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 2008

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 2008 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	
		2008	2007
		(Unaudited)	*(Unaudited)*
	Notes	***RMB'000***	*RMB'000*
REVENUE	4	**1,014,839**	718,705
Cost of sales		**(625,192)**	(419,818)
Gross profit		**389,647**	298,887
Other income and gains	4	**63,225**	43,582
Selling and distribution costs		**(64,472)**	(48,410)
Administrative expenses		**(126,078)**	(111,258)
Other operating expenses, net		**(9,925)**	(27,020)
PROFIT FROM OPERATIONS		**252,397**	155,781
Finance costs		**—**	(3,794)
Share of profit of a jointly-controlled entity		**2,407**	1,728
PROFIT BEFORE TAX	5	**254,804**	153,715
Tax	6	**(62,515)**	7,191
PROFIT FOR THE PERIOD		**192,289**	160,906
Attributable to:			
Equity holders of the parent		**192,449**	161,127
Minority interests		**(160)**	(221)
		192,289	160,906
DIVIDENDS	7	**—**	—
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (BASIC)	8	**RMB0.18**	RMB0.15

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 June 2008 *(Unaudited)* *RMB'000*	31 December 2007 *(Audited)* *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	9	**706,325**	590,972
Prepaid land lease payments		**74,719**	75,501
Intangible assets		**25,383**	15,625
Interest in a jointly-controlled entity		**81,423**	79,016
Available-for-sale financial assets		**400**	400
Goodwill		**1,940**	1,940
Deferred tax assets		**20,091**	6,956
Total non-current assets		**910,281**	770,410
CURRENT ASSETS			
Inventories		**385,089**	439,521
Trade receivables	10	**879,659**	501,680
Notes receivable		**232,242**	258,200
Prepayments, deposits and other receivables		**685,613**	164,482
Financial assets at fair value through profit or loss		**101,561**	—
Derivative financial instruments		**5,664**	—
Pledged deposits		**2,680**	7
Cash and cash equivalents		**858,654**	1,510,603
Total current assets		**3,151,162**	2,874,493
CURRENT LIABILITIES			
Trade payables	11	**310,953**	221,680
Notes payable		**37,230**	48,172
Other payables and accruals		**375,848**	149,155
Provision for warranties		**55,338**	45,646
Deferred government grants		**6,242**	14,211
Tax payable		**58,504**	4,589
Total current liabilities		**844,115**	483,453
NET CURRENT ASSETS		**2,307,047**	2,391,040
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,217,328**	3,161,450

CONDENSED CONSOLIDATED BALANCE SHEET (continued)

	Notes	**30 June 2008**	31 December 2007
		(Unaudited)	*(Audited)*
		RMB'000	*RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,217,328**	3,161,450
NON-CURRENT LIABILITIES			
Deferred government grants		**19,000**	—
Deferred tax liabilities		**1,806**	—
Total non-current liabilities		**20,806**	—
NET ASSETS		**3,196,522**	3,161,450
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**1,084,256**	1,084,256
Reserves		**2,108,169**	1,915,720
Proposed final dividend	7	**—**	157,217
		3,192,425	3,157,193
Minority interests		**4,097**	4,257
TOTAL EQUITY		**3,196,522**	3,161,450

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was established in the People's Republic of China ("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.

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"), both of which are established in the PRC.

2.1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") No. 34 "Interim Financial Reporting" and Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). International Financial Reporting Standards ("IFRSs") comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards and Interpretations of the Standing Interpretation Committee approved by the International Accounting Standards Committee that remain in effect. The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention.

The unaudited condensed consolidated interim 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 audited annual financial statements for the year ended 31 December 2007.

The unaudited condensed consolidated interim 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

The principal accounting policies used in the preparation of these financial statements are consistent with those used in the annual audited financial statements for the year ended 31 December 2007, except that the Group has adopted the following new and amended IFRSs and International Financial Reporting Interpretations ("IFRICs") during the first half year of 2008. Adoption of these new and amended standards and interpretations did not have any material effect on the financial statements of the Group.

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 these changes are as follows:

(a) 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 acquires 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. As the Group currently has no such transactions, the interpretation does not have any financial impact on the Group.

(b) IFRIC – Int 12 requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. IFRIC – Int 12 also addresses how an operator shall apply existing IFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services. As the Group currently has no such arrangements, the interpretation is unlikely to have any financial impact on the Group.

(c) 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, in particular, when a minimum funding requirement exists. As the Group currently has no defined benefit scheme, IFRIC – Int 14 is not applicable to the Group and therefore is unlikely to have any financial impact on the Group.

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 on sale of goods

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	
	2008	2007
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Revenue:		
Sale of goods	**1,021,553**	723,167
Less: Sales taxes and surcharges	**(6,714)**	(4,462)
	1,014,839	718,705
Other income and gains:		
Interest income	**11,432**	16,287
Investment income from financial instruments	**11,468**	—
Profit from sale of raw materials	**624**	1,432
Gross rental income	**1,508**	942
Value-added tax refund	**12,236**	8,925
Technical service income	**1,159**	1,126
Exchange gains, net	**6,644**	—
Government grants	**10,127**	13,936
Gain on change in fair value of financial derivatives	**7,225**	—
Others	**802**	934
Total	**63,225**	43,582

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Cost of inventories sold	**625,192**	419,818
Staff costs (including directors' and supervisors' emoluments)	**92,384**	67,636
Auditors' remuneration	**2,332**	1,762
Depreciation of items of property, plant and equipment	**27,080**	20,194
Amortisation of lease prepayments	**782**	351
Amortisation of intangible assets	**822**	1,683
Research and development costs	**44,378**	46,683
Less: staff cost included above	**(20,051)**	(17,183)
depreciation and amortization included above	**(5,631)**	(4,610)
Research and development costs net of staff cost, depreciation and amortization	**18,696**	24,890
Exchange losses, net	**—**	18,721
Provision for obsolete inventories	**3,114**	1,018
Provision for impairment of trade and other receivables, net	**9,387**	8,235
Interest income	**(11,432)**	(16,287)
Gross rental income	**(1,508)**	(942)

6. TAX

The major components of income tax expense in the condensed consolidated income statement are:

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Current income tax - PRC corporate income tax ("CIT")	**73,843**	92
Deferred income tax credit	**(11,328)**	(7,283)
Income tax charge/(credit) for the period	**62,515**	(7,191)

7. DIVIDENDS

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 Board did not recommend the payment of any interim dividend for the six months ended 30 June 2008 (six months ended 30 June 2007: Nil).

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on:

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Earnings:		
Profit attributable to ordinary equity holders of the parent	**192,449**	161,127
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 30 June 2008 and 2007.

9. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30 June 2008, the acquisition cost of the Group' additions to property, plant and equipment amounted to RMB145,032,000 (six months ended 30 June 2007: RMB88,915,000), where such cost was mainly spent on the construction of the new specialised manufacturing base. For the six months ended 30 June 2008, the Group disposed of fixed assets with net book value amounting to RMB273,000 (six months ended 30 June 2007: RMB61,000), and the relating loss on such disposal was RMB137,000 (six months ended 30 June 2007:RMB61,000).

10. 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.

	30 June 2008	31 December 2007
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Trade receivables from:		
CSRG and its subsidiaries (other than the Group)	**253,833**	69,742
Jointly-controlled entity	**28**	27
Third parties	**675,346**	477,216
	929,207	546,985
Less: Provision for impairment of receivables	**(49,548)**	(45,305)
	879,659	501,680

An aged analysis of the trade receivables, net of provision for impairment of receivables, is as follows:

	30 June 2008	31 December 2007
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Within 1 year	**825,415**	441,964
Over 1 year but within 2 years	**46,708**	59,104
Over 2 years but within 3 years	**29,789**	17,559
Over 3 years	**27,295**	28,358
	929,207	546,985
Less: Provision for impairment of receivables	**(49,548)**	(45,305)
	879,659	501,680

The amounts due from CSRG and its subsidiaries included in the Group's trade receivables are unsecured, interest-free and repayable on demand.

11. TRADE PAYABLES

	30 June 2008	31 December 2007
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Trade payables to:		
CSRG and its subsidiaries (other than the Group)	**21,897**	11,756
Jointly-controlled entity	**68,912**	15,459
Third parties	**220,144**	194,465
	310,953	221,680

The normal credit period for trade payables is three months. The amounts due to CSRG and its subsidiaries included in the Group's trade payables are unsecured, interest-free and payable on demand.

An aged analysis of the trade payables is as follows:

	30 June 2008	31 December 2007
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Within 3 months	**243,276**	187,725
Over 3 months but within 1 year	**61,086**	24,894
Over 1 year but within 2 years	**3,859**	7,046
Over 2 years but within 3 years	**1,392**	1,287
Over 3 years	**1,340**	728
	310,953	221,680

RESULTS IN BRIEF

The revenue of the Group for the six months ended 30 June 2008 amounted to RMB1,014,839,000 (for the six months ended 30 June 2007: RMB718,705,000), representing an increase of 41.20% over the same period of last year. Profit before tax amounted to RMB254,804,000 (for the six months ended 30 June 2007: RMB153,715,000), representing an increase of 65.76% over the same period of last year. Profit attributable to equity holders of the parent amounted to RMB192,449,000 (for the six months ended 30 June 2007: RMB161,127,000), representing an increase of 19.44% over the same period of last year. Basic earnings per share on a non-dilutive basis amounted to RMB0.18 (for the six months ended 30 June 2007: RMB0.15).

BUSINESS REVIEW

Review on the results for the six months ended 30 June 2008

In the first half of 2008, the Company has delivered some electrical system products for 300 km/h electric multiple units ("EMUs"), and initiated the long EMUs（長編組動車組）project, which passed the type test and acceptance for its first piece product. The new manufacturing base, constructed using proceeds from the Company's initial public offering, has commenced operation. The Company made new progress in the urban railway market, and its self-developed traction electrical system has made breakthrough in the Shenyang urban railway project. This is the first time that the AC electrical system developed by a PRC company won the bid for a domestic urban railway project.

Outlook for the second half of the year

In the second half of 2008, the Company anticipates the following developments:

— To enter into a supply contract of high power locomotive electrical systems, which is a breakthrough of the Company in the high power locomotive electrical systems area.

— To obtain new orders for electrical systems for EMUs.

— To continue efforts and breakthroughs in acquisitions and mergers.

The listing of China South Locomotive & Rolling Stock Corporation Limited will help to enhance its consolidated competitiveness and enhances its production capacity, which is helpful to the rapid development of the Company.

The Company's development prospects are promising with industrial dominance. The Company will leverage on economic synergies through capital platforms, so as to facilitate the Company's development in a good and rapid manner, and create greater values for shareholders.

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 the interim report.

Revenue

	For the six months ended 30 June	
	2008	2007
	(RMB million)	*(RMB million)*
Train power converters, auxiliary power supply equipment and control systems	**517.4**	444.8
Train operation safety equipment	**157.0**	110.1
Electrical control systems for large railway maintenance vehicles	**181.3**	59.0
Train-borne electrical systems	**855.7**	613.9
Power semiconductor devices	**85.2**	56.4
Sensors and related products	**45.1**	27.3
Others	**28.8**	21.1
Electric components	**159.1**	104.8
Total revenue	**1,014.8**	718.7

Revenue increased by 41.2% from RMB718.7 million for the six months ended 30 June 2007 to RMB1,014.8 million for the six months ended 30 June 2008. The increase in revenue was mainly due to: the Ministry of Railways increased purchases of large railway maintenance vehicles in 2008, resulting in the significant increase in the electrical control systems of large railway maintenance vehicles; more delivery of the EMUs, resulting in the increase in the sales incomes from the corresponding train operation safety equipment and train power converters, auxiliary power supply equipment and control systems; other growth derived partly from the expansion by the Company in urban railways, power semiconductors and sensor markets.

Cost of sales

Cost of sales increased by 48.9% from RMB419.8 million for the six months ended 30 June 2007 to RMB625.2 million for the six months ended 30 June 2008. The increase in cost of sales was mainly due to the increase in the Group's revenue, and also due to the increase in turnover of EMUs and electrical control systems for large railway maintenance vehicles which consisted of some new products where the percentage of cost of imported parts was higher and the price of some raw materials have increased causing the growth rate of cost of sales exceeding that of revenue.

Gross profit

Due to the above reason, the Group's gross profit increased by 30.3% from RMB298.9 million for the six months ended 30 June 2007 to RMB389.6 million for the six months ended 30 June 2008, while gross profit margin decreased from 41.6% for the six months ended 30 June 2007 to 38.4% for the six months ended 30 June 2008.

Other income and gains

Other income and gains increased by 45.0% from RMB43.6 million for the six months ended 30 June 2007 to RMB63.2 million for the six months ended 30 June 2008. The increase in other income and gains was mainly due to the increase in income from investments in financial instruments with principals guaranteed by banks, value-added tax refund and fair value gain on foreign currency forward contracts. Such forward contracts are entered into by the Group to manage its exchange rate exposures which did not meet the criteria for hedge accounting.

Selling and distribution costs

Selling and distribution costs increased by 33.3% from RMB48.4 million (representing 6.7% of the revenue for the half year) for the six months ended 30 June 2007 to RMB64.5 million (representing 6.4% of the revenue for the half year) for the six months ended 30 June 2008. The increase in selling and distribution costs was mainly due to the increase in sales income and the increase in sale staff remuneration compared to the same period of last year.

Administrative expenses

Administrative expenses increased by 13.3% from RMB111.3 million for the six months ended 30 June 2007 to RMB126.1 million for the six months ended 30 June 2008. The increase in administrative expenses was due to the increase in operating activities and the increase in staff remuneration compared to the same period of last year.

Finance costs

Finance costs decreased by 100% from RMB3.8 million for the six months ended 30 June 2007 to nil for the six months ended 30 June 2008. This was due to the Group's complete repayment of all of its borrowings.

Income tax expenses

The Group's income tax expenses increased by RMB69.7 million from RMB-7.2 million for the six months ended 30 June 2007 to RMB62.5 million for the six months ended 30 June 2008. The increase was mainly due to the fact that the Company and most of its subsidiaries enjoyed CIT exemptions under the preferential policies of the State on converted scientific institutions in the previous period, and the Group is now 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 line with Guo Ke Fa Huo [2008] No. 172, notice regarding issuance of "Administration Method for the Recognition of High and New Technology Enterprises" issued by the Ministry of Science and Technology, Ministry of Finance, State Administration of Taxation on 14 April 2008, the State requires the status of High and New Technology Enterprise needing key supports with a reduced CIT rate of 15% to be reconfirmed, and to use CIT rate of 25% when pending such reconfirmation. The Company and most of its subsidiaries have submitted applications to the relevant government authority for the recognition of the qualification as a High and New Technology Enterprise. Since no confirmation has yet been received, the Group adopts 25% as its CIT rate.

Deferred tax assets and liabilities of the Group mainly arose from temporary differences of accrued expenses and fair value gain on derivative financial instruments.

Commitments

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

	30 June 2008 *(RMB million)*	31 December 2007 *(RMB million)*
Contracted but not provided for:		
Acquisition of items of property, plants and equipment	**131.0**	114.3
Acquisition of items of intangible assets	**150.6**	142.2
Acquisition of a new associate	**20.0**	20.0
Total	**301.6**	276.5
Authorised, but not contracted for:		
Acquisition of items of property, plant and equipment	**451.8**	186.0
Acquisition of items of intangible assets	**35.0**	—
Capital contribution to new subsidiaries	**17.0**	—
Acquisition of a new subsidiary	**125.0**	—
Total	**628.8**	186.0

Investments

On 16 May 2008, the Company invested RMB3,000,000 and established 瀋陽南車時代交通設備有限公司 (Shenyang CSR Times Transportation Equipment Company Ltd.), a wholly-owned subsidiary, which mainly engages in the assembly of traction systems of urban railways.

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 2008, approximately RMB854 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 RMB468 million for investments in train power converters, auxiliary power supply equipment and control systems;

(2) Approximately RMB59 million for investments in train operation safety equipment;

(3) Approximately RMB31 million for investments in importation of technology and development of a new generation of railway maintenance vehicles;

(4) Approximately RMB106 million for investments in large power semi-conductor devices;

(5) Approximately RMB55 million for investments in sensors and related products;

(6) Approximately RMB67 million for other areas; and

(7) Approximately RMB68 million for supplementing working capital.

Gearing Ratio

The gearing ratio, which is net debt divided by total capital plus net debt, changed from -52.8% as at 31 December 2007 to -4.4% as at 30 June 2008. 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 Company is committed to maintaining a high level of superiority, stability and reasonability on corporate governance. During the reporting period ended 30 June 2008, the Company has adopted and applied all the principles contained in the Code of Corporate Governance Practices ("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 2007 final dividends*

   Having been considered and passed at the 2007 annual general meeting of shareholders, the Company has distributed a cash dividend of RMB0.145 per share as final dividend for 2007 to all shareholders based on the Company's total share capital of 1,084,255,637 shares as at the end of 2007, totaling RMB157.22 million. Implementation of the dividend distribution plan has been completed before 25 July 2008.

2. *2008 interim profit distribution plan*

   The Board did not recommend distribution of interim dividend for the six months ended 30 June 2008.

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 Company and the Parent Group/CSRG Group (excluding the Parent Group)/Kunming China Railway. 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 the Parent Group or CSRG Group (excluding the Parent Group) or Kunming China Railway, and the opinions regarding such transactions were disclosed to shareholders by way of announcements.

On 28 April 2008, the Company entered into Renewed Mutual Supply Agreements with CSRG and Kunming China Railway respectively, confirming the total annual caps in respect of the continuing connected transactions between the Group and CSRG Group and Kunming China Railway and its subsidiaries for the financial years from 2009 to 2013. Such agreements have been approved by the independent shareholders in the extraordinary general meeting held on 27 June 2008.

Employees and training

As at 30 June 2008, the Company had 3,003 employees, of which 1,055 were personnel in engineering technical career development paths. The Company had reviewed the salaries and benefit system of the employees from time to time. Facing the social situation of rapid increase of prices, the Company had made adjustments to the salaries during the reporting period, and enhanced the level of employee salaries, with greater increase for lower level employees.

The Company has put much emphasis on staff training, and provided trainings to the employees through a combination of external and internal trainings. The Company has also enhanced establishment of internal training system, and has set up its own internal training teams, 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 2008 and this results announcement have been reviewed and confirmed by the audit committee.

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

25 August 2008

As at the date of this announcement, our chairman of the Board and executive Director is Ding Rongjun, our executive Director is Lu Penghu, our other 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.