TEG 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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

The board of directors (the "Board") of Zhuzhou CSR Times Electric Co., Ltd. (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008, together with the comparative figures in 2007, set out (unless otherwise stated, the figures contained in this announcement are denominated in Renminbi) as follows:-

Consolidated Income Statement

Year ended 31 December 2008

	Notes	**2008** ***RMB'000***	2007 *RMB'000*
REVENUE	4	**2,119,323**	1,541,804
Cost of sales		**(1,332,142)**	(865,480)
Gross profit		**787,181**	676,324
Other income and gains	4	**119,432**	85,229
Selling and distribution costs		**(127,541)**	(120,042)
Administrative expenses		**(284,411)**	(277,225)
Other operating expenses, net		**(4,895)**	(31,707)
PROFIT FROM OPERATIONS		**489,766**	332,579
Finance costs	6	**(959)**	(3,169)
Share of profits and losses of:			
A jointly-controlled entity		**8,309**	15,501
An associate		**(274)**	—
PROFIT BEFORE TAX	5	**496,842**	344,911
Tax	7	**(73,505)**	2,566
PROFIT FOR THE YEAR		**423,337**	347,477
Attributable to:			
Equity holders of the parent		**422,300**	347,389
Minority interests		**1,037**	88
		423,337	347,477
DIVIDENDS	8	**168,060**	157,217
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (basic)	9	**RMB0.39**	RMB0.32

Consolidated Balance Sheet
31 December 2008

	Notes	**2008** *RMB'000*	2007 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**933,250**	590,972
Prepaid land lease payments		**73,937**	75,501
Goodwill		**47,743**	1,940
Other intangible assets		**87,557**	15,625
Interest in a jointly-controlled entity		**81,325**	79,016
Interest in an associate		**18,906**	—
Available-for-sale investments		**400**	400
Deferred tax assets		**12,630**	6,956
Total non-current assets		**1,255,748**	770,410
CURRENT ASSETS			
Inventories		**523,293**	439,521
Trade receivables	10	**711,544**	501,680
Bills receivable		**327,937**	258,200
Prepayments, deposits and other receivables		**450,516**	164,482
Financial assets at fair value through profit or loss		**100,000**	—
Pledged deposits		**3,362**	7
Cash and cash equivalents		**796,722**	1,510,603
Total current assets		**2,913,374**	2,874,493
CURRENT LIABILITIES			
Trade payables	11	**370,358**	221,680
Bills payable		**46,234**	48,172
Other payables and accruals		**193,927**	149,155
Provision for warranties		**51,573**	45,646
Interest-bearing bank and other borrowings		**20,703**	—
Government grants		**6,916**	14,211
Tax payable		**12,130**	4,589
Total current liabilities		**701,841**	483,453
NET CURRENT ASSETS		**2,211,533**	2,391,040
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,467,281**	3,161,450

	Notes	2008 RMB'000	2007 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**3,736**	—
Government grants		**27,000**	—
Deferred tax liabilities		**8,876**	—
Total non-current liabilities		**39,612**	—
NET ASSETS		**3,427,669**	3,161,450
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**1,084,256**	1,084,256
Reserves		**2,156,805**	1,915,720
Proposed final dividend		**168,060**	157,217
		3,409,121	3,157,193
Minority interests		**18,548**	4,257
TOTAL EQUITY		**3,427,669**	3,161,450

NOTES:

1. CORPORATE INFORMATION

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 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, "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

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board and International Accounting Standards ("IAS") and Standing Interpretations Committee interpretations ("IFRICs") approved by the International Accounting Standards Committee that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance (the "Companies Ordinance"). They have been prepared under the historical cost convention, except for certain financial assets as further explained below.

The Company was established in September 2005 as part of the restructuring of ZELRI (the "Reorganisation") and pursuant to the Reorganisation, ZELRI transferred its assets, liabilities and businesses relating to the manufacture and sale of train-borne electrical systems and electrical components (the "Relevant Businesses") to the Company as a capital contribution, and the Company issued certain shares to ZELRI credited as fully paid as consideration.

As ZELRI controlled the Relevant Businesses before the Reorganisation and continues to have control over the Company and its subsidiaries (collectively the "Group") after the Reorganisation, the Reorganisation has been accounted for as a reorganisation of entities under common control in a manner similar to pooling of interests. As a result, the Group's financial statements have been prepared on the basis as if the Relevant Businesses had been transferred to the Company by ZELRI from the earliest date presented or since the date when the Relevant Businesses first came under common control. Accordingly, the assets and liabilities comprising the Relevant Businesses transferred to the Company and carried forward to the years ended 31 December 2007 and 2008 have been stated at historical amounts in the Company's and the Group's financial statements.

These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2008. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

Except for reorganisation under common control which has been accounted for as a combination of business under common control in a manner similar to a pooling of interests, the acquisition of subsidiaries has been accounted for using the purchase method of accounting.

The pooling-of-interests method of accounting involves incorporating the financial statement items of the combining entities or business in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party.

The purchase method of accounting involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. An acquisition of minority interests is accounted for using the parent entity extension method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

2.2 IMPACT OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has adopted the following new interpretations and amendments to IFRSs for the first time for the current year's financial statements, there have been no significant changes to the accounting policies applied in these financial statements.

IAS 39 and IFRS 7 Amendments	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures — Reclassification of Financial Assets*
IFRIC-Int 11	*IFRS 2 — Group and Treasury Share Transactions*
IFRIC-Int 12	*Service Concession Arrangements*
IFRIC-Int 14	*IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The principal effects of adopting these new interpretations and amendments to IFRSs are as follows:

(a) Amendments to IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures — Reclassification of Financial Assets*

The amendments to IAS 39 permit an entity to reclassify a non-derivative financial asset classified as held for trading, other than a financial asset designated by an entity as at fair value through profit or loss upon initial recognition, out of the fair value through profit or loss category if the financial asset is no longer held for the purpose of selling or repurchasing in the near term, if specified criteria are met.

A debt instrument that would have met the definition of loans and receivables (if it had not been required to be classified as held for trading at initial recognition) may be classified out of the fair value through profit or loss category or (if it had not been designated as available for sale) may be classified out of the available-for-sale category to the loans and receivables category if the entity has the intention and ability to hold it for the foreseeable future or until maturity.

In rare circumstances, financial assets that are not eligible for classification as loans and receivables may be transferred from the held-for-trading category to the available-for-sale category or to the held-to-maturity category (in the case of a debt instrument), if the financial asset is no longer held for the purpose of selling or repurchasing in the near term.

The financial asset shall be reclassified at its fair value on the date of reclassification and the fair value of the financial asset on the date of reclassification becomes its new cost or amortised cost, as applicable. The amendments to IFRS 7 require extensive disclosures of any financial asset reclassified in the situations described above. The amendments are effective from 1 July 2008.

As the Group has not reclassified any of its financial instruments, the amendments have had no impact on the financial position or results of operations of the Group.

(b) IFRIC-Int 11 *IFRS 2 — Group and Treasury Share Transactions*

IFRIC-Int 11 requires arrangements whereby an employee is granted rights to the Group's equity instruments to be accounted for as an equity-settled scheme, even if the Group buys the instruments from another party, or the shareholders provide the equity instruments needed. IFRIC-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. The adoption of this interpretation has had no material impact on the financial position or results of operations of the Group.

(c) IFRIC-Int 12 — *Service Concession Arrangements*

IFRIC-Int 12 applies to service concession operators and explains how to account for obligation undertaken and the rights received in service concession arrangements. No member of the Group is an operator and, therefore, this interpretation has had no impact on the financial position or results of operations of the Group.

(d) IFRIC-Int 14 *IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

IFRIC-Int 14 addresses how to assess the limit under IAS 19 Employee Benefits, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, including situations when a minimum funding requirement exists. As the Group has no defined benefit scheme, the interpretation has had no effect on these financial statements.

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 financial statements.

IFRS 1 and IAS 27 Amendments	Amendments to 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* [1]
IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment — Vesting Conditions and Cancellations* [1]
IFRS 3 (Revised)	*Business Combinations* [2]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures* [1]
IFRS 8	*Operating Segments* [1]
IAS 1 (Revised)	*Presentation of Financial Statements* [1]
IAS 23 (Revised)	*Borrowing Costs* [1]
IAS 27 (Revised)	*Consolidated and Separate Financial Statements* [2]
IAS 32 and IAS 1 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation* [1]
IAS 39 Amendment	Amendment to IAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items* [2]
IAS 39 and IFRIC-Int 9 Amendments	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement and IFRIC-Int 9 Reassessment of Embedded Derivatives — Embedded Derivatives* [2]
IFRIC-Int 13	*Customer Loyalty Programmes* [3]
IFRIC-Int 15	*Agreements for the Construction of Real Estate* [1]
IFRIC-Int 16	*Hedges of a Net Investment in a Foreign Operation* [4]
IFRIC-Int 17	*Distribution of Non-cash Assets to Owners* [2]
IFRIC-Int 18	*Transfers of Assets from Customers* [2]

Apart from the above, the 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. Except for the amendment to IFRS 5 which is effective for the annual periods beginning on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

[1] Effective for annual periods beginning on or after 1 January 2009

[2] Effective for annual periods beginning on or after 1 July 2009

[3] Effective for annual periods beginning on or after 1 July 2008

[4] Effective for annual periods beginning on or after 1 October 2008

* Improvements to IFRSs contains amendments to IFRS 5, IFRS 7, IAS 1, IAS 8, IAS 10, IAS 16, IAS 18, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 34, IAS 36, IAS 38, IAS 39, IAS 40 and IAS 41.

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 while the adoption of IFRS 8 and IAS 1 (Revised) may result in new or amended disclosures and 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

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, which the Group has determined to be by business segment; and (ii) on a secondary segment reporting basis, which the Group has determined to be by geographical segment.

The Group is principally engaged in the manufacture and sale of electrical systems and components relating to locomotive and rolling stock. All of the Group's products are of a similar nature and subject to similar risks and returns. Accordingly, the Group's operating activities are attributable to a single business segment. In addition, the Group's revenue, expenses, profit, assets and liabilities and capital expenditures are principally attributable to a single geographical region, which is the PRC. Therefore, no analysis by business or geographical 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 revenue and gains is as follows:

	Notes	**2008** *RMB'000*	2007 *RMB'000*
Revenue:			
Sale of goods		**2,128,363**	1,554,841
Less: Sales taxes and surcharges		**(9,040)**	(13,037)
		2,119,323	1,541,804
Other income and gains:			
Interest income		**18,275**	29,204
Profit from sale of scrap materials		**870**	242
Investment income from financial instruments		**31,205**	—
Gross rental income		**5,281**	2,126
Exchange gains, net		**21,002**	—
Value-added tax refund	(i)	**20,897**	25,570
Technical service income		**2,945**	4,849
Government grants	(ii)	**17,965**	19,638
Others		**992**	3,600
Total		**119,432**	85,229

(i) **Value-added tax refund**

Sales of goods are generally subject to value-added tax ("VAT") at a rate of 17%. Pursuant to the "Notice on the Taxation Policy Issues relating to Encouraging the Development of the Software Industry and Integrated Circuit Industry" issued by the State Administration of Taxation and General Administration of Custom, the Group is entitled to a refund of VAT paid in excess of 3% in respect of the sale of certain products during the years ended 31 December 2008 and 2007.

(ii) **Government grants**

Government grants have been received for certain research and development projects. There are no unfulfilled conditions or contingencies attaching to these grants.

5. PROFIT BEFORE TAX

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

	Note	**2008** *RMB'000*	2007 *RMB'000*
Cost of inventories sold		**1,332,142**	865,480
Staff costs (including directors' and supervisors' remuneration)	(i)	**248,840**	165,912
Auditors' remuneration		**5,780**	4,820
Depreciation of items of property, plant and equipment		**59,976**	46,039
Amortisation of prepaid land lease prepayments		**1,564**	838
Amortisation of other intangible assets		**3,514**	3,230
Minimum lease payments under operating leases in respect of: Land and buildings		**8,842**	1,636
Plant and equipment		**872**	6,841
Provision for obsolete inventories		**10,398**	4,848
Exchange (gains)/losses, net		**(21,002)**	19,659
Research and development costs		**142,028**	116,583
Less: staff costs included above		**(34,528)**	(42,673)
depreciation and amortisation included above		**(14,615)**	(10,545)
development costs capitalised		**(47,003)**	—
Research and development costs net of staff costs, depreciation, amortisation and development costs capitalised		**45,882**	63,365
Loss on disposal of items of property, plant and equipment, net		**1,358**	419
Provision for impairment of trade and other receivables, net		**3,560**	10,584
Provision for warranties		**37,071**	32,206
Interest income		**(18,275)**	(29,204)
Gross rental income		**(5,281)**	(2,126)

(i) **Staff costs**

	2008 *RMB'000*	2007 *RMB'000*
Wages, salaries and bonuses	**171,996**	119,139
Contribution to government-operated pension schemes	**20,120**	15,115
Contribution to a pension annuity plan	**5,323**	4,366
Welfare and other expenses	**51,401**	27,292
Total	**248,840**	165,912

In 2006, the Group implemented an employee pension annuity plan. Pursuant to the such pension annuity plan, the Group is required to contribute a fixed percentage of salaries to the annuity plan regularly and has no further payment obligation to the pension annuity plan once the contributions have been made.

6. FINANCE COSTS

	2008 *RMB'000*	2007 *RMB'000*
Interest paid on bank and other borrowings	**959**	3,169

7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on the profits arising in or derived from jurisdictions in which members of the Group are domiciled and operate.

PRC corporate income tax ("CIT") has been provided based on the taxable income as reported in the statutory accounts of the relevant companies comprising the Group, which are prepared in accordance with applicable PRC accounting standards as adjusted for income and expense items which are not assessable or deductible for income tax purpose. The income tax rates for the Company and its subsidiaries are as follows:

(i) Pursuant to a notice issued by the Ministry of Finance and State Tax Bureau and approval documents issued by relevant local tax authorities in respect of the extension of the implementation period of tax policy for transformed scientific research entities, the Company is exempt from CIT from its establishment date up to 30 September 2007. Thereafter, the Company is entitled to a tax rate of 15% for one year starting from 1 October 2007. However, pursuant to the new CIT Law effective on 1 January 2008, Provisional Regulations of the People's Republic of China on Enterprise Income Tax and approval from relevant tax authorities, the Company, being a High & New Technology Enterprise (the "HNTE"), is subject to the preferential CIT rate of 15% for three years from 1 January 2008 to 31 December 2010.

(ii) Zhuzhou Times Electronics Technology Company Ltd. ("Times Electronics") and Zhuzhou Times Guangchuang Convertor Technology Company Ltd. ("Times Guangchuang") are enterprises established in Zhuzhou Hi-technology Development Zone and are subject to CIT at a rate of 15%. As approved by the local tax authorities, Times Electronics is entitled to an exemption from CIT from 1 April 2005 to 30 September 2007. Thereafter, Times Electronics is subject to CIT at a rate of 15% for one year starting from 1 October 2007 according to the approval from relevant tax authorities. From 1 January 2004, Times Guangchuang, as a software development enterprise, is entitled to a 50% reduction of PRC enterprise income tax for the years 2004 to 2006. Accordingly, Times Guangchuang is subject to reduced tax rate of 7.5% until 31 December 2006. Thereafter, Times Guangchuang, being a HNTE, is subject to CIT at the rate of 15% during the year ended 31 December 2007. Pursuant to the new CIT Law effective on 1 January 2008, Provisional Regulations of the People's Republic of China on Enterprise Income Tax and approval from relevant tax authorities, Times Electronics and Times Guangchuang, being HNTEs, are subject to the preferential CIT rate of 15% for three years starting from 1 January 2008.

(iii) As approved by the relevant tax authorities, Ningbo CSR Times Sensor Technology Company Ltd. ("Ningbo Company"), as a scientific research organisation enterprise, is exempt from CIT from 2002 to 2005. In addition, pursuant to relevant tax regulations and the approval from the relevant tax authorities, the CIT exemption granted to Ningbo Company is further extended to the years ended 31 December 2006 and 31 December 2007. Pursuant to the new CIT Law effective on 1 January 2008, Provisional Regulations of the People's Republic of China on Enterprise Income Tax and approval from relevant tax authorities, Ningbo Company, being a HNTE, is subject to the preferential CIT rate of 15% for three years starting from 1 January 2008.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the PRC, based on existing legislation, interpretations and practices.

	2008	2007
	RMB'000	*RMB'000*
Current income tax - PRC corporate income tax	**79,179**	4,390
Deferred income tax credit	**(5,674)**	(6,956)
Income tax charge/(credit) for the year	**73,505**	(2,566)

A reconciliation of income tax exposure applicable to profit before tax at the statutory income tax rate in the PRC to income tax exposure at the Group's effective income tax rate is as follows:

	2008		2007	
	RMB'000	***%***	*RMB'000*	*%*
Profit before tax	**496,842**		344,911	
Tax at the statutory tax rate	**124,211**	**25.0**	113,821	33.0
Reconciling items:				
Profits and losses attributable to a jointly-controlled entity and an associate	**(2,009)**	**(0.4)**	(2,325)	(0.7)
Expenses not deductible for tax	**7,325**	**1.5**	10,061	2.9
Income not subject to tax	**(3,996)**	**(0.8)**	(19,106)	(5.5)
Entities subject to lower statutory tax rates	**(47,771)**	**(9.6)**	(31,044)	(9.0)
Tax exemptions	**—**	**—**	(72,548)	(21.0)
Tax losses not recognised	**1,319**	**0.3**	1,350	0.4
Others*	**(5,574)**	**(1.1)**	(2,775)	(0.8)
Total tax charge/(credit) for the year	**73,505**	**14.9**	(2,566)	(0.7)

* *Others mainly comprised income tax benefits on research and development expenditure.*

The share of tax attributable to a jointly-controlled entity amounting to RMB1,187,000 (2007: Nil) is included in "Share of profit and loss of a jointly-controlled entity" on the face of the consolidated income statement.

8. DIVIDENDS

	2008 *RMB'000*	2007 *RMB'000*
Proposed final — RMB0.155 (2007: RMB0.145) per ordinary share	**168,060**	157,217
	168,060	157,217

The proposed final dividend for the year ended 31 December 2007 has been approved by the Company's shareholders at the annual general meeting in June 2008, while the proposed final dividend for the year ended 31 December 2008 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on:

	2008 *RMB'000*	2007 *RMB'000*
Earnings:		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**422,300**	347,389
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,084,255,637**	1,084,255,637

No diluted earnings per share amounts have been disclosed as no diluting events existed during the years ended 31 December 2008 and 2007.

10. TRADE RECEIVABLES

	The Group	
	2008 *RMB'000*	2007 *RMB'000*
Trade receivables	**746,537**	546,985
Less: Provision for impairment of receivables	**(34,993)**	(45,305)
	711,544	501,680

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 balance sheet date, based on the invoice date and net of provision for impairment of receivables, is as follows:

	The Group	
	2008	2007
	RMB'000	*RMB'000*
Within 1 year	**662,131**	438,492
Over 1 year but within 2 years	**38,268**	50,336
Over 2 years but within 3 years	**11,145**	12,852
Over 3 years	**—**	—
	711,544	501,680

The movements in provision for impairment of trade receivables are as follows:

	The Group	
	2008	2007
	RMB'000	*RMB'000*
At 1 January	**45,305**	35,038
Impairment losses recognised	**9,533**	10,242
Amount written off as uncollectible	**(13,253)**	(21)
Impairment losses reversed	**(6,897)**	(72)
Acquisition of subsidiaries	**305**	118
	34,993	45,305

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB6,899,000 (2007: RMB6,882,161) with carrying amount of RMB6,899,000 (2007: RMB10,224,610). The Group does not hold collateral or other credit enhancements over these balances.

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	The Group	
	2008	2007
	RMB'000	*RMB'000*
Neither past due nor impaired	**614,936**	352,484
Less than 6 months past due	**—**	—
6 months to 1 year past due	**—**	—
	614,936	352,484

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

11. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	The Group	
	2008	2007
	RMB'000	*RMB'000*
Within 3 months	**333,479**	187,725
Over 3 months but within 1 year	**30,802**	24,894
Over 1 year but within 2 years	**3,821**	7,046
Over 2 years but within 3 years	**408**	1,287
Over 3 years	**1,848**	728
	370,358	221,680

Performance Overview

The Group's turnover in 2008 was RMB2,119.3 million (2007:RMB1,541.8million), an increase of 37.5% from the previous year. Profit attributable to equity holders of the parent was RMB422.3 million (2007: RMB347.4million), an increase of 21.6% over the previous year. Basic earnings per share was RMB0.39 (2007: RMB0.32).

Business Review

In 2008, under the planning of the Ministry of Railways and CSR, the Company, through previous digestion and absorption, further upgraded its independent renovation capability, established a complete technology, development and manufacture platform, cultivated a team of talents, and equipped itself with the ability to optimize and continuously upgrade products through independent design. Out of strong sense of responsibility and entrepreneur spirit, the Company shouldered the glorious mission of developing the power, control and operation safety technology for train equipments in China and endeavored in all aspects to ensure product quality and train operation safety. During the past year, the Company vigorously explored new market while consolidating and expanding its existing market amid the volatile economic situation, which achieved satisfactory results:

In order to meet the demand of railway passengers transportation in China, the Ministry of Railways organized the independent research and development of 200-250km/h oversize arrangement EMUs. The Company undertook the research and development of the electrical system for such EMUs with the first sample verification completed and delivery commenced in March 2008. The company again won the order for electrical system for the new 200-250km/h oversize arrangement EMUs in July 2008. The electrical system for 300km/h EMUs successfully passed the first sample assessment and delivery was made smoothly according to the schedule required by the Ministry of Railways and the vehicle manufacturer in March 2008.

In July 2008, the supply contract for electrical systems used for 9,600kw high-powered locomotives was officially entered into, evidencing a significant breakthrough of the Company in the field of electrical system products used for high-powered locomotives. The six-axle A/C electric locomotive with gross power of 9,600kw is the most technically advanced high-powered locomotive in the world. With its single-axle power lifted to 1,600kw from 1,200kw, it involves higher technology and difficulty which is regarded as reaching the highest technological level of electric locomotive. To facilitate the implementation of such project, the Company also acquired 30% equity interests in Siemens Traction Equipment Ltd., Zhuzhou in September 2008.

In February 2008, the Company was designated by the Ministry of Railways as the actual transferee of the converter portion of the purchase and technology import project for high-powered A/C diesel locomotive to assume the digestion and absorption and localization of GE's converter. During only half a year since the technology transfer commenced in May 2008, the Company successfully completed a series of complex work such as transformation of about 1,000 drawings, high-standard technological preparation and establishment of full-set test system under guidance of the principle of renovation after import, digestion and absorption. The product successfully passed first sample verification and was applied to the "HXN5" (the national highest power environment-friendly diesel locomotive) in November 2008, which had very an important strategic meaning as far as the business of the Company in the field of converter for high-powered A/C diesel locomotive is concerned.

In March 2008, the Company secured a supply contract for power brake system of No.2 Line of Shenyang Metro to supply the system independently developed and owned by the Company for the period from 2009 to 2010, which is the first time for urban metro in China to use in a large scale localized key components such as A/C transmission power system. In September 2008, the Company entered into scientific and technological cooperation agreement with Guangzhou Metro Company, which is the first cooperation between metro component supplier and metro operator in China, to establish long-term stable cooperation and further promote the scientific and technological level of key products used for urban rail market. In October 2008, the reconstructed vehicle of No.1 Line of Shanghai Metro was officially completed in

CSR Zhuzhou with its originally equipped proprietary D/C power system of the Company upgraded into the latest A/C power system and in turn its power increased by over 30%, which significantly improved the technology level of localized metro and overall performance of the train.

Immediately after its fund raising by listing, the Company commenced the largest reconstruction project in history to expand its capacity. In March 2008, the specialized manufacture base funded by share issue was officially completed and put into operation. With a total floor area of nearly 40,000 square meters, such base has world leading manufacture and test equipment and can accommodate 12 modern streamline production line which can meet the demand for production value growth of Times Electronics for quite a long term in the future, brought the production model of the Company from the long-existing “small batch, extent variety” into a new era of “specialization, large-scale, modernization” and strongly ensured safe transportation and modernized equipment for railway. Subsequent to the cooperation between Freescale Semiconductor, a world renowned semiconductor supplier, and the Company to establish the first microelectronics application allied lab in Chinese rail transportation sector in November 2007, Texas Instruments, a world leading IC magnate, and the Company jointly established an information processing technology allied lab in May 2008 to jointly develop and design the signal processing products, which will provide to the Company world cutting-edge technology support in respect of its development in transmission technology, converter technology, power supply technology, video processing technology and radio communication technology, in the hope to apply the latest and most advanced technology to the information-based construction of Chinese railway and other rail transportation.

In October 2008, the Company acquired 75% equity interest in Dynex Power Inc. (“Dynex”), a company listed on Toronto Stock Exchange of Canada, which is principally engaged in the research, development and sales of power semiconductor device and its module. The Company not only established a new platform to develop overseas operation and raise funds, but also will form integrated product structure in this sector, which in turn will significantly enhance the core competitiveness of the Company and the competitiveness of its products on international market. Many technologies possessed by Dynex, in particular the technology in the area of IGB, lead the world. There is great potential for IGBT products to be applied in the industry of railway, urban rail, wind power generation and electromobile in China. As a result, such acquisition received warm support from NDRC and the Ministry of Railways. Upon the completion of such acquisition, the Company commenced the integration of its own power semiconductor business and that of Dynex to achieve operational synergies.

In 2008, the Group continued to improve its level of management, deepened the construction of procedure policy, further constructed its quality safety policy, strengthened the construction of financial system and pushed forward the construction of ERP system. Through such a series of measures, the Group's internal control was remarkably improved and operational efficiency was significantly lifted.

Outlook

Amid the impact on many industries caused by global financial crisis, rail vehicle industry in China, however, saw an important turning point and growth opportunity, which is mainly due to (1) investment and construction in Chinese railway, for quite a long time, has been lagging behind in relation to the growth of national economy, and the railway transport capacity is far from sufficient to meet the demand by economic growth. Accordingly, it is essential to accelerate the construction of a complete modern railway network so as to safeguard a sustainable economic development in China in the future; (2) a large quantity of passenger special lines constructed during the period of the "11th Five-year Plan" will commence operation in succession in the coming several years, resulting in unprecedented demand for modern high-speed passenger EMUs; and (3) the overall development of railway industry in China, including the rolling stock sector, is an important part of the industry chain in China and is of far reaching importance to drive the development of many other industries in China. Amid the global economic crisis, the Chinese government adopted the policy to enlarge domestic demand and increase investment. Such investments in traffic facilities post a scarce growth opportunity for the rail transport equipment manufacture industry, and thus bring an important chance for the Company to achieve fast growth.

In February 2008, the Ministry of Railways and the Ministry of Science and Technology signed an agreement in respect of the Joint Action Plan regarding Independent Renovation for China High-speed Train, pursuant to which, independent renovation work shall be further increased based on the achievement made during technology import, digestion, absorption and renovation, breakthrough in key technologies shall be achieved, renovation achievements shall be integrated so as to develop a new generation of 350km/h and above high-speed train and provide a strong equipment safeguard for Beijing-shanghai high-speed railway; a technology system incorporating 350km/h and above high-speed train with independent intellectual property rights and strong international competitiveness shall be established and improved, so as to accelerate the realization of the goal of leading the world in the area of technology development for high-speed railway; the technology renovation chain for high-speed train with Chinese characteristics and the production, study and research alliance shall be constructed, so as to continuous enhance independent renovation capability and provide a strong support for the sustainable development of Chinese high-speed train technology; renovation elements shall be actively guided to enterprises so as to facilitate the transformation of renovation results into productivity, create Chinese high-speed train industry chain and cluster and drive and improve the manufacture capacity of relevant major equipments in China. Currently, the Company is making first-phase preparation for design, development and production of electrical system used for 350km/h modern high-speed EMUs under the guidance of the Ministry of Railways.

Leveraging on the continuous renovation platform derived from previous digestion and absorption, the Company has promptly started up the development of electrical system used for 7,200kw six-axle locomotive according to arrangement of the Ministry of Railways. As compared to existing high-powered locomotives, this type of new locomotive requires even shorter lead time and more independency in respect of development. The Company substantially completed schematic design and development of first batch prototype for electrical system within only three months, and is pressing forward with strict test and evaluation. At present, we are in the process of preparing for mass production to ensure demand by railway transport be satisfied. Such business is a significant opportunity for the Company.

Under the arrangement by the Ministry of Railways and Kunming China Railway, the Company has developed home-made electrical systems for large railway maintenance vehicles suitable for China's railways by introducing foreign advanced production technologies and through innovative development. Large railway maintenance vehicles are essential to ensuring the quality and stable operation of railway equipment and the safe operation of trains. During the Eleventh Five-Year Period, all major lines will be equipped with repairing and maintenance units. Further, new large home-made railway maintenance vehicles will be introduced and applied in eastern railways so as to achieve the first accomplishment of modernization in eastern railways and secure a leading position for China's railways in terms of the equipment level of large railway maintenance vehicles. The Company also intends to undertake engineering machinery business in relation to small and medium railways.

In respect of power semiconductor business, the Company made a breakthrough in high voltage direct current transmission in 2009. We replaced all imported thyristor devices with our products in Genan reform project, the first high voltage direct current transmission project in the PRC, and won a bid for the provision of thyristor devices for two high voltage direct current transmission projects of the State Grid, which was the first time the State Grid purchased high voltage direct current transmission thyristor devices independently developed by domestic enterprises in quantities. Upon commencement of operation, the No.3 semiconductor production line financed by raised funds will become the largest power semiconductor production and research and development base in Asia, and the technical level of the

Company in respect of power and electronic industries will be greatly enhanced. As for future high voltage direct current transmission investment and construction projects, the Company will play a more important role in high voltage direct current transmission in collaboration with the State Grid Corporation of China and contribute more to China's high voltage direct current transmission.

With the funds raised, the new experiment system of the Company will be built and put into operation in the year, and as a result, the experiment capacity of the Company will be significantly enhanced mainly in the following aspects:

- The overall design, verification and experiment capacity for traction and control system will be significantly enhanced. The Company will be able to conduct systematic research, functional experiment, line simulation experiment, system reliability research and examination for new locomotive vehicle traction and control system and conduct substantially all the experiments previously undertaken by field experiments.

- Reliability research experiment capacity for core electric equipment and electronic products will be significantly enhanced. The Company will be able to conduct product type experiment, reliability and environmental experiment and research experiment, identify the defects of products in design, material and process, provide technical support for improving the reliability design of products, and conduct research on the reliability design and verification for electric and electronic products.

- Research and experiment capacity for advanced control technology represented by network technology and wireless information technology will be significantly enhanced. Network technology research will focus on the consistency research on train network products to determine the technical level for the interconnection of train network products produced by different manufacturers. Information technology application research will provide powerful means for the development of information communication products and will be adopted to conduct research on the function verification experiment and trouble simulation experiment for various information communication products, such as wireless synchronized manipulation system and voice recording radio station.

- Research and experiment capacity for critical components will be significantly enhanced.

By means of first class experiments, the Company will be able to eliminate the potential safety hazards, and ensure the quality, of its products and safeguard the safe operation of railways.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

	2008 *(RMB million)*	2007 *(RMB million)*
Train power converters, auxiliary power supply equipment and control systems	**1,109.7**	812.6
Including:		
Locomotives	**347.7**	275.7
Electric Multiple units	**632.2**	470.5
Metropolitan rail transportation equipment	**129.8**	66.4
Train operation safety equipment	**241.3**	293.3
Electrical control systems for large railway maintenance vehicles	**293.8**	141.4
Train-borne electrical systems	**1,644.8**	1,247.3
Power semiconductor devices	**217.2**	122.9
Sensors and related products	**80.9**	63.6
Other products	**176.4**	108.0
Electric components	**474.5**	294.5
Total revenue	**2,119.3**	1,541.8

Revenue increased by RMB577.5 million or 37.5% from RMB1,541.8 million for the year ended 31 December 2007 to RMB2,119.3 million for the year ended 31 December 2008. Revenue of RMB176.4 million from other products in 2008 consisted of revenue from the products of busbar and printed circuit board, etc.

Except for the decrease in revenue from train operation safety equipment, fast growth was seen in revenue from other product categories of the Group in 2008. The Group recorded the strongest growth of RMB297.1 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 EMU 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 RMB152.4 million was recorded in electrical control systems for large railway maintenance vehicles, mainly due to the increased purchase by the Ministry of Railway of large home-made railway maintenance vehicles with independent intellectual property right. The third strongest growth of RMB94.3 million was recorded in power semiconductor components, which was due to the further expansion into the high-pressure equipment market such as power system by the Company in 2008 and the revenue of RMB35.3 million contributed by the newly acquired Dynex.

Cost of sales

Cost of sales increased by 53.9% to RMB1,332.1 million for the year ended 31 December 2008 from RMB865.5 million for the year ended 31 December 2007. The increase in cost of sales was mainly due to the growth in the Group's revenue and the higher proportion of imported components in train operation safety equipment, electric multiple units and electrical control systems for large railway maintenance vehicles.

Gross profit

Based on the above factors, the Group's gross profit increased by 16.4% to RMB787.2 million for the year ended 31 December 2008 from RMB676.3 million for the year ended 31 December 2007. The Group's gross profit margin decreased from 43.9% for the year ended 31 December 2007 to 37.1% for the year ended 31 December 2008.

Other income and gains

Other income and gains of the Group increased by 40.1% to RMB119.4 million for the year ended 31 December 2008 from RMB85.2 million for the year ended 31 December 2007. The increase in other income and gains was mainly due to the increase in income from financial instruments investment and foreign exchange gains.

Selling and distribution costs

Selling and distribution costs of the Group increased by 6.3% to RMB127.5 million (representing 6.0% of the Group's revenue for the whole year) for the year ended 31 December 2008 from RMB120.0 million (representing 7.8% of the Group revenue for the whole year) for the year ended 31 December 2007. The selling and distribution costs were slightly higher than those in 2007, however, the stronger increase in revenue of the Group in 2008 resulted in a sharp decline in selling and distribution costs as a percentage of the Group's full year revenue.

Administration expenses

The Group's administration expenses increased by 2.6% to RMB284.4 million for the year ended 31 December 2008 from RMB277.2 million for the year ended 31 December 2007.

Profit from operations

The Group's profit from operations increased by 47.3% to RMB489.8 million for the year ended 31 December 2008 from RMB332.6 million for the year ended 31 December 2007, which was mainly due to the increase in revenue. The Group's operating profit margins for the years ended 31 December 2007 and 2008 were 21.6% and 23.1% respectively.

Finance costs

Finance costs decreased by 68.8% to RMB1.0 million for the year ended 31 December 2008 from RMB3.2 million for the year ended 31 December 2007. The reduction in finance costs was mainly due to the fact that interest expenses for 2008 decreased as compared with 2007. Finance costs comprised mainly of handling fee and a small amount of loans owed by Dynex in 2008.

Profit before tax

Based on the above factors, the Group's profit before tax increased by 44.1% to RMB496.8 million for the year ended 31 December 2008 from RMB344.9 million for the year ended 31 December 2007.

Income tax expenses

The Group's income tax expenses increased from RMB-2.6 million for the year ended 31 December 2007 to RMB73.5million for the year ended 31 December 2008. The Group's income tax expenses comprised effective income tax of RMB79.2 million and deferred tax credit of RMB5.7 million.

In 2008, the Company, Times Electronics, Ningbo Company and Times Guangchuang were recognized as high and new technology enterprise and received the approval from the relevant government authority, thus each of them was subject to the preferential corporate income tax at the rate of 15% from 1 January 2008.

Times Information, Shenyang Company, Times Equipment and Times Zhuoyue were subject to the corporate income tax at the rate of 25%.

The Group's deferred tax credit of RMB5.7 million, which was included in the income statement of the year, was based on the temporary difference in expected deductible expenses calculated in accordance with the applicable tax rates during different periods.

The effective tax rates of the Group for the years ended 31 December 2007 and 2008 were -0.7% and 14.9% respectively.

Net profit attributable to equity holders of the parent

The Group's net profit attributable to equity holders of the parent increased by 21.6% from RMB347.4 million for the year ended 31 December 2007 to RMB422.3 million for the year ended 31 December 2008. The Group's net profit margins for the years ended 31 December 2007 and 2008 were 22.5% and 20.0% respectively.

Profit and loss attributable to minority interests

Profit and loss attributable to minority interests increased from RMB0.1 million for the year ended 31 December 2007 to RMB1.0 million for the year ended 31 December 2008. The increase was mainly due to the Group's acquisition of 75% interest in Dynex on 31 October 2008, after which Dynex became a subsidiary of the Group. The Group recognized the profit and loss attributable to minority interests of Dynex for the two months ended 31 December 2008.

Earnings per share

Earnings per share increased by 21.9% from RMB0.32 for the year ended 31 December 2007 to RMB0.39 for the year ended 31 December 2008.

Liquidity and Source of Capital

Cash flows and working capital

The Group's needs for working capital were mainly satisfied by cash generated from operations. The decrease in the Group's cash and cash equivalents in 2008 was mainly due to the use of proceeds from the global offering of shares of the Company in accordance with the scope disclosed in the prospectus and the investments of certain bank loans in financial instruments with principal repayment guaranteed by banks.

Net cash inflow from operating activities

The Group's net cash inflow from operating activities increased from RMB81.8 million for the year ended 31 December 2007 to RMB255.4 million for the year ended 31 December 2008, mainly due to the strengthened management of funds recovery by the Group.

Net cash outflow from investment activities

For the year ended 31 December 2008, the Group's net cash outflow from investment activities was approximately RMB76.1 million. Cash outflow from investment activities represents mainly the payment for bank financial management products of RMB400.0 million and payment for the acquisition of plant and equipment of RMB365.2 million. Cash inflow from investment activities represents mainly the recovery of matured fixed deposits of RMB740.0 million.

Net cash outflow from financing activities

For the year ended 31 December 2008, the Group's net cash outflow from financing activities amounted to RMB153.2 million comprising dividends paid of RMB157.0 million.

Liquidity

The Board confirms that the Group has sufficient liquidity to meet the Group's present requirements for liquid funds.

Commitments

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

	As at 31 December	
	2008	2007
	(RMB million)	*(RMB million)*
Contracted but not provided:		
Purchase of items of property, plants and equipment	**167.8**	114.2
Purchase of items of other intangible assets	**113.7**	142.2
Acquisition of an associate	**—**	20.0
Total	**281.5**	276.4

Indebtedness

The Group's indebtedness as at the dates indicated is set out as follows:

	As at 31 December	
	2008	2007
	(RMB million)	*(RMB million)*
Interest-bearing bank and other borrowings	**24.4**	—

Gearing ratio

The Group monitors capital using the gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes interest-bearing bank and other borrowings, trade payables, bills payable and other payables and accruals, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the parent. The Group's gearing ratio was -53% as at 31 December 2007 and -5% as at 31 December 2008. The change in the gearing ratio was mainly attributed to the continuous use of proceeds from the global offering of shares of the Company in accordance with the scope disclosed in the prospectus which led to a decrease in cash and cash equivalents.

Contingent liabilities

The Group is not involved in any material litigation, and to the best of the Group's knowledge, there is no pending or potential material litigation in which the Group will be involved.

Employees and remuneration

The Group offers salary increments and bonuses to employees with outstanding performance. The bonus scheme is discretionary and is determined by the Directors with reference to the performance of the staff and the Group's operation results. The Group places great emphasis on the provision of on-the-job-training and development of its employees. Each staff member is required to participate in departmental training prior to the commencement of his or her employment. In subsequent years, the management and other employees are required to undertake further relevant training as specified by the Group. As at 31 December 2008, the Group has 3,330 full time employees, and the total amount of remuneration (including salaries and allowances) for employees in 2008 was approximately RMB248.8 million.

Market risks

The Group is subject to various market risks, including interest rate risk, foreign exchange risk and inflation risk in the ordinary course of its business.

PROPOSED DISTRIBUTION OF FINAL DIVIDENDS

The Board proposes distribution of a cash dividend of RMB0.155 per share (including applicable tax) for the year.

Pursuant to the provisions of the Enterprise Income Tax Law of the People's Republic of China and the Implementing Regulations of the Enterprise Income Tax Law of the People's Republic of China, effective from 1 January 2008, any PRC domestic enterprise shall withhold the enterprise income tax upon the distribution of dividends payable to the shareholders being non-resident enterprises (legal persons) for accounting periods starting from 1 January 2008, and the payer shall serve as the withholding agent. The Company will strictly abide by the law and identify all shareholders who are subject to the withholding and payment of income tax, whose names appear in the Company's register of members as holders of H shares on the record date and who are not individuals (including HKSCC Nominees Limited, other corporate nominees or trustees, and other entities or organisations that are all considered as non-resident enterprise shareholders). The Company will distribute the relevant dividends after deducting income tax of 10%.

The proposed dividend to be distributed is subject to the approval of the shareholders at the annual general meeting to be held on 23 June 2009.

The dividend is payable to shareholders whose names appear on the register of members at the close of business on 23 May 2009.

CLOSURE OF REGISTER

The register of the members of the Company will be temporarily closed from 24 May 2009 to 23 June 2009 (both days inclusive), during which no transfer of shares will be registered. In order to be entitled for the final dividends, all instruments of transfer together with the relevant share certificates must be delivered to the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in respect of holders of H Shares) before 4:30 p.m. on 23 May 2009.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE

The Company has always been dedicated to improving the quality of its management, and to maximizing long-term shareholder value by increasing the Group's accountability and transparency through strict implementation of corporate governance.

I ***Corporate Governance Practices***

The Company places great emphasis on the authority, dependability and prudence of its corporate governance. For the reporting period ended 31 December 2008, the Company has adopted all the relevant provisions contained in the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 14 of the Listing Rules and has complied with all other provisions of the CG Code.

The Board makes every effort to comply with the CG Code in order to protect and enhance interests of the Company's shareholders. As the Company continues to grow, in order to ensure compliance with relevant regulations and standards, the Company will monitor and, when necessary, revise its corporate governance policy on an ongoing basis.

In accordance with relevant laws and regulations, the Company has set up a structure in which corporate governance mechanism such as shareholders' general meetings, the Board, special committees of the Board, the supervisory committee and powers of the management check and balance one another. The divisions of responsibilities among the shareholders' general meeting, the Board, special committees of the Board, the supervisory committee and the management are distinct, and each of them is assigned with clearly defined responsibilities. The Company will continue to perfect its corporate governance mechanism, exercise discipline in the fulfilment of corporate duties, and strengthen the disclosure of information concerning its operations.

II ***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.

Having made specific inquiries to the directors, all directors confirmed that they have complied with the relevant standards in the Model Code during the reporting period.

REVIEW BY THE AUDIT COMMITTEE

The Company's annual results for the year ended 31 December 2008 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

17 April 2009

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