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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)

2013 INTERIM RESULTS ANNOUNCEMENT

The board of directors of CSR Corporation Limited (the "**Company**") is pleased to announce the unaudited results of the

7.	Other relevant information	
	Business registration date:	28 December 2007
	Registered address:	No. 16 Central West Fourth Ring Road, Haidian District, Beijing
	Corporate business license registration number:	100000000041417
	Taxation registration number:	110108710935222
	Organisation code:	71093522-2
8.	Auditors appointed by the Company	
	Name of auditors (domestic):	Ernst & Young Hua Ming LLP
	Address of the auditors (domestic):	Level 16, Ernst & Young Tower (Tower E3), Oriental Plaza, No. 1 East Chang An Avenue, Dongcheng District, Beijing, the PRC
	Name of auditors (overseas):	Ernst & Young
	Address of auditors (overseas):	22/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
9.	Joint company secretaries	Shao Renqiang and Wong Kai Yan, Thomas
10.	Authorised representatives	Liu Hualong and Wong Kai Yan, Thomas
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

I. THE BOARD'S DISCUSSION AND ANALYSIS ON THE OPERATION OF THE COMPANY DURING THE REPORTING PERIOD

In the first half of 2013, the operation of the Company was to a certain extent affected by the slowdown in the economy of the PRC and the delay in the tender invitation of its major customers. To cope with the aforesaid situation, the Company actively adopted the business strategy of "adjustment and consolidation, transformation and innovation", aspiring to cater to changes in the external environment and the railway market. Prevailing against all odds, it deepened efforts in market explorations, technical innovation and basic management, and spared no effort in carrying through production and operations, in a bid to prepare for the operation and development in the second half of this year. In the first half of 2013, the revenue of the Company amounted to RMB36,440,885 thousand, representing a decrease of 12.92% as compared with the same period last year; while the profit attributable to owners of the Company amounted to RMB1,461,406 thousand, representing a decrease of 23.83% as compared with the same period last year.

(I) ANALYSIS ON THE CORE BUSINESSES

1. A [illegible]

The core businesses of the Company include rolling stock and its extended products and services.

(1) Revenue breakdown

Project	January to June 2013		January to June 2012		
	Amount (RMB'000)	Percentage %	Amount (RMB'000)	Percentage %	Growth rate %
Locomotives	6,403,953	17.57	6,208,681	14.84	3.15
Passenger carriages	2,003,030	5.50	3,061,672	7.32	(34.58)
Freight wagons	4,007,476	11.00	5,808,898	13.88	(31.01)
MUs	5,046,087	13.85	13,786,631	32.94	(63.40)
Rapid transit vehicles	3,033,253	8.32	3,090,289	7.38	(1.85)
New businesses	6,334,098	17.38	5,408,050	12.92	17.12
Others	9,612,988	26.38	4,485,667	10.72	114.30
Total	36,440,885	100.00	41,849,888	100.00	(12.92)

From January to June 2013, revenue from our locomotive business increased as compared with the same period last year, mainly attributable to the increase in sales of locomotive accessories.

From January to June 2013, revenue from our passenger carriage business decreased as compared with the same period last year, mainly attributable to the drop in delivery of passenger carriages.

From January to June 2013, revenue from our freight wagon business decreased as compared with the same period last year, mainly attributable to the drop in delivery of freight wagons.

From January to June 2013, revenue from our MUs business decreased as compared with the same period last year, mainly attributable to the drop in delivery of MUs.

2. [illegible]

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

The composition and changes of major assets (in net value)

Item	30 June 2013 Amount (RMB'000)	30 June 2013 Percentage %	31 December 2012 Amount (RMB'000)	31 December 2012 Percentage %	Growth Rate %
Total current assets	**71,659,420**	**67.72**	72,261,392	68.68	–0.83
Of which: Cash and cash equivalents	**12,516,867**	**11.83**	14,497,265	13.78	–13.66
Trade receivables	**26,180,297**	**24.74**	26,618,776	25.30	–1.65
Prepayment, deposits and other receivables	**6,027,425**	**5.70**	8,058,186	7.66	–25.20
Inventories	**21,914,232**	**20.71**	18,770,236	17.84	16.75
Total non-current assets	**34,161,361**	**32.28**	32,955,909	31.32	3.66
Of which: Property, plant and equipment	**23,641,592**	**22.34**	22,970,563	21.83	2.92
Total assets	**105,820,781**	**100.00**	105,217,301	100.00	0.57

As at 30 June 2013, the ratio of current assets to total assets of the Company was 67.72%. The asset portfolio of the Company was contributed mainly by current assets and less by non-current assets. Such feature was mainly a result of longer production cycle of the equipment manufacturing industry during the operation.

The cash and cash equivalents of the Company were mainly cash and bank deposits. The balance of cash and cash equivalents as at the end of the period decreased by 13.66% as compared with that as at the beginning of the year. This was mainly attributable to the cash payments of operating activities of the Company.

The trade receivables of the Company were mainly contract receivables. The trade receivables as at the end of the period decreased by 1.65% as compared with that as at the beginning of the year, mainly attributable to the decrease of sales revenue during the reporting period.

The balance of prepayments, deposits and other receivables as at the end of the period decreased by 25.20% as compared with that as at the beginning of the year, mainly attributable to the arrival of the goods and materials which were purchased before the end of 2012.

The inventories of the Company mainly include raw materials, work in progress, finished goods and consigned processing materials. The balance of the net inventories as at the end of the period increased by 16.75% as compared with that as at the beginning of the year mainly attributable to the reserve of raw materials and preparation of finished goods in advance.

The balance of the property, plant and equipment as at the end of the period increased by 2.92% as compared with that as at the beginning of the year. Such increase was mainly attributable to the investment in the projects in progress during the period.

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

Item	30 June 2013 Amount (RMB'000)	30 June 2013 Percentage %	31 December 2012 Amount (RMB'000)	31 December 2012 Percentage %	Growth Rate %
Total current liabilities	**57,267,273**	**87.93**	61,538,414	93.66	–6.94
Of which: Interest-bearing bank and other borrowings	**8,086,838**	**12.42**	8,595,597	13.08	–5.92
Bills payable	**7,698,127**	**11.82**	12,948,103	19.71	–40.55
Trade payables	**27,926,544**	**42.88**	26,714,857	40.66	4.54
Other payables and accruals	**12,212,814**	**18.75**	11,929,561	18.16	2.37
Total non-current liabilities	**7,864,086**	**12.07**	4,169,026	6.34	88.63
Of which: Interest-bearing bank and other borrowings	**3,754,140**	**5.76**	727,376	1.11	416.12
Provision for supplementary pension subsidies and early retirement benefits	**1,400,018**	**2.15**	1,437,450	2.19	–2.6
Total liabilities	**65,131,359**	**100.00**	65,707,440	100.00	-0.88

As at 30 June 2013, the current liabilities of the Company accounted for 87.93% of the total liabilities. The structure of the Company's liabilities was featured by a high proportion of current liabilities, which echoed with the high proportion of current assets.

The short-term interest-bearing bank and other borrowings of the Company as at the end of the period decreased by 5.92% as compared with the beginning of the year, which was mainly attributable to the maturity in the reporting period of bonds recorded at the end of 2012 with a maturity period of less than one year.

The bills payables of the Company were mainly bills issued to suppliers for liquidity. As at the end of the reporting period, the balance of the bills payable as at the end of the period decreased by 40.55% as compared with the beginning of the year, mainly attributable to the fact that the bills payables were matured and accepted during the period.

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, the balance of the trade payable increased by 4.54% as compared with the beginning of the year, mainly due to the increased procurement.

The balance of the other payables and accurals of the Company as at the end of the period increased by 2.37% as compared with the beginning of the year, mainly attributable to the increase of outstanding dividends during the period.

(3) Capital structure

As at 30 June 2013, the gearing ratio of the Company decreased to 61.55% from 62.45% at the beginning of the year.

3. M

Item	January to June 2013 Amount (RMB'000)	January to June 2012 Amount (RMB'000)	Growth rate %
Selling and distribution costs	**1,043,694**	1,353,535	–22.89
Administrative expenses	**3,272,801**	3,693,914	–11.40
Finance costs	**275,281**	483,722	–43.09
Share of profits and losses of associates and jointly-controlled entities	**243,889**	36,679	564.93
Income tax expense	**344,237**	480,655	–28.38

From January to June 2013, the selling and distribution costs of the Company decreased by 22.89% as compared with the same period last year, mainly attributable to the decrease in provision for warranties and transportation fee corresponding to that in its revenue.

Administrative expenses decreased by 11.40% as compared with the same period last year, mainly attributable to: (1) the decrease in the remuneration of management during the period as the Company adopted the performance-linked scheme; and (2) the decrease in expenses in line with the intensified control on cost and expenses.

Finance costs decreased by 43.09% as compared with the same period last year, mainly attributable to the decrease in the interest on the bank borrowings and the issued bonds during the period.

Share of profits and losses of associates and jointly-controlled entities increased by 564.93% as compared with the same period last year, mainly attributable to the increase in profits of associates and jointly-controlled entities.

Income tax expense decreased by 28.38% as compared with the same period last year, mainly attributable to the decrease in profit before tax.

4. B

Item	January to June 2013 Amount (RMB'000)	January to June 2012 Amount (RMB'000)	Increase (RMB'000)
Net cash flow from operating activities	**–3,250,464**	–11,127,354	7,876,890
Net cash flow from investment activities	**–1,939,247**	–1,788,282	–150,965
Net cash flow from financing activities	**3,030,152**	3,087,550	–57,398

From January to June 2013, deficit of net cash flow from operating activities of the Company was RMB3,250,464 thousand, which was RMB7,876,890 thousand lower than that of the same period last year. Such decrease was mainly attributable to the increased cash flow from operating activities compared with the same period last year following the enhanced management of the recovery of receivables. Deficit of net cash flow from investment activities was RMB1,939,247 thousand, representing an increase of RMB150,965 thousand as compared with the same period last year, mainly due to decrease in cash received from disposal of investments. Net cash flow from financing activities was RMB3,030,152 thousand, representing a decrease of RMB57,398 thousand as compared with the same period last year, mainly attributable to the decrease in cash received from investments and the newly issued medium and long term bonds.

5. S

From January to June 2013, the significant capital expenses of the Company are set out in the following table:

Item	**January to June 2013 Amount *(RMB million)***	January to June 2012 Amount (RMB million)
Property, plant and equipment	**1,550**	2,411
Prepaid land lease payments	**42**	75
Total capital expenses	**1,592**	2,486

6. P

(II) Analysis on core competitiveness

In the first half of 2013, the investment in technical aspects of the Company amounted to RMB1.71 billion, accounting for 4.6% of its revenue. Among such technical investment, R&D expenses were RMB1.19 billion, representing a decrease of 16.2% as compared to RMB1.42 billion for the same period last year. The Company has determined its direction of investment in technology for the year. It will organize and implement more than 1,380 technical R&D projects and commence forward-looking and basic technical research and development on the high-end fields of the industry such as MUs, rapid transit vehicles, high-powered and heavy-haul

(2) Equity interests in other listed companies held by the Company

Stock Code	Stock Short Name	Initial Investment Cost	Shareholding at the beginning of the period (%)	Shareholding at the end of the period (%)	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	—	—	RMB2,095,008	—	RMB-447,827	Available-for-sale investments	Purchase
00958.HK	HN Renewables	HK$392,774,658	1.84	1.44	HK$342,938,020	HK$13,760,750	HK$212,884,260	Available-for-sale investments	Purchase
01829.HK	CMEC	HK$391,404,586	—	1.74	HK$302,105,390	—	HK$-95,741,407	Available-for-sale investments	Purchase
00816.HK	Huadian Fuxin	HK$391,868,516	3.08	1.32	HK$222,644,240	HK$56,454,374	HK$100,974,361	Available-for-sale investments	Purchase

Note: 1. The equity interest held by the Company represents less than 1% of the issued share capital of Bank of Communications.

2. During the reporting period, the Company reduced its shareholding in HN Renewables by 33,500,000 shares and made a profit of approximately HK$13,761,000 from the transaction. After the reduction in its shareholding, the Company still holds 122,042,000 shares of HN Renewables, representing 1.44% of the total issued shares of HN Renewables.

3. During the reporting period, the Company reduced its shareholding in Huadian Fuxin by 134,382,000 shares and made a profit of approximately HK$56,454,000 from the transaction. After the reduction in its shareholding, the Company still holds 100,744,000 shares of Huadian Fuxin, representing 1.32% of the total issued shares of Huadian Fuxin.

4. During the reporting period, 71,759,000 shares of CMEC subscribed by the Company as cornerstone investor have been fully settled. At the end of the reporting period, the shareholding of the Company represented 1.74% of the H shares of CMEC.

3. Equity interests in financial enterprises held by the Company

Name of Institution	Initial Investment Amount (RMB)	Shareholding at the Beginning of the Period (%)	Shareholding at the End of the Period (%)	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	—	—	74,400	—	—	Available-for-sale investments	Purchase
Huarong Xiangjiang Bank Corporation Limited	770,000	—	—	550,000	—	—	Available-for-sale investments	Purchase
Donghai Securities Co., Ltd.	19,483,800	1.2	1.2	19,483,800	—	—	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.

2. E

(1) Entrusted investment

During the reporting period, the Company bought the capital guaranteed wealth management products from Shanghai Pudong Development Bank Co., Ltd., China Construction Bank and other banks with a total amount of RMB210 million. The maturity date is in October 2013 with an estimated yield rate of 3.00%-6.20% per annum.

(2) Entrusted loans

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

(3) Other wealth management products and investment in derivatives

During the reporting period, the Company did not have any other significant wealth management products or investment in derivatives which should be disclosed.

3. U

For details of the proceeds and projects funded by the proceeds, please refer to the Specific Report on Deposit and Actual Use of Proceeds Raised from A Share Offering of CSR Corporation Limited in the First Half of 2013 (《中國南車股份有限公司2013年上半年A股募集資金存放與實際使用情況的專項報告》) disclosed by the Company on the website of Shanghai Stock Exchange.

In March 2012, the Company, pursuant to a non-public issue, issued 1,963,000,000 ordinary shares denominated in RMB (A shares). The issue price was RMB4.46 per share and the total proceeds amounted to RMB8,754,980,000. After netting off the issuing expenses, net proceeds raised amounted to RMB8,699,410,000, which was 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). As at 30 June 2013, bank deposit interests of such proceeds amounted to RMB17,270,000 (handling fees of bank deducted). In the first half of 2013, the Company used an aggregate of RMB588,310,000 of proceeds and temporarily supplemented

4. P [illegible] (– [illegible] PRC GAAP)

Unit:'000 Currency: RMB

Name	Principal operations	Industry	Registered capital	Total assets	Net assets attributable to shareholders of the Company	Revenue	Net profit attributable to the parent Company
CSR Yangtze	Research and development, manufacture and maintenance of railway freight wagons	Rolling stock manufacturing industry	2,372,869	5,835,913	2,414,232	2,135,563	104,347
CSR Zhuzhou	Research and development and manufacture of railway electric locomotives, MUs and rapid transit vehicles	Rolling stock manufacturing industry	3,994,296	18,034,875	4,876,062	7,532,590	435,184
CSR Sifang	Research and development and manufacture of railway MUs, passenger carriages and rapid transit vehicles; provision of maintenance services of railway MUs and high-end passenger carriages	Rolling stock manufacturing industry	4,003,794	19,850,379	6,000,773	5,539,896	420,855
CSR Sifang Ltd.	Maintenance of railway passenger carriages and manufacture of certain accessories for MUs	Rolling stock manufacturing industry	293,096	4,899,268	1,692,867	1,335,354	210,639
CSR ZELRI	Research and development and manufacture of railway electric powered motors and control technology and related electric equipment; research and development and manufacture of railway vehicle accessories	Rolling stock manufacturing industry	3,332,900	23,654,394	5,375,056	6,221,418	253,767

Unit:'000 Currency: RMB

Significant Events

I CORPORATE GOVERNANCE

The Company, as an enterprise listed in both Mainland China and Hong Kong, put forward corporate governance work in compliance with requirements of the laws, regulations and the listing rules of stock exchanges such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and Hong Kong Listing Rules. It established a modern corporate governance structure featuring "three meetings and one management" and a standardised and effective corporate governance mechanism. Through continuous efforts in improving all internal control systems of the Company and standardising corporate operations, the Company aspires to develop itself into a listed company with a positive market image. During the reporting period, the Company's corporate governance meets the requirements of regulatory documents applicable to listed companies in the PRC and Hong Kong.

Compliance with the Corporate Governance Code

After reviewing the corporate governance documents adopted by the Company, the Board is of the opinion that during the reporting period, the Company was in strict compliance with all the principles, code provisions and part of the recommended best practices in the Corporate Governance Code (Appendix 14 of the Hong Kong Listing Rules). In certain aspects, the corporate governance practices adopted by the Company are more stringent than the code provisions set out in the Corporate Governance Code.

Securities transactions by Directors and Supervisors

The Company strictly complied with Hong Kong Listing Rules (especially the Model Code set out in Appendix 10), the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and Management Methods on Shares and Changes on the Shareholdings Held by Directors, Supervisors and Senior Management of CSR Corporation Limited. The Company issued notice providing guidelines for security transactions of Directors and Supervisors, while same requests were also made for the key staff who may have access to the price-sensitive information. The Company confirmed that all Directors and Supervisors had complied with the abovementioned requirements regarding securities transactions during the reporting period.

Review of Interim Report by the Audit and Risk Management Committee

The Audit and Risk Management Committee of the Company has reviewed the unaudited interim financial statements and interim report of the Company for the six months ended on 30 June 2013 and agreed to submit to the Board for consideration and approval.

II. MATERIAL LITIGATION, ARBITRATION AND MATTERS WIDELY CONTESTED BY THE MEDIA

The Company was not involved in any material litigation, arbitration or matters widely contested by the media during the reporting period.

III. MATTERS RELATED TO BANKRUPTCY AND REORGANISATION

There were no events relating to bankruptcy or reorganisation during the reporting period.

IV. MATTERS RELATED TO ASSETS TRANSACTIONS AND CORPORATE MERGERS

Please refer to Note 22 to the financial statements in this results announcement for details of the Company's assets transactions and corporate mergers.

V. THE COMPANY'S 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.

Pursuant to relevant terms and regulations of the Share Option Scheme adopted by the Company, subject to fulfilment of certain effective conditions, each participant may exercise up to 1/3 of the total share options granted during the first exercisable period, which shall commence on the first trading day after the expiration of the 24-month period following the grant date and shall end on the last trading day preceding the expiration of the 60-month period following the grant date. As the 2012 annual results of the Company failed to achieve the required revenue growth rate under the Share Option Scheme, the first batch of share options did not become effective. Pursuant to relevant terms and requirements under the Share Option Scheme, on 27 April 2013, the Company cancelled the share options not becoming effective totaling 12,201,667 shares. For details of the share options not becoming effective and the cancellation, please refer to the relevant announcement dated 27 April 2013 published on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily and on the website of Shanghai Stock Exchange and the website of Hong Kong Stock Exchange.

Implementation of share incentives and their 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 controllers, together with their respective spouses and lineal relatives.
Total granted but outstanding options at the beginning of the reporting period on cumulative basis	36,605,000
Total granted options during the reporting period	0
Total exercised options during the reporting period	0
Total cancelled options during the reporting period	12,201,667
Total granted but outstanding options at the end of the reporting period on cumulative basis	24,403,333
Total granted and exercised options 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.

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

Name	Position	Number of outstanding options at the beginning of the reporting period	Number of granted options during the reporting period	Number of exercised options during the reporting period	Number of cancelled options during the reporting period	Number of outstanding options at the end of the reporting period
Zheng Changhong	Chairman, Executive Director	200,000	0	0	66,667	133,333
Liu Hualong	President, Executive Director	170,000	0	0	56,667	113,333
Zhang Jun	Vice President	170,000	0	0	56,667	113,333
Fu Jianguo	Vice President	170,000	0	0	56,667	113,333
Zhan Yanjing	Vice President, Chief Financial Officer	170,000	0	0	56,667	113,333
Wang Jun	Vice President	141,400	0	0	47,133	94,267
Lou Qiliang	Vice President	141,400	0	0	47,133	94,267
Xu Zongxiang	Vice President	141,400	0	0	47,133	94,267
Zhang Xinning	Chief Engineer	150,000	0	0	50,000	100,000
Shao Renqiang	Secretary to the Board, Chief Economist	150,000	0	0	50,000	100,000
Sub-total		1,604,200	0	0	534,734	1,069,466
Subtotal of other participants		35,000,800	0	0	11,666,933	23,333,867
Total		36,605,000	0	0	12,201,667	24,403,333

Validity period and exercise period of the share options	The validity period of the share options is for 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 fulfilment of all effective conditions, the share options shall become exercisable in three separate batches, each with an exercise period of three years after 24 months, 36 months and 48 months respectively commencing from the date on which the share options are granted.
Equity changes arising from exercise of share options by participants	There was no equity change due to exercise 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: 5-7 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 and written down in January to June in 2013 was RMB-25,810,041 in total. 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.

VI. MATERIAL CONTRACTS AND THEIR PERFORMANCE

(I) Trusts, contracting and lease arrangements

The Company did not enter into any material trust, contracting or lease arrangements during the reporting period.

(II) Guarantees

Unit: '000 Currency: RMB

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) (A)	—

Guarantees provided by the Company in favour of its subsidiaries	
Total guarantee amount provided to the Company 's subsidiaries during the reporting period	3,159,116
Total guarantee balance provided to the Company 's subsidiaries at the end of the reporting period (B)	3,484,425

Aggregate guarantee amount provided by the Company (including guarantees provided by the Company in favour of its subsidiaries)	
Total guarantee amount (A+B)	3,484,425
Percentage of total guarantee amount to net assets of the Company (%)	1B[redacted]

(III) Other Material Contracts or Transactions

During the reporting period, the Company signed a number of material sales contracts. Please refer to the announcements of the Company dated 12 January, 5 February and 28 May 2013 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, respectively.

VII. PERFORMANCE OF UNDERTAKINGS

(I) The non-competition undertakings are as follows: i) CSRG undertakes that CSRG will not 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; ii) Subject to the aforesaid undertaking i), should CSRG (including its wholly-owned and non wholly-owned subsidiaries or other associates) 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 s

(III) Undertakings 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 properties in Shijiazhuang, 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. In respect of those properties in Chengdu, 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

VIII. APPOINTMENT AND REMOVAL OF AUDITORS

The Company continued to engage Ernst & Young Hua Ming LLP and Ernst & Young as its domestic and international audit firms for the audit of its 2013 annual financial report, respectively.

IX. PUNISHMENTS AND RECTIFICATIONS OF THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS WITH MORE THAN 5% OF SHAREHOLDING IN THE COMPANY, ULTIMATE CONTROLLER AND OFFEROR

During the reporting period, none of the Company, its Directors, Supervisors, Senior Management members, shareholder with more than 5% of sh[redacted]

(IV) Corporate Bonds

On 22 April 2013, the Company issued corporate bonds of RMB3 billion publicly. China International Capital Corporation Limited was the sponsor, while China International Capital Corporation Limited and UBS Securities Co. Limited were the joint lead underwriters. The corporate bonds consist of 5-year-term and 10-year-term bonds, of which, 5-year-term bonds having an issue amount of RMB1.5 billion with the interest rate of 4.7% and the maturity date of 22 April 2018, and 10-year-term bonds having an aggregate principal amount of RMB1.5 billion with the interest rate of 5% and the maturity date of 22 April 2023.

(V) Mid-term notes

On 3 February 2010, the Company issued mid-term notes with a term of three years in the PRC inter bank market, with an issue amount of RMB2 billion. China International Capital Corporation Limited and Bank of Communications Co., Ltd. were the joint lead underwriters. The interest rate was 4.08% and the maturity date was 3 February 2013, which had been repaid upon maturity.

Changes in Share Capital and Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Changes in shares

1. [illegible]

Unit: share

	Before change		Increase / decrease (+/-) of shares subject to trading moratorium	After change	
	Quantity	Percentage (%)		Quantity	Percentage (%)
I. Shares subject to trading moratorium	2,263,000,000	16.39	-600,896,300	1,662,103,700	12.04
1. State-owned legal person shares	1,944,614,700	14.09	-282,511,000	1,662,103,700	12.04
2. Other domestic shares	318,385,300	2.30	-318,385,300	—	—
II. Shares not subject to trading moratorium	11,540,000,000	83.61	600,896,300	12,140,896,300	87.96
1. Ordinary shares denominated in RMB	9,516,000,000	68.94	600,896,300	10,116,896,300	73.29
2. Overseas listed foreign shares	2,024,000,000	14.67	—	2,024,000,000	14.67
III. Total number of shares	13,803,000,000	100	—	13,803,000,000	100

2. [illegible]

In March 2013, 600,896,300 shares of the Company which were initially subject to trading moratorium in the non-public issue of A shares of the Company commenced trading.

3. [illegible]

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

4. [illegible]

During the reporting period, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's securities under the Hong Kong Listing Rules.

(II) Changes in shares subject to trading moratorium

Unit: share

Name of shareholder	Number of shares subject to trading moratorium at the beginning of the reporting period	Number of shares released from trading moratorium in the reporting period	Number of additional shares subject to trading moratorium in the reporting period	Number of shares subject to trading moratorium at the end of the reporting period	Reason for trading moratorium	Release date of trading moratorium
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	—	—	300,000,000	Transfer	18 August 2014
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)	78,475,300	78,475,300	—	—	Non-public issue of A shares	15 March 2013
CSRG	1,362,103,700	—	—	1,362,103,700	Non-public issue of A shares	15 March 2015
E Fund Management Co., Ltd. (易方達基金管理有限公司)	107,623,300	107,623,300	—	—	Non-public issue of A shares	15 March 2013
Penghua Fund Management Co., Ltd. (鵬華基金管理有限公司)	71,748,800	71,748,800	—	—	Non-public issue of A shares	15 March 2013
Anhui Investment Group Holdings Co., Ltd. (安徽省投資集團控股有限公司)	69,506,700	69,506,700	—	—	Non-public issue of A shares	15 March 2013
China Railway Materials Company Limited (中國鐵路物資股份有限公司)	67,264,500	67,264,500	—	—	Non-public issue of A shares	15 March 2013
Harvest Fund Management Co., Ltd. (嘉實基金管理有限公司)	67,264,500	67,264,500	—	—	Non-public issue of A shares	15 March 2013
China National Machinery Industry Corporation (中國機械工業集團有限公司)	67,264,500	67,264,500	—	—	Non-public issue of A shares	15 March 2013
AEGONINDUSTRIAL Fund Management Co., Ltd. (興業全球基金管理有限公司)	38,116,500	38,116,500	—	—	Non-public issue of A shares	15 March 2013
China Merchants Fund Management Co., Ltd. (招商基金管理有限公司)	33,632,200	33,632,200	—	—	Non-public issue of A shares	15 March 2013
Total	2,263,000,000	600,896,300	—	1,662,103,700	/	/

II. PARTICULARS OF SHAREHOLDERS

(I) Number of shareholders and their shareholdings

1. [illegible]

As at the end of the reporting period, the Company had 278,393 shareholders in total, including 275,811 holders of A shares and 2,582 holders of H shares.

2. [illegible]

Unit: share

Name of shareholder	Nature of shareholder	Percentage of shareholding (%)	Total number of shares held	Change during the reporting period	Number of shares subject to trading moratorium	Number of shares pledged or frozen
CSRG	State-owned legal person	56.46	7,793,187,342	2,500,257	1,362,103,700	Nil
HKSCC NOMINEES LIMITED	Overseas legal person	14.61	2,016,927,839	-520,000	—	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	—	300,000,000	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	1.00	138,454,873	738,700	—	Unknown
National Social Security Fund 502 (全國社保基金五零二組合)	Other	0.73	100,990,000	—	—	Unknown
CSR Capital Company	State-owned legal person	0.67	93,085,715	—	—	Nil
Anhui Investment Group Holdings Co., Ltd. (安徽省投資集團控股有限公司)	State-owned legal person	0.50	69,506,700	—	—	Unknown
China Railway Materials Company Limited (中國鐵路物資股份有限公司)	State-owned legal person	0.49				

3. [illegible]

Unit: share

Name of shareholder	Number of shares not subject to trading moratorium held	Type of shares
CSRG	6,431,083,642	Ordinary shares denominated in RMB
HKSCC NOMINEES LIMITED	2,016,927,839	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)	138,454,873	Ordinary shares denominated in RMB
National Social Security Fund 502 (全國社保基金五零二組合)	100,990,000	Ordinary shares denominated in RMB
CSR Capital Company	93,085,715	Ordinary shares denominated in RMB
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)	78,475,300	Ordinary shares denominated in RMB
Anhui Investment Group Holdings Co., Ltd. (安徽省投資集團控股有限公司)	69,506,700	Ordinary shares denominated in RMB
China Railway Materials Company Limited (中國鐵路物資股份有限公司)	67,264,500	Ordinary shares denominated in RMB
China National Machinery Industry Corporation (中國機械工業集團有限公司)	63,830,000	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)	59,599,445	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. 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. [illegible]

Unit: share

No.	Name of holders of shares subject to trading moratorium	Release of trading moratorium: Number of shares subject to trading moratorium held	Release of trading moratorium: Expiry date of trading moratorium	Release of trading moratorium: No. of additional shares available for listing and trading	Terms of 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	18 August 2014	300,000,000	Implementation Measures on the Transfer of Certain State-owned Shares in Domestic Stock Market for Replenishing National Social Security Fund

Connections or parties acting in concert among the	

5. Substantial Shareholders' and Other Persons' Interests and Short Positions

As at 30 June 2013, the persons set out in the table below had interest or short position in the Company's shares as recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholders	Capacity	H share or A share	Nature of Interest	No. of H shares or A shares held	Percentage of H shares or A shares held in the total issued H shares or A shares (%)
CSRG[1]	Beneficial owner	A shares	Long position	7,793,187,342	66.16
	Interest of corporation controlled by the substantial shareholder	A shares	Long position	93,085,715	0.79
Karr Robert A.	Interest of corporation controlled by the substantial shareholder	H shares	Long position	261,952,794	12.94
Joho Partners L.P.	Beneficial owner	H shares	Long position	261,449,273	12.92
The Capital Group Companies, Inc.	Interest of corporation controlled by the substantial shareholder	H shares	Long position	163,234,000	8.06
Morgan Stanley	Interest of corporation controlled by the substantial shareholder	H shares	Long position	152,766,942	7.54
	Interest of corporation controlled by the substantial shareholder	H shares	Short position	147,356,250	7.28
Deutsche Bank Aktiengesellschaft	Beneficial owner/Person having a security interest in shares/ Interest of corporation controlled by the substantial shareholder/Custodian/Approved lending agent	H shares	Long position	137,459,835	6.79
	Beneficial owner/Person having a security interest in shares	H shares	Short position	124,142,322	6.13
	Custodian/Approved Lending agent	H shares	Lending pool	327,000	0.02
National Council for Social Security Fund	Beneficial owner	H shares	Long position	121,308,000	5.99
Schroders Plc	Investment manager	H shares	Long position	102,491,165	5.06
Plowden Charles	Interest of corporation controlled by the substantial shareholder	H shares	Long position	101,793,000	5.03
JPMorgan Chase & Co.	Beneficial owner/Investment manager/ Custodian/Approved lending agent	H shares	Long position	101,478,134	5.01
	Beneficial owner		Short position	55,000	0.00
	Custodian/Approved Lending agent		Lending pool	90,565,996	4.47

Notes:

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

(2) Except for the direct holding of the 7,793,187,342 shares by CSRG and the proportion details, other 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 are aware, as at 30 June 2013, no other person had interest and/or short position 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.

(II) Strategic investors or ordinary legal persons who became top ten shareholders due to placing of shares

Names of strategic investor or ordinary legal person	Starting date of agreed share-holding	Expiration date of agreed shareholding
National Social Security Fund 502 (全國社保基金五零二組合)	15 March 2012	14 March 2013
Anhui Investment Group Holdings Co., Ltd. (安徽省投資集團控股有限公司)	15 March 2012	14 March 2013
China National Machinery Industry Corporation	15 March 2012	14 March 2013
China Railway Materials Company Limited	15 March 2012	14 March 2013

III. CHANGES IN THE CONTROLLING SHAREHOLDER OR THE ULTIMATE CONTROLLER

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

I. CHANGES IN SHAREHOLDING

(I) Changes in Shareholding by Current and Retired Directors, Supervisors and Senior Management during the Reporting Period

During the reporting period, there was no change in the shareholding of Directors, Supervisors and Senior Management.

(II) Share Options Granted to Directors and Senior Management During the Reporting Period

Unit: share

Name	Position	Number of outstanding share options held at the beginning of the reporting period	Number of share options newly granted during the reporting period	Number of share options exercised during the reporting period	Number of share options cancelled during the reporting period	Number of outstanding share options at the end of the reporting period
Zheng Changhong	Chairman, Executive Director	200,000	0	0	66,667	133,333
Liu Hualong	President, Executive Director	170,000	0	0	56,667	113,333
Zhang Jun	Vice President	170,000	0	0	56,667	113,333
Fu Jianguo	Vice President	170,000	0	0	56,667	113,333
Zhan Yanjing	Vice President, Chief Financial Officer	170,000	0	0	56,667	113,333
Wang Jun	Vice President	141,400	0	0	47,133	94,267
Lou Qiliang	Vice President	141,400	0	0	47,133	94,267
Xu Zongxiang	Vice President	141,400	0	0	47,133	94,267
Zhang Xinning	Chief Engineer	150,000	0	0	50,000	100,000
Shao Renqiang	Secretary to the Board of Directors, Chief Economist	150,000	0	0	50,000	100,000
Subtotal		1,604,200	0	0	534,734	1,069,466

(III) SHAREHOLDING INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As at 30 June 2013, 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
Zheng Changhong	Chairman, Executive director	12 August 2011	A shares	60,000
Liu Hualong	President, Executive director	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

Save as disclosed in (II) and (III) in this section, as at 30 June 2013, none of the Directors, supervisors or chief executive of the Company, or their spouses or children under 18 had held interest and short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required, pursuant to section 352 of the SFO, to be entered in the register of the Company, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code by the Directors or Supervisors.

II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

There were no changes in Directors, Supervisors or Senior Management during the reporting period.

III. CHANGES OF INFORMATION OF DIRECTORS OR SUPERVISORS

During the reporting period, the following changes of information occurred on certain Directors and Supervisors of the Company:

1. Mr. Sun Ke, a Supervisor of the Company, has ceased to be the head of the Audit and Risk Department of the Company since May 2013 due to business requirements.

2. Mr. Dai Deming, an independent non-executive Director of the Company, has ceased to be an external supervisor of China Construction Bank Corporation since June 2013. Mr Dai Deming is currently serving as an external director of Anshan Iron and Steel Group Corporation.

3. Mr. David Tsoi, an independent non-executive Director of the Company, has assumed the role of an independent non-executive director of Universal Technologies Holdings Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 1026) since June 2013. Besides, as the entity of the Macau Society of Certified Practising Accountants has changed, previous members ceased to hold membership of the society, therefore, the information of Mr. David Tsoi disclosed pursuant to Rule 13.51(2) of the Hong Kong Listing Rules will no longer include "member of the Macau Society of Certified Practising Accountants ".

Save as disclosed above, there were no changes in the information of other Directors or Supervisors of the Company disclosed pursuant to relevant requirements of Rule 13.51(2) of the Hong Kong Listing Rules.

Interim Condensed Consolidated Income Statement

Six months ended 30 June 2013

	Notes	For the six months ended 30 June	
		2013	2012
		(Unaudited)	(Unaudited)
		RMB'000	*RMB'000*
REVENUE	4	**36,440,885**	41,849,888
Cost of sales		**(30,329,204)**	(33,940,405)
Gross profit		**6,111,681**	7,909,483

Interim Condensed Consolidated Statement Of Financial Position

30 June 2013

	Notes	As at 30 June 2013 (Unaudited) RMB'000	As at 31 December 2012 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	23,641,592	22,970,563
Prepaid land lease payments		4,538,180	4,456,656
Goodwill		105,774	97,147
Other intangible assets		551,881	554,326
Investments in jointly-controlled entities		1,770,214	1,753,479
Investments in associates		826,449	819,076
Loans Receivables		30,000	—
Available-for-sale investments	12	725,929	526,630
Deferred tax assets		520,410	469,695
Other non-current assets		1,450,932	1,308,337
Total non-current assets		34,161,361	32,955,909
CURRENT ASSETS			
Inventories	14	21,914,232	18,770,236
Trade receivables	13	26,180,297	26,618,776
Bills receivable		3,807,926	3,735,597
Prepayments, deposits and other receivables		6,027,425	8,058,186
Financial assets at fair value through profit or loss	15	6,595	7,346
Derivative financial instruments	16	7,652	2,243
Tax recoverable		46,446	24,314
Pledged deposits	17	1,151,980	547,429
Cash and cash equivalents	17	12,516,867	14,497,265
Total current assets		71,659,420	72,261,392
CURRENT LIABILITIES			
Trade payables	18	27,926,544	26,714,857
Bills payable		7,698,127	12,948,103
Other payables and accruals	19	12,212,814	11,929,561
Interest-bearing bank and other borrowings	20	8,086,838	8,595,597
Defined benefit obligations		138,200	138,200
Tax payable		251,059	461,236
Provision for warranties		352,764	479,453
Government grants		600,927	271,407
Total current liabilities		57,267,273	61,538,414
NET CURRENT ASSETS		14,392,147	10,722,978
TOTAL ASSETS LESS CURRENT LIABILITIES		48,553,508	43,678,887

	Notes	As at 30 June 2013 (Unaudited) RMB'000	As at 31 December 2012 (Audited) RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	20	**3,754,140**	727,376
Defined benefit obligations		**1,400,018**	1,437,450
Provision for warranties		**1,029,537**	972,229
Government grants		**1,583,115**	927,214
Deferred tax liabilities		**50,203**	45,427
Other non-current liabilities		**47,073**	59,330
Total non-current liabilities		**7,864,086**	4,169,026
Net assets		**40,689,422**	39,509,861
EQUITY			
Equity attributable to owners of the parent			
Share capital		**13,803,000**	13,803,000
Reserves		**19,179,838**	17,710,157
Proposed final dividend		**—**	1,242,270
		32,982,838	32,755,427
Non-controlling interests		**7,706,584**	6,754,434
Total equity		**40,689,422**	39,509,861

Interim Condensed Consolidated Statement Of Changes In Equity

Six months ended 30 June 2013

	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 2013	13,803,000	9,424,387	(168,965)	90,106	766,001	(24,775)	7,623,403	1,242,270	32,755,427	6,754,434	39,509,861
Profit for the period	–	–	–	–	–	–	1,461,406	–	1,461,406	212,344	1,673,750
Other comprehensive income for the period:											
Change in fair value of available-for-sale investments, net of tax	–	–	164,729	–	–	–	–	–	164,729	–	164,729
Exchange differences on translation of foreign operations	–	–	–	–	–	(18,583)	–	–	(18,583)	(14,573)	(33,156)
Total comprehensive income for the period	–	–	164,729	–	–	(18,583)	1,461,406	–	1,607,552	197,771	1,805,323
Capital contribution from non-controlling shareholders *(Note 1)*	–	–	–	–	–	–	–	–	–	859,201	859,201
Excess of the cost of acquisition of additional interests in subsidiaries over the acquirers ' additional interests in the carrying value of identifiable net assets *(Note 2)*	–	(112,061)	–	–	–	–	–	–	(112,061)	112,061	–
Dividends paid to non-controlling Shareholders	–	–	–	–	–	–	–	–	–	(216,883)	(216,883)
Equity-settled share option arrangement	–	–	–	(25,810)	–	–	–	–	(25,810)	–	(25,810)
Final 2012 dividend declared	–	–	–	–	–	–	–	(1,242,270)	(1,242,270)	–	(1,242,270)
At 30 June 2013 (Unaudited)	13,803,000	9,312,326*	(4,236)*	64,296*	766,001*	(43,358)*	9,084,809*	–	32,982,838	7,706,584	40,689,422

* These reserve accounts comprise the consolidated reserves of RMB19,179,838,000 (31 December 2012 RMB17,710,157,000) in the consolidated statement of financial position.

Note 1: In the current period, pursuant to the resolutions of 24th meeting of the fifth board of directors, the first extraordinary general meeting of 2012 and 2013, and "Approval of right issue of Zhuzhou Times New Material Technology Co., Ltd." (Zheng Jian Xu Ke [2013] No. 208) from the China Securities Regulatory Commission ("CSRC"), Zhuzhou Times New Material Technology Co., Ltd. ("ZTNM"), the subsidiary of the Company, offered 3 shares for every 10 to all shareholders, based on the total share capital of 517,341,440 on 30 September 2011, which caused non-controlling interests to increase RMB736,628,000.

In the current period, the non-controlling shareholder injected capital into Hangzhou CSR Rail Transportation Company Limited, which caused non-controlling interests to increase RMB83,300,000.

In the current period, the non-controlling shareholder injected capital into Nanning CSR Aluminum Precision Co., Ltd., which caused non-controlling interests to increase RMB15,680,000.

Note 2: In the current period, the Group purchased 9,843,997 shares of ZTNM from Shanghai Stock Exchange, which caused non-controlling interests to increase RMB112,061,000 with the effect of right issue of ZTNM as above.

	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 2012	11,840,000	2,685,876	(74,970)	36,066	496,595	(32,098)	5,125,621	2,484,540	22,561,630	5,526,287	28,087,917
Profit for the period	–	–	–	–	–	–	1,918,625	–	1,918,625	397,459	2,316,084
Other comprehensive income for the period:											
Change in fair value of available-for-sale investments, net of tax	–	–	(81,378)	–	–	–	–	–	(81,378)	–	(81,378)
Exchange differences on translation of foreign operations	–	–	–	–	–	930	–	–	930	(341)	589
Total comprehensive income for the period	–	–	(81,378)	–	–	930	1,918,625	–	1,838,177	397,118	2,235,295
Capital contribution from Shareholders *(Note 1)*	1,963,000	6,736,405	–	–	–	–	–	–	8,699,405	–	8,699,405
Capital contribution from non-controlling shareholders *(Note 2)*	–	–	–	–	–	–	–	–	–	374,087	374,087
Dilution of non-controlling interests	–	(2,344)	–	–	–	–	–	–	(2,344)	2,344	–
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(213,434)	(213,434)
Equity-settled share option arrangement	–	–	–	26,024	–	–	–	–	26,024	–	26,024
Final 2011 dividend declared	–	–	–	–	–	–	–	(2,484,540)	(2,484,540)	–	(2,484,540)
At 30 June 2012 (Unaudited)	13,803,000	9,419,937*	(156,348)*	62,090*	496,595*	(31,168)*	7,044,246 *	–	30,638,352	6,086,402	36,724,754

* These reserve accounts comprise the consolidated reserves of RMB16,835,352,000 (31 December 2011 RMB8,237,090,000) in the consolidated statement of financial position.

Note 1: 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 net amount of proceeds from the non-public issue of A shares is RMB8,699,405,000, including share capital increasing by RMB1,963,000,000, capital reserve increasing by RMB6,736,405,000.

Note 2: In the current period, the non-controlling shareholder injected capital into Guangdong CSR Railway Transportation Vehicle Co., Ltd., which caused non-controlling interests to increase RMB294,000,000;

In the current period, the non-controlling shareholders injected capital into Ningbo CSR Urban Rail Transit Equipment Co., Ltd., which caused non-controlling interests to increase RMB36,000,000;

In the current period, the Group established a subsidiary, Nanning CSR Aluminum Precision Co., Ltd., together with Guangxi Alnan Aluminum Manufacturing Co Ltd., which caused non-controlling interests to increase RMB23,520,000.

Interim Condensed Consolidated Statement Of Cash Flow

Six months ended 30 June 2013

	Note	For the six months ended 30 June	
		2013	2012
		(Unaudited)	(Unaudited)
		RMB'000	*RMB'000*
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		**(3,250,464)**	(11,127,354)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(1,939,247)**	(1,788,282)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		**3,030,152**	3,087,550
EFFECT OF EXCHANGE RATE ON CASH FLOWS		**(69,170)**	329
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(2,228,729)**	(9,827,757)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**14,452,266**	21,975,876
CASH AND CASH EQUIVALENTS AT END OF PERIOD	17	**12,223,537**	12,148,119

1. CORPORATE INFORMATION

CSR Corporation Limited (the "Company") was registered in the People's Republic of China ("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. In 2012, the Company completed the non-public issue of 1,963,000,000 A shares with par value RMB1.00 each, and the issue price was RMB4.46 per share, which was approved by the 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 (formerly named as China South Locomotive and Rolling Stock Industry (Group) Corporation), 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 2013 have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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

IAS 1 Amendments — *Amendments to IAS 1 Presentation of Financial Statements — Clarification of the requirement for comparative information*

The amendment to IAS 1 clarifies the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional voluntarily comparative information does not need to be presented in a complete set of financial statements.

An opening statement of financial position (known as the 'third balance sheet') must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the statement of financial position at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes. Under IAS 34, the minimum items required for interim condensed financial statements do not include a third balance sheet. The amendments had no effect on the financial position or performance on the Group.

IAS 32 Amendment — Amendment to IAS 32 Financial Instruments: Presentation — *Tax effects of distributions to holders of equity instruments*

The amendment to IAS 32 Financial Instruments: Presentation clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The amendment did not have an impact on the interim condensed consolidated financial statements for the Group, as there is no tax consequences attached to cash or non-cash distribution.

IAS 34 Amendment — *Amendment to IAS34 Interim Financial Reporting — Interim financial reporting and segment information for total assets and liabilities*

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The amendments had no effect on the financial position or performance on the Group.

IAS 19 (2011) — *Employee Benefits (Revised)*

IAS 19 (2011) includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised in other comprehensive income (OCI) and permanently excluded from profit and loss; expected returns on plan assets that are no longer recognised in profit or loss, instead, there is a requirement to recognise interest on the net defined benefit liability (asset) in profit or loss, calculated using the discount rate used to measure the defined benefit obligation, and; unvested past service costs are now recognised in profit or loss at the earlier of when the amendment occurs or when the related restructuring or termination costs are recognised. Other amendments include new disclosures, such as, quantitative sensitivity disclosures.

IAS 19 (2011) requires restatement. As the impact was not significant, the Group did not made such restatements in the interim condensed consolidated financial statements.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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

IFRS 1 Amendments — *Amendments to IFRS 1 First-time Adoption of IFRSs: Government Loans*

Amendments to IFRS 1 First-time Adoption of IFRSs: Government Loans require a first-time adopter to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance prospectively to government loans existing at the date of transition to IFRSs. Entities may choose to apply the requirements of IFRS 9 Financial Instruments (or IAS 39 Financial Instruments: Recognition and Measurement, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendments had no effect on the financial position or performance on the Group.

IFRS 7 Amendments — *Amendments to IFRS 7 Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*

The IFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The amendments had no

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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

IFRS 13 — *Fair Value Measurement*

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group.

IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements period. The Group provides these disclosures in Note 25.

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 9	*Financial Instruments* [2]
IFRS 10, IFRS 12 and IAS 27 (2011) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) – *Investment Entities*[1]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments:* Presentation – *Offsetting Financial Assets and Financial Liabilities*[1]
IAS 36 Amendments	Amendments to IAS 36 *Impairment of Assets* – *Recoverable Amount Disclosures for Non-Financial Assets*[1]
IAS 39 Amendments	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*[1]
IFRIC 21	*Levies1*

[1] Effective for annual periods beginning on or after 1 January 2014
[2] 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 mainly represents the net invoiced value of goods sold, after allowance for returns and trade discounts, and excludes sales taxes and intra-group transactions.

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

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue		
Sales of goods and services	**36,389,073**	41,849,888
Finance Company:		
Interest income from banks and other financial institutions	**51,812**	—
	36,440,885	41,849,888
Other income		
Interest income	**72,764**	161,523
Dividend income	**112**	98
Profit from sales of scrap materials	**19,638**	13,778
Value-added tax refunds	**3,073**	39,101
Government grants	**203,259**	171,191
	298,846	385,691
Gains		
Fair value gains, net:		
Avaliable-for-sale investments (transfer from equity on disposal)	**56,218**	—
Derivative financial instruments	**5,409**	—
Gain on financial investments included in other receivable	**—**	21,666
Gain on rental of items of property, plant and equipment	**344**	10
Gain on technical service	**14,631**	16,601
Gain on commission service	**6,452**	6,320
Others	**(2,363)**	1,071
Total	**80,691**	45,668
	379,537	431,359

5. PROFIT BEFORE TAX

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

		For the six months ended 30 June	
		2013	2012
		(Unaudited)	(Unaudited)
		RMB'000	*RMB'000*
Cost of inventories sold		**30,329,204**	33,940,405
Depreciation of items of property, plant and equipment		**840,699**	787,979
Amortisation of lease prepayments		**51,032**	49,706
Amortisation of other intangible assets		**59,086**	55,342
Provision against obsolete inventories	(i)	**95,701**	64,823
Provision for warranties		**257,540**	646,720
Minimum lease payments under operating leases:			
Plant and machinery		**22,658**	13,448
Land and buildings		**30,189**	26,468
Research and development costs		**1,186,947**	1,422,649
Less: amount capitalised		**—**	(6,012)
		1,186,947	1,416,637
Included in other expenses, net:			
Impairment of trade receivables		**117,688**	159,968
Impairment of other receivables		**(6,788)**	(34,943)
Exchange losses/(gains), net		**13,584**	(100,127)
Loss/(gain) on disposal of items of property, plant and equipment, net		**860**	(11,594)
Gain on disposal of lease prepayments		**—**	(4)
Loss on equity investments at fair value through profit or loss		**—**	36,311
		125,344	49,611

Note:

(i) Included in "Cost of sales" on the face of the consolidated income statements for the six months ended 30 June 2012 and 30 June 2013.

6. FINANCE COSTS

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest on bank and other borrowings wholly repayable within five years	**294,679**	525,431
Interest on bills discounted	**159**	—
Less: Interest capitalised in construction in progress	**(20,184)**	(41,709)
Unrealised loss on financial instruments at fair value through profit or loss	**627**	—
	275,281	483,722

7. INCOME TAX

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

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current income tax		
Current income tax charge	**404,355**	544,564
Deferred income tax		
Relating to origination and reversal of temporary differences	**(60,118)**	(63,909)
Income tax expense	**344,237**	480,655

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 2012 and 2013, 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 2013 (six months ended 30 June 2012: 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 2013, the Company's shareholders approved the payment of the final dividend sfor the year ended 31 December 2012 of RMB0.09 per share which amounted to RMB1,242,270,000.

The board of directors of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: 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 30 June 2013 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	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**1,461,406**	1,918,625
Shares		
Weighted average number of domestic shares in issue during the period used in the calculation of basic earnings per share	**13,803,000,000**	13,006,894,444
Effect of dilution – weighted average number of ordinary shares: Share options	**—**	—
	13,803,000,000	13,006,894,444

10. COMPONENTS OF OTHER COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Available-for-sale investments:		
Gains/(losses) arising during the period	**177,979**	(81,145)
Less: Transfer to profit or loss on disposal	**—**	—
	177,979	(81,145)

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2013, the Group acquired property, plant and equipment with a cost of approximately RMB1,550 million (six months ended 30 June 2012: RMB2,411 million). The amount of borrowing costs capitalised during the six months ended 30 June 2013 was approximately RMB20 million (six months ended 30 June 2012: RMB42 million). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 4.80%-6.98% (six months ended 30 June 2012: 5.76%-7.22%).

In addition, during the same period, property, plant and equipment with a net book value of approximately RMB94 million (six months ended 30 June 2012: RMB114 million) were disposed of by the Group which resulted in a net loss on disposal of approximately RMB1 million (six months ended 30 June 2012: net gain on disposal of approximately RMB12 million).

See also note 23 for capital commitments.

12. AVAILABLE-FOR-SALE INVESTMENTS

	As at 30 June 2013 (Unaudited) *RMB'000*	As at 31 December 2012 (Audited) *RMB'000*
Unlisted equity investments, at cost less impairment	**32,677**	33,077
Listed equity investments, in the PRC, at fair value	**693,252**	493,553
	725,929	526,630

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 2013 (Unaudited) *RMB'000*	As at 31 December 2012 (Audited) *RMB'000*
Trade receivables	**27,112,557**	27,434,860
Impairment	**(932,260)**	(816,084)
	26,180,297	26,618,776
Portion classified as current assets	**(26,180,297)**	(26,618,776)
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 2013 (Unaudited) *RMB'000*	As at 31 December 2012 (Audited) *RMB'000*
Within 6 months	**17,884,136**	20,164,417
6 months to 1 year	**6,017,779**	4,583,116
Over 1 year	**2,278,382**	1,871,243
	26,180,297	26,618,776

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

i	As at 30 June 2013 (Unaudited) *RMB'000*	As at 31 December 2012 (Audited) *B B B*

14. INVENTORIES

	As at 30 June 2013 (Unaudited) RMB'000	As at 31 December 2012 (Audited) RMB'000
Cost, net of provision		
Raw materials	6,859,793	6,215,032
Work in progress	10,155,474	8,149,525
Finished goods	4,898,965	4,405,679
	21,914,232	18,770,236

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2013 (Unaudited) RMB'000	As at 31 December 2012 (Audited) RMB'000
Listed equity investments, at market value Hong Kong	6,595	7,346

16. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2013 (Unaudited) RMB'000	As at 31 December 2012 (Audited) RMB'000
Assets		
Current assets:		
Forward currency contracts	7,652	2,243

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 2013 (Unaudited) RMB'000	As at 30 June 2012 (Unaudited) RMB'000
Cash and bank balances	13,668,847	12,810,409
Less : Pledged time deposits	(1,151,980)	(630,990)
Cash and cash equivalents in the statements of consolidated financial position	12,516,867	12,179,419
Less : Non-pledged time deposits with original maturity of three months or more when acquired	(293,330)	(31,300)
Cash and cash equivalents in the consolidated cash flow statements	12,223,537	12,148,119

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 2013 (Unaudited) *RMB'000*	As at 31 December 2012 (Audited) *RMB'000*
Within 6 months	**20,610,865**	23,305,932
6 months to 1 year	**5,667,586**	1,857,556
Over 1 year	**1,648,093**	1,551,369
	27,926,544	26,714,857

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

	As at 30 June 2013 (Unaudited) *RMB'000*	As at 31 December 2012 (Audited) *RMB'000*
CSRG Group	**65,249**	13,586
Jointly-controlled entities	**141,351**	105,092
	206,600	118,678

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 2013 (Unaudited) *RMB'000*	As at 31 December 2012 (Audited) *RMB'000*
Other payables	**2,614,643**	3,136,189
Advances from customers	**7,159,480**	7,271,776
Accruals	**2,438,691**	1,521,596
	12,212,814	11,929,561

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

	As at 30 June 2013 (Unaudited) *RMB'000*	As at 31 December 2012 (Audited) *RMB'000*
CSRG Group	**114,511**	135,419
A jointly-controlled entity	**100,077**	554,545
	214,588	689,964

The above balances are unsecured, interest-free and repayable on demand.

20. INTEREST-BEARING BANK AND OTHER BORROWINGS

21. SHARE OPTION SCHEME

The expense recognizing/(reversing) the share option scheme for the six months ended 30 June 2013 and 2012 is as follows:

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Equity-settled share option expense	**(25,810)**	26,024

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 reversed a share options expense of RMB40,469,000 due to the lapse forthwith of the first batch of share options and recognised a share options expense of RMB14,659,000 due to the second and third batch of share options during the six months ended 30 June 2013 (six months ended 30 June 2012: RMB26,024,000 recognised for the total share options).

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 the 2012 annual results of the Group failed to achieve the required growth rate of the revenue under the Share Option Scheme, the first batch of share options did not become effective. Pursuant to relevant terms and requirements under the Share Option Scheme, such share options not becoming effective lapsed forthwith and were cancelled by the Company on 26 April 2013. As of 30 June 2013, there are 12,201,667 share options granted expired.

	For the six months ended 30 June 2013 (Unaudited) *Number*	For the year ended 31 December 2012 (Audited) *Number*
Outstanding at the beginning of the period / year	**36,605,000**	36,605,000
Expired during the period / year	**(12,201,667)**	—
Outstanding at the end of the period / year	**24,403,333**	36,605,000

On 30 June 2013, the expiry dates of the un-exercised share option vary from 6 years to 7 years after the grant date.

22. BUSINESS COMBINATION

On 2 July 2012, Zhuzhou Times New Material Technology Co., Ltd. ("ZTNM"), a subsidiary of the Company, acquired 50% equity interest in Qingdao Huaxuan Environmental Protection and Technology Co., Ltd. ("Qingdao Huaxuan") at a cash consideration of RMB24,067,000. Qingdao Huaxuan changed its name to Qingdao CSR Huaxuan Water Service Co., Ltd. ("CSR Huaxuan"). The fair value of identifiable net assets related to the acquired equity interest was RMB23,007,000. From then, according to the articles of association, CSR Huaxuan became the jointly-controlled entity of the ZTNM.

On 14 May 2013, ZTNM acquired 10% more equity interest in CSR Huaxuan by injecting a cash amount of RMB6,671,000 individually, after which ZTNM owned 60% equity interest in CSR Huaxuan. From then, according to the revised articles of association, CSR Huaxuan became the subsidiary of ZTNM. As at the date of acquisition, the fair value of initial acquired 50% equity interest was RMB23,007,000. The relevant loss generated from the fair value revaluation of the 50% equity interest was amounted to RMB569,000.

22. BUSINESS COMBINATION (CONTINUED)

According to the evaluation results of the independent appraiser, the fair values of the identifiable assets and liabilities of the above acquired subsidiary as at the date of acquisition were as follows:

	Fair value recognised on acquisition CSR Huaxuan *RMB'000*
Property, plant and equipment	17,694
Prepaid land lease payments	8,538
Other intangible assets	2,125
Inventories	10,987
Trade receivables	6,652
Bills receivable	390
Prepayments, deposits and other receivables	20,911
Cash and cash equivalents	14,643
Interest-bearing bank and other borrowings	(7,000)
Deferred tax liabilities	(2,050)
Other non-current liabilities	(720)
Trade payables	(2,425)
Bills payable	(730)
Other payables and accruals	(40,640)
Non-controlling interests	(11,350)
Net assets	17,025
Goodwill arising on acquisition	12,653
	29,678
Satisfied by:	
Acquisition cost	29,678

An analysis of the cash flow in respect of the acquisition of the above subsidiary is as follows:

	CSR Huaxuan *RMB'000*
Acquisition cost	(29,678)
The fair value of the initial acquired 50% equity interest as at the date of acquisition based on the evaluation results	23,007
Cash consideration in the current period	(6,671)
Cash and bank balance acquired	14,643
Net inflow of cash and cash equivalents included in cash flows from investing activities	7,972
Transaction costs of the acquisition included in cash flows from operating activities	(350)
	(7,622)

22. BUSINESS COMBINATION (CONTINUED)

The fair value of the trade receivables as at the date of acquisition amounted to RMB6,652,000. The gross contractual amounts of trade receivables were RMB6,708,000, of which trade receivables of RMB56,000 are expected to be uncollectible.

From the date of acquisition, CSR Huaxuan has contributed RMB25,606,000 of revenue and RMB2,421,000 to the net profit after tax of the Group. If the combination had taken place at the beginning of the period, the revenue of the Group and the profit of the Group for the period would have been RMB36,441,303,000 and RMB1,670,078,000, respectively.

The goodwill recognised above is attributed to the expected synergies and other benefits from combining the assets and activities of CSR Huaxuan with those of the Group. None of the recognised goodwill is expected to be deductible for income tax purposes.

The transaction costs of RMB350,000 have been expensed and are included in administrative expenses in the income statement and are part of operating cash flows in the statement of cash flows.

23. COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments

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

	As at 30 June 2013 (Unaudited) *RMB'000*	As at 31 December 2012 (Audited) *RMB'000*
Contracted, but not provided for:		
— Property, plant and equipment	**981,276**	806,786
— Prepaid land lease payments	**145,534**	156,323
— Other intangible assets	**20,322**	111,997
— Investment in setting up new entities	**11,420**	16,616
	1,158,552	1,091,722
Authorised, but not contracted for:		
— Property, plant and equipment	**1,625,940**	1,887,597
— Other intangible assets	**13,162**	16,256
	1,639,102	1,903,853

In addition, the Group's share of the jointly-controlled entities' own capital commitments, which are not included in the above, is as follows:

	As at 30 June 2013 (Unaudited) *RMB'000*	As at 31 December 2012 (Audited) *RMB'000*
Contracted, but not provided for:		
— Property, plant and equipment	**39,078**	45,145

Contingent Liabilities

As at 30 June 2013, the Group had no significant contingent liabilities (31 December 2012: Nil).

24. RELATED PARTY TRANSACTIONS

The following table provides material transactions which have been entered into with related parties during the six months ended 30 June 2013 and 2012:

		For the six months ended 30 June	
		2013 (Unaudited) *RMB'000*	2012 (Unaudited) *RMB'000*
(a)	Purchase of materials and components from:		
	— CSRG Group	**76,075**	30,129
	— Jointly-controlled entities	**147,946**	611,079
(b)	Sale of goods to:		
	— CSRG Group	**54,781**	61,843
	— Jointly-controlled entities	**504,335**	225,225
	— An associate	**12,721**	—

(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 2013 (Unaudited) *RMB'000*	As at 31 December 2012 (Audited) *RMB'000*
(i)	Loans receivables:		
	— CSRG Group	**30,000**	—
(ii)	Prepayments, deposits and other receivables:		
	— CSRG Group	**1,241**	—
	— A jointly-controlled entity	**14,485**	14,485
		15,726	14,485
	The above balances of prepayments, deposits and other receivables are unsecured, interest-free and repayable on demand.		
(iii)	Bills receivable:		
	— CSRG Group	**7,341**	2,500
	— A jointly-controlled entity	**3,100**	—
		10,441	2,500
(iv)	Bills payable:		
	— CSRG Group	**1,100**	7,100

24. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Short-term employee benefits (equity-settled share option expenses excluded)*(Note 1)*	**5,358**	3,934
Post-employment benefits *(Note 2)*	**372**	160
Total compensation paid/payable to key management personnel	**5,730**	4,094

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 RMB698,000 in relation to key management personnel of the Company was reversed for the six months ended 30 June 2013 due to the lapsed forthwith of first batch of share options on 26 April 2013 and recognising the share option expenses of the second and third batch of share options (six months ended 30 June 2012: RMB465,000 recognised).

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.

(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:

	As at	As at
	30 June 2013	31 December 2012
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Sale of goods to:		
— CSRG Group	**—**	194
— Jointly-controlled entities	**19,135**	262,725
— Associates	**755,023**	755,024
	774,158	1,017,943
Purchase of materials and components from:		
— CSRG Group	**—**	232
— Jointly-controlled entities	**33,697**	31,217
	33,697	31,449

24. RELATED PARTY TRANSACTIONS (CONTINUED)

(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 China Railway Corporation 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 RMB8,691,169,000 for the the six months ended 30 June 2013 (six months ended 30 June 2012: RMB20,082,916,000).

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.

25. FAIR VALUE AND FAIR VALUE HIERARCHY

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Cash and cash equivalents, pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of listed equity investments and financial assets at fair value through profit or loss are based on quoted market prices.

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 RMB11,840,978,000 (31 December 2012: RMB9,322,973,000) and RMB11,787,569,000 (31 December 2012: RMB9,332,595,000), respectively. The carrying amounts and fair values of the Company's interest-bearing bank and other borrowings are RMB6,795,000,000 (31 December 2012: RMB4,795,000,000) and RMB6,773,131,000 (31 December 2012: RMB4,781,289,000), 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)

25. FAIR VALUE AND FAIR VALUE HIERARCHY (CONTINUED)

Financial assets measured at fair value:

Group

As at 30 June 2013

	Level 1

Definitions

"Articles of Association"	the articles of association of the Company
"BST"	Bombardier Sifang (Qingdao) Transportation Ltd. (青島四方龐巴迪鐵路運輸設備有限公司)
"Company" or "CSR"	CSR Corporation Limited (中國南車股份有限公司)
"CSRG"	CSR Group (中國南車集團公司)
"CSRC"	China Securities Regulatory Commission
"CSR Capital Company"	CSR Capital Company (中國南車集團投資管理公司)
"CSR Chengdu"	CSR Chengdu Locomotive & Rolling Stock Co., Ltd.
"CSR Hong Kong"	CSR (Hong Kong) Company Limited (中國南車(香港)有限公司)
"CSR International''	CSR International Equipment Engineering Co., Ltd. (南車國際裝備工程有限公司)
"CSR Sifang''	CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.
"CSR Sifang Ltd.''	CSR Sifang Locomotive & Rolling Stock Co., Ltd.
"CSR Yangtze"	CSR Yangtze Rolling Stock Co., Ltd.
"CSR ZELRI''	CSR Zhuzhou Electric Locomotive Research Institute Co.,Ltd. (南車株洲電力機車研究所有限公司)
"CSR Zhuzhou''	CSR Zhuzhou Electric Locomotive Co., Ltd.
"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
"MUs"	Multiple units
"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)
"SSE''	The Shanghai Stock Exchange

By order of the Board
CSR Corporation Limited
Zheng Changhong
Chairman

Beijing, the PRC
27 August 2013

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