Wing, Tan Xiao'ao and Liu Chunru.