

The following is the text of the letter, a summary of valuation and the valuation report received from Knight Frank Petty Limited, an independent property valuer, prepared for the purpose for incorporation in this prospectus, in connection with their valuation of the property interests held by the Group as at 30 September 2006.



International Property Consultants
4/F Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

8 December 2006

The Directors
Zhuzhou CSR Times Electric Co., Ltd.
Times Road, Shifeng District
Zhuzhou
Hunan Province
The PRC 412001

Dear Sirs

In accordance with your instructions for us to value the property interests held by Zhuzhou CSR Times Electric Co., Ltd. (hereinafter referred to as the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) in the People’s Republic of China (the “PRC”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 30 September 2006.

Our valuation is our opinion of the market values of the properties which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

For property nos. 1, 2, 3, 4 and 8, due to the specific purpose for which most of the buildings and structures have been constructed, there is no readily identifiable market comparable. Thus these buildings and structures cannot be valued on the basis of direct comparison. They have therefore been valued on the basis of their depreciated replacement costs. The depreciated replacement cost is defined as the current cost of replacement (reproduction) of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimization. It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. The depreciated replacement cost approach generally provides the most reliable indication of value for property in the absence of a known market based on comparable sales.

Our valuation based on the Depreciated Replacement Cost approach shall be subject to the adequate potential profitability of the business. We must state that cessation of the existing business (if any) may have significant impact on the market value of the property as derived by the Depreciated Replacement Cost approach.

For property nos. 2 and 4, we have also taken into account the outstanding construction costs that will be expended to complete the developments to reflect the quality of the completed developments.

In addition, we have valued the other properties in Group I (except property nos. 1, 2, 3, 4, 8 and 15) with reference to sales evidence as available on the market.

We have valued property no.17 of Group II on the basis that the property interest will be developed and completed in accordance with the development proposals provided to us. We have assumed that the approvals for the proposals have been obtained. In arriving at our opinion of market value, we have valued the property interest by making reference to comparable transactions in the locality and have also taken into account the construction cost that will be expended to complete the development to reflect the quality of the completed development.

We have attributed no commercial values to the property interests in Group III and Group IV, which are leased by the Group in the PRC and subsequently leased by the Group in Hong Kong after the date of valuation respectively, due to prohibition against assignment or sub-letting or otherwise due to lack of substantial profit rents. The purpose of stating the property interest in Group IV leased by the Group on 1 December 2006 is to disclose details of the property interest held by the Group as at the prospectus date.

We have been provided with extracts of documents in relation of the titles to the property interests in the PRC. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. In the course of our valuation, we have relied to a very considerable extent on the information given by the Group and the opinion of the Group's PRC legal adviser, Grandall Legal Group Hangzhou, and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, completion dates of the buildings, particulars of occupancy, development schemes, site areas, floor areas and other relevant matters. Dimensions, measurements and areas included in the

valuation report attached are based on information provided to us and are therefore only approximations. We have no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigations on site to determine the suitability of the ground conditions and services etc for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

No allowance has been made in our report for any charges, mortgages or amounts owing on any property interests nor for any expenses or taxation which may be incurred in affecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In preparing our valuation report, we have complied with the “First Edition of The HKIS Valuation Standards on Properties” published by the Hong Kong Institute of Surveyors and all the requirements contained in the provisions of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

Unless otherwise stated, all money amounts stated are in Renminbi.

Our summary of values and valuation report are attached.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited

Alex S L Ng
MRICS MHKIS RPS(GP)
Executive Director

Yours faithfully
For and on behalf of
Knight Frank Petty Limited

Clement W M Leung
BSc (Hons) MRICS MHKIS RPS(GP)
Executive Director

Notes: Alex S L Ng, M.R.I.C.S., M.H.K.I.S., R.P.S. (G.P.), has been a qualified valuer with Knight Frank Petty Limited since November 1995 and has 20 years' experience in the valuation of properties in Hong Kong and has been involved in the valuation of properties in the People's Republic of China and the Asia Pacific regions since 1988.

Clement W M Leung, BSc (Hons), M.R.I.C.S., M.H.K.I.S., R.P.S. (G.P.), has been a qualified valuer with Knight Frank Petty Limited since August 1999 and has 13 years' experience in the valuation of properties in Hong Kong and has extensive experience in the valuation of properties in the People's Republic of China and Asia Pacific regions since 1995.

SUMMARY OF VALUES

Property	Market value in existing state as at 30 September 2006	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 September 2006
	<i>(RMB)</i>		<i>(RMB)</i>
Group I — Property interests held by the Group for owner occupation			
1. An industrial complex in Maotangao Shifeng District Zhuzhou Hunan Province The PRC	153,000,000	100%	153,000,000
2. An industrial complex Tianxin North Gate Shifeng District Zhuzhou Hunan Province The PRC	31,200,000	100%	31,200,000
3. An industrial complex Huanghe South Road Tianyuan District Zhuzhou Hunan Province The PRC	21,000,000	100%	21,000,000
4. An industrial complex Industrial Zone No. 2 Zhuzhou High and New Technology Industry Development Zone Zhuzhou Hunan Province The PRC	79,100,000	100%	79,100,000

Property	Market value in existing state as at 30 September 2006	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 September 2006
	<i>(RMB)</i>		<i>(RMB)</i>
5. 53 units on Levels 4 to 6 in Tower 1 of Gaoke Apartment Industrial Zone No. 2 Tianyuan District Zhuzhou Hunan Province The PRC	2,800,000	100%	2,800,000
6. Carpark No. 19 No. 69 Houjiangti Road Siming District Xiamen Fujian Province The PRC	40,000	100%	40,000
7. Units 806, 809, 1705 and 1706 in a residential building No. 69 Houjiangti Road Siming District Xiamen Fujian Province The PRC	1,900,000	100%	1,900,000
8. An industrial complex West Section No. 8 Huancheng North Road Jiangbei District Ningbo Zhejiang Province The PRC	18,000,000	100%	18,000,000

<u>Property</u>	<u>Market value in existing state as at 30 September 2006</u> <i>(RMB)</i>	<u>Interest attributable to the Group</u>	<u>Market value in existing state attributable to the Group as at 30 September 2006</u> <i>(RMB)</i>
9. Unit 610 Block 2, No. 12 Alley 18, Zhengda Road Jiangbei District Ningbo Zhejiang Province The PRC	280,000	100%	280,000
10. Unit 604 with cockloft Block 9, No. 38, Alley 121 Qinghe Road Jiangbei District Ningbo Zhejiang Province The PRC	390,000	100%	390,000
11. Unit 101 No. 33 Beijiabian Jiangbei District Ningbo Zhejiang Province The PRC	320,000	100%	320,000
12. Unit 105 No. 27 Beijiabian Jiangbei District Ningbo Zhejiang Province The PRC	260,000	100%	260,000
13. Unit 310 No. 35, Alley 65 East Section of Huancheng North Road Jiangbei District Ningbo Zhejiang Province The PRC	400,000	100%	400,000

Property	Market value in existing state as at 30 September 2006	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 September 2006
	<i>(RMB)</i>		<i>(RMB)</i>
14. Unit 208 No. 34, Alley 65 East Section of Huancheng North Road Jiangbei District Ningbo Zhejiang Province The PRC	340,000	100%	340,000
15. Unit 205 No. 50, Alley 199 Yongfeng Road Haishu District Ningbo Zhejiang Province The PRC	No commercial value	100%	No commercial value
16. Unit 709 Aolifu Commercial Building Daxie Development Zone Ningbo Zhejiang Province The PRC	310,000	100%	310,000
Sub-total:	309,340,000		309,340,000
Group II — Property interest held by the Group for future development			
17. A parcel of land situated in Hedong Village Yongjiang Road Ningbo Zhejiang Province The PRC	12,000,000	100%	12,000,000
Sub-total:	12,000,000		12,000,000

<u>Property</u>	<u>Market value in existing state as at 30 September 2006</u> <i>(RMB)</i>	<u>Interest attributable to the Group</u>	<u>Market value in existing state attributable to the Group as at 30 September 2006</u> <i>(RMB)</i>
Group III — Property interests leased by the Group in the PRC			
18. Hatching Area, Unit East Level 2, Block A2 Taishan Road Zhuzhou Hunan Province The PRC	No commercial value		No commercial value
19. A Laboratory Building in CSR Zhuzhou Electric Locomotive Co., Ltd. District Zhuzhou Hunan Province The PRC	No commercial value		No commercial value
Group IV — Property interest subsequently leased by the Group in Hong Kong			
20. Unit 1106 on 11th Floor Jubilee Centre 18 Fenwick Street Wanchai Hong Kong	No commercial value		No commercial value
Sub-total:	No commercial value		No commercial value
Grand total:	<u>321,340,000</u>		<u>321,340,000</u>

VALUATION REPORT

Group I — Property interests held by the Group for owner occupation

<u>Property</u>	<u>Description and Tenure</u>	<u>Particulars of Occupancy</u>	<u>Market value in existing state as at 30 September 2006</u>
1 An industrial complex in Maotangao Shifeng District Zhuzhou Hunan Province The PRC	<p>The property comprises an industrial complex erected upon a site with site area of approximately 104,972.49 sq m (1,129,924 sq ft) completed between 1978 to 2005.</p> <p>The property comprises various single to 5-storey industrial buildings and warehouses and other ancillary structures with total gross floor area of approximately 74,516.70 sq m (802,098 sq ft).</p> <p>The land use right of the property is held for a term expiring on 19 October 2055 for industrial use.</p>	<p>Portion of the property is currently occupied by the Group as workshop, office and warehouse.</p> <p>Portion of the property and ancillary plants and machineries with a leased floor area of approximately 6,960 sq m is let under a tenancy expiring on 31 December 2008, yielding a monthly rental of approximately RMB155,599.</p>	<p>RMB153,000,000</p> <p>(100% interest attributable to the Group:</p> <p>RMB153,000,000)</p>

Notes:

- Pursuant to the Contract for Grant of State-owned Land Use Right No. Zhu Guo Tu He Zi (2005) Di 119 entered into between Zhuzhou State-owned Land Resources Bureau (株州市國土資源局) and Zhuzhou CSR Times Electric Co., Ltd. (株州南車時代電氣股份有限公司) (the "Company") on 20 October 2005, the former party agreed to grant land use rights of 6 parcels of land with a total site area of 124,171.65 sq m to the Company at a consideration of RMB7,660,180 for land use right term of 50 years from 20 October 2005 for industrial use.
- Pursuant to the State-owned Land Use Right Certificate No. Xiang Guo Yong (2006) Zi Di 007 issued by Hunan Province People's Government (湖南省人民政府) on 9 March 2006, the title to the land with a site area of 104,972.49 sq m is held by the Company for a term expiring on 19 October 2055 for industrial use.

3. Pursuant to various Building Ownership Certificates all issued by Zhuzhou Real Estate Administration Bureau (株洲市房產管理局), the property is held by the Company. Details of the certificates are shown as follows:

Certificate No.	Gross Floor Area <i>(sq m)</i>	Use
Zhu Fang Quan Zheng Zhu Zi Di 00192290	1,997.20	Industrial
Zhu Fang Quan Zheng Zhu Zi Di 00192291	1,734.41	Warehouse
Zhu Fang Quan Zheng Zhu Zi Di 00192292	282.65	Warehouse
Zhu Fang Quan Zheng Zhu Zi Di 00192293	2,495.63	Industrial
Zhu Fang Quan Zheng Zhu Zi Di 00192303	6,439.38	Industrial
Zhu Fang Quan Zheng Zhu Zi Di 00192304	2,329.24	Industrial
Zhu Fang Quan Zheng Zhu Zi Di 00192305	1,044.05	Industrial
Zhu Fang Quan Zheng Zhu Zi Di 00192306	9,299.38	Industrial
Zhu Fang Quan Zheng Zhu Zi Di 00192307	6,742.59	Industrial
Zhu Fang Quan Zheng Zhu Zi Di 00192308	193.80	Others
Zhu Fang Quan Zheng Zhu Zi Di 00192309	1,243.47	Scientific, Educational and Medical
Zhu Fang Quan Zheng Zhu Zi Di 00192310	2,658.58	Industrial
Zhu Fang Quan Zheng Zhu Zi Di 00192311	873.03	Industrial
Zhu Fang Quan Zheng Zhu Zi Di 00192312	501.41	Carpark
Zhu Fang Quan Zheng Zhu Zi Di 00192313	112.56	Others
Zhu Fang Quan Zheng Zhu Zi Di 00192314	1,362.34	Others
Zhu Fang Quan Zheng Zhu Zi Di 00192315	263.97	Others
Zhu Fang Quan Zheng Zhu Zi Di 00192316	840.94	Others
Zhu Fang Quan Zheng Zhu Zi Di 00192317	345.24	Industrial
Zhu Fang Quan Zheng Zhu Zi Di 00192318	171.68	Warehouse
Zhu Fang Quan Zheng Zhu Zi Di 00192319	5,288.88	Industrial
Zhu Fang Quan Zheng Zhu Zi Di 00194043	28,296.27	Office

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

- (i) The Contract for Grant of State-owned Land Use Right is legally binding and enforceable.
- (ii) The land premium payable under the Contract for Grant of State-owned Land Use Right and associated taxes are fully settled.
- (iii) Zhuzhou CSR Times Electric Co., Ltd. is in possession of the State-owned Land Use Right Certificate and Building Ownership Certificates of the property which are legal, valid and protected by the laws of the PRC.
- (iv) The property and the State-owned Land Use Right can be legally used, transferred, let and mortgaged by Zhuzhou CSR Times Electric Co., Ltd. during the period mentioned in the land use right term.
- (v) According to the State-owned Land Use Right Certificate and Building Ownership Certificates of the property and investigation by the Group's PRC legal adviser, (except under paragraph (vi) below) there are no third party encumbrances over the property.

- (vi) The Lease Contract dated 29 March 2006 entered into between Zhuzhou CSR Times Electric Co., Ltd. and CSR Zhuzhou Electric Locomotive Research Institute (the "Lease Contract") is legally binding and enforceable. As advised by the Group and according to the investigation by the Group's PRC legal adviser, no violation or reason causing termination of the Lease Contract has occurred. Zhuzhou CSR Times Electric Co., Ltd. has obtained the Permit for leasing property Zhu Fang Zu Zheng Di 20068736 dated 26 June 2006 issued by Zhuzhou Property Leasing Management Office (株洲市房屋租賃管理所) for the Lease Contract in conformity with the laws and regulations of the PRC.

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2006
2 An industrial complex Tianxin North Gate Shifeng District Zhuzhou Hunan Province The PRC	<p>The property comprises an industrial complex erected upon a site with total site area of approximately 19,199.16 sq m (206,660 sq ft) completed between 1978 to 1996.</p> <p>The property comprises various single to 4-storey industrial buildings and warehouses and other ancillary structures with total gross floor area of approximately 10,034.50 sq m (108,011 sq ft).</p> <p>The property also comprises a 5-storey cleaning workshop which is under construction (the "Cleaning Workshop"). As advised by the Group, it will provide approximate gross floor area of 5,048 sq m (54,337 sq ft) upon completion as scheduled in December 2006.</p> <p>The land use right of the property is held for a term expiring on 19 October 2055 for industrial use.</p>	<p>Portion of the property is currently occupied by the Group as workshop, office and warehouse.</p> <p>The remaining portion of the property is under construction.</p>	<p>RMB31,200,000</p> <p>(100% interest attributable to the Group: RMB31,200,000)</p>

Notes:

1. Pursuant to the Contract for Grant of State-owned Land Use Right No. Zhu Guo Tu He Zi (2005) Di 119 entered into between Zhuzhou State-owned Land Resources Bureau (株洲市國土資源局) and Zhuzhou CSR Times Electric Co., Ltd. (株洲南車時代電氣股份有限公司) (the "Company") on 20 October 2005, the former party agreed to grant land use rights of 6 parcels of land with a total site area of 124,171.65 sq m to the Company at a consideration of RMB7,660,180 for land use right term of 50 years from 20 October 2005 for industrial use.
2. Pursuant to the State-owned Land Use Right Certificate No. Xiang Guo Yong (2006) Zi Di 006 issued by Hunan Province People's Government (湖南省人民政府) on 9 March 2006, the title to the land with a site area of 19,199.16 sq m is held by the Company for a term expiring on 19 October 2055 for industrial use.

3. Pursuant to various Building Ownership Certificates all issued by Zhuzhou Real Estate Administration Bureau (株洲市房產管理局), the property is held by the Company. Details of the certificates are shown as follows:

Certificate No.	Gross Floor Area <i>(sq m)</i>	Use
Zhu Fang Quan Zheng Zhu Zi Di 00192289	90.44	Industrial
Zhu Fang Quan Zheng Zhu Zi Di 00192294	33.59	Industrial
Zhu Fang Quan Zheng Zhu Zi Di 00192295	301.64	Industrial
Zhu Fang Quan Zheng Zhu Zi Di 00192296	114.69	Warehouse
Zhu Fang Quan Zheng Zhu Zi Di 00192297	3,039.98	Industrial
Zhu Fang Quan Zheng Zhu Zi Di 00192298	426.79	Educational, Medical or Research
Zhu Fang Quan Zheng Zhu Zi Di 00192299	452.96	Warehouse
Zhu Fang Quan Zheng Zhu Zi Di 00192300	2,888.41	Industrial
Zhu Fang Quan Zheng Zhu Zi Di 00192301	518.55	Industrial
Zhu Fang Quan Zheng Zhu Zi Di 00192302	2,167.45	Industrial

4. Pursuant to the Zhuzhou Planning Permit for Construction Works No. Zhu Gui Jian (2005) 0158 issued by Zhuzhou Planning Bureau (株洲市規劃局) on 26 September 2005 and Commencement Permit for Construction Works No. 430211200512120101 issued by Zhuzhou Construction Bureau (株洲市建設局) on 12 December 2005, the construction works of the Cleaning Workshop was permitted to commence.
5. As advised by the Group, the total construction cost and incurred construction cost as at 30 September 2006 for the portion of the property which is under construction are approximately RMB18,000,000 and RMB14,301,549 respectively.
6. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The Contract for Grant of State-owned Land Use Right is legally binding and enforceable.
 - (ii) The land premium payable under the Contract for Grant of State-owned Land Use Right and associated taxes are fully settled.
 - (iii) Zhuzhou CSR Times Electric Co., Ltd. is in possession of the State-owned Land Use Right Certificate and Building Ownership Certificates of the property, which are legal, valid and protected by the laws of the PRC.
 - (iv) The property and the State-owned Land Use Right can be legally used, transferred, let and mortgaged by Zhuzhou CSR Times Electric Co., Ltd. during the period mentioned in the land use right term.
 - (v) According to the State-owned Land Use Right Certificate and Building Ownership Certificates of the property and investigation by the Group's PRC legal adviser, there are no third party encumbrances over the property.
 - (vi) As advised by the Group and according to the investigation by the Group's legal adviser, the Planning Permit for Construction Works and the Commencement Permit for Construction Works for the Cleaning Workshop were applied for by CSR Zhuzhou Electric Locomotive Research Institute, Zhuzhou CSR Times Electric Co., Ltd. should apply for the transfer of the aforesaid permits according to the laws of

the PRC and that no legal impediment exists for such transfer and no significant charge is required except processing fee. Apart from the aforesaid transfer, Zhuzhou CSR Times Electric Co., Ltd. has been granted the relevant permit and approval for construction of the Cleaning Workshop in line with the development progress and no violation and reason causing termination of the relevant permit and approval has occurred. Zhuzhou CSR Times Electric Co., Ltd. has legally obtained the full development right of the Cleaning Workshop.

- (vii) No legal impediment exists for the application of Building Ownership Certificate of the Cleaning Workshop by Zhuzhou CSR Times Electric Co., Ltd. during three months after completion of the Cleaning Workshop. After the Building Ownership Certificate is obtained, the Cleaning Workshop and the State-owned Land Use Right can be legally used, transferred, let and mortgaged by Zhuzhou CSR Times Electric Co., Ltd. during the period mentioned in the land use right term.
- (viii) The development of the Cleaning Workshop can be legally transferred and mortgaged by Zhuzhou CSR Times Electric Co., Ltd. As advised by the Group and according to the investigation by the Group's legal adviser, there are no third party encumbrances over the development of the Cleaning Workshop.

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2006
3 An industrial complex Huanghe South Road Tianyuan District Zhuzhou Hunan Province The PRC	<p>The property comprises an industrial complex erected upon a site with site area of approximately 10,080 sq m (108,501 sq ft) completed between 1995 to 2004.</p> <p>The property comprises a 6-storey industrial building and other ancillary structures with total gross floor area of approximately 5,433.55 sq m (58,487 sq ft).</p> <p>The land use right of the property is held for a term expiring on 13 March 2048 for industrial use.</p>	The property is currently occupied by the Group as workshop.	RMB21,000,000 (100% interest attributable to the Group: RMB21,000,000)

Notes:

1. Pursuant to the State-owned Land Use Right Certificate No. Zhu Kai Fa Guo Yong (2000) Zi Di A0010 issued by Zhuzhou People's Government (株洲市人民政府) on 26 April 2000, the title to the land is held by Zhuzhou Times Electronics Technology Co., Ltd. (株洲時代電子技術有限公司) (the "Company") for a term expiring on 13 March 2048 for research factory purpose.
2. Pursuant to the Building Ownership Certificate Zhu Fang Quan Zheng Zhu Zi Di 00028510 issued by Zhuzhou Real Estate Administration Bureau (株洲市房產管理局) on 7 August 2000, the property is held by the Company for industrial use.
3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - (i) The land premium for the land use right of the property and associated taxes are fully settled.
 - (ii) Zhuzhou Times Electronics Technology Co., Ltd. is in possession of the State-owned Land Use Right Certificate and Building Ownership Certificate of the property which are legal, valid and protected by the laws of the PRC.
 - (iii) The property and the State-owned Land Use Right can be legally used, transferred, let and mortgaged by Zhuzhou Times Electronics Technology Co., Ltd. during the period mentioned in the land use right term.
 - (iv) According to the State-owned Land Use Right Certificate and Building Ownership Certificate of the property and investigation by the Group's PRC legal adviser, there are no third party encumbrances over the property.

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2006
4 An industrial complex Industrial Zone No. 2 Zhuzhou High and New Technology Industry Development Zone Zhuzhou Hunan Province The PRC	<p>The property comprises an industrial complex erected upon a site with site area of approximately 43,983.79 sq m (473,442 sq ft) completed in 2004.</p> <p>The property comprises a 3-storey industrial building with gross floor area of approximately 12,718.80 sq m (136,905 sq ft).</p> <p>The property also comprises a 10-storey research and office composite building (the “Main Building”) and a 5-storey factory (the “Annex Building”) both of which are under construction. As advised by the Group, they will provide approximate gross floor area of 21,292.3 sq m (229,190 sq ft) upon completion as scheduled in December 2006.</p> <p>The land use right of the property is held for a term expiring on 12 March 2054 for industrial use.</p>	<p>Portion of the property is currently occupied by the Group as workshop.</p> <p>Portion of the property with a leased floor area of approximately 3,116.46 sq m together with ancillary plants and machineries are let under a tenancy expiring on 31 December 2006 yielding a monthly rental of approximately RMB29,167.</p> <p>The remaining portion of the property is under construction.</p>	<p>RMB79,100,000</p> <p>(100% interest attributable to the Group: RMB79,100,000)</p>

Notes:

- Pursuant to the Contract for Grant of State-owned Land Use Right No. Zhu Guo Tu Tian He (2004) 05 entered into between Zhuzhou State-owned Land Resources Bureau (株洲市國土資源局) and Zhuzhou Times Electronics Technology Co., Ltd. (株洲時代電子技術有限公司) (the “Company”) on 12 March 2004, the former party agreed to grant land use right of a land with a site area of 43,983.79 sq m to the Company at a consideration of RMB3,012,890 for land use right term of 50 years from 12 March 2004 for industrial use.
- Pursuant to the State-owned Land Use Right Certificate No. Zhu Guo Yong (2004) Di A0376 issued by Zhuzhou People’s Government (株洲市人民政府) on 31 May 2004, the title to the land is held by the Company for a term expiring on 12 March 2054 for industrial use.
- Pursuant to the Building Ownership Certificate Zhu Fang Quan Zheng Zhu Zi Di 00153219 issued by Zhuzhou Real Estate Administration Bureau (株洲市房產管理局) on 4 November 2004, the property is held by the Company for industrial use.
- Pursuant to the Zhuzhou Planning Permit for Construction Works No. Zhu Gui Jian (Gao Xin) Zi Di 200516 issued by Zhuzhou Planning Bureau (株洲市規劃局) on 27 April 2005 and Commencement Permit for Construction Works No. 430211200505280101 issued by Zhuzhou High and New Technology Industry Development Zone Development and Construction Bureau (株洲高新技術產業開發區開發建設局) on 28 May 2005, the construction works of the Main Building and the Annex Building are permitted to commence.

5. As advised by the Group, the total construction cost and incurred construction cost as at 30 September 2006 for the portion of the property which is under construction are approximately RMB51,824,976 and RMB39,431,180 respectively.
6. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The Contract for Grant of State-owned Land Use Right is legally binding and enforceable.
 - (ii) The land premium payable under the Contract for Grant of State-owned Land Use Right and associated taxes are fully settled.
 - (iii) Zhuzhou Times Electronics Technology Co., Ltd. is in possession of the State-owned Land Use Right Certificate and Building Ownership Certificate of the property which are legal, valid and protected by the laws of the PRC.
 - (iv) The property and the State-owned Land Use Right can be legally used, transferred, let and mortgaged by Zhuzhou Times Electronics Technology Co., Ltd. during the period mentioned in the land use right term.
 - (v) According to the State-owned Land Use Right Certificate and Building Ownership Certificate of the property and investigation by the Group's PRC legal adviser, (except under paragraph (vi) below) there are no third party encumbrances over the property.
 - (vi) The Lease Contract (聯合廠房工作場地租賃合同) dated 28 July 2006 entered into between Zhuzhou Times Electronics Technology Co., Ltd. and Zhuzhou National Engineering Research Center of Converters (株洲變流技術國家工程研究中心) (the "Lease Contract") is legally binding and enforceable. As advised by the Group and according to the investigation by the Group's PRC legal adviser, no violation or reason causing termination of the Lease Contract has occurred. Zhuzhou Times Electronics Technology Co., Ltd. has obtained the Permit for leasing property Zhu Fang Zu Zheng Di 20068266 dated 30 August 2006 issued by Zhuzhou Property Leasing Management Office (株洲市房屋租賃管理所) for the Lease Contract in conformity with the laws and regulations of the PRC.
 - (vii) Zhuzhou Times Electronics Technology Co., Ltd. has been granted the relevant permit and approval for construction of the Main Building and the Annex Building in line with the development progress and no violation and reason causing termination of the relevant permit and approval has occurred. Zhuzhou Times Electronics Technology Co., Ltd. has legally obtained the full development right of the Main Building and the Annex Building.
 - (viii) No legal impediment exists for the application of Building Ownership Certificates of the Main Building and the Annex Building by Zhuzhou Times Electronics Technology Co., Ltd. during three months after completion of the Main Building and Annex Building. After the Building Ownership Certificates are obtained, the Main Building and the Annex Building and the State-owned Land Use Right can be legally used, transferred, let and mortgaged by Zhuzhou Times Electronics Technology Co., Ltd. during the period mentioned in the land use right term.
 - (ix) The development of the Main Building and the Annex Building can be legally transferred and mortgaged by Zhuzhou Times Electronics Technology Co., Ltd. As advised by the Group and according to the investigation by the Group's legal adviser, there are no third party encumbrances over the development of the Main Building and the Annex Building.

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2006
5 53 units on Levels 4 to 6 in Tower 1 of Gaoke Apartment Industrial Zone No. 2 Tianyuan District Zhuzhou Hunan Province The PRC	Tower 1 of Gaoke Apartment is a 6-storey residential building completed in 2003. The property comprises 53 residential units on Levels 4 to 6 in Tower 1 of Gaoke Apartment with a total gross floor area of 1,879.45 sq m (20,230 sq ft). The land use right of the property is held for a term expiring on 14 March 2074 for residential use.	The property is occupied by the group as dormitory.	RMB2,800,000 (100% interest attributable to the Group: RMB2,800,000)

Notes:

1. Pursuant to the Times Apartment Real Estate Sale and Purchase Contract (時代公寓房屋買賣合同) dated 12 September 2003 (the "Sale and Purchase Contract"), Zhuzhou Times Hi-Technology Development Co., Ltd. (株洲時代高科實業發展有限公司) agreed to sell to Zhuzhou Times Electronics Technology Co., Ltd. (株洲時代電子技術有限公司) (the "Company") the property at a consideration of RMB1,893,400.
2. Pursuant to the State-owned Land Use Right Certificate No. Zhu Guo Yong (2005) Di A0439 issued by Zhuzhou People's Government (株洲市人民政府) on 18 May 2005, the title to the land with Lot No. 003-003-039-327/1 is held by the Company for a term expiring on 14 March 2074 for residential use.
3. Pursuant to the Building Ownership Certificate Zhu Fang Quan Zheng Zhu Zi Di 00159939 issued by Zhuzhou Real Estate Administration Bureau (株洲市房產管理局) on 10 March 2005, the property is held by the Company for residential use.
4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - (i) The Sale and Purchase Contract is legally binding and enforceable.
 - (ii) The transaction amount payable under the Sale and Purchase Contract and associated taxes are fully paid.
 - (iii) Zhuzhou Times Electronics Technology Co., Ltd. is in possession of the State-owned Land Use Right Certificate and Building Ownership Certificate of the property which are legal, valid and protected by the laws of the PRC.
 - (iv) The property and the State-owned Land Use Right can be legally used, transferred, let and mortgaged by Zhuzhou Times Electronics Technology Co., Ltd. during the period mentioned in the land use right term.
 - (v) According to the State-owned Land Use Right Certificate and Building Ownership Certificate of the property and investigation by the Group's PRC legal adviser, there are no third party encumbrances over the property.

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2006
6 Carpark No. 19 No. 69 Houjiangti Road Siming District Xiamen Fujian Province The PRC	<p>The property comprises a carparking space in a 16-storey residential building with an area of approximately 18.94 sq m (204 sq ft) completed in 1998.</p> <p>The land use right of the property is held for a term of 70 years expiring on 1 March 2065 for carpark use.</p>	The property is currently occupied by the Group as carport.	<p>RMB40,000</p> <p>(100% interest attributable to the Group: RMB40,000)</p>

Notes:

1. Pursuant to the Real Estate Title Certificate No. Xia Di Fang Zheng Di 00397709 issued by Xiamen State-owned Land Resources and Real Estate Administration Bureau (廈門市國土資源與房產管理局) on 15 July 2005, the property is held by Zhuzhou Times Electronics Technology Co., Ltd (株洲時代電子技術有限公司) for a term of 70 years expiring on 1 March 2065 for carpark use.
2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - (i) Zhuzhou Times Electronics Technology Co., Ltd. is in possession of the Real Estate Title Certificate of the property, which is legal, valid and protected by the laws of the PRC.
 - (ii) The property and the State-owned Land Use Right can be legally used, transferred, let and mortgaged by Zhuzhou Times Electronics Technology Co., Ltd. during the period mentioned in the land use right term.
 - (iii) According to the Real Estate Title Certificate of the property and investigation by the Group's PRC legal adviser, there are no third party encumbrances over the property.

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2006
7 Units 806, 809, 1705 and 1706 in a residential building No. 69 Houjiangti Road Siming District Xiamen Fujian Province The PRC	The property comprises 4 residential units in a 16-storey residential building with a total gross floor area of approximately 486.32 sq m (5,235 sq ft) completed in 1998. The land use right of the property is held for a term of 70 years expiring on 1 March 2065 for residential use.	The property is currently occupied by the Group as dormitory.	RMB1,900,000 (100% interest attributable to the Group: RMB1,900,000)

Notes:

1. Pursuant to four Real Estate Title Certificates all issued by Xiamen Stated-owned Land Resources and Real Estate Administration Bureau (廈門市國土資源與房產管理局), the property is held by Zhuzhou Times Electronics Technology Co. Ltd (株洲時代電子技術有限公司). Details of the certificates are shown as follows:

Certificate No.	Unit No.	Gross Floor Area (sq.m.)	Use	Issue Date
Xia Di Fang Zheng Di 00397710	806	77.61	Residential	15 July 2005
Xia Di Fang Zheng Di 00397724	809	89.06	Residential	16 July 2005
Xia Di Fang Zheng Di 00397502	1705	171.49	Residential	14 July 2005
Xia Di Fang Zheng Di 00397713	1706	148.16	Residential	15 July 2005

2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) Zhuzhou Times Electronics Technology Co., Ltd. is in possession of the Real Estate Title Certificates of the property which are legal, valid and protected by the laws of the PRC.
 - (ii) The property and State-owned Land Use Right can be legally used, transferred, let and mortgaged by Zhuzhou Times Electronics Technology Co., Ltd. during the period mentioned in the land use right term.
 - (iii) According to the Real Estate Title Certificates of the property and investigation by the Group's PRC legal adviser, there are no third party encumbrances over the property.

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2006
8 An industrial complex West Section No. 8 Huancheng North Road Jiangbei District Ningbo Zhejiang Province The PRC	<p>The property comprises an industrial complex erected upon a site with site area of approximately 5,371.60 sq m (57,820 sq ft) completed between 1986 to 2001.</p> <p>The property comprises three single to 6-storey industrial buildings and other ancillary structures with a total gross floor area of approximately 7,112.05 sq m (76,554 sq ft).</p> <p>The land use right of the property is held for a term expiring on 3 December 2044 for scientific research and design uses.</p>	The property is currently occupied by the Group as workshop and ancillary warehouse.	RMB18,000,000 (100% interest attributable to the Group: RMB18,000,000)

Notes:

- Pursuant to the Contract for Grant of State-owned Land Use Right No. (2004)107 entered into between Zhuzhou Electric Locomotive Research Institute, Ningbo Branch (株洲電力機車研究所寧波分所) (the "Institute") and Ningbo State-owned Land Resources Bureau (寧波市國土資源局) on 3 December 2004, the latter party agreed to grant land use right of a land with a site area of 5,371.6 sq m to the Institute at a consideration of RMB3,727,890 for land use right term of 40 years from 3 December 2004 for research and design uses.
- Pursuant to the State-owned Land Use Right Certificate No. Yong Guo Yong (2004) Di 14046 issued by Ningbo People's Government (寧波市人民政府) on 18 December 2004, the title to the land was held by the Institute for a term expiring on 3 December 2044 for scientific research and design uses.
- Pursuant to the State-owned Land Use Right Certificate No. Yong Guo Yong (2006) Di 0101504 issued by Ningbo People's Government (寧波市人民政府) on 23 November 2006, which superseded the certificate mentioned in Note 2 above, the title to the land is held by Ningbo CRS Times Sensor Technology Company, Ltd. (寧波南車時代傳感技術有限公司) (the "Company") expiring on 3 December 2044 for scientific research and design uses.
- Pursuant to three Building Ownership Certificates all issued by Ningbo Real Estate Administration Bureau (寧波市房產管理局), the property is held by the Company. Details of the certificates are shown as follows:

Certificate No.	Gross Floor Area (sq m)	Use	Issue Date
Yong Fang Quan Zheng Jiang Bei Zi Di 200631121	1,790.73	Industrial and Warehouse	30 September 2006
Yong Fang Quan Zheng Jiang Bei Zi Di 200631119	5,311.08	Industrial and Warehouse	30 September 2006
Yong Fang Quan Zheng Jiang Bei Zi Di 200631120	10.24	Industrial and Warehouse	30 September 2006

5. Application for the transfer of the State-owned Land Use Right Certificate from the name of the Institute into the name of the Company was completed on 23 November 2006.
6. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - (i) The Contract for Grant of State-owned Land Use Right is legally binding and enforceable.
 - (ii) The land premium payable under the Contract for Grant of State-owned Land Use Right and associated taxes are fully settled.
 - (iii) Ningbo CRS Times Sensor Technology Company, Ltd. is in possession of the State-owned Land Use Right Certificate and the Building Ownership Certificates of the property, which are legal, valid and protected by the laws of the PRC.
 - (iv) The property and the State-owned Land Use Right can be legally used, transferred, let and mortgaged by Ningbo CSR Times Sensor Technology Company, Ltd. during the period mentioned in the land use right term.
 - (v) According to the State-owned Land Use Right Certificate and Building Ownership Certificates of the property and investigation by the Group's PRC legal adviser, there are no third party encumbrances over the property.

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2006
9 Unit 610 Block 2 No. 12, Alley 18 Zhengda Road Jiangbei District Ningbo Zhejiang Province The PRC	The property comprises a residential unit in a 6-storey residential building with a gross floor area of approximately 70.00 sq m (753 sq ft) completed in 1998. The land use right of the property is held for a term expiring on 29 December 2065 for residential use.	The property is currently occupied by the Group as dormitory.	RMB280,000 (100% interest attributable to the Group: RMB280,000)

Notes:

1. Pursuant to the Real Estate Sale and Purchase Contract (房地產轉讓合同) dated 28 December 2002 (the "Sale and Purchase Contract"), 陳友定 agreed to sell to Zhuzhou Electric Locomotive Research Institute, Ningbo Branch (株洲電力機車研究所寧波分所) the property at a consideration of RMB380,000.
2. Pursuant to the State-owned Land Use Right Certificate No. Yong Guo Yong (2006) Di 0101013 issued by Ningbo People's Government (寧波市人民政府) on 30 September 2006, the title to the land is held by Ningbo CSR Times Sensor Technology Company, Ltd. (寧波南車時代傳感技術有限公司) (the "Company") for a term expiring on 29 December 2065 for residential use.
3. Pursuant to the Building Ownership Certificate Yong Fang Quan Zheng Jiang Bei Zi Di 200628675 issued by Ningbo Real Estate Administration Bureau (寧波市房產管理局) on 1 September 2006, the property is held by the Company for residential use.
4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - (i) The Sale and Purchase Contract is legally binding and enforceable.
 - (ii) The transaction amount payable under the Sale and Purchase Contract and associated taxes are fully settled.
 - (iii) Ningbo CSR Times Sensor Technology Company, Ltd. is in possession of the State-owned Land Use Right Certificate and Building Ownership Certificate of the property, which are legal, valid and protected by the laws of the PRC.
 - (iv) The property and the State-owned Land Use Right can be legally used, transferred, let and mortgaged by Ningbo CSR Times Sensor Technology Company, Ltd. during the period mentioned in the land use right term.
 - (v) According to the State-owned Land Use Right Certificate and Building Ownership Certificate of the property and investigation by the Group's PRC legal adviser, there are no third party encumbrances over the property.

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2006
10 Unit 604 with cockloft, Block 9 No. 38, Alley 121 Qinghe Road Jiangbei District Ningbo Zhejiang Province The PRC	The property comprises a residential unit in a 6-storey residential building with a total gross floor area of approximately 68.10 sq m (733 sq ft) completed in 1990s. The land use right of the property is held for a term expiring on 29 December 2065 for residential use.	The property is currently occupied by the Group as dormitory.	RMB390,000 (100% interest attributable to the Group: RMB390,000)

Notes:

1. Pursuant to the Real Estate Sale and Purchase Contract (房地產轉讓合同) (the “Sale and Purchase Contract”), 趙嘉浩 agreed to sell to Zhuzhou Electric Locomotive Research Institute, Ningbo Branch (株洲電力機車研究所寧波分所) the property at a consideration of RMB355,000 with the transaction to be completed before 23 December 2002.
2. Pursuant to the State-owned Land Use Right Certificate No. Yong Guo Yong (2006) Di 0101012 issued by Ningbo People’s Government (寧波市人民政府) on 30 September 2006, the title to the land is held by Ningbo CSR Times Sensor Technology Company, Ltd. (寧波南車時代傳感技術有限公司) (the “Company”) for a term expiring on 29 December 2065 for residential use.
3. Pursuant to the Building Ownership Certificate Yong Fang Quan Zheng Jiang Bei Zi Di 200628672 issued by Ningbo Real Estate Administration Bureau (寧波市房產管理局) on 1 September 2006, the property is held by the Company for residential use.
4. We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - (i) The Sale and Purchase Contract is legally binding and enforceable.
 - (ii) The transaction amount payable under the Sale and Purchase Contract and associated taxes are fully settled.
 - (iii) Ningbo CSR Times Sensor Technology Company, Ltd. is in possession of the State-owned Land Use Right Certificate and Building Ownership Certificate of the property, which are legal, valid and protected by the laws of the PRC.
 - (iv) The property and the State-owned Land Use Right can be legally used, transferred, let and mortgaged by Ningbo CSR Times Sensor Technology Company, Ltd. during the period mentioned in the land use right term.
 - (v) According to the State-owned Land Use Right Certificate and Building Ownership Certificate of the property and investigation by the Group’s PRC legal adviser, there are no third party encumbrances over the property.

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2006
11 Unit 101 No. 33 Beijiabian Jiangbei District Ningbo Zhejiang Province The PRC	The property comprises a residential unit in a 7-storey residential building with a gross floor area of approximately 83.43 sq m (898 sq ft) completed in 1991. The land use right of the property is held for a term expiring on 4 April 2073 for residential use.	The property is currently occupied by the Group as dormitory.	RMB320,000 (100% interest attributable to the Group: RMB320,000)

Notes:

1. Pursuant to the Stock Housing Sale and Purchase Contract (存量房屋買賣中介合同) No. Yong Jiang Dong Hua Zhong Fang Chan Zhong Jie 2002 Nian Di 301 (甬江東華眾房產中介2002年第301號) dated 7 January 2003 (the "Sale and Purchase Contract"), 馬妙 agreed to sell to Zhuzhou Electric Locomotive Research Institute, Ningbo Branch (株洲電力機車研究所寧波分所) the property at a consideration of RMB310,000.
2. Pursuant to the State-owned Land Use Right Certificate No. Yong Guo Yong (2006) Di 0101009 issued by Ningbo People's Government (寧波市人民政府) on 30 September 2006, the title to the land is held by Ningbo CSR Times Sensor Technology Company, Ltd. (寧波南車時代傳感技術有限公司) (the "Company") for a term expiring on 4 April 2073 for residential use.
3. Pursuant to the Building Ownership Certificate Yong Fang Quan Zheng Jiang Bei Zi Di 200628676 issued by Ningbo Real Estate Administration Bureau (寧波市房產管理局) on 1 September 2006, the property is held by the Company for residential use.
4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - (i) The Sale and Purchase Contract is legally binding and enforceable.
 - (ii) The transaction amount payable under the Sale and Purchase Contract and associated taxes are fully settled.
 - (iii) Ningbo CSR Times Sensor Technology Company, Ltd. is in possession of the State-owned Land Use Right Certificate and Building Ownership Certificate of the property, which are legal, valid and protected by the laws of the PRC.
 - (iv) The property and the State-owned Land Use Right can be legally used, transferred, let and mortgaged by Ningbo CSR Times Sensor Technology Company, Ltd. during the period mentioned in the land use right term.
 - (v) According to the State-owned Land Use Right Certificate and Building Ownership Certificate of the property and investigation by the Group's PRC legal adviser, there are no third party encumbrances over the property.

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2006
12 Unit 105 No. 27 Beijiabian Jiangbei District Ningbo Zhejiang Province The PRC	The property comprises a residential unit in a 7-storey residential building with a gross floor area of approximately 60.79 sq m (654 sq ft) completed in 1991. The land use right of the property is held for a term expiring on 4 July 2075 for residential use.	The property is currently occupied by the Group as dormitory.	RMB260,000 (100% interest attributable to the Group: RMB260,000)

Notes:

1. Pursuant to the State-owned Land Use Right Certificate No. Yong Guo Yong (2006) Di 0101010 issued by Ningbo People's Government (寧波市人民政府) on 30 September 2006, the title to the land is held by Ningbo CSR Times Sensor Technology Company, Ltd. (寧波南車時代傳感技術有限公司) (the "Company") for a term expiring on 4 July 2075 for residential use.
2. Pursuant to the Building Ownership Certificate Yong Fang Quan Zheng Jiang Bei Zi Di 200628671 issued by Ningbo Real Estate Administration Bureau (寧波市房產管理局) on 1 September 2006, the property is held by the Company for residential use.
3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - (i) Ningbo CSR Times Sensor Technology Company, Ltd. is in possession of the State-owned Land Use Right Certificate and Building Ownership Certificate of the property, which are legal, valid and protected by the laws of the PRC.
 - (ii) The property and the State-owned Land Use Right can be legally used, transferred, let and mortgaged by Ningbo CSR Times Sensor Technology Company, Ltd. during the period mentioned in the land use right term.
 - (iii) According to the State-owned Land Use Right Certificate and Building Ownership Certificate of the property and investigation by the Group's PRC legal adviser, there are no third party encumbrances over the property.

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2006
13 Unit 310 No. 35, Alley 65 East Section of Huancheng North Road Jiangbei District Ningbo Zhejiang Province The PRC	The property comprises a residential unit in a 6-storey residential building with a gross floor area of approximately 109.31 sq m (1,177 sq ft) completed in 1997. The land use right of the property is held for a term expiring on 28 May 2066 for residential use.	The property is currently occupied by the Group as dormitory.	RMB400,000 (100% interest attributable to the Group: RMB400,000)

Notes:

1. Pursuant to the Real Estate Sale and Purchase Contract (房地產買賣契約) No. (Bei) Fang Mai Mai Qi Zi 409 (北房買賣契字409號) dated 26 December 2002 (the "Sale and Purchase Contract"), 張如田 agreed to sell to Zhuzhou Electric Locomotive Research Institute, Ningbo Branch (株洲電力機車研究所寧波分所) (the "Institute") the property at a consideration of RMB440,000.
2. Pursuant to the State-owned Land Use Right Certificate No. Yong Guo Yong (2003) Zi Di 5082 issued by Ningbo People's Government (寧波市人民政府) in March 2003, the title to the land was held by the Institute for a term expiring on 28 May 2066 for residential use.
3. Pursuant to the State-owned Land Use Right Certificate No. Yong Guo Yong (2006) Di 0101117 issued by Ningbo People's Government (寧波市人民政府) on 16 October 2006, which superseded the certificate mentioned in Note 2 above, the title to the land is held by Ningbo CSR Times Sensor Technology Company, Ltd. (寧波南車時代傳感技術有限公司) (the "Company") for a term expiring on 28 May 2066 for residential use.
4. Pursuant to the Building Ownership Certificate No. Fang Quan Zheng Yong Bei Zhen Zi Di 0442 issued by Ningbo Real Estate Administration Bureau (寧波市房產管理局) on 26 September 2006, the property is held by the Company for residential use.
5. Application for the transfer of the State-owned Land Use Right Certificate from the name of the Institute into the name of the Company was completed on 16 October 2006.
6. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - (i) The Sale and Purchase Contract is legally binding and enforceable.
 - (ii) The transaction amount payable under the Sale and Purchase Contract and associated taxes are fully settled.
 - (iii) Ningbo CSR Times Sensor Technology Company, Ltd. is in possession of the State-owned Land Use Right Certificate and Building Ownership Certificate of the property, which are legal, valid and protected by the laws of the PRC.

- (iv) The property and the State-owned Land Use Right can be legally used, transferred, let and mortgaged by Ningbo CSR Times Sensor Technology Company, Ltd. during the period mentioned in the land use right term.

- (v) According to the State-owned Land Use Right Certificate and Building Ownership Certificate of the property and investigation by the Group's PRC legal adviser, there are no third party encumbrances over the property.

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2006
14 Unit 208 No. 34, Alley 65 East Section of Huancheng North Road Jiangbei District Ningbo Zhejiang Province The PRC	The property comprises a residential unit in a 7-storey residential building with a gross floor area of approximately 83.06 sq m (894 sq ft) completed in 2004. The land use right of the property is held for a term expiring on 20 May 2066 for residential use.	The property is currently occupied by the Group as dormitory.	RMB340,000 (100% interest attributable to the Group: RMB340,000)

Notes:

- (1) Pursuant to the Agreement of Assets Transfer (資產轉移協議) entered into between Ningbo Daxie Development Zone Tielongke Industrial and Trading Company Limited (寧波大榭開發區鐵龍科工貿有限公司) and Zhuzhou Electric Locomotive Research Institute, Ningbo Branch (株洲電力機車研究所寧波分所) (the "Institute") on 10 June 2006 (the "Agreement of Assets Transfer"), the former party agreed to transfer to the Institute the property at a consideration of RMB291,094.30.
- (2) Pursuant to the State-owned Land Use Right Certificate No. Yong Guo Yong (2006) Di 0101011 issued by Ningbo People's Government (寧波市人民政府) on 30 September 2006, the title to the land is held by Ningbo CSR Times Sensor Technology Company, Ltd. (寧波南車時代傳感技術有限公司) (the "Company") for a term expiring on 20 May 2066 for residential use.
- (3) Pursuant to the Building Ownership Certificate No. Yong Fang Quan Zheng Jiang Bei Zi Di 200628674 issued by Ningbo Real Estate Administration Bureau (寧波市房產管理局) on 1 September 2006, the property is held by the Company for residential use.
- (4) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - (i) The Agreement of Assets Transfer is legally binding and enforceable.
 - (ii) The transaction amount payable under the Agreement of Assets Transfer and associated taxes are fully settled.
 - (iii) Ningbo CSR Times Sensor Technology Company, Ltd. is in possession of the State-owned Land Use Right Certificate and Building Ownership Certificate of the property, which are legal, valid and protected by the laws of the PRC.
 - (iv) The property and the State-owned Land Use Right can be legally used, transferred, let and mortgaged by Ningbo CSR Times Sensor Technology Company, Ltd. during the period mentioned in the land use right term.
 - (v) According to the State-owned Land Use Right Certificate and Building Ownership Certificate of the property and investigation by the Group's PRC legal adviser, there are no third party encumbrances over the property.

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2006
15 Unit 205 No. 50, Alley 199 Yongfeng Road Haishu District Ningbo Zhejiang Province The PRC	The property comprises a residential unit in a 4-storey residential building with a gross floor area of approximately 86.87 sq m (935 sq ft) completed in 1998. The land use right of the property is held for a term expiring on 7 October 2076 for residential use.	The property is currently occupied by the Group as dormitory.	No commercial value (100% interest attributable to the Group: No commercial value)

Notes:

1. Pursuant to the Stock Housing Sale and Purchase Contract (存量房屋買賣中介合同) Yong Hai Shu Guo He Zhong Jie 2002 Nin dated 24 December 2002 (the "Sale and Purchase Contract"), 祝女峰 agreed to sell to Zhuzhou Electric Locomotive Research Institute, Ningbo Branch (株洲電力機車研究所寧波分所) (the "Institute") the property at a consideration of RMB398,000.
2. Pursuant to the State-owned Land Use Right Certificate No. Yong Hai Guo Yong (2003) Zi Di 11151 issued by Ningbo People's Government (寧波市人民政府) in February 2003, the title to the land was held by the Institute for residential use and the land use right of the property was granted by way of administrative allocation.
3. Pursuant to the State-owned Land Use Right Certificate No. Yong Guo Yong (2006) Di 0101068 issued by Ningbo People's Government (寧波市人民政府) on 11 October 2006, the title to the land is held by Ningbo CSR Times Sensor Technology Company, Ltd. (寧波南車時代傳感技術有限公司) (the "Company") for a term expiring on 7 October 2076 for residential use.
4. Pursuant to the Building Ownership Certificate No. Yong Fang Quan Zheng Hai Shu Zi Di 200628677 issued by Ningbo Real Estate Administration Bureau (寧波市房產管理局) on 1 September 2006, the property is held by the Company for residential use.
5. As at the date of valuation, 30 September 2006, the land use right of the property was granted to the Institute by way of administrative allocation and the property could only be legally transferred subject to Government approval, hence no commercial value has been attributed to the property. For reference purpose, the market value of the property in its existing state as at the date of valuation, assuming that all land premiums have been fully settled and the property may be freely disposed of to local or overseas purchasers, would be RMB400,000. Subsequent to the date of valuation, the land use right of the property was granted to the Company by way of transfer.
6. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - (i) The Sale and Purchase Contract is legally binding and enforceable.
 - (ii) The transaction amount payable under the Sale and Purchase Contract and associated taxes are fully settled.

- (iii) Ningbo CSR Times Sensor Technology Company, Ltd. is in possession of the State-owned Land Use Right Certificate and Building Ownership Certificate of the property, which are legal, valid and protected by the laws of the PRC.

- (iv) The property and the State-owned Land Use Right can be legally used, transferred, let and mortgaged by Ningbo CSR Times Sensor Technology Company, Ltd. during the period mentioned in the land use right term.

- (v) According to the State-owned Land Use Right Certificate and Building Ownership Certificate of the property and investigation by the Group's PRC legal adviser, there are no third party encumbrances over the property.

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2006
16 Unit 709 Aolifu Commercial Building Daxie Development Zone Ningbo Zhejiang Province The PRC	The property comprises an office unit in an 11-storey commercial building with a gross floor area of approximately 83.79 sq m (902 sq ft) completed in 1997. The land use right of the property is held for a term expiring on 30 July 2045 for commercial and services uses.	The property is currently occupied by the Group as office.	RMB310,000 (100% interest attributable to the Group: RMB310,000)

Notes:

- Pursuant to the Agreement of Assets Transfer (資產轉讓協議) entered into between Ningbo Daxie Development Zone Tielongke Industrial and Trading Company Limited (寧波大榭開發區鐵龍科工貿有限公司) and Zhuzhou Electric Locomotive Research Institute, Ningbo Branch (株洲電力機車研究所寧波分所) (the "Institute") on 10 June 2006 (the "Agreement of Assets Transfer"), the former party agreed to transfer to the Institute the property at a consideration of RMB192,289.60.
- Pursuant to the State-owned Land Use Right Certificate No. Yong Guo Yong (2006) Di 1200768 issued by Ningbo People's Government (寧波市人民政府) on 27 September 2006, the title to the land is held by Ningbo CSR Times Sensor Technology Company, Ltd. (寧波南車時代傳感技術有限公司) for a term expiring on 30 July 2045 for commercial and services uses.
- Pursuant to the Building Ownership Certificate No. Yong Fang Quan Zheng Xie Zi Di 200600668 issued by Ningbo Real Estate Administration Bureau (寧波市房產管理局) on 26 September 2006, the property is held by the Company for operation use.
- We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - The Agreement of Assets Transfer is legally binding and enforceable.
 - The transaction amount payable under the Agreement of Assets Transfer and associated taxes are fully settled.
 - Ningbo CSR Times Sensor Technology Company, Ltd. is in possession of the State-owned Land Use Right Certificate and Building Ownership Certificate of the property, which are legal, valid and protected by the laws of the PRC.
 - The property and the State-owned Land Use Right can be legally used, transferred, let and mortgaged by Ningbo CSR Times Sensor Technology Company, Ltd. during the period mentioned in the land use right term.
 - According to the State-owned Land Use Right Certificate and Building Ownership Certificate of the property and investigation by the Group's PRC legal adviser, there are no third party encumbrances over the property.

Group II — Property interest held by the Group for future development

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2006
17 A parcel of land situated in Hedong Village Yongjiang Road Ningbo Zhejiang Province The PRC	The property comprises a parcel of land with a site area of approximately 30,851 sq m (332,080 sq ft). The land use right of the property is held for a term expiring on 18 April 2056 for industrial use.	The property is a vacant site.	RMB12,000,000 (100% interest attributable to the Group: RMB12,000,000)

Notes:

- Pursuant to the Contract for Grant of State-owned Land Use Right No. Ning Bei Chang He (2006) 9 (the “Contract for Grant of State-owned Land Use Right”) entered into between Ningbo State-owned Land Resources Bureau (寧波市國土資源局) and Zhuzhou Electric Locomotive Research Institute, Ningbo Branch (株洲電力機車研究所寧波分所) (the “Institute”), the Institute has been granted the land use right of the land comprising a site area of 30,851 sq.m. The Contract for Grant of State-owned Land Use Right contains, inter-alia, the following salient conditions:
 - Use: Industrial
 - Land Use Term: 50 years
 - Plot Ratio: ≥ 1.0
 - Density: $\geq 30\%$
 - Maximum Height: Following the planning requirement
 - Green Area: $\leq 20\%$
 - Land Grant Fee: RMB11,075,509
- Pursuant to the State-owned Land Use Right Certificates Nos. Yong Bei Guo Yong (2006) Di 01873 and 01874 both issued by Ningbo People’s Government (寧波市人民政府) on 22 June 2006, the title to the property was held by the Institute for a term expiring on 18 April 2056 for industrial use.
- Pursuant to the State-owned Land Use Right Certificates Nos. Yong Guo Yong (2006) Di 0591519 and 0591520 both issued by Ningbo People’s Government (寧波市人民政府) on 19 October 2006, which superseded the certificates mentioned in Note 2 above, the title to the property is held by Ningbo CSR Times Sensor Technology Company, Ltd. (寧波南車時代傳感技術有限公司) (the “Company”) for a term expiring on 18 April 2056 for industrial use.
- Application for the transfer of the State-owned Land Use Right Certificates from the name of the Institute into the name of the Company was completed on 19 October 2006.

5. Pursuant to the Planning Permit for construction site No. 2005 Zhe Gui (Di) Zheng 0201083 (the "Planning Permit for Construction Site") issued by Ningbo Planning Bureau (宁波市规划局) on 18 November 2005, the property conforms to the requirement of city planning. The Planning Permit for Construction Site contains, inter-alia, the following salient conditions:
 - (i) Occupier: Ningbo CSR Times Sensor Technology Company, Ltd.
 - (ii) Project Name: The extension of the research institute
 - (iii) Location: Hedong Village, Yongjiang Road
6. Application for the transfer of the Planning Permit for Construction Site from the name of the Institute into the name of the Company was completed.
7. As advised by the Group, scientific building, laboratory and production factory are planned to be built on the land of the property.
8. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - (i) The Contract for Grant of State-owned Land Use Right is legally binding and enforceable.
 - (ii) The land premium payable under the Contract for Grant of State-owned Land Use Right and associated taxes are fully settled.
 - (iii) Ningbo CSR Times Sensor Technology Company, Ltd. is in possession of the State-owned Land Use Right Certificates of the property, which are legal, valid and protected by the laws of the PRC.
 - (iv) The property and the State-owned Land Use Right can be legally used, transferred, let, mortgaged and constructed by Ningbo CSR Times Sensor Technology Company, Ltd. during the period mentioned in the land use right term.
 - (v) According to the State-owned Land Use Right Certificates of the property and investigation by the Group's PRC legal adviser, there are no third party encumbrances over the property.
 - (vi) The scientific building, laboratory and production factory planned to be built conform to the requirements and regulations of the Planning Permit for construction site and the Contract for Grant of State-owned Land Use Right.

Group III — Property interests leased by the Group in the PRC

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2006
18 Hatching Area Unit East Level 2 Block A2 Taishan Road Zhuzhou Hunan Province The PRC	The property comprises a hatching area on Level 2 of Block A2 with a gross floor area of 770 sq m (8,288 sq ft). The property is leased to the Group for a term as detailed in the note 1 below.	The property is occupied by the Group for research, office and industrial uses.	No commercial value

Notes:

1. Pursuant to the Property Leasing Contract dated 8 February 2006 entered into between Zhuzhou Hi-tech Zone Innovation Company Services Centre (株洲高新區創業服務中心) (the “Landlord”) and Zhuzhou Times Guangchuang Converter Technology Co., Ltd. (株洲時代廣創變流技術有限公司) (the “Company”) the property is leased by the Company from 1 March 2006 to 1 March 2007 at a monthly rental of RMB6,930 excluding management fee.
2. As advised by the Group, the Landlord is an independent third party of the Group.
3. We have been provided with a legal opinion on the lease of the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - (i) The Property Leasing Contract dated 8 February 2006 entered into between Zhuzhou Hi-tech Zone Innovation Company Services Centre (株洲高新區創業服務中心) (the “Landlord”) and Zhuzhou Times Guangchuang Converter Technology Co., Ltd. (the “Lease Contract”) is legally binding and enforceable. As advised by the Group and according to the investigation by the Group’s PRC legal adviser, no violation and reason causing termination of the Lease Contract has occurred.
 - (ii) The Landlord has not been granted the relevant Building Ownership Certificate. According to regulations from “Town House Lease Management Method”, the Landlord cannot lease the property. However, it will not affect the legality and enforceability of the Lease Contract and Zhuzhou Times Guangchuang Converter Technology Co., Ltd. will not be forced to move out and can use the property in accordance with the Lease Contract.
 - (iii) The Landlord has not applied for the Permit for leasing property for the Lease Contract or registered the Lease Contract in the local real estate administration department according to regulations from “Town House Lease Management Method” issued by the Building Department. The Landlord may be fined since the aforesaid procedure has not been attended to. However, the legal risk should be undertaken by the Landlord and Zhuzhou Times Guangchuang Converter Technology Co., Ltd. is not required to bear legal liability or risk. In accordance with “PRC Contract Regulation”, the aforesaid incomplete procedure will not affect the legality and enforceability of the Lease Contract and Zhuzhou Times Guangchuang Converter Technology Co., Ltd. will not be forced to move out and can use the property in accordance with the Lease Contract.
 - (iv) According to investigation by the Group’s PRC adviser and confirmation by the Group, the existing use by Zhuzhou Times Guangchuang Converter Technology Co., Ltd., does not violate the terms of the Lease Contract or the prescribed usage in the ownership document issued by Zhuzhou Hi-tech Industrial Development Zone Management Committee (株洲高新技術產業開發區管理委員會).

Property	Description and Tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2006
19 A Laboratory Building in CSR Zhuzhou Electric Locomotive Co., Ltd. District Zhuzhou Hunan Province The PRC	The property comprises a laboratory with a leased area of approximately 4,779.18 sq m (51,443 sq ft). The property is leased to the Group for a term as detailed in note 1 below.	The property is occupied by the Group for industrial use.	No commercial value

Notes:

1. Pursuant to the Laboratory Leasing Contract (試驗站房屋租賃合同) with contract no. 1358014 dated 1 January 2005 entered into between CSR Zhuzhou Electric Locomotive Co., Ltd. (中國南車集團株洲電力機車有限公司) (the “Landlord”) and Zhuzhou CSR Times Electric Co., Ltd. (株洲南車時代電氣股份有限公司) (the “Company”), the property is leased by the Company from 1 January 2005 to 31 December 2007 at a monthly rental of RMB9,558.36 excluding rental of equipment, management fee and other charges.
2. As advised by the Group, the Landlord is a connected party of the Group.
3. We have been provided with a legal opinion on the lease of the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - (i) The property is legally owned by CSR Zhuzhou Electric Locomotive Co., Ltd. (中國南車集團株洲電力機車有限公司) (the “Landlord”).
 - (ii) The Laboratory Leasing Contract with contract no. 1358014 dated 1 January 2005 entered into between the Landlord and Zhuzhou CSR Times Electric Co., Ltd. (the “Lease Contract”) is legally binding and enforceable. As advised by the Group and according to the investigation by the Group’s PRC legal adviser, no violation and reason causing termination of the Lease Contract has occurred. The Landlord has obtained the Permit for leasing property (Zhu) Fang Zu Zheng Di 20068736 dated 26 June 2006 issued by Zhuzhou Property Leasing Management Office (株洲市房屋租賃管理所) for the Lease Contract in conformity with the laws and regulations of the PRC.
 - (iii) According to investigation by the Group’s PRC adviser and confirmation by the Group, the existing use by Zhuzhou CSR Times Electric Co., Ltd., does not violate the terms of the Lease Contract or the prescribed usage in the building ownership certificate of the Landlord.

Group IV — Property interest subsequently leased by the Group in Hong Kong

Property	Description and tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2006
20 Unit 1106 on 11th Floor Jubilee Centre 18 Fenwick Street Wanchai Hong Kong	Jubilee Centre is a 26-storey commercial / office building completed in 1998. The property comprises an office unit on 11th Floor of the subject building with a total gross floor area of 102.94 sq m (1,108 sq ft).	The property is occupied by the Group as office.	No commercial value

Notes:

1. As advised by the Group, the lessor is an independent third party of the Group.
2. The property is leased by Zhuzhou CSR Times Electric Co. Ltd. (株洲南車時代電氣股份有限公司) from 1 December 2006 to 30 November 2008 at a monthly rental of HK\$26,592 exclusive of management fee and government rates.