

The following unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out here to provide the investors with further information about (i) how the proposed listing might have affected the net tangible assets of the Group after completion of the Global Offering; and (ii) how the proposed listing might have affected the fully diluted forecast earnings per share of the Group for the year ending 31 December 2006 as if the Global Offering had taken place on 1 January 2006. Although reasonable care has been exercised in preparing the said information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions of the financial periods concerns.

(A) UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted net tangible assets of the Group which has been prepared for the purpose of illustrating the effect of the Global offering as if they had taken place on 30 June 2006 and is based on the net tangible assets attributable to the equity holders of the Company as at 30 June 2006 as shown in the accountants' report, the text of which is set out in Appendix I to this prospectus, and is adjusted as follows:

	Audited net tangible assets attributable to equity holders of the Company as at 30 June 2006	Add: Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net asset value per share	Unaudited pro forma adjusted net asset value per share
	<i>Note 1</i> <i>RMB'000</i>	<i>Note 2</i> <i>RMB'000</i>	<i>RMB'000</i>	<i>Note 3</i> <i>RMB</i>	<i>Note 4</i> <i>HK\$</i>
Based on an Offer Price of HK\$4.18 per share	<u>769,676</u>	<u>1,422,090</u>	<u>2,191,766</u>	<u>2.13</u>	<u>2.10</u>
Based on an Offer Price of HK\$5.30 per share	<u>769,676</u>	<u>1,819,790</u>	<u>2,589,466</u>	<u>2.51</u>	<u>2.47</u>

Notes:

1. The net tangible assets attributable to the equity holders of the Company as at 30 June 2006:

	<i>RMB'000</i>
Audited net assets as set out in Appendix I	785,820
Minority interests	(2,380)
Net assets attributable to equity holders of the Company	<u>783,440</u>
Less: Intangible assets	<u>(13,764)</u>
Net tangible assets attributable to equity holders of the Company	<u>769,676</u>

2. The estimated net proceeds from the Share Offer are based on an Offer Price of HK\$4.18 or HK\$5.30 per H Share after deduction of the underwriting fees and other related expenses payable by the Company and takes no account of any H Share which may be issued upon exercise of the Over-allotment Option.
3. The unaudited pro forma adjusted net tangible asset value per Share is calculated based on 1,030,171,637 Shares in issue immediately following the completion of the Global Offering without taking into account any H Shares which may be issued upon exercise of the Over-allotment Option and the Special Dividend of RMB167,538,000 approved in the shareholders' meeting of the Company on 29 November 2006.
4. The unaudited pro forma adjusted net tangible asset value per Share is converted into Hong Kong dollars at an exchange rate of RMB1.0154 to HK\$1.00.
5. The property interests of the Group as at 30 September 2006 have been valued by Knight Frank Petty Limited, an independent property valuer, and the relevant property valuation report is set out in Appendix IV to this prospectus. The above adjustment does not take into account the surplus arising from the revaluation of the property interests of the Group amounting to RMB68.1 million (equivalent to approximately HK\$67.1 million). The revaluation surplus will not be incorporated in the Group's financial statements for the year ending 31 December 2006. If the revaluation surplus was recorded in the Group's financial statements, the annual depreciation expense of the Group for the year ending 31 December 2006 would be increased by approximately RMB3.2 million (equivalent to HK\$3.15 million based on an exchange rate of RMB1.0154 to HK\$1.00).

(B) UNAUDITED PRO FORMA FULLY DILUTED FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast fully diluted earnings per Share for the year ending 31 December 2006 has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on 1 January 2006. This unaudited pro forma forecast fully diluted earnings per Share has been prepared for illustrative purposes only and, because of its nature, it may not give a true and fair picture of the financial results of the Group following the Global Offering.

Forecast consolidated profit attributable to the equity holders of the Company for the year ending 31 December 2006 (Notes 1 and 3)	not less than RMB268 million (about HK\$264 million)
Unaudited pro forma forecast earnings per share — fully diluted (Notes 2 and 3)	not less than RMB0.26 (about HK\$0.26)

Notes:

1. The forecast consolidated profit attributable to the equity holders of the Company for the year ending 31 December 2006 is extracted from the section headed “Financial information — Profit Forecast” in the prospectus. The bases on which the above profit forecast for the year ending 31 December 2006 has been prepared are summarised in Appendix III to the prospectus.

The Group’s forecast consolidated profit attributable to the equity holders of the Company for the year ending 31 December 2006 prepared by the Directors is based on the audited consolidated results of the Group for the six months ended 30 June 2006, unaudited consolidated results based on the Group’s management accounts for the three months ended 30 September 2006 and a forecast of the consolidated results of the Group for the remaining three months ending 31 December 2006. The forecast has been prepared on the basis of the accounting policies consistent in all material aspects with those currently adopted by the Group as summarised in the accountants’ report, the text of which is set forth in Appendix I to the prospectus.

2. The calculation of the unaudited pro forma forecast earnings per Share on a fully diluted basis is based on the Group’s forecast consolidated profit attributable to the equity holders of the Company for the year ending 31 December 2006 and a total of 1,030,171,637 Shares in issue during the entire year. This calculation assumes that the Over-allotment Option will not be exercised and the H shares issued pursuant to the Global Offering were issued on 1 January 2006.
3. The Group’s forecast consolidated profit attributable to the equity holders of the Company and the unaudited pro forma fully diluted forecast earnings per Share are converted into Hong Kong dollars at an exchange rate of RMB1.0154 to HK\$1.00.

(C) COMFORT LETTER ON UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS AND UNAUDITED PRO FORMA FULLY DILUTED FORECAST EARNINGS PER SHARE

The following is the text of a report from Ernst & Young, the reporting accountants to the Company, in respect of the unaudited pro forma adjusted net tangible assets and the unaudited pro forma fully diluted forecast earnings per share.



18th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

8 December 2006

The Directors
Zhuzhou CSR Times Electric Co., Ltd.
Macquarie Securities Limited
CAF Securities Company Limited

Dear Sirs,

We report on the unaudited pro forma adjusted net tangible assets and the unaudited pro forma fully diluted forecast earnings per share (the “Pro Forma Financial Information”) set out in sections (A) and (B) of Appendix II, respectively, to the prospectus of the Company dated 8 December 2006 (the “Prospectus”) in connection with the global offering of the Company’s shares, which has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how such global offering might have affected the financial information presented.

RESPONSIBILITIES

It is the responsibility solely of the directors of the Company to prepare the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with the Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circular” issued by HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29 (1) of the Listing Rules.

Our work has not been carried out in accordance with the auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it has been carried out in accordance with those standards.

The Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not give an indicative of:

- the financial position of the Group as at 30 June 2006 or at any future date; or
- the earnings per share of the Group for the year ending 31 December 2006 or any future periods.

OPINION

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Your faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong