株洲南车时代电气股份有限公司
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 2010

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 2010, together with the comparative figures in 2009, set out (unless otherwise stated, the figures contained in this announcement are denominated in Renminbi) as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2010

	Notes	**2010** **RMB'000**	2009 RMB'000
REVENUE	4	**5,831,278**	3,325,593
Cost of sales		**(3,679,193)**	(2,118,287)
Gross profit		**2,152,085**	1,207,306
Other income and gains	4	**96,276**	88,678
Selling and distribution costs		**(345,717)**	(203,353)
Administrative expenses		**(755,580)**	(463,594)
Other expenses		**(200,871)**	(12,469)
PROFIT FROM OPERATIONS		**946,193**	616,568
Finance costs	6	**(11,464)**	(8,013)
Share of profits and losses of:			
A jointly-controlled entity		**31,100**	15,767
Associates		**26,204**	(97)
PROFIT BEFORE TAX	5	**992,033**	624,225
Income tax expense	7	**(138,357)**	(89,836)
PROFIT FOR THE YEAR		**853,676**	534,389
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		**(18,188)**	10,648
Income tax effect		**—**	—
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(18,188)**	10,648
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**835,488**	545,037

	Notes	**2010**	2009
		RMB'000	*RMB'000*
Profit attributable to:			
Owners of the parent		**852,143**	530,881
Non-controlling interests		**1,533**	3,508
		853,676	534,389
Total comprehensive income attributable to:			
Owners of the parent		**837,619**	539,579
Non-controlling interests		**(2,131)**	5,458
		835,488	545,037
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
- Basic and diluted		**RMB0.79**	RMB0.49

Details of the dividends proposed for the year are disclosed in note 8 to this announcement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,377,759**	1,312,741
Prepaid land lease payments		**100,047**	102,490
Goodwill		**49,209**	52,874
Other intangible assets		**59,115**	94,670
Investment in a jointly-controlled entity		**122,692**	97,091
Investments in associates		**45,012**	19,793
Available-for-sale investments		**400**	400
Deferred tax assets		**43,678**	20,828
Other non-current assets		**43,427**	—
Total non-current assets		**1,841,339**	1,700,887
CURRENT ASSETS			
Inventories		**1,590,491**	888,925
Trade receivables	10	**901,236**	742,255
Bills receivable		**791,449**	691,190
Prepayments, deposits and other receivables		**206,375**	210,081
Pledged deposits		**111,980**	28,811
Cash and cash equivalents		**1,569,479**	1,138,562
Total current assets		**5,171,010**	3,699,824
CURRENT LIABILITIES			
Trade payables	11	**1,012,637**	718,381
Bills payable		**196,087**	162,780
Other payables and accruals		**392,017**	322,278
Interest-bearing bank and other borrowings		**500,739**	120,800
Tax payable		**132,823**	48,304
Government grants		**50,585**	4,656
Provision for warranties		**83,370**	93,360
Total current liabilities		**2,368,258**	1,470,559
NET CURRENT ASSETS		**2,802,752**	2,229,265
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,644,091**	3,930,152

	Notes	2010 RMB'000	2009 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**2,333**	3,330
Government grants		**34,970**	37,242
Provision for warranties		**91,150**	—
Deferred tax liabilities		**12,899**	10,961
Total non-current liabilities		**141,352**	51,533
NET ASSETS		**4,502,739**	3,878,619
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**1,084,256**	1,084,256
Reserves		**2,990,969**	2,484,757
Proposed final dividend	8	**330,698**	211,430
		4,405,923	3,780,443
Non-controlling interests		**96,816**	98,176
TOTAL EQUITY		**4,502,739**	3,878,619

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 (together, 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. ("ZELRI") and the ultimate holding company of the Group is CSR Group (formerly known as China South Locomotive & Rolling Stock Industry (Group) Corporation, "CSRG"), which were 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 (the " IASB"), 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 in notes to the 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

Basis of consolidation from 1 January 2010

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. 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 intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests (formerly known as minority interests), prior to 1 January 2010, were accounted for using the parent entity extension method, whereby the differences between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the parent shareholders.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 January 2010 has not been restated.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 1 (Revised)	*First-time Adoption of International Financial Reporting Standards*
IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters*
IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
IFRS 3 (Revised)	*Business Combinations*
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*
IAS 39 Amendment	Amendment to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
IFRIC-Int 17	*Distributions of Non-cash Assets to Owners*
IFRS 5 Amendments included in Improvements to IFRSs issued in May 2008	Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to IFRSs 2009	Amendments to a number of IFRSs issued in April 2009

Other than as further explained below regarding the impact of IFRS 3 (Revised), IAS 27 (Revised), amendments to IAS 7 and IAS 17 included in *Improvements to IFRSs 2009*, the adoption of the new and revised IFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised IFRSs are as follows:

(a) IFRS 3 (Revised) *Business Combinations* and IAS 27 (Revised) *Consolidated and Separate Financial Statements*

IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to IAS 7 *Statement of Cash Flows*, IAS 12 *Income Taxes*, IAS 21 *The Effects of Changes in Foreign Exchange Rates*, IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(b) *Improvements to IFRSs 2009* issued in April 2009 sets out amendments to a number of IFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- IAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

- IAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in IAS 17.

2.3 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 Amendment	Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*[2]
IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[4]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[4]
IFRS 9	*Financial Instruments*[6]
IAS 12 Amendments	Amendments to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*[5]
IAS 24 (Revised)	*Related Party Disclosures*[3]
IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*[1]
IFRIC-Int 14 Amendments	Amendments to IFRIC-Int 14 *Prepayments of a Minimum Funding Requirement*[3]
IFRIC-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[2]

Apart from the above, the IASB has issued *Improvements to IFRSs 2010* which sets out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to IFRS 3 and IAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to IFRS 1, IFRS 7, IAS 1, IAS 34 and IFRIC-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

1 Effective for annual periods beginning on or after 1 February 2010
2 Effective for annual periods beginning on or after 1 July 2010
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 July 2011
5 Effective for annual periods beginning on or after 1 January 2012
6 Effective for annual periods beginning on or after 1 January 2013

Further information about those changes that are expected to significantly affect the Group is as follows:

IFRS 9 is the first part of phase 1 of a comprehensive project to entirely replace IAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of IAS 39.

In October 2010, the IASB issued additions to IFRS 9 to address financial liabilities (the "Additions") and incorporated in IFRS 9 the current derecognition principles of financial instruments of IAS 39. Most of the Additions were carried forward unchanged from IAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

IAS 39 is aimed to be replaced by IFRS 9 in its entirety. Before this entire replacement, the guidance in IAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt IFRS 9 from 1 January 2013.

IAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government. The Group expects to adopt IAS 24 (Revised) from 1 January 2011 and the comparative related party disclosures will be amended accordingly.

While the adoption of the revised standard will result in changes in the accounting policy, the revised standard is unlikely to have any impact on the related party disclosures.

Improvements to IFRSs 2010 issued in May 2010 sets out amendments to a number of IFRSs. The Group expects to adopt the amendments from 1 January 2011. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments are expected to have a significant financial impact on the Group. Those amendments that are expected to have a significant impact on the Group's policies are as follows:

(a) IFRS 1 *First-time Adoption of International Financial Reporting Standards:* (i) Clarifies that if a first-time adopter changes its accounting policies or its use of the exemptions in IFRS 1 after it has published an interim financial report in accordance with IAS 34 *Interim Financial Reporting*, it needs to explain those changes and update the reconciliation between the previous GAAP and IFRSs; (ii) allows a first time adopter to use an event-driven fair value as deemed cost, even if the event occurs after the date of transition, but during the period covered by the first IFRS financial statements or allows an existing IFRS preparer to apply the amendment retrospectively in the first annual period after the amendment is effective; and (iii) expands the scope of deemed cost for property, plant and equipment or intangible assets to include items subject to rate regulated activities.

(b) IFRS 3 *Business Combinations:* Clarifies that the amendments to IFRS 7, IAS 32 and IAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008).

In addition, the amendments limit the measurement choice of non-controlling interests at fair value or at the proportionate share of the acquiree's identifiable net assets to components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS.

The amendments also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

(c) IAS 1 *Presentation of Financial Statements:* Clarifies that an analysis of other comprehensive income for each component of equity can be presented either in the statement of changes in equity or in the notes to the financial statements.

(d) IAS 27 *Consolidated and Separate Financial Statements:* Clarifies that the consequential amendments from IAS 27 (as revised in 2008) made to IAS 21, IAS 28 and IAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if IAS 27 is applied earlier.

3. OPERATING SEGMENT INFORMATION

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

Geographical information

(a) Revenue from external customers

	2010	2009
	RMB'000	*RMB'000*
Mainland China	**5,501,091**	2,983,437
Other countries	**330,187**	342,156
	5,831,278	3,325,593

The revenue information above is based on the location of the customers.

(b) Non-current assets

	2010	2009
	RMB'000	*RMB'000*
Mainland China	**1,577,215**	1,484,319
Other countries	**220,046**	195,340
	1,797,261	1,679,659

The non-current asset information above is based on the location of assets and excludes financial instruments and deferred tax assets.

Information about a major customer

Revenue, generated from a single customer, including sales to a group of entities which are known to be under common control with that customer, which amounted to more than 10% of the Group's revenue for the year ended 31 December 2010 was RMB3,713,683,000 (2009: three single customers which amounted to more than 10% of the Group's revenue were RMB1,681,455,000, RMB360,529,000 and RMB341,356,000, respectively).

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowance for returns and trade discounts, and excludes sale taxes.

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

		2010	2009
	Notes	***RMB'000***	*RMB'000*
Revenue:			
Sale of goods		**5,831,278**	3,325,593
Other income and gains:			
Bank interest income		**7,992**	15,770
Profit from sale of scrap materials		**8,125**	1,069
Investment income from financial instruments		**580**	3,090
Gross rental income		**6,400**	6,069
Value-added tax refund	(i)	**41,678**	33,600
Technical service income		**6,098**	6,500
Government grants	(ii)	**18,391**	18,559
Gain on disposal of an associate		**43**	—
Others		**6,969**	4,021
		96,276	88,678

(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 2010 and 2009.

(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 from operating activities is arrived at after charging/(crediting):

	Notes	**2010**	2009
		RMB'000	*RMB'000*
Cost of inventories sold		**3,679,193**	2,118,287
Staff costs (including directors' and supervisors' remuneration)	(i)	**499,687**	363,762
Auditors' remuneration		**5,420**	5,700
Depreciation		**111,733**	76,578
Amortisation of prepaid land lease prepayments		**2,443**	1,753
Amortisation of other intangible assets		**23,952**	10,772
Minimum lease payments under operating leases:			
Land and buildings		**6,796**	6,731
Plant and equipment		**2,822**	1,723
		9,618	8,454
Provision / (reversal of provision) against obsolete inventories		**(8,977)**	23,511
Exchange losses, net		**8,472**	2,581
Research and development costs		**318,145**	174,998
Less: staff costs included above		**(132,888)**	(82,757)
development costs capitalised		**(1,275)**	(6,136)
Research and development costs, net of staff costs and development costs capitalised		**183,982**	86,105
Loss on disposal of items of property, plant and equipment		**14,263**	1,509
Loss on disposal of other intangible assets		**17,239**	—
Impairment of trade and other receivables		**1,500**	5,873
Impairment of items of property, plant and equipment		**25,796**	213
Provision for warranties		**193,111**	80,275
Impairment of other intangible assets		**131,628**	—
Bank interest income		**(7,992)**	(15,770)
Gross rental income		**(6,400)**	(6,069)
Gain on disposal of an associate		**(43)**	—

(i) Staff costs

	2010	2009
	RMB'000	*RMB'000*
Wages, salaries and bonuses	**347,019**	262,405
Contribution to government-operated pension schemes	**35,951**	22,731
Contribution to a pension annuity plan	**16,010**	6,779
Welfare and other expenses	**100,707**	71,847
	499,687	363,762

From 2006, the Group implemented an employee pension annuity plan. Pursuant to 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

An analysis of finance costs is follows:

	2010	2009
	RMB'000	*RMB'000*
Interest on bank and other borrowings wholly repayable within five years	**9,746**	4,778
Interest on bills discounted	**1,718**	3,235
	11,464	8,013

7. INCOME TAX EXPENSE

Under the relevant PRC Corporate Income Tax Law and the respective regulations, except for the Company's subsidiaries overseas and certain preferential treatment available to the Company and certain Company's subsidiaries in the PRC, which were taxed at a preferential rate of 15% primarily due to their status as entities engaging in technology development or their involvement in the development projects in the western region of PRC, the entities within the Group were subject to corporate income tax at a rate of 25% for the years ended 31 December 2010 and 2009.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	2010	2009
	RMB'000	*RMB'000*
Current		
- PRC	**158,212**	96,824
- Elsewhere	**28**	19
Deferred	**(19,883)**	(7,007)
Income tax charge for the year	**138,357**	89,836

A reconciliation of the tax expense applicable to profit before tax at the statutory rate in the PRC to the tax expense at the effective tax rate is as follows:

	2010		2009	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	**992,033**		624,225	
Tax at the statutory tax rate	**248,008**	**25.0**	156,056	25.0
Reconciling items:				
Profits and losses attributable to a jointly-controlled entity and associates	**(8,596)**	**(0.9)**	(3,917)	(0.6)
Expenses not deductible for tax	**29,539**	**3.0**	12,603	2.0
Income not subject to tax	**(6,997)**	**(0.7)**	(8,683)	(1.4)
Effect of different income tax rates for overseas entities	**90**	**0.0**	178	0.0
Tax exemption	**(99,766)**	**(10.1)**	(59,319)	(9.5)
Tax losses not recognised	**4,852**	**0.5**	2,200	0.4
Others*	**(28,773)**	**(2.9)**	(9,282)	(1.5)
Total tax charge for the year	**138,357**	**13.9**	89,836	14.4

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

The share of tax attributable to a jointly-controlled entity and associates amounting to RMB4,528,000 and RMB3,501,000 (2009: RMB1,882,000 and nil), respectively, is included in "Share of profits and losses of a jointly-controlled entity and associates" in the consolidated statement of comprehensive income.

8. DIVIDENDS

	2010	2009
	RMB'000	*RMB'000*
Proposed final – RMB0.305 (2009: RMB0.195) per ordinary share	**330,698**	211,430

The proposed final dividend for the year 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 the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,084,255,637 (2009: 1,084,255,637) in issue during the year, as adjusted to reflect the rights issue during the year.

The calculation of basic earnings per share is based on:

	2010	2009
	RMB'000	*RMB'000*
Earnings:		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**852,143**	530,881

	Number of Shares	
	2010	2009
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 adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2010 and 2009 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

10. TRADE RECEIVABLES

	Group	
	2010	2009
	RMB'000	*RMB'000*
Trade receivables	**935,478**	778,008
Impairment	**(34,242)**	(35,753)
	901,236	742,255

The credit period of individual customers is considered on a case-by-case basis and set out in the sales contracts, as appropriate. However, in the opinion of the directors, the Group has effectively granted an average credit period of around six months to the customers after taking into account the practice of the industry in which the Group conducted its business. The Group seeks to maintain strict control over its outstanding receivables and to closely monitor on them to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group's credit risk maximum exposure in respect of trade receivables is equal to the carrying amount of the trade receivables.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provision for impairment of receivables, is as follows:

	Group	
	2010	2009
	RMB'000	*RMB'000*
Within 6 months	**733,030**	624,965
6 months to 1 year	**88,032**	86,204
1 to 2 years	**71,486**	27,710
2 to 3 years	**8,688**	3,376
	901,236	742,255

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

	Group	
	2010	2009
	RMB'000	*RMB'000*
At 1 January	**35,753**	34,993
Impairment losses recognised	**3,003**	6,138
Amount written off as uncollectible	**(3,333)**	(2,411)
Impairment losses reversed	**(1,125)**	(4,433)
Exchange realignment	**(56)**	1,466
	34,242	35,753

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB1,554,000 (2009: RMB6,740,000) with a carrying amount before provision of RMB1,554,000 (2009: RMB6,740,000). The Group does not hold collateral or other credit enhancements over these balances.

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	Group	
	2010	2009
	RMB'000	*RMB'000*
Neither past due nor impaired	**733,030**	625,402

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 end of the reporting period, based on the invoice date, is as follows:

	Group	
	2010	2009
	RMB'000	*RMB'000*
Within 3 months	**872,138**	541,086
3 months to 1 year	**125,730**	153,077
1 to 2 years	**11,361**	22,562
2 to 3 years	**1,884**	872
Over 3 years	**1,524**	784
	1,012,637	718,381

PERFORMANCE OVERVIEW

In 2010, turnover of the Group was RMB5,831.3 million, (2009: RMB3,325.6 million), an increase of 75.3% compared with last year; profit attributable to owners of the parent was RMB852.1 million, (2009: RMB530.9 million), and basic earnings per share was RMB0.79 (2009: RMB 0.49), an increase of 61.2% compared with last year.

BUSINESS REVIEW

During the "Eleventh Five-year Plan" period (2006-2010), the Ministry of Railways focused on increasing the investment in railway line construction. The construction of the high-speed railways of Wuhan-Guangzhou, Zhengzhou-Xi'an, Shanghai-Hangzhou and Shanghai-Nanjing was completed in succession and put into operation. The track-laying work for the whole line of the Beijing-Shanghai high-speed railway was also completed.

During the "Eleventhth Five-year Plan" period, foreseeing the rapid development of railways, the Company sought financing by listing on the stock market, greatly enhanced the level in research and development, manufacturing and testing, and seized the opportunities at the right time. As a result, the Company recorded a rapid growth in sales revenue and net profit at a compound annual growth rate (CAGR) of 40% and 30% respectively, with a continuously steady dividend distribution to shareholders.

In 2010, the electrical systems for 7200kW high-power electric locomotives, for which the Company owns the intellectual property, were delivered continuously throughout the year. The Company also signed the orders for the electrical systems for new generation 350km/h electric multiple units, which were worth RMB5.1 billion. The two major core industry segments (i.e. electrical systems of locomotives and electric multiple units) realized the effect of large-scale industrial development and contributed to the vast majority of the Company's annual revenue. For other operations of the mainline railway market, the Company also recorded a steady development. Following the smooth operation of Shanghai Metro Line 1 and the opening of Fangshan Line, a model project adopting domestically manufactured subway trains, the traction system used in the metropolitan rails, which the Company self-developed, was fully recognized by the industry.

In respect of new business areas and key component application, the Company made significant progress and developed several types of high-end high-power converters applied in the area of non-railway. The 6-inch IGBT production line was put into operation, while the high-power IGBT module, which the Company self-developed, underwent a trouble-free operation for more than 150,000km in the subway running test.

In 2010, in terms of the set up of management system, the Company fully utilized the means of information, greatly enhancing the Company's management efficiency.

OUTLOOK

During the "Twelfth Five-year Plan" period, with a large number of new-built railways, including the Beijing-Shanghai high-speed railway, being put into operation successively, investment in railways will greatly turn to the procurement of equipment of locomotive and rolling stock. With its relevant products of the electrical systems of locomotives and electric multiple units, the Company will, to a great extent, benefit from the peak of this round of procurement. The Company will extend its operations to the three major industry markets, including mainline railways, metropolitan rails and extension of core technology in order to gradually form a diversified industry structure.

In 2011, the Company will deliver electrical systems for high-speed electric multiple units in large volumes. The Company will also continue to strengthen the research and development and improve innovation capability. High-power locomotive products still have greater market demand. In respect of new business areas, the Company will further step up efforts in research and development of new technologies, as well as fundamental frontier technology. The Company will also seek a breakthrough in both technology and market areas while continuously enhancing the level of design, process and product technology and stepping up efforts in market development.

Looking ahead, the Group is confident that it will seize the opportunities and speed up development, actively creating greater value for its shareholders. The Group will share the results of the Company's rapid development with its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

	2010 *(RMB million)*	2009 *(RMB million)*
Train power converters, auxiliary power supply equipment and control systems	**4,134.5**	1,891.0
Including:		
Locomotives	**2,350.7**	1,024.4
Electric Multiple units	**1,471.5**	711.4
Metropolitan rail transportation equipment	**312.3**	155.2
Train operation safety equipment	**410.9**	233.0
Railway maintenance vehicles related products	**566.7**	483.4
Train-borne electrical systems	**5,112.1**	2,607.4
Power semiconductor components	**462.2**	452.4
Sensors and related products	**100.7**	71.8
Other products	**156.3**	194.0
Electric components	**719.2**	718.2
Total revenue	**5,831.3**	3,325.6

Revenue increased by RMB2,505.7 million or 75.3% from RMB3,325.6 million for the year ended 31 December 2009 to RMB5,831.3 million for the year ended 31 December 2010. In 2010, the Group recorded revenue from other products of RMB156.3 million, which mainly comprised of revenue from products such as bus bar and PCB.

Except for the decrease in revenue from other products, fast growth in revenue was seen from various product categories of the Group in 2010. Among these, the Group recorded the strongest growth of RMB2,243.5 million in revenue from train power converters, auxiliary power supply equipment and control systems. Such increase was mainly due to the delivery of electrical systems for 7,200kW locomotives, 300km EMUs and 6M2T EMUs. The second strongest growth of RMB177.9 million was recorded in train operation safety equipment, mainly due to the delivery of monitoring device for 7200kW locomotives. The third strongest growth of RMB83.3 million was recorded in electrical control system for railway maintenance vehicles, mainly due to the revenue of RMB205.4 million contributed by Baoji Times established in March 2009.

Cost of sales

Cost of sales increased by 73.7% from RMB2,118.3 million for the year ended 31 December 2009 to RMB3,679.2 million for the year ended 31 December 2010. The increase in cost of sales was mainly due to the combined effect of the growth in the Group's revenue and the change in sales structure.

Gross profit

Due to the above reasons, the Group's gross profit increased by 78.3% from RMB1,207.3 million for the year ended 31 December 2009 to RMB2,152.1 million for the year ended 31 December 2010. The Group's gross profit margin increased from 36.3% for the year ended 31 December 2009 to 36.9% for the year ended 31 December 2010. The change in gross profit margin was mainly due to the change in product structure and the economies of scale of our products.

Other income and gains

Other income and gains increased by 8.6% from RMB88.7 million for the year ended 31 December 2009 to RMB96.3 million for the year ended 31 December 2010. The increase in other income and gains was mainly attributable to the increase in the one-off government subsidy as compared to last year.

Selling and distribution costs

Selling and distribution costs of the Group increased by 70.0% to RMB345.7 million (representing 5.9% of the Group's revenue for the whole year) for the year ended 31 December 2010 from RMB203.4 million (representing 6.1% of the Group revenue for the whole year) for the year ended 31 December 2009. The selling and distribution costs increased with the increase in business operations. However, as the Group recorded stronger growth in revenue in 2010, the Group's sales and distribution costs as a percentage share of annual revenue decreased by 0.2% over last year.

Administration expenses

The Group's administration expenses increased by 63.0% to RMB755.6 million (representing 13.0% of the annual revenue of the Group) for the year ended 31 December 2010 from RMB463.6 million (representing 13.9% of the annual revenue of the Group) for the year ended 31 December 2009. The increase in administration expenses was due to the increase in business operation and in research and development costs of the Group in 2010. However, as the Group recorded stronger growth in revenue in 2010, the Group's administration expenses as a percentage share of annual revenue decreased by 0.9% over last year.

Other expenses

The Group's other expenses increased by 1507.2% to RMB200.9 million for the year ended 31 December 2010 from RMB12.5 million for the year ended 31 December 2009. The increase in other expenses due to the fact that the Group has carried out a thorough tidying-up for its assets status in 2010, and has made reasonable impairment provision for assets with indication of impairment. Among these, the Group made impairment provision of RMB131.6 million for an intangible asset, a proprietary technology introduced from abroad in 2007, which had indication of impairment.

Profit from operations

The Group's profit from operations increased by 53.5% to RMB946.2 million for the year ended 31 December 2010 from RMB616.6 million for the year ended 31 December 2009, which was mainly due to increase in revenue. The Group's operating profit margins for the years ended 31 December 2009 and 2010 were 18.5% and 16.2% respectively.

Finance costs

Finance costs increased by 43.8% to RMB11.5 million for the year ended 31 December 2010 from RMB8.0 million for the year ended 31 December 2009. The increase in finance costs was mainly due to the fact that interest expenses for 2010 increased as compared with 2009. Finance costs mainly comprised of interests incurred for the short-term financing bonds newly issued during the year.

Profit before tax

Based on the above factors, the Group's profit before tax increased by 58.9% to RMB992.0 million for the year ended 31 December 2010 from RMB624.2 million for the year ended 31 December 2009.

Income tax expenses

The Group's income tax expenses increased by 54.1% to RMB138.4 million for the year ended 31 December 2010 from RMB89.8 million for the year ended 31 December 2009. The Group's income tax expenses comprised current effective income tax of RMB158.2 million and deferred tax credit of RMB19.8 million.

In 2008, the Company, Zhuzhou Times Electronics Technology Co., Ltd. and Ningbo CSR Times Sensor Technology Ltd. were recognized as high and new technology enterprises and received the approval from the relevant government authority, thus they were subject to the preferential corporate income tax at the rate of 15% from 1 January 2008.

Beijing CSR Times Information Technology Co., Ltd. and Shenyang CSR Times Transportaction Equirpment Co., Ltd. were subject to the corporate income tax at the rate of 25%.

Baoji CSR Times Engineering Machinery Co., Ltd. benefited from the tax reduction policy under the western development initiative of the PRC and was subject to corporate income tax rate of 15%.

The Group's deferred tax credit of RMB19.8 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 2009 and 31 December 2010 were 14.4% and 13.9% respectively.

Net profit attributable to owners of the parent

The Group's net profit attributable to owners of the parent increased by 60.5% to RMB852.1 million for the year ended 31 December 2010 from RMB530.9 million for the year ended 31 December 2009. The Group's net profit margins for the years ended 31 December 2009 and 2010 were 16.0% and 14.6% respectively.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests decreased to RMB1.5 million for the year ended 31 December 2010 from RMB3.5 million for the year ended 31 December 2009. The decrease in profit attributable to non-controlling interests was mainly due to the Group's further investment of RMB100.0 million in Baoji Times during the year.

Earnings per share

Earnings per share increased RMB0.30 to RMB0.79 for the year ended 31 December 2010 from RMB0.49 for the year ended 31 December 2009.

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. Cash and cash equivalents of the Group increased by RMB521.0 million in 2010, mainly due to strengthened management of funds recovery by the Group and the increase in net cash inflow for operating activities.

Net cash flows from operating activities

The Group's net cash flows from operating activities increased from RMB452.4 million for the year ended 31 December 2009 to RMB 754.3 million for the year ended 31 December 2010, mainly due to the strengthened management of funds recovery by the Group.

Net cash flows used in investing activities

For the year ended 31 December 2010, the Group's net cash flows used in investing activities was approximately RMB389.0 million. Cash outflow items in investing activities represent mainly the payment for the acquisition of property, plants and equipment of RMB229.9 million.

Net cash flows from financing activities

For the year ended 31 December 2010, the Group's net cash flows from financing activities amounted to approximately RMB155.7 million. Cash inflow from financing activities mainly represents short-term financing bonds of RMB500.0 million newly issued during the year. Cash outflow for financing activities mainly represents payment of dividends of RMB211.4 million and repayment of borrowings of RMB154.9 million.

Liquidity

The Board considers 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	
	2010	2009
	(RMB million)	*(RMB million)*
Contracted but not provided:		
Property, plant and equipment	**189.2**	234.7
Other intangible assets	**2.3**	106.5
Total	**191.5**	341.2

Indebtedness

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

	As at 31 December	
	2010	2009
	(RMB million)	(RMB million)
Interest-bearing bank and other borrowings	**503.1**	124.1

Gearing ratio

The Group monitors capital using the gearing ratio, which is net debt divided by 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 represents equity attributable to owners of the parent. The Group's gearing ratio was 5% as at 31 December 2009 and 11% as at 31 December 2010. The change in the gearing ratio was mainly attributed to the change in the net debt of the Group from RMB189.0 million for the year ended 31 December 2009 to RMB534.3 million for the year ended 31 December 2010.

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.

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. Details of the risks are set out in notes to the financial statements.

Policy risk

The Group is subject to risks arising from change in investment policies of the railway market by the Chinese government.

PROPOSED DISTRIBUTION OF FINAL DIVIDENDS

The Board proposes distribution of a cash dividend of RMB0.305 per share (including applicable tax) for the year.

Pursuant to the provisions of the Corporate Income Tax Law of the People's Republic of China and the Implementing Regulations of the Corporate 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 10 June 2011.

The dividend is payable to shareholders whose names appear on the register of members at the close of business on 9 May 2011.

CLOSURE OF REGISTER

The register of the members of the Company will be temporarily closed from 11 May 2011 to 10 June 2011 (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 Rooms 1712-1716, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (in respect of holders of H Shares) before 4:30 p.m. on 9 May 2011.

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 governance, and to maximizing long-term shareholder value by increasing the Group's accountability and transparency through strict implementation of corporate governance.

I *Corporate Governance*

The Company places great emphasis on the superiority, stability and reasonability of its corporate governance. For the reporting period ended 31 December 2010, the Company has adopted and applied the principles contained in the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") and has complied with all provisions of the CG Code.

The Board and management of the Company make every effort to comply with the CG Code in order to protect and enhance interests of its shareholders. As the Company continues to grow, in order to ensure compliance with the general regulations and standards required by shareholders, the Company will monitor and revise its corporate governance policies 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 the management that can check and balance one another. The division 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 Board has delegated the execution and daily operations of the Group's business to the management. However, clear directions are given to the management as to the matters that must be approved by the Board before decisions are made on behalf of the Group. 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, the Company confirmed that all directors have complied with the relevant standards in the Model Code concerning securities transaction by directors during the reporting period.

REVIEW BY THE AUDIT COMMITTEE

The Company's annual results for the year ended 31 December 2010 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

Changsha, China, 25 March 2011

As at the date of this announcement, our chairman of the Board and executive director is Ding Rongjun, our vice chairman of the Board and non-executive director is Deng Huijin, our other executive director is Li Donglin, our non-executive directors are Yan Wu 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.