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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

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 2011, together with the comparative figures in 2010, set out (unless otherwise stated, the figures contained in this announcement are denominated in Renminbi) as follows:

In accordance with the "Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong" which was published by the Stock Exchange of Hong Kong Limited ("the Hong Kong Stock Exchange") in December 2010, upon approval by the general meeting of the Company, from this financial year, the Company decided to prepare the financial statements in accordance with "Accounting Standards for Business Enterprises" and the relevant regulations issued by the China Ministry of Finance for information disclosure at the Hong Kong Stock Exchange. The Company re-presented the relevant financial information for the year ended 2010 according to "Accounting Standards for Business Enterprises".

Consolidated Balance Sheet

31 December 2011

ASSETS	*Notes*	**31 December 2011**	31 December 2010
CURRENT ASSETS			
Cash and bank balances		**2,157,721,027**	1,681,459,290
Bills receivable		**1,051,609,300**	791,448,692
Trade receivables	3	**1,119,253,348**	901,235,717
Prepayments		**109,766,313**	103,856,109
Other receivables		**103,373,942**	26,649,880
Inventories		**1,668,583,237**	1,590,491,385
Non-current assets due within one year		**1,092,595**	—
Other current assets		**326,745,808**	83,835,319
Total current assets		**6,538,145,570**	5,178,976,392
NON-CURRENT ASSETS			
Long-term receivables		**1,772,676**	4,049,142
Long-term equity investments		**202,853,768**	168,103,938
Fixed assets		**1,367,692,631**	1,200,278,728
Construction in progress		**135,340,542**	203,315,594
Intangible assets		**200,313,770**	182,331,684
Development expenditure		**39,322,801**	7,124,068
Goodwill		**58,694,931**	61,039,505
Deferred tax assets		**59,717,549**	43,677,601
Other non-current assets		**50,325,133**	39,378,500
Total non-current assets		**2,116,033,801**	1,909,298,760
TOTAL ASSETS		**8,654,179,371**	7,088,275,152

LIABILITIES AND SHAREHOLDERS' EQUITY	*Notes*	**31 December 2011**	31 December 2010
CURRENT LIABILITIES			
Short-term borrowings		**139,000,000**	—
Short-term bonds payable		**500,000,000**	500,000,000
Bills payable		**448,604,661**	196,086,850
Trade payables	4	**906,553,647**	1,012,637,815
Receipts in advance		**351,164,281**	243,057,865
Employee benefits payable		**15,390,522**	7,680,029
Taxes payable		**286,584,166**	171,837,030
Interests payable		**12,468,969**	6,845,833
Other payables		**134,599,283**	103,506,159
Non-current liabilities due within one year		**125,258,321**	134,693,562
Total current liabilities		**2,919,623,850**	2,376,345,143
NON-CURRENT LIABILITIES			
Long-term borrowings		**57,075,276**	2,332,751
Deferred tax liabilities		**15,725,481**	13,714,095
Provisions		**134,147,121**	91,150,106
Other non-current liabilities		**89,923,075**	34,969,987
Total non-current liabilities		**296,870,953**	142,166,939
Total liabilities		**3,216,494,803**	2,518,512,082
SHAREHOLDERS' EQUITY			
Share capital		**1,084,255,637**	1,084,255,637
Capital reserve		**1,693,508,949**	1,693,508,949
Surplus reserve		**350,134,445**	227,060,371
Retained earnings	5	**2,218,523,143**	1,487,852,295
Exchange fluctuation reserve		**(29,761,317)**	(19,730,237)
Total equity attributable to shareholders of the Parent		**5,316,660,857**	4,472,947,015
Minority interests		**121,023,711**	96,816,055
Total shareholders' equity		**5,437,684,568**	4,569,763,070
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**8,654,179,371**	7,088,275,152

Consolidated Income Statement

For the year ended 31 December 2011

	Notes	**2011**	2010
Revenue	6	**7,124,774,974**	5,886,854,235
Less: Cost of sales	6	**4,598,693,100**	3,708,357,506
Business taxes and surcharges		**45,691,926**	9,704,011
Selling expenses		**347,441,917**	345,716,671
Administrative expenses		**817,743,978**	754,306,139
Finance costs	7	**27,342,197**	18,091,668
Asset impairment losses	8	**68,847,635**	149,946,109
Add: Investment income	9	**51,090,507**	57,927,000
including: share of profits of an associate and a jonitly controlled entity		**49,811,540**	57,303,971
Operating profit		**1,270,104,728**	958,659,131
Add: Non-operating income	10	**112,153,540**	63,167,927
Less: Non-operating expenses	11	**1,336,057**	34,667,643
including: loss on disposal of non-current assets		**904,403**	32,252,900
Total profit	12	**1,380,922,211**	987,159,415
Less: Income tax expense	13	**193,885,925**	135,097,752
Net profit		**1,187,036,286**	852,061,663
Net profit attributable to shareholders of the Parent		**1,184,442,891**	850,528,177
Minority interests		**2,593,395**	1,533,486
Earnings per share (Yuan/Share)	14		
Basic		**1.09**	0.78
Diluted		**1.09**	0.78
Other comprehensive income		**(12,416,819)**	(18,187,345)
Total comprehensive income		**1,174,619,467**	833,874,318
Including:			
Total comprehensive income attributable to shareholders of the Parent		**1,174,411,811**	836,004,404
Total comprehensive income attributable to minority interests		**207,656**	(2,130,086)

Notes:

I. CORPORATE INFORMATION

Zhuzhou CSR Times Electric Co., Ltd. (the "Company") is a joint stock limited company registered in Hunan Province, the People's Republic of China (the "PRC"). It was jointly established by CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd. (南車株洲電力機車研究所有限公司) (formerly known as CSR Group Zhuzhou Electric Locomotive Research Institute Co., Ltd. (中國南車集團株洲電力機車研究所)), CSR Qishuyan Locomotive & Rolling Stock Works (中國南車集團戚墅堰機車車輛廠), CSR Zhuzhou Electric Locomotive Co., Ltd. (南車株洲電力機車有限公司) (formerly known as CSR Group Zhuzhou Electric Locomotive Co., Ltd. (中國南車集團株洲電力機車有限公司)), CSR Investment & Leasing Co., Ltd. (南車投資租賃有限公司) (formerly known as New Leap Transportation Equipment Investment & Leasing Co., Ltd. (新力博交通裝備投資租賃有限公司)) and China Railway Large Maintenance Machinery Co., Ltd. Kunming (昆明中鐵大型養路機械集團有限公司) at the date of 26 September 2005, upon approval by the State-owned Assets Supervision and Administration Commission of the State Council (the "SASAC") of Guozi Reform [2005] 1095 Approval. The Company's registration was approved by the Administration for Industry and Commerce of Hunan Province, with the business license code 430000000009725. The H shares of the Company were listed on the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The registered office of the Company is located at Times Road, Shifeng District, Zhuzhou City, Hunan Province, the PRC. The Company and its subsidiaries (together, the "Group") are principally engaged in the application and engineering research of electric locomotive products, locomotive electrical drive technology, converter technology used for railway, industrial and civil areas, and the research, manufacture and import and export of electronic control facilities, power electronic products, electrical machines, sensors for industrial purposes.

In December 2006, the Company issued 414,644,000 Shares (including H shares issued via the exercise of the over–allotment option) with a nominal value of RMB1 each through the Hong Kong Stock Exchange. The issue price was HK$5.3 per share. The total proceeds before deducting issuing expenses amounted to HK$2,197,613,000 (equivalent to approximately RMB2,209,968,000). These H shares were listed and traded on the main board of the Hong Kong Stock Exchange in December 2006.

As at 31 December 2011, the Company had issued an aggregate of 1,084,255,637 shares as share capital.

The Group's parent and ultimate holding company are CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd. (南車株洲電力機車研究所有限公司) and CSR Group (中國南車集團公司) respectively, both established in the PRC.

2. BASIS OF PREPARATION

The financial statements are prepared in accordance with the "Accounting Standards for Business Enterprises - General Principles" and 38 specific accounting standards issued by the China Ministry of Finance in February 2006, application guidance, interpretations and other related regulations issued thereafter (collectively known as the "PRC Accounting Standards").

The Company used to adopt International Financial Reporting Standards in preparing financial statements for information disclosure at the Hong Kong Stock Exchange. In accordance with the "Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong" which was published by the Hong Kong Stock Exchange in December 2010, from this financial year, the Company decided to prepare the financial statements in accordance with "Accounting Standards for Business Enterprises" and the relevant regulations issued by the China Ministry of Finance ("PRC Accounting Standards") for information disclosure at the Hong Kong Stock Exchange.

The financial statements have been prepared on a going concern basis.

These financial statements are prepared under the historical cost convention, except for certain financial instruments and investment property, which are measured at fair value. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant rules.

3. TRADE RECEIVABLES

The credit period of trade receivables is usually 6 months. The trade receivables bear no interest.

The aging analysis of the trade receivables is as follows:

	31 December 2011	31 December 2010
Within 6 months	**902,907,803**	734,815,763
6 months to 1 year	**170,255,141**	93,164,353
1 to 2 years	**49,373,741**	84,117,363
2 to 3 years	**25,883,076**	18,000,848
Over 3 years	**9,208,557**	5,379,769
	1,157,628,318	935,478,096
Less: provision for bad debt	**38,374,970**	34,242,379
	1,119,253,348	901,235,717

4. TRADE PAYABLES

The trade payables are non-interest-bearing and generally have an average payment term of 3 months.

	31 December 2011	31 December 2010
Within 3 months	**606,436,051**	872,138,727
3 months to 1 year	**173,605,093**	125,730,308
1 to 2 years	**116,837,628**	11,360,855
2 to 3 years	**7,201,945**	1,884,371
Over 3 years	**2,472,930**	1,523,554
	906,553,647	1,012,637,815

5. RETAINED EARNINGS

	2011	2010
Retained earnings at the end of last year	**1,487,852,295**	936,008,253
Add: Net profit attributable to shareholders of the Parent	**1,184,442,891**	850,528,177
Less: Appropriation to statutory surplus reserve	**123,074,074**	87,254,286
Cash dividends paid	**330,697,969**	211,429,849
Retained earnings at the end of the year	**2,218,523,143**	1,487,852,295

The 2010 scheme of profit distribution of the Company has been reviewed and approved in the 2010 Annual General Meeting held on 10 June 2011, pursuant to which a final dividend of RMB0.305 (including tax) was paid on each of the 1,084,255,637 shares in issue, amounting to a total cash dividend of RMB330,697,969.

6. REVENUE AND COST OF SALES

Revenue, also the Group's turnover, represents the net invoiced value of goods sold after deducting returns and trade discounts, the value of services rendered and the total rental income received.

Revenue is stated as follows:

	2011	2010
Principal operating income	**7,073,432,172**	5,840,982,468
Other operating income	**51,342,802**	45,871,767
	7,124,774,974	5,886,854,235

Cost of sales is stated as follows:

	2011	2010
Principal cost of sales	**4,564,397,550**	3,688,169,538
Other cost of sales	**34,295,550**	20,187,968
	4,598,693,100	3,708,357,506

Details of revenue are listed as follows:

	2011	2010
Sales of goods	**7,108,782,733**	5,857,287,879
Rendering services	**330,810**	6,097,716
Rental income	**5,936,523**	6,400,082
Others	**9,724,908**	17,068,558
	7,124,774,974	5,886,854,235

7. FINANCE COSTS

	2011	2010
Interest expenses:		
– Interest on bank loans due for full repayment within 5 years	**11,319,861**	2,899,689
– Interest on short-term bonds	**21,304,987**	6,845,833
– Others	**—**	1,718,400
	32,624,848	11,463,922
Less: Interest income	**8,994,322**	7,991,970
Exchange (gains)/losses	**(2,305,442)**	8,471,679
Others	**6,017,113**	6,148,037
	27,342,197	18,091,668

8. ASSET IMPAIRMENT LOSSES

	2011	2010
Bad debt loss	**2,890,215**	1,499,630
Impairment loss/(gain) of inventories	**45,221,302**	(8,976,636)
Impairment loss of fixed assets	**20,736,118**	25,795,495
Impairment loss of intangible assets	**—**	131,627,620
	68,847,635	149,946,109

9. INVESTMENT INCOME

	2011	2010
Income from non-listed investments:		
Long-term equity investments income under the equity method	**49,811,540**	57,303,971
Others	**1,278,967**	623,029
	51,090,507	57,927,000

Details of long-term equity investments income under the equity method are as follows:

Investees	**2011**	2010
Associate - Siemens Traction Equipment Ltd. Zhuzhou	**6,967,751**	26,203,596
Jointly controlled entity - Zhuzhou Shiling Transportation Equipment Company, Ltd.	**42,843,789**	31,100,375
	49,811,540	57,303,971

As at 31 December 2011, the repatriation of the Group's investments income was not subject to significant restriction.

10. NON-OPERATING INCOME

	2011	2010
Gain on disposal of non-current assets	**3,427,370**	1,191,128
Refunds of value added tax	**72,727,906**	41,677,753
Government grants	**33,463,646**	18,390,821
Unsettled payment	**1,422,134**	840,750
Penalty income and default compensation income	**90,904**	182,929
Others	**1,021,580**	884,546
	112,153,540	63,167,927

Government grants recognised in the income statement of the current period are as follows:

	2011	2010
Technology projects funding	**20,055,753**	11,995,000
Others	**13,407,893**	6,395,821
	33,463,646	18,390,821

11. NON-OPERATING EXPENSES

	2011	2010
Loss on disposal of non-current assets	**904,403**	32,252,900
Donation	**1,000**	30,000
Loss on penalties and compensation	**265,387**	277,184
Others	**165,267**	2,107,559
	1,336,057	34,667,643

12. TOTAL PROFIT

The Group's total profit is arrived at after deducting/(including) the following items:

	2011	2010
Cost of inventories sold	**4,564,397,550**	3,688,169,538
Staff costs (including directors and supervisors' remuneration)	**657,982,269**	499,686,617
Auditors' remuneration	**3,990,000**	5,420,000
Depreciation	**118,171,301**	111,732,873
Amortisation of intangible assets	**16,737,483**	31,709,822

13. INCOME TAX EXPENSE

	2011	2010
Current income tax expenses		
– Mainland China	**207,131,206**	158,211,423
– Other countries and regions	**7,423**	28,113
	207,138,629	158,239,536
Deferred tax expenses	**(13,252,704)**	(23,141,784)
	193,885,925	135,097,752

The Group did not generate any assessable profits in Hong Kong and hence no provision was made for Hong Kong profits tax.

The reconciliation between income tax expense to total profit is as follows:

	2011	2010
Total profit	**1,380,922,211**	987,159,415
Income tax expenses at statutory tax rate of 25% (note 1)	**345,230,553**	246,789,854
Effect of different income tax rates for overseas entities	**92,757**	89,895
Tax exemption	**(139,601,672)**	(99,574,355)
Profits and losses attributable to an associate and a jointly controlled entity	**(7,471,731)**	(8,595,596)
Income not subject to tax	**(11,326,065)**	(6,996,782)
Expenses not deductible for tax	**22,591,015**	27,305,854
Income tax benefits on research and development expenditure	**(18,689,679)**	(21,324,225)
Tax losses not recognized	**5,732,406**	4,851,725
Application of tax losses carried forward in previous periods	**(132,964)**	—
Others	**(2,538,695)**	(7,448,618)
Tax expenses at the Group's effective tax rate	**193,885,925**	135,097,752

Note 1: The income tax of the Group is calculated based on the estimated taxable income gained in China and the applicable tax rate. Tax arising from the taxable income in other regions is calculated at applicable tax raters according to existing laws, interpretations and practices of the countries in which the Group operates.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the net profit for the year attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares in issue. The number of newly issued ordinary shares is determined according to specific terms of the issue contract and calculated from the date of consideration receivable.

The calculation of basic earnings per share is as follows:

	2011	2010
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company	**1,184,442,891**	850,528,177
Shares		
Weighted average number of ordinary shares in issue of the Company	**1,084,255,637**	1,084,255,637
Basic earnings per share (Yuan/share)	**1.09**	0.78
Diluted earnings per share (Yuan/share)	**1.09**	0.78

The Company did not have potentially dilutive ordinary shares as at the approval date of these financial statements.

15. DIVIDENDS

	2011	2010
Proposed final dividend - RMB0.340 (2010: RMB0.305) per ordinary share	**368,646,917**	330,697,969

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

16. SEGMENT REPORTING

Operating Segments

For management purposes, the Group's operating activities are attributable to a single operating segment, focusing on provision of rolling stock and its extension products and services in the market . Therefore, no other operating segment is presented.

Group information

Products and services information

Revenue from external customers

	2011	2010
Rolling stock and its extension products and services	**7,124,774,974**	5,886,854,235

Geographical information

Revenue from external customers

	2011	2010
Mainland China	**6,803,704,691**	5,556,666,751
Other countries and regions	**321,070,283**	330,187,484
	7,124,774,974	5,886,854,235

Revenue from external customers is analysed by geographic locations where the customers are located.

Total non-current assets

	31 December 2011	31 December 2010
Mainland China	**1,801,653,602**	1,641,525,889
Other countries and regions	**252,889,974**	220,046,128
	2,054,543,576	1,861,572,017

Non-current assets are analysed by geographic locations where the assets are located, excluding financial assets and deferred tax assets.

Information of major customers

In 2011, the Group's operating revenue (which accounted for more than 10% of the Group's total revenue) of RMB4,592,958,843 was derived from sales to a single customer, including sales to a group of entities which are known to be under control of the customer (2010: RMB3,714,099,133 from a single customer).

17. OTHER INFORMATION

	31 December 2011	31 December 2010
Net current assets	**3,618,521,720**	2,802,631,249
Total assets less current liabilities	**5,734,555,521**	4,711,930,009

PERFORMANCE REVIEW

The Group's turnover in 2011 amounted to RMB7,124.8 million (2010: RMB5,886.9 million), representing an increase of 21.0% year-on-year. Profit attributable to shareholders of the parent amounted to RMB1,184.4 million (2010: RMB850.5 million), representing an increase of 39.3% year-on-year. Basic earnings per share amounted to RMB1.09 (2010: RMB0.78), representing an increase of 39.7% year-on-year.

BUSINESS REVIEW

The year 2011 was the first year of the "Twelfth Five-year Plan" period, in which the situation was complicated and tempestuous, and full of severe challenges. However, the Company actively made an adjustment accordingly in response to short-term unfavorable situation. The Company closely focused on two themes, namely "industry breakthrough" and "lean management" and continued to achieve a growth in both revenue and profit. The major business progress throughout the year is as follows:

A large number of locomotives and electric multiple units as two major core products were delivered to the customers and maintained stable operation, therefore became the major force of the national railway market in providing safety transportation. While contributing to a substantial portion of our revenue, the two major businesses also provided the support for the Company's continued value-added service industry.

The Company continued to receive a large amount of orders for traction system of urban rail. A breakthrough has been made in system integration, which laid foundation for the Company to tap into the large system integration of metro in the future, and won favorable opportunities for the Company to participate in the subway construction in each major metropolis.

The high-power semi-conductor industry accelerated the expansion. Self-developed IGBT modules passed small-batch loading assessment pending mass application. Six-inch thyristors first entered into the ±800 kV HVDC power transmission field.

In other industrial fields, the Company expanded production capacity and received more orders of the railway engineering machinery industry, the market share of the PRC railway signal industry continued to rise, the core technology industry progressed steadily, new strategic industry achieved smooth transition, and the value-added service industry was unique, the base construction in other cities of the PRC was proceeding in an orderly fashion.

The Company achieved great results in executive administration, technological innovation and system construction, including the first prize of national management innovation, Governor's Quality Award, Good Behavior Standardized Enterprise at AAAA level to further enhance the levels of the Company's management.

OUTLOOK

The year 2012 is a more challenging year. Under the context of the progress in stability of the domestic economy development, reduced pace of the railway investment as well as the upheaval of the international economic situation, the Company remains optimistic about the future development. We can clearly witness that in view of the existing rigid demand in the PRC rail transport market, subway construction as the priority solution to solve the urban transportation problems with the long-cycle opportunity as well as the opportunities arising from independent innovation strongly advocated by the PRC. As such, we will be confident in enlarging and to realize the industry scale development.

In the fields of locomotives and electric multiple units, in addition to maintaining the original product, the Company will focus on the products with our own systems for eight-axle 9,600 kW freight locomotive, six-axle 7,200kW passenger locomotive, HXD1C plateau locomotive, 4,400 HP diesel locomotive and CRH6 intercity high-speed electric multiple unit, and improve the comprehensive capability of professional overhaul and after-sale service.

In the field of urban metro industry, the Company will base on the metro traction system as a major line to enhance the competiveness advantage of system integration solution, thereby to make self-owned brands becoming the mainstream choice in the PRC market, and to seek the opportunity of marketing and promoting the relevant product lines.

In other industrial fields, the Company will develop new engineering machinery products and expand into the high-end fields gradually, grasp the new opportunity and actively expand the development in the railway signal market, focus on the key line of IGBT's complete industrial chain of "chip-module-converter" to enhance product core competitiveness, and strengthen the marketing of the key component industry including laminated busbars and sensors, as well as the extended industry of the core technology such as IGCT converters and intelligent transportation system.

Looking ahead, the Group is confident to face the adversity, seize the opportunities and develop steadily and to actively create greater value for its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with the Group's audited financial statements and their notes as set out in the annual report to be published in April 2012.

Revenue

	2011 **(RMB million)**	2010 *(RMB million)*
Train power converters, auxiliary power supply equipment and control systems	**5,246.7**	4,134.5
Including:		
Locomotives	**2,214.3**	2,350.7
Electric Multiple Units	**2,537.7**	1,471.5
Metropolitan rail transportation equipment	**494.7**	312.3
Train operation safety equipment	**439.9**	410.9
Railway maintenance vehicles related products	**597.2**	566.7
Train-borne electrical systems	**6,283.8**	5,112.1
Power semiconductor components	**498.7**	462.2
Sensors and related products	**107.7**	100.7
Other products	**234.6**	211.9
Electric components	**841.0**	774.8
Total revenue	**7,124.8**	5,886.9

The Group's revenue increased by RMB1,237.9 million or 21.0% from RMB5,886.9 million for the year ended 31 December 2010 to RMB7,124.8 million for the year ended 31 December 2011. In 2011, the Group recorded revenue of RMB234.6 million from other products, which mainly comprised of revenue from products such as busbar and PCB.

Except for the decrease in revenue from locomotives, fast growth was seen in revenue from various product categories of the Group in 2011. Among these, the Group recorded the strongest growth in revenue from Electric Multiple Units with an increase of RMB1,066.2 million. Such increase was mainly due to the delivery of electrical systems for 14M2T and 6M2T EMUs. The second strongest growth in revenue was recorded in metropolitan rail transportation equipment with an increase of RMB182.4 million, mainly due to the delivery of the Shenyang Metro No. 2 Line and Chongqing Metro No. 6 Line.

Cost of Sales

The Group's cost of sales increased by 24.0% from RMB3,708.4 million for the year ended 31 December 2010 to RMB4,598.7 million for the year ended 31 December 2011. The increase in the cost of sales was mainly due to the combined effects of the growth in the Group's revenue and the change in the sales structure of products.

Gross profit

The Group's gross profit increased by 16.0% from RMB2,178.5 million for the year ended 31 December 2010 to RMB2,526.1 million for the year ended 31 December 2011. The Group's gross profit margin decreased from 37.0% for the year ended 31 December 2010 to 35.5% for the year ended 31 December 2011. The change in gross profit margin was mainly due to the change in the sales structure of products.

Selling expenses

Selling expenses of the Group increased from RMB345.7 million for the year ended 31 December 2010 (representing 5.9% of the Group's revenue for the whole year) to RMB347.4 million for the year ended 31 December 2011 (representing 4.9% of the Group's revenue for the whole year). The selling expenses increases with the increase in business operations. However, as the Group strictly controlled the expenses in 2011, the percentage of the Group's selling expenses as a share of the annual revenue decreased by 1 percentage point as compared to last year.

Administrative expenses

The Group's administrative expenses increased from RMB754.3 million for the year ended 31 December 2010 (representing 12.8% of the Group's revenue for the whole year) to RMB817.7 million for the year ended 31 December 2011 (representing 11.5% of the Group's revenue for the whole year). The increase in administrative expenses was due to the increase in business operations and in research and development costs of the Group. However, as the Group strictly controlled the expenses in 2011, the percentage of the Group's administrative expenses as a share of the annual revenue decreased by 1.3 percentage points as compared to last year.

Finance costs

The Group's finance costs increased by 50.8% from RMB18.1 million for the year ended 31 December 2010 to RMB27.3 million for the year ended 31 December 2011. The increase in finance costs was mainly due to the increase in interest expenses during the year as compared to last year. Finance costs mainly comprised of interests incurred for new borrowings during the year.

Asset impairment losses

The Group's asset impairment losses decreased by 54.1%from RMB149.9 million for the year ended 31 December 2010 to RMB68.8 million for the year ended 31 December 2011. The Group tidied up the positions of its assets thoroughly in 2010 and 2011, and made reasonable impairment provisions for assets with signs of impairment. The Group made an impairment provision of RMB131.6 million for an intangible asset with signs of impairment in 2010, and an impairment provision of RMB45.2 million for inventories with signs of impairment in 2011.

Non-operating income

The Group's non-operating income increased by 77.5% from RMB63.2 million for the year ended 31 December 2010 to RMB112.2 million for the year ended 31 December 2011. The increase in non-operating income was due to the increase in the one-off government subsidy during the year.

Non-operating expenses

The Group's non-operating expenses decreased by 96.3% from RMB34.7 million for the year ended 31 December 2010 to RMB1.3 million for the year ended 31 December 2011. The decrease in non-operating expenses was due to the decrease in loss on disposal of assets as compared to last year.

Total profit

The Group's total profit increased by 39.9% from RMB987.2 million for the year ended 31 December 2010 to RMB1,380.9 million for the year ended 31 December 2011. The increase in total profit was mainly due to the increase in revenue. The Group's profit margins for the years ended 31 December 2010 and 2011 were 16.8% and 19.4% respectively.

Income tax expense

The Group's income tax expense increased by 43.5% from RMB135.1 million for the year ended 31 December 2010 to RMB193.9 million for the year ended 31 December 2011.

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

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

The effective income tax rates of the Group for the years ended 31 December 2010 and 31 December 2011 were 13.7% and 14.0% respectively.

Net profit attributable to the shareholders of the Parent

Net profit attributable to the shareholders of the Parent increased by 39.3% from RMB850.5 million for the year ended 31 December 2010 to RMB1,184.4 million for the year ended 31 December 2011. The increase in the net profit attributable to the shareholders of the Parent was attributed to increased revenue.

Minority interests

Minority interests increased by 73.3% from RMB1.5 million for the year ended 31 December 2010 to RMB2.6 million for the year ended 31 December 2011. The increase in minority interests was mainly due to the increase in net profit from the Group's non-wholly owned subsidiaries as compared to last year.

Earnings per share

Earnings per share increased by RMB0.31 from RMB0.78 for the year ended 31 December 2010 to RMB1.09 for the year ended 31 December 2011.

Liquidity and source of capital

Cash flows and working capital

The Group's needs for working capital were mainly satisfied by cash generated from operations. The net increase in cash and cash equivalent of the Group amounted to RMB484.2 million for the year, was mainly due to the strengthened management of trade receivables collection by the Group and the increase in net cash inflow from operating activities in 2011.

Net cash flows from operating activities

The Group's net cash inflows from operating activities increased from RMB754.3 million for the year ended 31 December 2010 to RMB1,241.8 million for the year ended 31 December 2011, which was mainly due to the strengthened management of trade receivables collection the Group.

Net cash flows used in investing activities

For the year ended 31 December 2011, the Group's net cash flows used in investing activities was approximately RMB618.1 million. Cash outflow items in investing activities mainly represented the payment of cash RMB352.3 million for the acquisition and construction of fixed assets, intangible assets and other long-term assets and the payment of cash RMB310.0 million for investment.

Net cash flows used in financing activities

For the year ended 31 December 2011, the Group's net cash used in financing activities amounted to approximately RMB139.5million. Cash outflow items in financing activities mainly represented the payment of dividends and interests of RMB357.7 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 commitments as at the dates indicated are set out as follows:

	31 December 2011 (RMB million)	31 December 2010 (RMB million)
Contracted but not provided:		
Purchase of fixed assets	**142.0**	189.2
Purchase of intangible assets	**10.1**	2.3
Investment commitments	**49.9**	—
Sub-total	**202.0**	191.5
Approved but not contracted:		
Purchase of fixed assets	**820.8**	175.4
Purchase of intangible assets	**11.1**	9.5
Sub-total	**831.9**	184.9
Total	**1,033.9**	376.4

Indebtedness

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

	31 December 2011 (RMB million)	31 December 2010 (RMB million)
Short-term borrowings	**139.0**	—
Short-term bonds	**500.0**	500.0
Long-term borrowings	**60.3**	3.1
Total	**699.3**	503.1

Gearing ratio

The Group monitors capital management using the gearing ratio, which is net debt divided by equity attributable to shareholders of the Parent plus net liabilities. Net debt includes short-term borrowings, short-term bonds payable, bills payable, trade payables, receipts in advance, employee benefits payable, taxes payable (excluding income tax payable), interests payable, other payables and long-term borrowings, less cash and cash equivalents. The Group's gearing ratio was 10.7% as at 31 December 2010 and 10.4% as at 31 December 2011.

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 foreign exchange risk and interest rate risk. 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 construction policies of the railway market by the Chinese government.

PROPOSED DISTRIBUTION OF FINAL DIVIDENDS

The Board of the Company proposes distribution of a cash dividend of RMB0.340 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 corporate 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 corporate 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 the corporate income tax of 10%.

Pursuant to the requirements of "Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax (Cai Shui Zi No. [1994]020)《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》(財稅字[1994]020號), individual foreigners exempt from individual income tax on dividend and bonus from foreign-invested enterprises in the PRC. As the Company is a foreign-invested joint stock limited company, thus the individual shareholders which hold the H shares of the Company and whose names appear in the H-share registrar are not required to pay the individual income tax of PRC.

The proposed dividend to be distributed is subject to the approval of the shareholders at the annual general meeting to be held on 8 June 2012.

CLOSURE OF REGISTER

In order to ascertain the shareholder capacity for attend the forthcoming annual general meeting to be held on 8 June 2012, the register of members of the Company will be temporarily closed from 9 May 2012 to 8 June 2012 (both days inclusive), during which no transfer of shares will be registered. In order to attend the annual general meeting and vote in the meeting, all transfer documents of the holders of H shares of the Company must be lodged at the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 8 May 2012.

In order to ascertain the entitlements of the shareholders to receive the final dividend, the register of members of the Company will be temporarily closed from 14 June 2012 to 19 June 2012 (both days inclusive), during which no transfer of shares will be registered. All transfer documents together with the relevant share certificates and form of transfer must be delivered to the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 13 June 2012.

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 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 2011, 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 Listing Rules and has complied with all code 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 2011 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, 29 March 2012

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 director is Yan Wu and Ma Yunkun, and our independent non-executive directors are Gao Yucai, Chan Kam Wing, Clement, Pao Ping Wing and Liu Chunru.