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CSR 中国南车

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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

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 2011 which have been prepared in accordance with the International Financial Reporting Standards, set out as follows (unless otherwise stated, the figures contained in this announcement are denominated in Renminbi):

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

		For the six months ended 30 June	
		2011	2010
		(Unaudited)	*(Unaudited)*
	Notes	***RMB'000***	*RMB'000*
REVENUE	4	**4,233,070**	2,651,916
Cost of sales		**(2,612,871)**	(1,563,019)
Gross profit		**1,620,199**	1,088,897
Other income and gains	4	**55,271**	21,982
Selling and distribution costs		**(199,005)**	(160,624)
Administrative expenses		**(381,206)**	(316,723)
Other expenses		**(471)**	(31,535)
PROFIT FROM OPERATIONS		**1,094,788**	601,997
Finance costs	5	**(8,364)**	(3,389)
Share of profits and losses of:			
A jointly-controlled entity		**25,395**	4,713
An associate		**3,869**	6,313
PROFIT BEFORE TAX	6	**1,115,688**	609,634
Income tax expense	7	**(180,690)**	(91,561)
PROFIT FOR THE PERIOD		**934,998**	518,073
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		**1,568**	(15,595)
Income tax effect		**—**	—
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**1,568**	(15,595)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**936,566**	502,478

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(continued)

For the six months ended 30 June 2011

	Notes	For the six months ended 30 June 2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000
Profit attributable to:			
Owners of the parent		**937,607**	515,598
Non-controlling interests		**(2,609)**	2,475
		934,998	518,073
Total comprehensive income attributable to:			
Owners of the parent		**938,851**	502,988
Non-controlling interests		**(2,285)**	(510)
		936,566	502,478
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
–Basic and diluted		**RMB0.86**	RMB0.48

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2011

	Notes	**30 June 2011** **(Unaudited)** **RMB'000**	31 December 2010 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,399,668**	1,377,759
Prepaid land lease payments		**98,826**	100,047
Goodwill		**50,043**	49,209
Other intangible assets		**60,589**	59,115
Investment in a jointly-controlled entity		**148,087**	122,692
Investment in an associate		**44,820**	45,012
Available-for-sale investments		**400**	400
Deferred tax assets		**52,617**	43,678
Other non-current assets		**43,427**	43,427
Total non-current assets		**1,898,477**	1,841,339
CURRENT ASSETS			
Inventories		**1,786,345**	1,590,491
Trade receivables	10	**1,521,954**	901,236
Bills receivable		**1,812,205**	791,449
Prepayments, deposits and other receivables		**395,669**	206,375
Pledged deposits		**81,406**	111,980
Cash and cash equivalents		**1,430,020**	1,569,479
Total current assets		**7,027,599**	5,171,010
CURRENT LIABILITIES			
Trade payables	11	**1,183,248**	1,012,637
Bills payable		**152,928**	196,087
Other payables and accruals		**956,986**	392,017
Provision for warranties		**112,346**	83,370
Interest-bearing bank and other borrowings		**1,015,418**	500,739
Government grants		**50,585**	50,585
Tax payable		**172,146**	132,823
Total current liabilities		**3,643,657**	2,368,258
NET CURRENT ASSETS		**3,383,942**	2,802,752
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,282,419**	4,644,091

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

30 June 2011

	Notes	**30 June 2011** ***(Unaudited)*** ***RMB'000***	31 December 2010 *(Audited)* *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**1,944**	2,333
Government grants		**33,717**	34,970
Provision for warranties		**123,960**	91,150
Deferred tax liabilities		**14,191**	12,899
Total non-current liabilities		**173,812**	141,352
NET ASSETS		**5,108,607**	4,502,739
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**1,084,256**	1,084,256
Reserves		**3,929,820**	2,990,969
Proposed final dividend	8	**—**	330,698
		5,014,076	4,405,923
Non-controlling interests		**94,531**	96,816
TOTAL EQUITY		**5,108,607**	4,502,739

Notes:

1. CORPORATE INFORMATION

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

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

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

In the opinion of the directors, the holding company of the Group is CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd. ("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

The interim condensed consolidated financial statements for the six months ended 30 June 2011 have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("the Listing Rules").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2010.

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

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010, except for the adoption of new standards and interpretations as of 1 January 2011, noted below:

(a) IFRS 1 Amendments - *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*

The amendments permitted first-time adopters of IFRSs to use the same transition provisions permitted for existing preparers of financial statements prepared in accordance with IFRSs that are included in Amendments to IFRS 7 *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments,* the amendments had no effect on the financial position or performance of the Group.

(b) **IAS 24** ***Related Party Transactions (Amendment)***

The International Accounting Standards Board ("IASB") has issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

(c) **IAS 32** ***Financial Instruments: Presentation (Amendment)***

The amendment alters the definitions of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group.

(d) **IFRIC 14** ***Prepayments of a Minimum Funding Requirement (Amendment)***

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements (MFR) and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as pension asset. The Group is not subject to minimum funding requirements. The amendment to the interpretation therefore had no effect on the financial position or performance of the Group.

(e) **IFRIC 19** ***Extinguishing Financial Liabilities with Equity Instruments***

The interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are consideration paid in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* and the difference between the carrying amount of the financial liability extinguished, and the consideration paid, shall be recognised in profit or loss. The consideration paid should be measured based on the fair value of the equity instrument issued or, if the fair value of the equity instrument cannot be reliably measured, the fair value of the financial liability extinguished. As the Group didn't undertake such transactions, the interpretation had no material financial impact on the Group.

(f) ***Improvements to IFRSs (issued May 2010)***

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but did not have any impact on the financial position or performance of the Group.

IFRS 3 *Business Combinations*: The measurement options available for non-controlling interest (NCI) have been amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation shall be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

IFRS 7 *Financial Instruments – Disclosures*: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.

IAS 1 *Presentation of Financial Statements*: The amendment clarifies that an option to present an analysis of each component of other comprehensive income may be included either in the statement of changes in equity or in the notes to the financial statements.

IAS 34 *Interim Financial Statements*: The amendment requires additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in interim condensed financial statements. The Group has illustrated those amendments in the interim report.

Other amendments resulting from improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

IFRS 3 *Business Combinations – Clarification that contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008) are accounted for in accordance with IFRS 3 (2005).*

IFRS 3 *Business Combinations* – unreplaced and voluntarily replaced share-based payment awards and its accounting treatment within a business combination.

IAS 27 *Consolidated and Separate Financial Statements* – applying the IAS 27 (as revised in 2008) transition requirements to consequentially amended standards.

IFRIC 13 *Customer Loyalty Programmes* – in determining the fair value of award credits, an entity shall consider discounts and incentives that would otherwise be offered to customers not participating in the loyalty programme.

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 interim condensed consolidated financial statements.

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*[1]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[1]
IFRS 9	*Financial Instruments*[3]
IFRS 10	*Consolidated Financial Statements*[3]
IFRS 11	*Joint Arrangements*[3]
IFRS 12	*Disclosure of Interests in Other Entities*[3]
IFRS 13	*Fair Value Measurement*[3]
IAS 12 Amendments	Amendments to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*[2]
IAS 27 (2011)	*Separate Financial Statements*[3]
IAS 28 (2011)	*Investments in Associates and Joint Ventures*[3]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

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.

4. REVENUE, OTHER INCOME AND GAINS

Revenue 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:

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Revenue:		
Sale of goods	**4,233,070**	2,651,916
Other income and gains:		
Bank interest income	**3,991**	4,177
Investment income from financial instruments	**1,279**	580
Profit from sale of scrap materials	**5,237**	1,005
Gross rental income	**2,777**	2,318
Value-added tax refund	**25,728**	6,178
Technical service income	**700**	2,696
Government grants	**6,902**	1,429
Gain on disposal of items of property, plant and equipment	**1,690**	37
Exchange gains, net	**3,409**	—
Others	**3,558**	3,562
	55,271	21,982

5. FINANCE COSTS

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**8,364**	3,389

6. 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	
	2011	2010
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Cost of inventories sold	**2,612,871**	1,563,019
Staff costs (including directors' and supervisors' remuneration)	**353,209**	259,918
Depreciation	**56,815**	49,463
Amortisation of prepaid land lease prepayments	**1,221**	958
Amortisation of other intangible assets	**6,672**	8,129
Research and development costs	**151,634**	120,667
Less: staff costs included above	**(88,781)**	(61,649)
development costs capitalised	**(2,091)**	(1,027)
Research and development costs net of staff costs and development costs capitalised	**60,762**	57,991
Gain on disposal of items of property, plant and equipment	**(1,690)**	(37)
Exchange (gains)/losses, net	**(3,409)**	14,156
Provision against obsolete inventories	**31,725**	21,201
Impairment of trade and other receivables	**423**	17,181
Provision for warranties	**125,131**	91,479
Bank interest income	**(3,991)**	(4,177)
Gross rental income	**(2,777)**	(2,318)

7. INCOME TAX EXPENSE

The major components of income tax expense are as follows:

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Current income tax		
– Mainland China	**188,483**	101,587
– Elsewhere	**—**	16
Deferred	**(7,793)**	(10,042)
Income tax charge for the period	**180,690**	91,561

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 six months ended 30 June 2011 and 2010.

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

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the two periods ended 30 June 2011 and 2010.

8. DIVIDENDS

On 10 June 2011, a dividend of RMB30.5 cents per ordinary share amounting to RMB330,698,000 in aggregate (six months ended 30 June 2010: RMB19.5 cents per ordinary share amounting to RMB211,430,000 in aggregate for the 2009 final dividend) was approved as the final dividend for 2010.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: nil).

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

The calculation of basic earnings per share is based on:

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	*(Unaudited)*
	RMB'000	*RMB'000*
Earnings:		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**937,607**	515,598
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 adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2011 and 2010 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

10. TRADE RECEIVABLES

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

	30 June 2011	31 December 2010
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Within 6 months	**1,302,947**	733,030
6 months to 1 year	**141,941**	88,032
1 to 2 years	**67,575**	71,486
2 to 3 years	**9,491**	8,688
	1,521,954	901,236

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:

	30 June 2011	31 December 2010
	(Unaudited)	*(Audited)*
	RMB'000	*RMB'000*
Within 3 months	**902,020**	872,138
3 months to 1 year	**251,456**	125,730
1 to 2 years	**22,094**	11,361
2 to 3 years	**6,437**	1,884
Over 3 years	**1,241**	1,524
	1,183,248	1,012,637

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Group and the notes related thereon set out in the interim financial report.

Business Review and Outlook

The major business progress achieved by the Company in the first half of 2011 is as follows:

1. We delivered 7200kW high-power locomotive electrical systems in bulk;

2. We provided electrical systems for new generation high-speed electric multiple units in bulk to the Beijing-Shanghai Express Railway which commenced operation in June. From the operation point of view, the quality and performance of the Company's products were outstanding;

3. There was a rapid increase in orders for self-developed metropolitan rail electric systems; and

4. We achieved smooth progress in the business of semiconductor devices.

The Company's business focus will be on the following aspects in the second half of 2011:

1. We will continue to deliver electrical systems for CRH380AL electric multiple units in bulk in the second half year;

2. To get rid of the situation of substantially insufficient heavy transport capacity, the Company has currently self-developed the new 9600kW high-power locomotive electrical systems, and plans to make it available in the fourth quarter;

3. We will complete the delivery of backlogs of high-power electric locomotives and high-power diesel locomotives and strive to obtain subsequent orders for 7200kW high-power electric locomotive electrical systems as soon as possible and make preparations for the delivery of products in the second half year;

4. We will continue to deliver metropolitan rail products and endeavor to establish our position as a comprehensive supplier of metropolitan rail products; and

5. We will strengthen the informationization development and improve the Company's management and operation efficiency.

Revenue

	For the six months ended 30 June	
	2011	2010
	(RMB million)	*(RMB million)*
Train power converters, auxiliary power supply equipment and control systems	**3,354.1**	1,774.8
Including: Locomotives	**1,479.9**	1,224.2
Electric multiple units	**1,628.1**	461.3
Metropolitan rail transportation equipment	**246.1**	89.3
Train operation safety equipment	**188.1**	205.5
Railway maintenance vehicles related products	**266.0**	286.0
Train-borne electrical systems	**3,808.2**	2,266.3
Power semiconductor components	**222.8**	278.7
Sensors and related products	**61.7**	47.5
Other products	**140.4**	59.4
Electric components	**424.9**	385.6
Total revenue	**4,233.1**	2,651.9

Revenue increased by 59.6% from RMB2,651.9 million for the six months ended 30 June 2010 to RMB4,233.1 million for the six months ended 30 June 2011. Faster growth was seen in revenue of the Group in the first half of 2011. The Group recorded the strongest growth of RMB1,579.3 million in revenue of train power converters, auxiliary power supply equipment and control systems. Such increase was mainly due to the delivery of electrical systems for 7200 kW locomotives and 14M2T electric multiple units.

Cost of sales

Cost of sales increased by 67.2% from RMB1,563.0 million for the six months ended 30 June 2010 to RMB2,612.9 million for the six months ended 30 June 2011. 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 product sales structure.

Gross profit

Due to the above reason, the Group's gross profit increased by 48.8% from RMB1,088.9 million for the six months ended 30 June 2010 to RMB1,620.2 million for the six months ended 30 June 2011, while gross profit margin decreased from 41.1% for the six months ended 30 June 2010 to 38.3% for the six months ended 30 June 2011. The change in gross profit margin was mainly due to the change in product sales structure.

Other income and gains

Other income and gains increased by 151.4% from RMB22.0 million for the six months ended 30 June 2010 to RMB55.3 million for the six months ended 30 June 2011. The increase was mainly attributable to the increase in the one-off government subsidy as compared to the same period last year.

Selling and distribution costs

Selling and distribution costs increased by 23.9% from RMB160.6 million (representing 6.1% of the revenue for the half year) for the six months ended 30 June 2010 to RMB199.0 million (representing 4.7% of the revenue for the half year) for the six months ended 30 June 2011. The increase in selling and distribution costs was due to the expansion of our business operation. As a result of the significant increase in the Group's revenue for the first half of 2011, the Group's selling and distribution costs as a percentage of its revenue fell by 1.4% compared to that of last year.

Administrative expenses

Administrative expenses increased by 20.4% from RMB316.7 million for the six months ended 30 June 2010 (representing 11.9% of the half-year revenue) to RMB381.2 million for the six months ended 30 June 2011 (representing 9.0% of the half-year revenue). The increase in administrative expenses was due to the expansion of business operation and the increase in research and development costs compared to the same period last year. As a result of the significant increase in the Group's revenue for the first half of 2011, the Group's administrative expenses as a percentage of its revenue fell by 2.9% compared to that of last year.

Finance costs

Finance costs increased by 147.1% from RMB3.4 million for the six months ended 30 June 2010 to RMB8.4 million for the six months ended 30 June 2011. The increase in finance costs was primarily attributable to the issuance by the Group of short-term debentures with a principal amount of RMB500 million in July 2010, which resulted in an increase in interest expenses compared to that of last year.

Income tax expenses

Income tax expenses increased by 97.3% from RMB91.6 million for the six months ended 30 June 2010 to RMB180.7 million for the six months ended 30 June 2011. The Group's income tax expenses comprised current income tax of RMB188.5 million and deferred tax credit of RMB7.8 million.

The Group's deferred tax credit of RMB7.8 million, which was included in profit or loss of the period, was mainly based on the temporary differences in provision for warranties and government grants calculated in accordance with the applicable tax rates during different periods.

Commitments

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

	30 June 2011 *(RMB million)*	31 December 2010 *(RMB million)*
Contracted but not provided for:		
Property, plants and equipment	**170.9**	189.2
Other intangible assets	**6.9**	2.3
	177.8	191.5
Authorised, but not contracted for:		
Property, plant and equipment	**2,140.0**	175.4
Other intangible assets	**22.2**	9.5
	2,162.2	184.9
Contracted, but not provided for:		
Capital contribution payable to a jointly-controlled entity	**16.3**	—
	2,356.3	376.4

Gearing Ratio

The gearing ratio, which is net debt divided by total capital plus net debt, changed from 11% as at 31 December 2010 to 27% as at 30 June 2011. 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 foreign exchange risk and risk of inflation during the daily course of its business.

Policy risks

The Group was subject to the risk of changes in the construction policies of the railway sector promulgated by the PRC government.

OTHER INFORMATION

I. 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 2011, the Company has adopted and applied all the principles contained in the CG Code as set out in Appendix 14 of the Listing Rules, and has complied with all the code 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.

3. Board of Directors

The Board currently consists of nine Directors, among whom Mr. Ding Rongjun is the Chairman of the Board and an executive Director, Mr. Deng Huijin is the Vice Chairman and a non-executive Director; Mr. Li Donglin is an executive Director; Messrs. Yan Wu and Ma Yunkun are other non-executive Directors; and Messrs. Gao Yucai, Chan Kam Wing, Clement, Pao Ping Wing and Ms. Liu Chunru are independent non-executive Directors.

There had been board session renewal and re-election of Board members on 10 June 2011. Of the former Directors, Messrs. Ding Rongjun, Deng Huijin, Li Donglin, Yan Wu, Ma Yunkun, Gao Yucai, Chan Kam Wing, Clement, Pao Ping Wing and Ms. Liu Chunru were re-elected, while the former Director Tan Xiao'ao did not seek for re-election.

The Directors have strictly complied with their undertakings, and have been honest, trust-worthy and diligent in the performance of their duties. The number of Directors and the composition of the Board complied with relevant laws and regulatory requirements. There was no relationship between the members of the Board (especially between the Chairman and the General Manager), including financial, business, family or any other material relevant relationship.

4. Supervisory Committee

The Supervisory Committee currently consists of four supervisors, among whom Mr. He Wencheng is the chairman of the Supervisory Committee, two staff supervisors, Messrs. Pang Yiming and Zhou Guifa, and one external independent supervisors, Mr. Geng Jianxin.

There had been session renewal and re-election of the members of the Supervisory Committee on 10 June 2011. Of the former supervisors, Messrs. He Wencheng, Pang Yiming and Zhou Guifa were re-elected. Mr. Geng Jianxin was elected as an independent supervisor of the Company at the general meeting because Mr. Shuai Tianlong and Ms. Wang Kun did not seek for re-election.

5. Audit committee

The Company's audit committee was established in October 2005. It currently consists of five Directors, four of whom are independent non-executive Directors. The committee's members are Messrs. Chan Kam Wing, Clement, Pao Ping Wing, Gao Yucai, Ms. Liu Chunru and Mr. Ma Yunkun. Mr. Chan Kam Wing, Clement is the chairman of the audit committee.

The main responsibilities of the audit committee are to consider and supervise financial reporting processes and internal control procedures of the Company, to guide and supervise internal audits, and to make suggestions about the appointment or change of external audit firm.

The Company's audit committee discussed the accounting principles adopted by the Group with the Company's management, and has reviewed the Group's unaudited financial reports for the six months ended 30 June 2011 prepared based on International Financial Reporting Stardards and was satisfied that the unaudited results complied with applicable accounting standards, the relevant regulatory and legal requirements and that adequate disclosure had been made.

II. Internal controls

The Company has a sound organization system of internal control. The Board is responsible for maintaining a reliable and effective internal control system. Guided by the audit committee and the risk management committee of the Board, the audit and risk control division carry out inspection, supervision and evaluation for internal controls of the Company and its subsidiaries in respect of important control functions such as financial control, operational control, compliance control and risk management, supervise and timely make up internal control deficiencies and control risks.

During the reporting period, the Company's internal monitoring and control system proved to be stable and reliable and the Company continued to deepen its risk management. The activities conducted by the Company mainly comprised the following: conducting internal control weakness rectification and rectification inspection and continuing to improve internal control; implementing procurement price risk review to enhance the monitoring of the Company's procurement risks; starting risk precaution management, establishing risk assessment and examination mechanism and forming a two-tier risk management organization system to realize the correlated risk prevention and control among the Company and its branches and subsidiaries. Such activities enabled the Company to respond to changes in business and environment from financial, operational and risk management perspectives in order to protect the Company's asset safety and interests of shareholders.

III. Interests and short positions of Directors and supervisors in the shares of the Company

As at 30 June 2011, none of the Directors, supervisors, the chief executive of the Company or their respective associates had any personal, family, corporate or other interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO, or any interests or short positions in the shares required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or any personal, family, corporate or other interests or short positions required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

IV. 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.

V. Distribution of dividends

1. Distribution plan and implementation of 2010 final dividends

Having been considered and approved by shareholders of the Company at the 2010 annual general meeting, the Company has distributed a cash dividend of RMB0.305 per share (applicable taxes inclusive) as final dividend for 2010 to all shareholders based on the Company's total share capital of 1,084,255,637 shares as at the end of 2010, totaling approximately RMB330.7 million. Implementation of the dividend distribution plan has been completed before 10 July 2011.

2. 2011 interim profit distribution plan

The Board did not recommend distribution of interim dividend for the six months ended 30 June 2011.

VI. 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 non-controlling interests. The auditors of the Company has provided quarterly reports to independent non-executive Directors on transactions conducted between the Group and the CSRG Group. In addition, the independent non-executive Directors have conducted quarterly reviews on the terms of supply and purchase contracts entered into between the Group and the CSRG Group, and the opinions regarding such transactions were disclosed to shareholders by way of announcements.

On 25 March 2011, the Company entered into a supplemental agreement to the CSRG Renewed Agreement (as supplemented by the CSRG First Supplemental Agreement) (the "CSRG Second Supplemental Agreement") with CSRG to, among others, revise the annual caps of continuing connected transactions for the three financial years from 1 January 2011 to 31 December 2013. The CSRG Second Supplemental Agreement and the revised annual caps were approved by the independent shareholders of the Company at the extraordinary general meeting held on 10 June 2011. Please refer to the announcement dated 25 March 2011 and the circular dated 18 April 2011 issued by the Company for details.

VII. Employees and training

As at 30 June 2011, the Company had 4,817 employees (including those of Dynex) .

The Group's remuneration policy for its employees takes into account the individuals' position, work performance, qualifications and competence. 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 Company has established channels for career development of employees. Employees have opportunities of promotion and development according to the orders of different positions within the Company. The Company is actively formulating a share appreciation right plan aiming at motivating core talents, so as to attract and retain key talents to work for the Company.

The Company has put much emphasis on staff training, established a series of management rules and introduced the international standard of GB/T19025-2001 quality management training guidance, which further improves and standardizes the Company's training management system. The Company has established a tiered and classified team of 231 internal trainers which is suitable for our corporate development and has built its internal course system. The Company also provides a wide variety of trainings to its employees through different training approaches.

REVIEW BY AUDIT COMMITTEE

The Group's unaudited interim results for the six months ended 30 June 2011 and this results announcement have been reviewed and confirmed by the Audit Committee of the Company.

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

5 August 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 and Liu Chunru.