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中國南車股份有限公司
CSR CORPORATION LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code:1766)

2012 INTERIM RESULTS ANNOUNCEMENT

The board of directors of CSR Corporation Limited (the "**Company**") is pleased to announce the unaudited results of the Company and its subsidiaries for the six months ended 30 June 2012. This announcement, containing the main text of the 2012 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") in relation to information to accompany preliminary announcements of interim results. The 2012 interim report of the Company and its printed version will be published and delivered to the H shareholders of the Company and available for view on the websites of the Hong Kong Stock Exchange at http://www.hkex.com.hk and of the Company at http://www.csrgc.com.cn on or before 31 August 2012.

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Important Notice

(I) The board of directors (the "Board") and supervisory committee of the Company and its directors, supervisors and senior management warrant that there are no false representations, misleading statements contained in or material omissions from this results announcement and they will assume joint and several liabilities for the truthfulness, accuracy and completeness of the contents disclosed herein.

(II) All directors of the Company attended the Board meeting.

(III) The interim financial report of the Company is unaudited.

(IV) Zhao Xiaogang, the Chairman of the Company, Zhan Yanjing, the person-in-charge of accounting affairs, and Liu Jiang, the head of the accounting department of the Company, warrant the truthfulness and completeness of the financial statements in this results announcement.

(V) None of our controlling shareholder or its associates has appropriated the Company's capital for non-operating purpose.

(VI) The Company did not provide any guarantee in favour of any external party in violation of the prescribed decision-making procedures.

Company Profile

COMPANY PROFILE

1.	Legal Chinese name:	中國南車股份有限公司
	Chinese abbreviation:	中國南車
	English name:	CSR Corporation Limited
	English abbreviation:	CSR
2.	Place of listing of A share:	Shanghai Stock Exchange
	Abbreviation of A share:	CSR
	Stock code of A share:	601766
	Date of listing:	18 August 2008
	Place of listing of H share:	The Stock Exchange of Hong Kong Limited
	Abbreviation of H share:	CSR
	Stock code of H share:	01766
	Date of listing:	21 August 2008
3.	Registered address:	No. 16 Central West Fourth Ring Road, Haidian District, Beijing
	Business address:	No. 16 Central West Fourth Ring Road, Haidian District, Beijing
	Postcode:	100036
	Website:	www.csrgc.com.cn
	Email:	csr@csrgc.com
4.	Legal representative:	Zhao Xiaogang
5.	Secretary to the Board:	Shao Renqiang
	Tel:	010-51862188
	Fax:	010-63984785
	E-mail:	csr@csrgc.com
	Correspondence address:	No. 16 Central West Fourth Ring Road, Haidian District, Beijing
	Representative of securities affairs:	Zheng Sheng
	Tel:	010-51862188
	Fax:	010-63984785
	E-mail:	csr@csrgc.com
	Correspondence address:	No. 16 Central West Fourth Ring Road, Haidian District, Beijing

11.	Legal advisers	
	As to Hong Kong laws:	Baker & McKenzie 23rd Floor, One Pacific Place, 88 Queensway, Hong Kong
	As to PRC laws:	Jia Yuan Law Offices F408 Ocean Plaza, 158 Fuxing Men Nei Avenue, Beijing, the PRC
12.	Principal place of business in Hong Kong:	Unit H, 41/F., Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong
13.	PRC share registrar	China Securities Depository and Clearing Corporation Limited, Shanghai Branch
	Correspondence address:	36/F, China Insurance Building, 166 East Lujiazui Road, Pudong New District, Shanghai
14.	Hong Kong share registrar	Computershare Hong Kong Investor Services Limited
	Correspondence address:	17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Changes in Share Capital and Particulars of Shareholders

(I) CHANGES IN SHARES

In March 2012, upon completion of its non-public issue of A shares, the total share capital of the Company increased from 11,840 million shares to 13,803 million shares. Details of such changes in the share capital structure are as follows:

		Before change		Increase/decrease	After change	
		Number	Percentage (%)	Issue of new shares	Number	Percentage (%)
I.	Shares subject to trading moratorium	300,000,000	2.53	+1,963,000,000	2,263,000,000	16.39
	1. CSRG	0	0	+1,362,103,700	1,362,103,700	9.87
	2. National Council for Social Security Fund	300,000,000	2.53	+78,475,300	378,475,300	2.74
	3. Other	0	0	+522,421,000	522,421,000	3.78
II.	Shares not subject to trading moratorium	11,540,000,000	97.47	0	11,540,000,000	83.61
	1. Ordinary shares denominated in RMB	9,516,000,000	80.37	0	9,516,000,000	68.94
	2. Overseas listed foreign shares	2,024,000,000	17.10	0	2,024,000,000	14.67
III.	Total number of shares	11,840,000,000	100.00	+1,963,000,000	13,803,000,000	100.00

Particulars of changes in shares:

The 8th meeting of the 2nd session of the Board was held by the Company on 16 September 2011, at which proposals including, among others, the Proposal in Relation to the Plan of Non-public Issue of A shares of the Company were considered and approved. The aforesaid non-public issue was considered and approved at the 2011 second extraordinary general meeting of the Company and approved by SASAC. On 11 January 2012, the above-mentioned non-public issue of the Company was approved by the Public Offering Review Committee of CSRC. On 23 February 2012, the Company received from CSRC the Reply Letter in Relation to the Approval on the Non-public Issue of Shares by CSR Corporation Limited (Zheng Jian Xu Ke [2012] No.210), which granted the approval on the non-public issue of not more than 1,963 million A shares by the Company to not more than ten target subscribers. On 15 March 2012, the Company completed share registration in relation to the non-public issue with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司上海分公司).

The minimum public float of the Company satisfies the requirement of Rule 8.08 of the Hong Kong Listing Rules.

For the six months ended 30 June 2012, none of the Company or its subsidiaries has repurchased, sold or redeemed any of the Company's securities under the Hong Kong Listing Rules.

(II) PARTICULARS OF SHAREHOLDERS AND THE ULTIMATE CONTROLLER

1. The number of shareholders and their shareholdings

(1) Total number of shareholders as at the end of the reporting period

As at the end of the reporting period, the Company had 295,394 shareholders in total, including 292,738 holders of A shares and 2,656 holders of H shares.

(2) Shareholdings of the top ten shareholders

Unit: share

Name of shareholders	Nature of shareholders	Percentage of shareholding (%)	Total number of shares held	Change during the reporting period	Number of shares held that are subject to trading moratorium	Number of shares frozen
CSRG	State-owned legal person	56.42	7,787,817,985	1,362,103,700	1,362,103,700	Nil
HKSCC NOMINEES LIMITED	Overseas legal person	14.61	2,017,087,839	-191,000		Unknown
Account No. 2 of the National Council for Social Security Fund (全國社會保障基金理事會轉持二戶)	State-owned legal person	2.74	378,475,300	78,475,300	378,475,300	Unknown
China Construction Bank — Great Wall Brand Selective Stock Investment Fund (中國建設銀行 — 長城品牌優選股票型證券投資基金)	Other	0.79	109,020,749	3,989,904		Unknown
Agricultural Bank of China — China Post Core Growth Stock Investment Fund (中國農業銀行 — 中郵核心成長股票型證券投資基金)	Other	0.78	108,300,000	-81,650,000		Unknown
National Social Security Fund 502 (全國社保基金五零二組合)	Other	0.73	100,990,000	100,990,000	100,990,000	Unknown
CITIC Securities Company Limited	Other	0.72	99,576,544	86,733,833		Unknown
CSR Capital Company	State-owned legal person	0.67	93,085,715	0		Nil
Industrial and Commercial Bank of China — South Longyuan Industrial Subject Stock Investment Fund (中國工商銀行 — 南方隆元產業主題股票型證券投資基金)	Other	0.58	79,999,915	-10,000,085		Unknown
Anhui Investment Group Holdings Co., Ltd. (安徽省投資集團控股有限公司)	Other	0.50	69,506,700	69,506,700	69,506,700	Unknown

Notes: 1. H shares held by HKSCC NOMINEES LIMITED (香港中央結算(代理人)有限公司) were shares held on behalf of various customers.

2. CSR Capital Company is a wholly-owned subsidiary of CSRG. Save as the above, the Company is not aware of any connection among such other shareholders nor aware of any parties acting in concert as defined in the Administrative Measures on Acquisitions by Listed Companies.

(3) Shareholdings of the top 10 holders of shares not subject to trading moratorium

Unit: share

Name of shareholders	Number of shares that are held not subject to trading moratorium	Type of shares
CSRG	6,425,714,285	Ordinary shares denominated in RMB
HKSCC NOMINEES LIMITED	2,017,087,839	Overseas listed foreign shares
China Construction Bank — Great Wall Brand Selective Stock Investment Fund (中國建設銀行 — 長城品牌優選股票型證券投資基金)	109,020,749	Ordinary shares denominated in RMB
Agricultural Bank of China — China Post Core Growth Stock Investment Fund (中國農業銀行 — 中郵核心成長股票型證券投資基金)	108,300,000	Ordinary shares denominated in RMB
CITIC Securities Company Limited	99,576,544	Ordinary shares denominated in RMB
CSR Capital Company	93,085,715	Ordinary shares denominated in RMB
Industrial and Commercial Bank of China — South Longyuan Industrial Subject Stock Investment Fund (中國工商銀行-南方隆元產業主題股票型證券投資基金)	79,999,915	Ordinary shares denominated in RMB
Industrial and Commercial Bank of China — SSE 50 Trading Index Stock Investment Open-ended Fund (中國工商銀行 — 上證50交易型開放式指數證券投資基金)	36,753,750	Ordinary shares denominated in RMB
New China Life Insurance Company Limited — Dividend — Group Dividend — 018L — FH001Shanghai (新華人壽保險股份有限公司-分紅-團體分紅 — 018L — FH001滬)	34,999,734	Ordinary shares denominated in RMB
Agricultural Bank of China — China Post Core Selective Stock Investment Fund (中國農業銀行 — 中郵核心優選股票型證券投資基金)	32,046,558	Ordinary shares denominated in RMB

Connections or parties acting in concert among the aforesaid shareholders	CSR Capital Company is a wholly-owned subsidiary of CSRG. Agricultural Bank of China — China Post Core Growth Stock Investment Fund and Agricultural Bank of China — China Post Core Selective Stock Investment Fund are both managed by China Post & Capital Fund Management Co., Ltd.. Save for the above, the Company is not aware of any connections among the other shareholders above, nor aware of any parties acting in concert as defined in the Administrative Measures on Acquisitions by Listed Companies.

(4) Shareholdings of the top 10 holders of shares subject to trading moratorium and the terms of the trading moratorium

Unit: share

No.	Name of holders of shares subject to trading moratorium	Release of trading moratorium			
		Number of shares that are held subject to trading moratorium	Expiry date of trading moratorium	No. of additional shares available for listing and trading	Trading moratorium
1	CSRG	1,362,103,700	15 March 2015	1,362,103,700	Not transferable within 36 months from 15 March 2012
2	Account No. 2 of the National Council for Social Security Fund (全國社會保障基金理事會轉持二戶)	300,000,000	15 March 2013	300,000,000	Implementation Measures on the Transfer of Certain State-owned Shares in Domestic Stock Market for Replenishing National Social Security Fund
		78,475,300	15 March 2013	78,475,300	Not transferable within 12 months from 15 March 2012
3	National Social Security Fund 502 (全國社保基金五零二組合)	100,990,000	15 March 2013	100,990,000	Not transferable within 12 months from 15 March 2012
4	Anhui Investment Group Holdings Co., Ltd. (安徽省投資集團控股有限公司)	69,506,700	15 March 2013	69,506,700	Not transferable within 12 months from 15 March 2012
5	China National Machinery Industry Corporation	67,264,500	15 March 2013	67,264,500	Not transferable within 12 months from 15 March 2012
6	China Railway Materials Company Limited	67,264,500	15 March 2013	67,264,500	Not transferable within 12 months from 15 March 2012
7	National Social Security Fund 503 (全國社保基金五零三組合)	53,811,600	15 March 2013	53,811,600	Not transferable within 12 months from 15 March 2012
8	National Social Security Fund 504 (全國社保基金五零四組合)	30,000,000	15 March 2013	30,000,000	Not transferable within 12 months from 15 March 2012
9	National Social Security Fund 106 (全國社保基金一零六組合)	24,264,500	15 March 2013	24,264,500	Not transferable within 12 months from 15 March 2012
10	National Social Security Fund 110 (全國社保基金一一零組合)	22,432,200	15 March 2013	22,432,200	Not transferable within 12 months from 15 March 2012

Connections or parties acting in concert among the aforesaid shareholders

National Social Security Fund 504 and National Social Security Fund 106 are both managed by Harvest Fund Management Limited (嘉實基金管理有限公司). Save for the above, the Company is not aware of any connections among the other shareholders above, nor aware of any parties acting in concert as defined in the Administrative Measures on Acquisitions by Listed Companies.

(5) Strategic investors and ordinary legal persons who became top ten shareholders due to placement of shares

Names of strategic investors and

Notes:

(1) CSRG held 93,085,715 A shares of the Company through its wholly-owned subsidiary, CSR Capital Company.

(2) Morrison Elaine, Plowden Charles, Tait Anthony, Telfer Andrew and Warden Alison collectively hold, directly and indirectly, an aggregate of 101,793,000 H shares of the Company through their jointly controlled corporations.

(3) Information disclosed hereby is based on the information available on the website of the Hong Kong Stock Exchange at www.hkex.com.hk.

Save as disclosed above, as far as the directors of the Company are aware, as at 30 June 2012, no other person had interests and/or short positions in the shares or underlying shares (as the case may be) of the Company which were required to be recorded in the register pursuant to section 336 of Part XV of the SFO, or was otherwise a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company.

2. Changes in the controlling shareholder and the ultimate controller

There was no change in the controlling shareholder or the ultimate controller of the Company during the reporting period.

(I) SHAREHOLDING INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

1. As at 30 June 2012, the following directors and supervisors had interests in the A shares and H shares of the Company and relevant details are set out as follows:

Name	Position	Purchase date	Class of shares purchased	Number of shares purchased
Zhao Xiaogang	Chairman	12 August 2011	A shares	80,000
Zheng Changhong	Vice Chairman, President	12 August 2011	A shares	60,000
Tang Kelin	Executive director, Vice President	12 August 2011	A shares	50,000
Liu Hualong	Executive director, Vice President	12 August 2011	A shares	50,000
Zhao Jibin	Independent non-executive director	16 August 2011	A shares	30,000
Yang Yuzhong	Independent non-executive director	12 August 2011	A shares	30,000
Chen Yongkuan	Independent non-executive director	12 August 2011	A shares	34,100
Dai Deming	Independent non-executive director	17 August 2011	A shares	30,000
Tsoi, David	Independent non-executive director	8 August 2011	H shares	50,000
Wang Yan	Chairman of the supervisory committee	15 August 2011	A shares	30,000
Qiu Wei	Employee representative supervisor	15 August 2011	A shares	30,000

2. As at 30 June 2012, the following directors and senior management owned A share options of the Company, and the effect and the exercise of such relevant share options are subject to the fulfilment of all effective conditions under the share option scheme:

Name	Position	Grant date	Exercise price of share options *(RMB)*	Amount of share option held in period-end
Zhao Xiaogang	Chairman	27 April 2011	5.43	200,000
Zheng Changhong	Vice Chairman, President	27 April 2011	5.43	200,000
Tang Kelin	Executive director, Vice President	27 April 2011	5.43	170,000
Liu Hualong	Executive director, Vice President	27 April 2011	5.43	170,000
Zhang Jun	Vice President	27 April 2011	5.43	170,000
Fu Jianguo	Vice President	27 April 2011	5.43	170,000
Zhan Yanjing	Vice President, Chief Financial Officer	27 April 2011	5.43	170,000
Shao Renqiang	Secretary to the Board	27 April 2011	5.43	150,000

(3) Analysis of gross profit and gross profit margin

From January to June 2012, consolidated gross profit of the Company and the comparison with that of same period last year are shown in the following table:

Item	**January to June 2012 Amount *(RMB'000)***	January to June 2011 Amount *(RMB'000)*	Growth rate *%*
Revenue	**41,849,888**	39,563,098	5.78
Operating cost	**33,940,405**	32,477,671	4.50
Gross profit	**7,909,483**	7,085,427	11.63
Gross profit margin	**18.90%**	17.91%	

From January to June 2012, the Company's gross profit and gross profit margin increased as compared with the same period last year. Such increase was primarily attributable to the increase in the consolidated gross profit as a result of a growth in the revenue of MUs segment which has a higher gross profit margin.

2. Composition and changes of major assets and liabilities of the Company during the reporting period

(1) Composition and changes of major assets of the Company during the reporting period

The Company's assets were mainly measured by historical cost method and partly at fair value. Main item of statements which were measured at fair value was financial assets. There were no material changes to the measurement basis of major assets during the reporting period.

The composition and changes of major assets (in net value) of the Company for the period ended 30 June 2012 are shown in the following table:

Item	**30 June 2012 Amount *(RMB'000)***	**Percentage *%***	31 December 2011 Amount *(RMB'000)*	Percentage *%*	Growth Rate *%*
Total current assets	**71,441,357**	**69.55**	63,607,344	68.55	12.32
Of which: Cash and cash equivalents	**12,179,419**	**11.86**	23,092,481	24.89	-47.26
Trade receivables	**35,221,156**	**34.29**	13,689,416	14.75	157.29
Prepayment, deposits and other receivables	**3,838,541**	**3.74**	4,061,678	4.38	-5.49
Inventories	**17,926,409**	**17.45**	17,841,991	19.23	0.47
Total non-current assets	**31,274,613**	**30.45**	29,179,047	31.45	7.18
Of which: Property, plant and equipment	**21,869,514**	**21.29**	21,374,331	23.04	2.32
Total assets	**102,715,970**	**100.00**	92,786,391	100.00	10.70

The balance of the Company's cash and cash equivalents decreased by 47.26% as compared with the beginning of the year, which was mainly attributable to the increase in the cash payments of the Company's operating activities and repayments of bank borrowings.

The trade receivables of the Company were mainly contract receivables. As at the end of the reporting period, trade receivables increased by 157.29% as compared with the beginning of the year, which was mainly attributable to delayed payment for goods by customers.

The prepayments, deposits and other receivables of the Company dropped by 5.49% as compared with the beginning of the year, mainly attributable to the decrease in prepayments for procurement of raw materials.

Net inventories of the Company basically levelled off with the beginning of the year, which was mainly attributable to the success of the Company's persistent promotion of lean production and stringent control of use of inventories

The property, plant and equipment of the Company increased by 2.32% as compared with the beginning of the year. Such increase was mainly attributable to the increase in investment due to the Company's endeavour to cater for its growing business by expanding production capacity and upgrading products and technologies.

(2) Composition and changes of major liabilities of the Company during the reporting period

The composition and changes of major liabilities of the Company for the period ended 30 June 2012 are shown in the following table:

Item	30 June 2012		31 December 2011		
	Amount	**Percentage**	Amount	Percentage	Growth rate
	(RMB'000)	**%**	*(RMB'000)*	*%*	*%*
Total current liabilities	**62,042,942**	**94.02**	59,184,932	91.48	4.83
Of which: Interest-bearing bank and other borrowings	**14,468,017**	**21.92**	18,099,123	27.97	-20.06
Bills payable	**8,115,443**	**12.30**	6,616,548	10.23	22.65
Trade payables	**26,869,736**	**40.72**	21,238,995	32.83	26.51
Other payables and accruals	**11,327,532**	**17.17**	11,979,765	18.52	-5.44
Total non-current liabilities	**3,948,274**	**5.98**	5,513,542	8.52	-28.39
Of which: Interest-bearing bank and other borrowings	**469,888**	**0.71**	2,325,097	3.59	-79.79
Provision for supplementary pension subsidies and early retirement benefits	**1,527,212**	**2.31**	1,569,030	2.43	-2.67
Total liabilities	**65,991,216**	**100.00**	64,698,474	100.00	2.00

The short-term interest-bearing bank and other borrowings of the Company decreased by 20.06% as compared with the beginning of the year, which was mainly attributable to repayments of certain bank borrowings.

The bills payable of the Company were mainly bills issued to suppliers for liquidity. As at the end of the reporting period, bills payable rose by 22.65% as compared with the beginning of the year, mainly attributable to the increase in procurement given the increase in operation scale and business volume of the Company.

The trade payables of the Company were mainly outstanding amount payable to suppliers of raw materials and suppliers of machinery and equipment as well as construction payables. As at the end of the reporting period, trade payables increased by 26.51% as compared with the beginning of the year. The increase was mainly attributable to the increase in trade payables given the increase in procurement following the expansion of the Company's operation and increase in business volume.

Other payables and accruals of the Company decreased by 5.44% as compared with the beginning of the year, mainly attributable to delivery of goods pursuant to the sales contract and decrease in prepayments received in the first half of the year.

(3) Capital structure

As at 30 June 2012, the gearing ratio of the Company was 61.26%, representing a decrease of 0.56 percentage point from the beginning of the year, which was mainly attributable to the raise of proceeds from the non-public issue of A share of the Company which led to an increase in the total capital.

3. Material changes in financial figures such as administrative expenses during the reporting period

From January to June 2012, the financial figures such as administrative expenses of the Company and year-on-year changes thereof are shown in the following table:

Item	**January to June 2012 Amount *(RMB'000)***	January to June 2011 Amount *(RMB'000)*	Growth rate *%*
Selling and distribution costs	**1,353,535**	1,213,575	11.53
Administrative expenses	**3,693,914**	2,907,519	27.05
Finance costs	**483,722**	369,333	30.97
Share of profits and losses of associates and jointly-controlled entities	**36,679**	315,049	-88.36
Income tax expense	**480,655**	464,097	3.57

From January to June 2012, the selling and distribution costs of the Company increased by 11.53% as compared with the same period last year, mainly attributable to 1) the increase in the proportion of estimated provision for product warranty expenses as a result of the increase in revenue of the Company and 2) the growth in the salary of sales persons as a result of the expansion of the sales departments. The 27.05% increase in administrative expenses of the Company as compared with the same period last year was mainly attributable to 1) the corresponding increase in the salary of management staff and depreciation fees as a result of the Company's growth in operation scale and business volume and 2) a more significant increase in research and development expenses of the Company. Finance costs increased by 30.97% as compared with the same period last year, mainly attributable to the increase in interest expense following the increase in interest bearing liabilities. Share of profits and losses of associates and jointly-controlled entities decreased by 88.36% as compared with the same period last year, mainly attributable to the decrease in profits of associates and jointly-controlled entities. Income tax expense increased by 3.57% as compared with the same period last year, mainly attributable to the increase in taxable income.

4. Breakdown of cash flow during the reporting period

From January to June 2012, cash flow of the Company and year-on-year changes thereof are set out in the following table:

Item	**January to June 2012 Amount *(RMB'000)***	January to June 2011 Amount *(RMB'000)*	Increase *(RMB'000)*
Net cash flow from operating activities	**-11,127,354**	-7,697,565	-3,429,789
Net cash flow from investment activities	**-1,788,282**	-3,537,246	1,748,964
Net cash flow from financing activities	**3,087,550**	9,640,207	-6,552,657

From January to June 2012, deficit of net cash flow from operating activities of the Company was RMB11,127.354 million, which was RMB3,429.789 million higher than that of the same period last year. Such increase was mainly attributable to the influence of the deferred recovery of receivables of the Company. Deficit of net cash flow from investment activities was RMB1,788.282 million, a decrease of RMB1,748.964 million as compared with the same period last year mainly due to the decrease in the Company's cash payment for purchase of fixed assets, intangible assets and other long-term assets. Net cash flow from financing activities was RMB3,087.55 million, representing a decrease of RMB6,552.657 million as compared with the same period last year, mainly attributable to the fact that the Company repaid certain short term borrowings and certain financing bills.

5. Particulars of contingent liabilities of the Company

Save as the guarantees provided by the Company as stated in Significant Events under Chapter 6 of this results announcement, the Company had no other material contingent liabilities.

6. Particulars of pledge of assets of the Company

As at the end of the reporting period, the following assets of the Company with a total book value of RMB482.619 million were charged to obtain bank loans and other banking facilities. Such assets included property, plant and equipment of RMB27.811 million, trade receivables of RMB337.481 million and other assets of RMB117.327 million.

7. Major risks faced by the Company and countermeasures thereto

(1) Risk of macroeconomic policies

Given that the rolling stock production industry in which the Company operates is a fundamental industry in China, the development of the Company is pegged to the national macroeconomic and industrial planning polices. The market conditions under which the Company operates may be subject to variation when future national macroeconomic policy or industrial policies change, thus having a direct impact on the restructuring of the Company's industry profile, market share and achievement of business goals.

Counter-measures: the Company will strengthen collection of and study on information relating to China's macro control policy and industry policies, establish a mechanism for collection, analysis and application of information relating to relevant macroeconomic policy and industrial planning, designate relevant department and personnel to regularly and randomly collect and analyse all sorts of industrial information to compile reports, and take proactive counter-measures and plans in response to the condition of industrial policies promptly, so as to prevent policy risks in macro control.

(2) Risk of talents availability

The Company has considerable demand for all sorts of human resources as it is at a high-speed growth stage and needs professional talents in various aspects such as R&D, production, marketing, operation and management, particularly brilliant and all-rounded talents with global perspective. If it fails to meet the rapidly growing demand for human resources, the Company would face a risk of talents availability, which would affect the Company's production and operation as well as its rapid development.

Counter-measures: the Company plans to recruit high calibre professional talents, or provide targeted training within the Company to build a talent pool for its future development, which will be conducted in line with strategic planning and the need for business development and in a bid to prevent risks of talents availability.

(3) Risk of product technology

Product upgrades and in turn higher requirements for the technology, quality and reliability of products have also posed new challenges for technical support and innovation of the Company. Failing to respond to such challenges could have an adverse impact on the Company's product development and market competitiveness.

Counter-measures: the Company will deepen efforts in assimilating, absorbing and re-innovating foreign advanced technology and enhance the R&D for products (especially technological R&D and innovation for core products) to strengthen its cutting edge in technologies and ensure applicability, reliability and safety of the Company's products.

(III) INVESTMENT OF THE COMPANY

1. Use of proceeds raised from A share offering

(1) Overview of the proceeds raised from A share offering

Unit:0'000 Currency: RMB

Year	Means	Total amount of proceeds	Total amount of proceeds used during the reporting period	Total accumulated amount of the proceeds used	Total amount of remaining proceeds	Use and purpose of the remaining proceeds
2008	Initial public offering	654,000.00	0	656,311.12	0	—
2012	Non-public issue	875,498.00	442,947.47	442,947.47	434,009.12	RMB4,299 million will be used to temporarily supplement the working capital and the balance of the designated proceeds account amounts to RMB41.09 million.
	Total	1,529,498.00	442,947.47	1,099,258.59	434,009.12	

Notes: 1. "Total accumulated amount of the proceeds used" from the initial public offering included bank deposit interests on proceeds of RMB23,111,200;

2. "Total amount of proceeds used during the reporting period" from the non-public issue included the issuing expenses of RMB53,004,700 paid to the intermediary agencies and the investment amounts of projects funded by proceeds during the reporting period of RMB4,376,470,000.

(2) Proceeds raised from the initial public offering of A shares and the projects funded by such proceeds:

In 2008, the Company raised proceeds of RMB6,540,000,000 from the initial public offering of A shares. Net proceeds actually raised amounted to RMB6,369,410,645.23 after netting off relevant issuing expenses. Such proceeds had been received in full in August 2008 as verified by the *China South Locomotive & Rolling Stock Corporation Limited Verification Report*（《中國南車股份有限公司驗資報告》）(Reanda Yan Zi [2008] No. 1038) issued by BDO Reanda Certified Public Accountants Co., Ltd..

As at 30 June 2012, an aggregate of such proceeds and interest from bank deposits of RMB6,392,520,000 (including bank interest of RMB23,110,000) had been fully invested in the 29 projects funded by proceeds as the Company had undertaken. All the projects have completed construction and commenced operation as scheduled and achieved the expected profitability.

(3) Proceeds from the non-public issue of A shares and projects funded by such proceeds:

As considered and approved at the 2011 second extraordinary general meeting of the Company held on 7 November 2011 and subject to the *Reply Letter in Relation to the Approval on the Non-public Issue of Shares by CSR Corporation Limited* (Zheng Jian Xu Ke [2012] No.210), the Company, pursuant to the non-public issue, issued 1,963,000,000 A shares of RMB1.00 each at par value in March 2012. The issue price was RMB4.46 per share and the total proceeds amounted to RMB8,754,980,000. After netting off the issuing expenses of RMB55,574,719.78, net proceeds actually raised amounted to RMB8,699,405,280.22, which had been received in full at the designated proceeds account of the Company on 10 March 2012 and verified by the Capital Verification Report on Proceeds issued by Da Hua Certified Public Accountants Co., Ltd, (大華會計師事務所有限公司) (Da Hua Yan Zi [2012] No.119).

During the reporting period, bank deposit interests of such proceeds amounted to RMB14,585,900. An aggregate of RMB53,004,700 of proceeds was paid to intermediary agencies as the issuing expenses; RMB4,376,470,000 of proceeds was invested in projects funded by proceeds; and RMB4,299,000,000 of proceeds was used to temporarily supplement the working capital. As at 30 June 2012, the balance of the designated proceeds account of the Company amounted to RMB41,090,000 (including the issuing expenses of RMB2,570,000 not yet paid to the intermediary agencies).

2. Use of proceeds raised from the H share offering

In 2008, the Company raised an aggregate of proceeds of HK$4.784 billion from the H share offering. Actual capital received amounted to HK$4.647 billion after netting off relevant issuing expenses. As at 30 June 2012, a total of approximately HK$4.709 billion of proceeds raised from the H share offering were used (including HK$0.39 billion used as capital contribution to CSR Hong Kong), and an aggregate of HK$62 million of interest from bank deposits had been received. In the first half of 2012, approximately HK$50 million of such proceeds was used to acquire foreign critical components which would facilitate the domestic production of complete rolling stock units.

As at 30 June 2012, the balance of proceeds raised from the H share offering in the designated proceeds account of the Company totalled approximately HK$4,200. The uses of proceeds stated above were in strict compliance with the disclosures in the prospectus and the relevant approvals from the State Administration of Foreign Exchange and supervised by the bank (s) where such account was opened.

3. Material project not funded by proceeds

In the first half of 2012, the Company's investment projects not funded by proceeds amounted to RMB315 million, mainly including such projects as Technological Improvement of Yangtze Changzhou Branch（長江常州分公司), enhancement of industrialisation of Times Electric converters (時代電氣變流器產業化提升), Upgrade & Expansion of Air-conditioning Units of Shijiazhang Guoxiang Company（石家莊國祥公司列車空調機組擴能升級), Capacity Expansion of Elastic, Shock-absorbing, Noise-reducing Polymer Component Product of Times New Material（時代新材高分子減震降噪彈性元件產品擴能）ZTNM's Tianjin wind power blade industrialisation (天津風電葉片基地建設) and industrialisation of the automobile non-metal component system (汽車非金屬零部件系統產業化).

(IV) FORMULATION AND EXECUTION OF CASH DIVIDEND POLICY

In accordance with the provisions of the Articles of Association, the Company's profit distribution policy shall remain consistent and stable. The Company may distribute dividends (1) in cash or (2) in the form of shares (or both). The Company may distribute cash dividends as appropriate provided that sufficient capital is maintained for ordinary operation and development needs of the Company.

Subject to the approval at the 2011 annual general meeting of the Company held on 30 May 2012, the Company distributed an annual profit for 2011 to all the shareholders at a cash dividend of RMB0.18 per share (tax inclusive), aggregating to RMB2,484,540,000. Such dividend distribution was completed on 13 July 2012.

The implementation of the 2011 profit distribution plan of the Company was executed in strict compliance with relevant provisions of the Articles of Association and was considered and approved by the thirteenth meeting of the second session of the Board of the Company, and was approved by the 2011 annual general meeting. The criteria and proportion of dividend distribution were clear and specific and had been duly considered by the independent directors. The implementation of such profit distribution plan fully safeguarded the legal interests of minority shareholders.

The Company did not make any profit distribution or conversion of surplus reserves into share capital for the first half of 2012.

Significant Events

(I) CORPORATE GOVERNANCE

The Company considers sound corporate governance the internal driving force of corporate development. During the reporting period, the Company, as an enterprise listed in both Mainland China and Hong Kong, standardised its corporate operation in strict compliance with rules and regulations and regulatory documents of the PRC and Hong Kong. Pursuant to the laws and regulations such as the Company Law, requirements of the rules and regulations of the regulatory authorities and the united deployment of SASAC, the Company made ongoing efforts in improving corporate governance and business management so as to improve its corporate governance. The Company was awarded the "Most Responsible Enterprise in China in 2011" by the PRC News Association (中國新聞社) and "China News Week". It was also awarded the Golden Round Table Awards of the 8th Session - Best Board of Directors Award (第八屆"金圓桌獎"最佳董事會獎) by Board of Directors magazine and became one of the top 10 companies being awarded the "Top 100 Listed Companies in the PRC with Best Governance in 2012" by the Corporate Governance Research Centre of the Institute of World Economics & Politics of Chinese Academy of Social Sciences and Protiviti Consulting. It was acclaimed to be among "Top 100 Listed Companies in the PRC with Capital Brands in 2012"("2012年度中國上市公司資本品牌") by Research Center of Market Value Management in Chinese Listed Companies. It also ranked 15th in the "Top 100 Listed Companies of Internal Control in China" published by the team of internal control index of Xiamen University, and was acclaimed to be the 54th most valuable brand name in China in 2012 by the World Brand Lab and the first in the machinery industry.

Compliance with the Corporate Governance Code

The Company has established a system of corporate governance practices in accordance with the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules. During the reporting period, the Company had complied with the code provisions of the Code on Corporate Governance Practices (for the period from 1 January 2012 to 31 March 2012) and the Corporate Governance Code (for the period from 1 April 2012 to 30 June 2012).

Securities transactions by Directors and Supervisors

The Company has formed and adopted "Management Methods on Shares and Changes on the Shareholdings Held by Directors, Supervisors and Senior Management of CSR Corporation Limited" on terms no less exacting than those set out in the Model Code. Relevant employees who are likely to be in possession of unpublished price sensitive information of the Company in relation to the purchase and sale of the shares of the Company are also required to comply with the required standard.

As at 30 June 2012, after specific inquiries with all the directors and supervisors, the Company confirmed that all the directors and supervisors had complied with the relevant standards of securities transactions by directors and supervisors set out in the Model Code and the "Management Methods on Shares and Changes on the Shareholdings held by Directors, Supervisors and Senior Management of CSR Corporation Limited" formed by the Company.

(II) PROFIT DISTRIBUTION PLAN AND ITS IMPLEMENTATION DURING THE REPORTING PERIOD

The 2011 profit distribution plan of the Company was approved at the 2011 annual general meeting held on 30 May 2012. Such final dividend distribution was completed on 13 July 2012. For details of the above dividend distribution plan, please refer to the relevant announcements dated 31 May 2012 published in the China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times and on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

(III) MATERIAL LITIGATION AND ARBITRATION

The Company was not involved in any material litigation or arbitration during the reporting period.

(IV) MATTERS RELATED TO BANKRUPTCY AND REORGANISATION

The Company was not involved in any events relating to bankruptcy or reorganisation during the reporting period.

(V) EQUITY INTERESTS IN OTHER LISTED COMPANIES AND FINANCIAL INSTITUTIONS HELD BY THE COMPANY

1. Securities investment

Currency: HKD

Stock Variety	Stock Code	Stock Short Name	Initial Investment cost *(HKD)*	Number of Shares Held *(share)*	Carrying Amount at the End of the Period *(HKD)*	Percentage in Securities Investment at the end of the period *(%)*	Gain or Loss Occurred in the Reporting Period *(HKD)*
Shares listed on the Hong Kong Stock Exchange	01618.HK	MCC	38,484,429	6,000,000	9,900,000	100	-660,000

2. Equity interests in other listed companies held by the Company

Unit: RMB/HKD

Stock Code	Stock Short Name	Initial Investment cost	Percentage in the equity interests in those companies *(%)*	Carrying Amount at the End of the Period	Gain or Loss Occurred in the Reporting Period	Changes in Owner's Equity in the Reporting Period	Accounting Items	Source of Shares
601328	Bank of Communication	RMB752,324.10	—	RMB2,336,937.76	—	RMB240,526.24	Available-for-sale investments	Purchase
00958.HK	HN Renewables	HK$392,774,658.4	1.84	HK$197,538,340	—	HK$-101,102,300	Available-for-sale investments	Purchase
00816.HK	Huadian Fuxin	HK$86,381,536.56	—	HK$88,111,000	—	HK$1,729,463.44	Available-for-sale investments	Purchase

Note: The equity interests held by the Company represent less than 1% of the share capital of Bank of Communications and Huadian Fuxin, respectively.

3. Equity interests in non-listed financial enterprises held by the Company

Currency: RMB

Name of institution	Initial Investment cost *(RMB)*	Number of Shares Held *(share)*	Percentage in the equity interests in those companies *(%)*	Carrying Amount at the End of the Period *(RMB)*	Gain or Loss Occurred in the Reporting Period *(RMB)*	Changes in Owner's Equity in the Reporting Period *(RMB)*	Accounting Items	Source of Shares
Jiangsu Bank	74,400.00	74,400	—	74,400.00	0	0	Available-for-sale investments	Purchase
Huarong Xiangjiang Bank Corporation Limited	770,000.00	700,000	—	550,000.00	0	0	Available-for-sale investments	Purchase
Donghai Securities Co., Ltd.	19,483,800.00	20,000,000	1.20	19,483,800.00	0	0	Available-for-sale investments	Purchase

Note: The Company's equity interests in Jiangsu Bank and Huarong Xiangjiang Bank Corporation Limited represent less than 1% of their respective share capital.

(VI) ACQUISITION AND DISPOSAL OF ASSETS OR MERGER BY ABSORPTION BY THE COMPANY DURING THE REPORTING PERIOD

The Company was not involved in any substantial acquisition or disposal of assets or merger by absorption during the reporting period.

(VII) THE COMPANY'S IMPLEMENTATION OF SHARE INCENTIVES AND ITS EFFECTS

In 2011, the Board and the General Meeting of the Company successively considered and approved the resolutions in relation to the Share Option Scheme, the Measures for Appraisal of Performance of Participants to the Share Option Scheme and the Share Option Grant Date, and determined that 27 April 2011 was the grant date under the Share Option Scheme. The implementation of the share incentives and its effects are as follows:

Unit: Share

Incentive method	Share options
Source of subject shares	Issue of A shares to the participants
Closing price of the A shares on the trading day immediately preceding the grant date of the share options	RMB7.22/share
Scope of participants during the reporting period	Directors, senior management, and core technical (management) personnel deemed by the Company as necessary to be incentivized, excluding the independent directors, supervisors and substantial shareholders holding more than 5% of the share capital of the Company or the ultimate controller, together with their respective spouses and lineal relatives.
Total granted but outstanding equity at the beginning of the reporting period on cumulative basis	36,605,000
Total granted equity during the reporting period	0
Total exercised equity during the reporting period	0
Total lapsed equity during the reporting period	0
Total granted but outstanding equity at the end of the reporting period on cumulative basis	36,605,000
Total granted and exercised equity at the end of the reporting period on cumulative basis	0
Adjustments to grant price and exercise price during the reporting period and latest grant price and exercise price after such adjustments	The grant price and exercise price of the share options is the closing price of the shares of the Company on the trading day immediately preceding the date of the share option scheme draft summary announcement, i.e. RMB5.43/share. As at the end of the reporting period, no adjustment was made to the grant price and exercise price.

Interest Granted to and Exercised by Directors and Senior Management During the Reporting Period

Name	Pame

Validity period and exercise period of the share options	The validity period of the share options is a term of 7 years commencing from the date on which the share options are granted. Upon expiry of the 2-year lock-up period commencing from the date on which the share options are granted, subject to the fulfillment of all effective conditions, the share options become exercisable in three separate batches, each with an exercise period of three years after 24 months, 36 months and 48 months commencing from the date on which the share options are granted.
Equity changes arising from exercise of share options by participants	As at the end of the reporting period, the share options of the Company were still in the lock-up period and yet to be exercised, so there was no equity change due to share options exercised by any participant.
Measurement of fair value of equity instrument	The Company adopts the Black-Scholes option pricing model as the equity instrument to measure the fair value of the share options.
Valuation model, parameters and selection criteria	Valuation model: Black-Scholes option pricing model Parameters selection criteria: Exercise price of share options: RMB5.43/share. Stock market price on grant date: RMB7.09/share. 27 April 2011 was the grant date. Estimated term of share options: 5 to 7 years. Estimated share price volatility: 52.68%-56.51% Estimated bonus yield rate: 0.60% Risk-free rate of interest: 3.481%-3.694%
Apportion period and result for fair value of equity instrument	Based on the selection of aforesaid parameters: the fair value of share options calculated with the Black-Scholes model option pricing formula was RMB151,009,745, among which, the option tariff of the Company recognized during the period from January to June 2012 was RMB26,023,668. The calculation result of the share option value is based on certain assumptions of the used parameters and restricted by the model adopted. Therefore, the valuation of the share options might be subjective and inconclusive.

(VIII) MATERIAL CONTRACTS AND THEIR PERFORMANCE

1. Trusts, contracting and lease arrangements which contribute 10% or more of the total profit of the Company for the period

(1) Trust

The Company did not enter into any trust arrangement during the reporting period.

(2) Contracting

The Company did not have any contracting arrangement during the reporting period.

(3) Lease

The Company did not have any material lease arrangement during the reporting period.

2. Guarantees

Unit: RMB'000

Guarantees provided by the Company to external parties (excluding guarantees provided by the Company in favour of its subsidiaries)	
Total guarantee amount provided during the reporting period (excluding guarantees provided by the Company in favour of its subsidiaries)	—
Total guarantee balance at the end of the reporting period (excluding guarantees provided by the Company in favour of its subsidiaries)	—

Guarantees provided by the Company in favour of its subsidiaries	
Total guarantee amount provided to the Company's subsidiaries during the reporting period	4,367,026
Total guarantee balance provided to the Company's subsidiaries at the end of the reporting period	4,900,243

Aggregate guarantee amount provided by the Company (including guarantees provided by the Company in favour of its subsidiaries)	
Total guarantee amount	4,900,243
Percentage of total guarantee amount to net assets of the Company *(%)*	15.99%
Including:	
Amount of guarantees provided in favour of shareholders, ultimate controller and their related parties	—
Amount of debt guarantees directly or indirectly provided in favour of parties with gearing ratio over 70%	2,922,613
Portion of the total guarantee amount in excess of 50% of net assets	—
Total amount of the three above-stated guarantees	2,922,613

Note: Percentage of total guarantee amount to net assets of the Company equals the ratio of the guarantee amount over equity attributable to owners of the parent.

During the reporting period, total guarantee amount provided by the Company and its directly owned subsidiaries in favour of their subsidiaries was RMB4,367 million. As at 30 June 2012, guarantee balance was RMB4,900 million, representing 15.99% of the net assets. Out of such guarantee balance, RMB3,615 million and RMB1,285 million were provided to the Company's wholly-owned subsidiaries and non wholly-owned subsidiaries respectively. As far as the guarantee type is concerned, RMB3,640 million was provided by way of bank acceptance drafts, RMB445 million was provided by way of letters of guarantee and letters of credit, and RMB825 million was provided by way of loan guarantees.

As at the end of the reporting period, the Company did not provide any guarantees in favour of its controlling shareholder, ultimate controller and their related parties, and the guarantees provided by the Company were in favour of its subsidiaries. As at the end of the reporting period, the guarantee balance provided by the Company in favour of its subsidiaries with gearing ratio over 70% was RMB2,922 million. Approval procedures have been complied with at the Board meetings and the general meetings as required by the Articles of Association in respect of such guarantees.

3. Entrusted Investment and Entrusted Loans

(1) Entrusted investment

The Company did not have any entrusted investment that were required to be disclosed during the reporting period.

(2) Entrusted loans

The Company did not have any entrusted loans during the reporting period.

4. Other Material Contracts

The Company did not have any other material contract during the reporting period.

(IX) PERFORMANCE OF UNDERTAKINGS

1. CSRG, the controlling shareholder of the Company, made the following undertakings in the Prospectus:

(1) The undertaking made in respect of restructuring of South Huiton is as follows: there should be a restructuring in CSRG's shareholdings and relevant assets in South Huiton. This includes but is not limit to CSRG's acquisition of South Huiton's assets in relation to the freight wagon businesses. CSRG will transfer the abovementioned assets in relation to the freight wagon businesses acquired from South Huiton to the Company within three months from the date of acquisition of such assets. The transfer price will be determined through negotiation based on the result of the assets valuation. The above transfer of assets is subject to necessary review procedures pursuant to the requirements of the domestic and overseas regulatory bodies.

(2) The non-competition undertakings are as follows: ① CSRG undertakes that CSRG will not engage in and will, through legal procedures, procure its wholly-owned and non wholly-owned subsidiaries not to engage in any businesses which might directly compete with the Company's current operating businesses; ② Subject to the aforesaid undertaking ①, should CSRG (including wholly-owned and non wholly-owned subsidiaries or other associates under CSRG's control) operate any products or provide any services that might be in competition with the principal products or services of the Company in the future, CSRG has agreed to grant the Company pre-emptive rights to acquire the assets or the entire equity interests in such subsidiaries related to such products or services from CSRG; ③ Subject to the aforesaid undertaking ①, CSRG may develop advanced and lucrative projects in the future which fall within the Company's business scope, but it should grant pre-emptive right to the Company to be transferred any achievements on such projects for operation under the same terms of transfer; ④ CSRG should indemnify the Company for its actual losses due to the losses of the Company arising from the failure in fulfilling the undertakings ① to ③ as described above.

During the reporting period, CSRG, the controlling shareholder of the Company, fully complied with its undertakings as stated above. On 29 January 2011, the Company issued an announcement in relation to the undertaking made by CSRG to South Huiton, stating that it received from CSRG the letter regarding the undertaking made by CSRG in respect of restructuring of South Huiton. Relevant details are as follows: 1. CSRG confirms that it designates the Company as its sole and ultimate integration platform for its research and development, manufacturing, sales, repair and leasing of locomotives, passenger carriages, freight wagons, MUs, rapid transit vehicles and key components as well as other businesses that utilise proprietary rolling stock technologies. 2. CSRG plans to, in five years or so, dispose of its equity interest in South Huiton by way of merger and acquisition of assets and/or reorganization and/or other means, and CSRG will transfer the acquired assets which relate to the freight wagons business to the Company after acquiring the relevant assets of South Huiton.

2. Commitment on building ownership issues

The Company has not yet obtained proper property ownership certificates for 114 properties with a total gross floor area of approximately 73,585.58 square meters, mainly because they have not been granted property ownership certificates by the local government authorities due to the implementation of the "Leaving the City and Entering the Suburb" policy in Shijiazhuang and the changes in urban planning in Chengdu area. In respect of those urban planning issues, Shijiazhuang Administration of Urban and Rural Planning (石家莊市城鄉規劃局) has issued the Explanation on the Area Planning of CSR Shijiazhuang Rolling Stock Works and pointed out that it would, due to urban planning, not accept any applications for the planning permit in respect of any properties without property ownership certificates; Chengdu Administration of Urban Planning (成都市規劃管理局) has issued the Explanation on the Road Planning in the Area of CSR Chengdu Locomotive & Rolling Stock Works and pointed out that two municipal roads planned would run through the land of the area of the works based on the need of urban development. Application of property ownership certificates for such properties was temporarily on hold according to the request of the local governments. Apart from the above two subsidiaries which were unable to obtain the property ownership certificates due to objective reasons, property ownership certificates have been obtained with respect to all remaining properties. For details about relocation of CSR Shijiangzhuang, please refer to relevant announcements of the Company dated 6 August 2011 and 17 March 2012 published on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily and the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

3. Other commitments

(1) CSRG undertook to voluntarily subject 6,422,914,285 tradable shares subject to trading moratorium it holds in the Company, which have been relieved from such trading moratorium on 18 August 2011, to another three-year lock-up period (i.e. from 18 August 2011 to 17 August 2014) commencing from 18 August 2011. During the lock-up period, such shares held by CSRG shall not be sold or transferred through the Shanghai Stock Exchange.

(2) During the non-public issue of shares by the Company in 2012, CSRG undertook that the 1,362,103,700 shares of the Company subscribed by CSRG would not be transferred within 36 months from the completion date of such issue.

During the reporting period, CSRG, the controlling shareholder of the Company, complied with all the foregoing commitments.

(X) APPOINTMENT AND REMOVAL OF THE AUDITORS

The Company continued the appointment of Ernst & Young Hua Ming and Ernst & Young as the Company's domestic and overseas auditors respectively.

(XI) NOTES ON OTHER MATERIAL EVENTS

1. Issuance of short-term debentures

On 7 July and 11 November 2011, the Company issued the first tranche and the second tranche of short-term debentures for 2011 in the PRC inter-bank bond market, with issue amounts of RMB3 billion and RMB2 billion respectively. For details, please refer to relevant announcements of the Company dated 11 July 2011 published on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily and the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange. On 10 July 2012, an amount of RMB3,151 million due for repayment, including the principal and interest of the first tranche of short-term debentures for 2011, was settled by the Company on time.

Interim Condensed Consolidated Income Statement

Six months ended 30 June 2012

	Notes	For the six months ended 30 June	
		2012	2011
		(Unaudited)	(Unaudited)
		RMB'000	*RMB'000*
REVENUE	4	**41,849,888**	39,563,098
Cost of sales		**(33,940,405)**	(32,477,671)
Gross profit		**7,909,483**	7,085,427
Other income and gains	4	**431,359**	236,600
Selling and distribution costs		**(1,353,535)**	(1,213,575)
Administrative expenses		**(3,693,914)**	(2,907,519)
Other expenses, net	5	**(49,611)**	(63,293)
OPERATING PROFIT		**3,243,782**	3,137,640
Finance costs	6	**(483,722)**	(369,333)
Share of profits and losses of:			
Jointly-controlled entities		**32,306**	309,758
Associates		**4,373**	5,291
PROFIT BEFORE TAX	5	**2,796,739**	3,083,356
Income tax expense	7	**(480,655)**	(464,097)
PROFIT FOR THE PERIOD		**2,316,084**	2,619,259
Attributable to:			
Owners of the parent		**1,918,625**	2,044,547
Non-controlling interests		**397,459**	574,712
		2,316,084	2,619,259
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT			
— Basic	9	**RMB0.15**	RMB0.17
— Diluted	9	**RMB0.15**	RMB0.17

Interim Condensed Consolidated Statement Of Comprehensive Income

Six months ended 30 June 2012

	Note	For the six months ended 30 June	
		2012	2011
		(Unaudited)	(Unaudited)
		RMB'000	*RMB'000*
Profit for the period		**2,316,084**	2,619,259
OTHER COMPREHENSIVE INCOME			
Available-for-sale assets:			
Change in fair value	10	**(81,145)**	(3,232)
Income tax effect		**(233)**	—
		(81,378)	(3,232)
Exchange differences on translation of foreign operations		**589**	3,084
Other comprehensive income/(loss) for the period, net of tax		**(80,789)**	(148)
Total comprehensive income for the period		**2,235,295**	2,619,111
Total comprehensive income attributable to the following:			
Owners of the parent		**1,838,177**	2,043,560
Non-controlling interests		**397,118**	575,551
		2,235,295	2,619,111

Interim Condensed Consolidated Statement Of Financial Position

30 June 2012

	Notes	As at 30 June 2012 (Unaudited) RMB'000	As at 31 December 2011 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**21,869,514**	21,374,331
Prepaid land lease payments		**4,427,286**	4,404,065
Goodwill		**53,541**	53,972
Other intangible assets		**442,798**	451,002
Investments in jointly-controlled entities		**1,534,501**	1,509,695
Investments in associates		**787,673**	559,005
Available-for-sale investments	12	**262,280**	271,282
Deferred tax assets		**422,536**	362,558
Other non-current assets			

	Note	As at 30 June 2012 (Unaudited) RMB'000	As at 31 December 2011 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	20	**469,888**	2,325,097
Defined benefit obligations		**1,527,212**	1,569,030
Provision for warranties		**1,038,540**	733,446
Government grants		**791,692**	760,511
Deferred tax liabilities		**22,272**	26,788
Other non-current liabilities		**98,670**	98,670
Total non-current liabilities		**3,948,274**	5,513,542
Net assets		**36,724,754**	28,087,917
EQUITY			
Equity attributable to owners of the parent			
Share capital		**13,803,000**	11,840,000
Reserves		**16,835,352**	8,237,090
Proposed final dividend		**—**	2,484,540
		30,638,352	22,561,630
Non-controlling interests		**6,086,402**	5,526,287
Total equity		**36,724,754**	28,087,917

Interim Condensed Consolidated Statement Of Changes In Equity

Six months ended 30 June 2012

	Attributable to owners of the parent										
	Share capital *RMB'000*	Capital reserve *RMB'000*	Available-for-sale investment revaluation reserve *RMB'000*	Share option reserve *RMB'000*	Common statutory reserve funds *RMB'000*	Exchange fluctuation reserve *RMB'000*	Retained earnings *RMB'000*	Proposed final dividend *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*

Interim Condensed Consolidated Statement Of Changes In Equity (Continued)

Six months ended 30 June 2011

	Attributable to owners of the parent										
	Share capital *RMB'000*	Capital reserve *RMB'000*	Available-for-sale investment revaluation reserve *RMB'000*	Share option reserve *RMB'000*	Common statutory reserve funds *RMB'000*	Exchange fluctuation reserve *RMB'000*	Retained earnings *RMB'000*	Proposed final dividend *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2011											
As previously reported	11,840,000	2,683,734	1,812	—	288,658	(22,711)	3,979,092	473,600	19,244,185	4,596,565	23,840,750
Business combination under common control	—	48,634	—	—	—	—	(25,147)	—	23,487	4,348	27,835
As restated	11,840,000	2,732,368	1,812	—	288,658	(22,711)	3,953,945	473,600	19,267,672	4,600,913	23,868,585
Profit for the period	—	—	—	—	—	—	2,044,547	—	2,044,547	574,712	2,619,259
Other comprehensive income	—	—	(3,232)	—	—	2,245	—	—	(987)	839	(148)
Total comprehensive income	—	—	(3,232)	—	—	2,245	2,044,547	—	2,043,560	575,551	2,619,111
Capital contribution from/ acquisition of non-controlling shareholders *(Note)*	—	—	—	—	—	—	—	—	—	142,381	142,381
Excess of the acquirers' additional interests in the carrying value of identifiable net assets over the cost of acquisition of additional interests in subsidiaries	—	1,352	—	—	—	—	—	—	1,352	(1,352)	—
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	(187,178)	(187,178)
Business combination under common control	—	(50,551)	—	—	—	—	—	—	(50,551)	—	(50,551)
Equity-settled share option arrangement	—	—	—	9,096	—	—	—	—	9,096	—	9,096
Final 2010 dividend declared	—	—	—	—	—	—	—	(473,600)	(473,600)	—	(473,600)
At 30 June 2011 (unaudited)	11,840,000	2,683,169*	(1,420)*	9,096*	288,658*	(20,466)*	5,998,492*	—	20,797,529	5,130,315	25,927,844

* These reserve accounts comprise the consolidated reserves of RMB8,957,529,000 in the consolidated statement of financial position.

Note: In the six months period ended 30 June 2011, the Group established a subsidiary, named Hangzhou CSR Rail Transportation Company Limited, together with Zhejiang Provincial Economic Construction Investment Co., Ltd., which caused non-controlling interests to increase RMB29,400,000;

In the six months period ended 30 June 2011, the Group established a subsidiary, named Ningbo CSR Rail Transportation Equipment Company Limited, together with Ningbo Rail Transportation Equipment Group Limited and Ningbo Yinzhou Development Construction Investment Co., Ltd., which caused non-controlling interests to increase RMB54,000,000;

In the six months period ended 30 June 2011, the Group incorporated a subsidiary, named CSR Yuchai Sichuan Engine Co., Ltd. ("CSR Yuchai"), with Guangxi Yuchai Machinery Group Co., Ltd, Sichuan Nanjun Automobile Co., Ltd. and natural persons, which caused non-controlling interests to increase RMB34,460,000;

In the six months period ended 30 June 2011, the non-controlling shareholder injected capital into Changzhou CSR GE Electric Diesel Engine Co., Ltd., which caused non-controlling interests to increase RMB20,460,000.

Interim Condensed Consolidated Statement Of Cash Flow

Six months ended 30 June 2012

	Note	For the six months ended 30 June	
		2012 (Unaudited) *RMB'000*	2011 (Unaudited) *RMB'000*
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		**(11,127,354)**	(7,697,565)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(1,788,282)**	(3,537,246)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		**3,087,550**	9,640,207
EFFECT OF EXCHANGE RATE ON CASH FLOWS		**329**	(9,058)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(9,827,757)**	(1,603,662)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**21,975,876**	13,718,867
CASH AND CASH EQUIVALENTS AT END OF PERIOD	17	**12,148,119**	12,115,205

1. CORPORATE INFORMATION

CSR CORPORATION LIMITED (formerly named as CHINA SOUTH LOCOMOTIVE & ROLLING STOCK CORPORATION LIMITED) was incorporated in the PRC on 28 December 2007 as a joint stock company with limited liability under the Company Law of the PRC. The Company's A Shares were listed on the Shanghai Stock Exchange on 18 August 2008 and the Company's H Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKSE") on 21 August 2008. The Company completed the non-public issue of 1,963,000,000 A shares with par value RMB1.00 each, and the issue price is RMB4.46 per share, which was approved by China Securities Regulatory Commission ("CSRC") through Zheng Jian Xu Ke [2012] No. 210) on 20 February 2012.

The address of the Company's registered office is No.16 Central West Fourth Ring Road, Haidian District, Beijing, the PRC.

The Company and its subsidiaries (collectively the "Group") are principally engaged in the research and development, manufacturing, sale and refurbishment of locomotives, passenger carriages, freight wagons, multiple units and metro cars, as well as other businesses that utilise proprietary rolling stock technologies.

In the opinion of the Directors, the holding company and the ultimate holding company of the Company is CSR Group (中國南車集團公司) ("CSRG"), a state-owned enterprise established in the PRC, which is under the control of the State-owned Asset Supervision and Administration Commission of the State Council (the "SASAC").

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2012 have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting and the disclosure requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2011. The interim condensed consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand, except when otherwise indicated.

2.2 Impact of new and amended international financial reporting standards

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2011, except for the adoption of the new and revised International Financial Reporting Standards ("IFRS") as of 1 January 2012, noted below:

IAS 12 Amendments — Amendments to IAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets*

This amendment to IAS 12 includes a rebuttable presumption that the carrying amount of investment property measured using the fair value model in IAS 40 will be recovered through sale and, accordingly, that any related deferred tax should be measured on a sale basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time, rather than through sale. Specifically, IAS 12 will require that deferred tax arising from a non-depreciable asset measured using the revaluation model in IAS 16 should always reflect the tax consequences of recovering the carrying amount of the underlying asset through sale. Effective implementation date is for annual periods beginning on or after 1 January 2012. The Group has no investment properties at fair value or assets under IAS 16 valued under the revaluation model, it has no impact on the financial statement of the Group.

IFRS 1 Amendments — Amendments to IFRS 1 *First-time Adoption of IFRSs: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*

When an entity's date of transition to IFRS is on or after the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date, at fair value on the date of transition to IFRS. This fair value may be used as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position. However, this exemption may only be applied to assets and liabilities that were subject to severe hyperinflation. Effective implementation date is for annual periods beginning on or after 1 July 2011 with early adoption permitted. The Amendments had no effect on the financial position or performance on the Group.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

2.2 Impact of new and amended international financial reporting standards (Continued)

IFRS 7 Amendments — Amendments to IFRS 7 *Financial Instruments: Disclosures — Transfers of financial assets*

The IASB issued an amendment to IFRS 7 that enhances disclosures for financial assets. These disclosures relate to assets transferred (as defined under IAS 39). If the assets transferred are not derecognised entirely in the financial statements, an entity has to disclose information that enables users of financial statements to understand the relationship between those assets which are not derecognised and their associated liabilities. If those assets are derecognised entirely, but the entity retains a continuing involvement, disclosures have to be provided that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The Amendments had no effect on the financial position or performance on the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these Interim condensed consolidated financial statements.

IFRS 1 Amendments	*Amendments to IFRS 1 First-time Adoption of IFRSs: Government Loans*[2]
IFRS 7 Amendments	*Amendments to IFRS 7 Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities* [2]
IFRS 9	*Financial Instruments* [4]
IFRS 10	*Consolidated Financial Statements*[2]
IFRS 11	*Joint Arrangements*[2]
IFRS 12	*Disclosure of Interests in Other Entities*[2]
IFRS 13	*Fair Value Measurement*[2]
IAS 1 Amendments	*Amendments to IAS 1 Financial Statement Presentation — Presentation of Items of Other Comprehensive Income*[1]
IAS 19 (2011)	*Employee Benefits*[2]
IAS 27 (2011)	*Separate Financial Statements*[2]
IAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
IAS 32 Amendments	*Amendments to IAS 32 Financial Instruments: Presentation — Offsetting financial assets and financial liabilities*[3]
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]

Annual Improvements 2009-2011 Cycle:

IFRS 1	*First-time Adoption of IFRSs*[2]
IAS 1	*Presentation of Financial Statements*[2]
IAS 16	*Property, Plant and Equipment*[2]
IAS 32	*Financial Instruments: Presentation*[2]
IAS 34	*Interim Financial Reporting*[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

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

3. SEGMENT INFORMATION

For management purposes, the Group's operating activities are attributable to a single operating segment, focusing on provision of rolling stock products and services as well as other businesses that utilise proprietary rolling stock technologies. Therefore, no analysis by operating segment is presented.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, represents the net invoiced value of goods sold, after allowance for returns and trade discounts, and excludes sales taxes and intra-group transaction.

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue		
Sales of goods and services	**41,849,888**	39,563,098
Other income		
Interest income	**161,523**	67,071
Dividend income	**98**	43
Profit from sales of scrap materials	**13,778**	32,395
Value-added tax refunds	**39,101**	26,138
Government grants	**171,191**	97,521
	385,691	223,168
Gains		
Gain on disposal of unlisted equity investments included in available-for sale investments, stated at cost	**—**	1,545
Gain on financial investments included in other receivable	**21,666**	1,279
Gain on rental of items of property, plant and equipment	**10**	882
Gain/(loss) on technical service	**16,601**	(1,011)
Gain on commission service	**6,320**	5,162
Others	**1,071**	5,575
Total	**45,668**	13,432
	431,359	236,600

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		For the six months ended 30 June	
		2012	2011
		(Unaudited)	(Unaudited)
		RMB'000	*RMB'000*
Cost of inventories sold		**33,940,405**	32,477,671
Depreciation of items of property, plant and equipment		**787,979**	647,304
Amortisation of lease prepayments		**49,706**	45,512
Amortisation of other intangible assets		**55,342**	55,374
Provision against obsolete inventories	(i)	**64,823**	36,501
Provision for warranties		**646,720**	439,474
Minimum lease payments under operating leases:			
Plant and machinery		**13,448**	16,425
Land and buildings		**26,468**	19,034
Research and development costs		**1,422,649**	803,260
Less: amount capitalised		**(6,012)**	(3,071)
		1,416,637	800,189
Included in other expenses, net:			
Impairment of trade receivables		**159,968**	44,313
Impairment of other receivables		**(34,943)**	4,766
Exchange losses/(gains), net		**(100,127)**	18,578
Gains on disposal of items of property, plant and equipment, net		**(11,594)**	(6,327)
Gain on disposal of lease prepayments		**(4)**	—
Loss on equity investments at fair value through profit or loss		**36,311**	1,963
		49,611	63,293

Note:

(i) Included in "Cost of sales" on the face of the consolidated income statements for the six months ended 30 June 2011 and 30 June 2012.

6. FINANCE COSTS

	For the six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest on bank and other borrowings wholly repayable within five years	**525,431**	387,155
Interest on bills discounted	**—**	3,033
Less: Interest capitalised in construction in progress	**(41,709)**	(20,855)
	483,722	369,333

7. INCOME TAX

The major components of income tax expense in the interim consolidated income statement are:

	For the six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current income tax		
Current income tax charge	**544,564**	492,532
Deferred income tax		
Relating to origination and reversal of temporary differences	**(63,909)**	(28,435)
Income tax expense	**480,655**	464,097

Pursuant to the relevant laws and regulations in the PRC, the statutory enterprise income tax rate of 25% is applied to the Group for the six months ended 30 June 2011 and 2012, except for certain subsidiaries which were either exempted from tax or entitled to different preferential tax rates during the years.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the six months ended 30 June 2012 (six months ended 30 June 2011: 16.5%).

Taxes on profit assessable elsewhere have been calculated at the rates of jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

8. DIVIDENDS

At the annual general meeting held on 30 May 2012, the Company's shareholders approved the payment of the final dividend for the year ended 31 December 2011 of RMB0.18 per share which amounted to RMB2,484,540,000.

The board of directors of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of the Share Option Scheme (as defined in note 21 to the interim condensed consolidated financial statements).

No adjustment has been made to the basic earnings per share amount presented for the period ended 30 June 2012 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	For the six months ended 30 June	
	2012 (Unaudited) *RMB'000*	2011 (Unaudited) *RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**1,918,625**	2,044,547
Shares		
Weighted average number of domestic shares in issue during the period used in the calculation of basic earnings per share	**13,006,894,444**	11,840,000,000
Effect of dilution — weighted average number of ordinary shares: Share options	**—**	2,525,220
	13,006,894,444	11,842,525,220

10. COMPONENTS OF OTHER COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2012 (Unaudited) *RMB'000*	2011 (Unaudited) *RMB'000*
Available-for-sale investments:		
Gains/(losses) arising during the period	**(81,145)**	(3,232)
Less: Transfer to profit or loss on disposal	**—**	—
	(81,145)	(3,232)

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2012, the Group acquired property, plant and equipment with a cost of approximately RMB2,411 million (six months ended 30 June 2011: RMB2,287 million). The amount of borrowing costs capitalised during the six months ended 30 June 2012 was approximately RMB42 million (six months ended 30 June 2011: RMB21 million). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 5.76%-7.22% (six months ended 30 June 2011: 5.76%-6.31%).

In addition, during the same period, property, plant and equipment with a net book value of approximately RMB114 million (six months ended 30 June 2011: RMB27 million) were disposed of by the Group which resulted in a net gain on disposal of approximately RMB12 million (six months ended 30 June 2011: net gain on disposal of approximately RMB6 million).

See also note 22 for capital commitments.

12. AVAILABLE-FOR-SALE INVESTMENTS

	As at 30 June 2012 (Unaudited) RMB'000	As at 31 December 2011 (Audited) RMB'000
Unlisted equity investments, at cost less impairment	27,078	27,078
Listed equity investments, in the PRC, at fair value	235,202	244,204
	262,280	271,282

13. TRADE RECEIVABLES

The Group generally requires its customers to make payment before or upon delivery, however, the Group granted certain credit period to those long standing customers with bulk purchase and good payment history. In the opinion of the Directors, the Group has effectively granted an average credit period of around six months to the customers after taking into account the practice of the industry in which the Group conducted its business.

	As at 30 June 2012 (Unaudited) RMB'000	As at 31 December 2011 (Audited) RMB'000
Trade receivables	35,922,449	14,231,452
Impairment	(701,293)	(542,036)
	35,221,156	13,689,416
Portion classified as current assets	(35,221,156)	(13,689,416)
Non-current portion	—	—

An aged analysis of the trade receivables as at the statement of financial position date based on the invoice date and net of provision for impairment of receivables, is as follows:

	As at 30 June 2012 (Unaudited) RMB'000	As at 31 December 2011 (Audited) RMB'000
Within 6 months	30,025,622	10,416,780
6 months to 1 year	3,402,622	2,281,885
Over 1 year	1,792,912	990,751
	35,221,156	13,689,416

16. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2012 (Unaudited) RMB'000	As at 31 December 2011 (Audited) RMB'000
Assets		
Current assets:		
Forward currency contracts	—	35,774

17. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	As at 30 June 2012 (Unaudited) RMB'000	As at 30 June 2011 (Unaudited) RMB'000
Cash and bank balances	**12,810,409**	13,037,102
Less : Pledged time deposits	**(630,990)**	(645,589)
Cash and cash equivalents in the statements of consolidated financial position	**12,179,419**	12,391,513
Less: Non-pledged time deposits with original maturity of three months or more when acquired	**(31,300)**	(276,308)
Cash and cash equivalents in the consolidated cash flow statements	**12,148,119**	12,115,205

18. TRADE PAYABLES

An aged analysis of trade payables as at the statement of financial position date, based on the invoice date, is as follows:

	As at 30 June 2012 (Unaudited) RMB'000	As at 31 December 2011 (Audited) RMB'000
Within 6 months	**23,638,889**	19,557,231
6 months to 1 year	**2,483,569**	984,614
Over 1 year	**747,278**	697,150
	26,869,736	21,238,995

18. TRADE PAYABLES (CONTINUED)

The amounts due to the related parties of the Group included in trade payables can be analysed as follows:

	As at 30 June 2012 (Unaudited) RMB'000	As at 31 December 2011 (Audited) RMB'000
CSRG Group	**27,158**	6,766
Jointly-controlled entities	**186,474**	68,627
	213,632	75,393

The above balances are unsecured, interest-free and repayable on similar credit terms to those offered by major suppliers of the Group.

19. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2012 (Unaudited) RMB'000	As at 31 December 2011 (Audited) RMB'000
Other payables	**2,790,684**	3,016,537
Advances from customers	**4,332,448**	7,408,657
Accruals	**4,204,400**	1,554,571
	11,327,532	11,979,765

The amounts due to the related parties included in other payables and accruals can be analysed as follows:

	As at 30 June 2012 (Unaudited) RMB'000	As at 31 December 2011 (Audited) RMB'000
CSRG Group	**1,431,244**	541,229
A jointly-controlled entity	**358,452**	391,476
	1,789,696	932,705

20. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Effective interest rate per annum (%)	Maturity	As at 30 June 2012 (Unaudited) RMB'000	As at 31 December 2011 (Audited) RMB'000
Current				
Bank loans				
— Secured	2.66-7.22	2013	**1,023,946**	1,494,917
— Unsecured	2.11-6.94	2013	**4,370,919**	8,392,562
Short term bond				
— Secured	—	—	**—**	500,000
— Unsecured	5.06-5.38	2012	**5,000,000**	5,500,000
Other loans				
— Unsecured	—	—	**—**	1,690
Current portion of long term bank loans				
— Secured	1.89-6.98	2012	**32,933**	39,176
— Unsecured	2.75-5.72	2012	**30,219**	160,778
Current portion of long term bonds				
— Unsecured	4.08-4.18	2012	**4,000,000**	2,000,000
Current portion of other loans				
— Unsecured	0.30	2012	**10,000**	10,000
			14,468,017	18,099,123
Non-current				
Bank loans				
— Secured	0.2-6.98	2013-2016	**329,186**	270,013
— Unsecured	5.27-6.90	2013-2035	**135,702**	50,084
Long term bonds				
— Unsecured	—	—	**—**	2,000,000
Other loans				
— Secured	6.94	2014	**5,000**	5,000
			469,888	2,325,097
			14,937,905	20,424,220

21. SHARE OPTION SCHEME

The expense recognising the share option scheme for the six months ended 30 June 2012 and 2011 is as follows:

	For the six months ended 30 June	
	2012 (Unaudited) *RMB'000*	2011 (Unaudited) *RMB'000*
Equity-settled share option expense	**26,024**	9,096

In March 2011, the Company submitted a share option scheme to the China Securities Regulatory Commission, and there was no dissent. On 26 April 2011, the share option scheme was approved by the 2011 first extraordinary general meeting. Then the Company adopted an A share share option scheme (the Share Option Scheme) for the purpose of providing incentives to eligible participants, and eligible participants of the Share Option Scheme included the directors, senior management (independent non-executive directors excluded), and key technical personnel and management personnel who have direct effect on the performance and continuing development of the Company.

On 27 April 2011, the board of the directors of the Company granted 36,605,000 share options to the participants under the Share Option Scheme to subscribe for 36,605,000 A shares of par value RMB1.00 each of the Company pursuant to the resolution of the general meeting. The number of the share options granted doesn't exceed 1% of the total number of A shares in issue, and the share options granted has a validity period of seven years, commencing from the grant date determined by the board of the directors of the Company. Subject to fulfillment of all effective conditions under the Share Option Scheme and after the expiry of the two-year lock-up period from the grant date, the share options shall become exercisable in three batches according to the following effective arrangements:

Maximum percentage exercisable		Period for vesting of the relevant percentage of the option
Lot 1:	1/3 of the total Share Options granted	From the first trading day after the expiration of the 24-month period following the grant date to the last trading day preceding the expiration of the 60-month period following the grant date
Lot 2:	1/3 of the total Share Options granted	From the first trading day after the expiration of the 36-month period following the grant date to the last trading day preceding the expiration of the 72-month period following the grant date
Lot 3:	1/3 of the total Share Options granted	From the first trading day after the expiration of the 48-month period following the grant date to the last trading day preceding the expiration of the 84-month period following the grant date

The share options granted but not yet effective shall lapse forthwith and shall be cancelled by the Company.

The exercise price is the price at which the Company entitled the participants of the Share Option Scheme to subscribe for each share of the underlying stock. The exercise price was determined at the higher of the closing price of the A Shares on the trading day immediately preceding the date of the Share Option Scheme Announcement and the average closing price of the A Shares for the 30 trading days immediately preceding the date of the Share Option Scheme Announcement, which was RMB5.43.

The fair value of the share options granted in 2011 is RMB151,010,000 of which the Group recognised a share options expense of RMB26,024,000 during the six months ended 30 June 2012 (six months ended 30 June 2011: RMB9,096,000).

21. SHARE OPTION SCHEME (CONTINUED)

The fair value of share options granted is estimated at the date of the grant using a Black-Scholes model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs to the model used:

Dividend yield *(%)*	0.60%
Expected volatility *(%)*	52.68%-56.51%
Market price (*RMB/share*)*	7.09
Risk-free interest rate *(%)*	3.481%-3.694%
Expected life *(years)*	5-7
Exercise price *(RMB/share)*	5.43

* *Market price is the closing price at the grant date.*

The expected life of the share options is based on historical data of the past three years and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the share options granted was incorporated into the measurement of the fair value.

As of 30 June 2012, there are no excised or expired share options. On 30 June 2012, the expiry dates of the un-exercised share option vary from 5 years to 7 years after the grant date.

22. COMMITMENTS AND CONTINGENT LIABILITIES

CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of reporting period:

	As at 30 June 2012 (Unaudited) *RMB'000*	As at 31 December 2011 (Audited) *RMB'000*
Contracted, but not provided for:		
— Property, plant and equipment	**396,320**	1,493,013
— Prepaid land lease payments	**66,084**	38,808
— Other intangible assets	**22,888**	18,834
— Investment in setting up new entities	**926,250**	910,000
	1,411,542	2,460,655
Authorised, but not contracted for:		
— Property, plant and equipment	**678,008**	2,135,977
— Prepaid land lease payments	**45,184**	—
— Other intangible assets	**22,983**	8,300
	746,175	2,144,277

23. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Outstanding balances with related parties

In addition to those disclosed in elsewhere in these interim condensed consolidated financial statements, the Group had the following outstanding balances with related parties:

	As at 30 June 2012 (Unaudited) RMB'000	As at 31 December 2011 (Audited) RMB'000
(i) Prepayments, deposits and other receivables:		
— CSRG Group	**387**	30
— A jointly-controlled entity	**14,485**	101,764
	14,872	101,794
The above balances are unsecured, interest-free and have no fixed terms of repayment.		
(ii) Bills receivable:		
— CSRG Group	**4,728**	12,000
(iii) Bills payable:		
— CSRG Group	**5,550**	19,320

(d) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
Short-term employee benefits (equity-settled share option expenses excluded) *(Note 1)*	**3,934**	3,045
Post-employment benefits *(Note 2)*	**160**	136
Total compensation paid/payable to key management personnel	**4,094**	3,181

Note 1:

On 27 April 2011, the Company granted 36,605,000 Share Options to the participants under the Share Option Scheme, and equity-settled share option expenses of RMB465,000 in relation to key management personnel of the Company was recognised for the six months ended 30 June 2012 (six months ended 30 June 2011: RMB348,000).

Note 2:

Post-employment benefits represented the Company's statutory contribution to a defined contribution pension scheme organised by the PRC government, and is determined based on certain percentage of the salaries of the key management personnel.

23. RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Commitments with related parties:

The Group had the following commitments with related parties at the reporting period, which are contracted for, but not included in the financial statements:

	For the six months ended 30 June 2012 (Unaudited) *RMB'000*
Sale of goods to:	
— CSRG Group	3,550
— Jointly-controlled entities	40,405
— Associates	755,023
	798,978
Purchase of materials and components from:	
— CSRG Group	5,327
— Jointly-controlled entities	346,312
— Associates	943
	352,582

(f) Transactions with state-owned entities in the PRC

The Group operates in an economic environment predominated by enterprises directly or indirectly owned and/or controlled by the Government through its authorities, affiliates or other organisations (collectively the "State-owned Entities"). During the period, the Group enters into extensive transactions with these State-owned Entities including, but not limited to, sales and purchases. The Ministry of Railways and entities invested and managed by local railway departments are identified as a single State-owned Entity by the directors of the Company, the revenue from the State-owned Entity amounted to RMB20,082,916,000 for the the six months ended 30 June 2012 (six months ended 30 June 2011: RMB23,747,842,000).

Management considers that transactions with State-owned Entities are activities conducted in the ordinary course of business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and those State-owned Entities are ultimately controlled or owned by the Government. The Group has also established pricing policies for products and services and such pricing policies do not depend on whether or not the customers are State-owned Entities.

24.

24. FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

The fair values of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities. But short-term and long-term bonds are included in interest-bearing bank and other borrowings, and the fair value of the short-term and long-term bonds is estimated using quoted market prices. The carrying amounts and fair values of the Group's interest-bearing bank and other borrowings are RMB14,937,905,000 (31 December 2011: RMB20,424,220,000) and RMB14,944,314,000 (31 December 2011: RMB20,371,095,000), respectively. The carrying amounts and fair values of the Company's interest-bearing bank and other borrowings are RMB9,000,000,000 (31 December 2011: RMB14,010,000,000) and RMB9,033,638,000 (31 December 2011: RMB13,982,346,000), respectively.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Financial assets measured at fair value:

Group
As at 30 June 2012

	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Available-for-sale investments:				
Equity investments	**235,202**	**—**	**—**	**235,202**
Equity investments at fair value through profit or loss	**8,071**	**—**	**—**	**8,071**
	243,273	**—**	**—**	**243,273**

As at 31 December 2011

	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Available-for-sale investments:				
Equity investments	244,204	—	—	244,204
Derivative financial instruments:				
Forward currency contracts	35,774	—	—	35,774
Equity investments at fair value through profit or loss	11,861	—	—	11,861
	291,839	—	—	291,839

During the six-month ended 30 June 2012 and the year ended 31 December 2011, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

As at 30 June 2012 and 31 December 2011, the Company did not hold any financial instruments measured at fair value.

25. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There are no significant events subsequent to 30 June 2012.

26. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements for the six months ended 30 June 2012 were approved and authorised for issue by the board of directors on 22 August 2012.

"Articles of Association"	the articles of association of the Company
"Company" or "CSR"	CSR Corporation Limited (中國南車股份有限公司)
"Company Law"	the Company Law of the People's Republic of China
"CSRC"	China Securities Regulatory Commission
"CSR Capital Company"	CSR Capital Company (中國南車集團投資管理公司)
"CSRG"	CSR Group (中國南車集團公司)
"CSR Hong Kong"	CSR (Hong Kong) Company Limited (中國南車(香港)有限公司)
"CSR Shijiazhuang"	CSR Shijiazhuang Rolling Stock Co., Ltd. (南車石家莊車輛有限公司)
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
"SASAC"	State-owned Asset Supervision and Administration Commission of the State Council
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"South Huiton"	South Huiton Co., Ltd. (南方匯通股份有限公司)

By order of the Board
CSR Corporation Limited
Zhao Xiaogang
Chairman

Beijing, the PRC
22 August 2012

As at the date of this announcement, the executive Directors are Mr. Zhao Xiaogang, Mr. Zheng Changhong, Mr. Tang Kelin and Mr. Liu Hualong; and the independent non-executive Directors are Mr. Zhao Jibin, Mr. Yang Yuzhong, Mr. Chen Yongkuan, Mr. Dai Deming and Mr. Tsoi, David.