



中國南車股份有限公司

CHINA SOUTH LOCOMOTIVE & ROLLING STOCK CORPORATION LIMITED

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

(Stock Code: 1766)

2008 THIRD QUARTERLY REPORT

This announcement is made pursuant to disclosure obligation under Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company's unaudited results for the first three quarters ended 30 September 2008 are summarised as follows:

- This report was prepared in accordance with the relevant requirements in relation to information disclosure of quarterly reports of listed companies issued by China Securities Regulatory Commission.
- Information set out in this report was prepared in accordance with the Generally Accepted Accounting Principles in the PRC.
- Unless otherwise indicated, Renminbi is the recording currency in this report.
- For the first three quarters of 2008, the Company recorded revenue from operations of RMB24,478,791,864.28, with net profits attributable to shareholders of the Company amounting to RMB1,060,719,177.15.

The contents of this report are consistent with the announcement published on the Shanghai Stock Exchange. This announcement is published simultaneously domestically and overseas.

1 IMPORTANT NOTICE

- 1.1 The board of directors (the “Board”), the Supervisory Committee, the directors, supervisors and senior management of China South Locomotive & Rolling Stock Corporation Limited (the “Company”) warrant that this report contains no false representation, misleading statements or material omission, and accept joint and several responsibilities for the truthfulness, accuracy and completeness of the contents in this report.
- 1.2 Director Liu Hualong was absent for business reasons and appointed director Tang Kelin to exercise the voting right on his behalf.
- 1.3 The third quarterly financial report of the Company is unaudited.
- 1.4 Zhao Xiaogang, Chairman of the Company, Zhan Yanjing, Person-in-charge of accounting affairs, and Xu Weifeng, Head of the Accounting Department, warrant the truthfulness and completeness of the financial statements in this quarterly report.

2 BASIC INFORMATION OF THE COMPANY

2.1 Major accounting data and financial indicators

			<i>Currency: RMB</i>
	As at the end of the reporting period	As at the end of last year	Change as of the end of the reporting period as compared to the end of last year (%)
Total assets (<i>RMB</i>)	44,652,168,007.86	32,725,857,961.81	36.44
Owner’s equity (or shareholders’ equity) (<i>RMB</i>)	15,751,335,636.99	4,345,961,837.53	262.44
Net assets per share attributable to shareholders of the Company (<i>RMB</i>)	1.33	0.62	114.52

	From the beginning of the year to the end of the reporting period (January to September)	Change as compared to the corresponding period of last year (%)
Net cash flows from operating activities (<i>RMB</i>)	-604,281,901.46	N/A
Net cash flows per share from operating activities (<i>RMB</i>)	-0.05	N/A

	The reporting period (July to September)	From the beginning of the year to the end of the reporting period (January to September)	Change as compared to the corresponding period of last year (%)
Net profit attributable to shareholders of the Company (<i>RMB</i>)	251,752,450.15	1,060,719,177.15	N/A
Earnings per share (basic) (<i>RMB</i>)	0.03	0.14	N/A
Earnings per share after non-recurring gains or losses (basic) (<i>RMB</i>)	—	0.13	—
Return on net assets (fully diluted) (%)	1.60	6.73	N/A
Return on net assets after non-recurring gains or losses (fully diluted) (%)	1.36	6.32	N/A

Items of non-recurring gains or losses	From the beginning of year to the end of reporting period (January to September) (RMB)
	Deduction: Charged to allocated item
Profit or loss on disposal of non-current assets	-9,977,324.07
Government subsidies recorded in the profit and loss of the period, but excluding government subsidies closely related to the business of the Company and are of fixed amount or fixed quantity in accordance with the State's unified standards	52,451,967.80
Net non-operating income/expenses other than above items	22,963,761.67
Total	65,438,405.40

2.2 Total number of shareholders and a table of the top ten shareholders not subject to selling restrictions as at the end of the reporting period

Unit: Shares

Total number of shareholders as at the end of the reporting period (<i>holders</i>)	195,716 (including 4,847 holders of H shares)
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Particulars of the top ten shareholders of tradable shares not subject to selling restrictions

Name of shareholder (full name)	Number of tradable shares not subject to selling restrictions held at the end of the period	Type of share
HKSCC Nominees Limited	2,015,307,000	Overseas listed foreign invested shares
Industrial and Commercial Bank of China — South Excellent Performance Growth Stock Investment Fund (中國工商銀行 — 南方績優成長股票型證券投資基金)	173,827,978	RMB denominated ordinary shares
Bank of Communications — Fortis Haitong Selected Securities Investment Fund (交通銀行 — 海富通精選證券投資基金)	80,000,000	RMB denominated ordinary shares
Agricultural Bank of China — Dacheng Innovation Growth Mixed Securities Investment Fund (中國農業銀行 — 大成創新成長混合型證券投資基金)	61,761,321	RMB denominated ordinary shares
Industrial and Commercial Bank of China — Universal Balanced Growth Stock Investment Fund (中國工商銀行 — 匯添富均衡增長股票型證券投資基金)	51,870,587	RMB denominated ordinary shares
Bank of Communications — Hua'An Innovation Securities Investment Fund (交通銀行 — 華安創新證券投資基金)	38,000,002	RMB denominated ordinary shares
Bank of China — Fortis Haitong Income Growth Securities Investment Fund (中國銀行 — 海富通收益增長證券投資基金)	33,595,177	RMB denominated ordinary shares
China Construction Bank — China AMC Dividend Mixed Open-end Securities Investment Fund (中國建設銀行 — 華夏紅利混合型開放式證券投資基金)	33,594,805	RMB denominated ordinary shares
Shi Jianqiang	33,554,999	RMB denominated ordinary shares
Agricultural Bank of China — Changsheng Tongde Focused Growth Stock Fund (中國農業銀行 — 長盛同德主題增長股票型證券投資基金)	31,000,000	RMB denominated ordinary shares

3 SIGNIFICANT EVENTS

3.1 Particulars of, and reasons for, material changes in major accounting items and financial indicators of the Company

Applicable Not Applicable

1. The closing balance of cash and bank balance was RMB11,226,480,667.45, representing an increase of 35.72% as compared to the opening balance of RMB8,271,520,125.65, attributable to the proceeds raised from the public issue of A shares and H shares of the Company during the reporting period.
2. The closing balance of account receivable was RMB6,731,051,055.35, representing an increase of 67.42% as compared to the opening balance of RMB4,020,422,834.89, attributable to the expansion of the Company's sales and the fact that payments for goods sold were mainly settled at the end of the year.
3. The closing balance of prepayments was RMB4,364,163,264.00, representing an increase of 86.22% as compared to the opening balance of RMB2,343,505,419.53, attributable to the expansion in the Company's operating scale and the prepayment of procurement of raw materials and an increase in merchandising payments to equipment suppliers.
4. The closing balance of inventory was RMB8,153,292,713.46, representing an increase of 39.62% as compared to the opening balance of RMB5,839,555,664.44, attributable to the expansion in the scale of Company's production and operation as well as an increase in the number of backup materials and products.
5. The closing balance of buildings under construction was RMB2,093,937,334.76, representing an increase of 172.12% as compared to the opening balance of RMB769,498,384.51, attributable to the expansion in the Company's scale of production and operation as well as an increase in its investment on production.
6. The closing balance of bills payable was RMB2,789,460,350.03, representing an increase of 73.02% as compared to the opening balance of RMB1,612,181,277.85, attributable to increases in the Company's volume of procurement.

7. The closing balance of other payables was RMB701,421,670.38, representing a decrease of 53.87% as compared to the opening balance of RMB1,520,397,031.33, attributable to the special dividend to CSRG in 2008 and a decrease in the receipts obtained and payments made on behalf of other parties.
8. The closing balance of other current liabilities was RMB94,075,296.64, representing a decrease of 90.65% as compared to the opening balance of RMB1,005,867,549.48, attributable to the repayment of short-term matured corporate bonds by the Company.
9. The closing balance of paid-up capital was RMB11,840,000,000.00, representing an increase of 69.14% as compared to the opening balance of RMB7,000,000,000.00, attributable to an increase in the share capital due to the Company's public issue of A shares and H shares.
10. The closing balance of capital reserve was RMB2,850,616,459.84, representing a relatively significant increase as compared to the opening balance of RMB-2,654,038,162.47, attributable to the premium from the Company's public issue of A shares and H shares.

3.2 Note and analysis of the progress of significant events and their impact and solution

Applicable Not Applicable

1. As approved by the China Securities Regulatory Commission through the approval document Zheng Jian Xu Ke [2008] No. 961, the Company initially and publicly issued 3,000,000,000 ordinary A Shares denominated in Renminbi through IPO in the domestic market from 4 August 2008 to 5 August 2008. The issue price was RMB2.18 per A Share, with a total proceeds of approximately RMB6,540,000,000.00. After deducting the offering expenses, the net proceeds amounted to RMB6,369,410,645.23. Such A Shares were listed on the Shanghai Stock Exchange on 18 August 2008.

2. As approved by China Securities Regulatory Commission through the approval document Zheng Jian Xu Ke [2008] No. 883, the Company was permitted to issue not more than 2,300,000,000 overseas listed foreign invested shares (including 300,000,000 shares under the over-allotment option). The Company globally offered a total of 1,600,000,000 H Shares from 8 August 2008 to 13 August 2008. Such new H Shares together with 160,000,000 shares as transferred by the State-owned shareholder of the Company to the National Council for Social Security Fund of the PRC (“NSSF”) for the reduction of State-owned shares which have been converted into overseas listed foreign invested shares (totalling 1,760,000,000 H Shares) were listed on the Hong Kong Stock Exchange on 21 August 2008. The issue price of H Shares was HK\$2.60 per Share, and the gross proceeds totalled approximately HK\$4.16 billion (before deducting the offering expenses).
3. On 12 September 2008, the over-allotment option was exercised in full by the Joint Global Coordinators for the Global Offering. Accordingly, the Company issued 240,000,000 additional H Shares at a price of HK\$2.60 per Share. Due to the exercise of such over-allotment option, the Company raised additional proceeds of approximately HK\$624 million (before deducting the offering expenses). Meanwhile, the relevant State-owned shareholders of the Company transferred to the NSSF another 24,000,000 shares which were converted into H Shares. A total of 264,000,000 H Shares, including the H Shares additionally issued by the Company for the over-allotment option and shares additionally transferred by the State-owned shareholders of the Company to the NSSF and converted into H Shares, were listed on the Hong Kong Stock Exchange on 19 September 2008.
4. On 19 September 2008, at the 7th meeting of the first session of the Board, the Board considered and approved the Proposal on the Utilization of RMB0.63 billion out of the Proceeds from the A Share Offering to Supplement the Working Capital. According to the Board resolution, the Company will utilize RMB0.63 billion out of the raised proceeds during the period when such proceeds are not in use to temporarily supplement the working capital for a term of up to six months. If during the above period the remaining balance in the designated proceeds account becomes insufficient to satisfy normal payment for use of the proceeds, such amount of proceeds will be transferred from the proceeds used to supplement working capital back to the designated proceeds account (details of the relevant announcement are available at the website of Shanghai Stock Exchange: www.sse.com.cn and on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily dated 22 September 2008) based on the actual needs. As at the end of the reporting period, the proposal on the utilization of RMB0.63 billion to supplement the working capital has been implemented.

5. On 19 September 2008, at the 7th meeting of the first session of the Board, the Board considered and approved the Proposal on the Utilization of RMB2.6 billion in Aggregate out of the Proceeds from the A Share Offering to Temporarily Supplement the Working Capital, according to which, the Company will utilize RMB2.6 billion (including the above-mentioned RMB0.63 billion) in aggregate out of the raised proceeds during the period when such proceeds are not in use to temporarily supplement the working capital for a term of up to six months. If the remaining balance in the designated proceeds account becomes insufficient to satisfy normal payment for use of the proceeds during this period, such amount of proceeds will be transferred from the proceeds used to supplement working capital back to the designated proceeds account (details of the announcement are available at the website of Shanghai Stock Exchange: www.sse.com.cn and on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily dated 22 September 2008) based on the actual needs. The Proposal on the Utilization of RMB2.6 billion in Aggregate out of the Proceeds from the A Share Offering to Temporarily Supplement the Working Capital is subject to the approval of shareholders at the 2008 third extraordinary general meeting of the Company (“EGM”).

6. On 19 September 2008, at the 7th meeting of the first session of the Board, the Board considered and approved the Proposal for Replacing the Self-financed Capital Invested in Advance with Raised Proceeds. According to the Board resolution, the Company will replace the self-financed capital invested in advance with the same amount out of the raised proceeds in accordance with the Special Audit Report on the Self-financed Capital Invested in Advance by China South Locomotive & Rolling Stock Corporation Limited for Projects to be Invested with Raised Proceeds (Li An Da Zhuan Zi [2008] No. 1069) issued by Reanda Certified Public Accountants (details of the announcement are available at the website of Shanghai Stock Exchange: www.sse.com.cn and on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily dated 22 September 2008). As at the end of the reporting period, the self-financed capital invested in advance had been replaced with raised proceeds in accordance with the Board resolution and the Special Audit Report on the Self-financed Capital Invested in Advance by China South Locomotive & Rolling Stock Corporation Limited for Projects to be Invested with Raised Proceeds.

7. On 19 September 2008, at the 7th meeting of the first session of the Board, the Board considered and approved the Proposal for Making Adjustments to the Capital Commitments of Certain Projects to be Financed by the Proceeds from the A Share Offering, according to which, the Company will make relevant adjustment for the utilization arrangements of the proceeds from the A share offering, adjusting the capital commitment of RMB8,974,160,000 as previously announced to RMB6,369,410,645.23 (details of the announcement are available at the website of Shanghai Stock Exchange: www.sse.com.cn and on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily dated 22 September 2008). The Proposal for Making Adjustments to the Capital Commitments of Certain Projects to be Financed by the Proceeds from the A Share Offering is subject to the approval of shareholders at the EGM.

3.3 Performance of undertakings given by the Company, shareholders and de facto controllers

Applicable Not Applicable

1. The Company's controlling shareholder, China South Locomotive & Rolling Stock Industry (Group) Corporation ("CSRG"), made the following undertakings in the Prospectus:

- 1) The lock-up undertaking in respect of the Shares held is as follows:

Within 36 months from the date of listing of the Company's A Shares on the Shanghai Stock Exchange, CSRG will not transfer or authorize others to manage its shareholdings in the Company. Nor will CSRG acquire such Shares.

- 2) The undertaking on South Huiton's restructuring is as follows:

There will be a proposed restructuring in CSRG's shareholdings and relevant assets in South Huiton. This includes but does not limit to CSRG's proposed acquisition of South Huiton's assets in relation to the freight wagon businesses. CSRG will transfer the above-mentioned assets in relation to the freight wagon businesses acquired from South Huiton to the Company within three months from the date of CSRG's acquisition of such assets. The transfer price will be determined through negotiation according to the result of assets valuation; necessary approval procedures for such assets transfer will be fulfilled as required by domestic and overseas regulatory bodies.

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

During the reporting period, CSRG, the Company's controlling shareholder, fully complied with its undertakings as mentioned above.

2. The Company's shareholder, Beijing Railway Industry Trade Company ("BRIT") made the following lock-up undertakings in respect of the Shares held by it in the Prospectus:

Within 36 months from the date of listing of the Company's A Shares on the Shanghai Stock Exchange, BRIT will not transfer or authorize others to manage its shareholdings in the Company. Nor will BRIT acquire such Shares.

During the reporting period, the Company's shareholder, BRIT fully complied with its undertakings as mentioned above.

3. As disclosed in the Prospectus, the Company has not yet obtained proper building ownership certificates for 326 buildings with a total gross floor area of 282,019.03 m² (representing 7.85% of the total gross floor area of buildings used by the Company). Of these buildings, 125 buildings have not been granted building ownership certificates by local governing authorities due to the implementation of the policy of “Leaving the City and Entering the Suburb” in Shijiazhuang and changes in urban planning in Chengdu area. In respect of those buildings 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 in respect of such urban planning, and pointed out that it would, due to urban planning, not accept any applications for planning permit in respect of the properties without building ownership certificates. In respect of those buildings 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. The remaining 201 buildings with a gross floor area of 195,396.80 m² (representing 5.44% of the total gross floor area of the properties included in the listing scope) have not yet obtained proper building ownership certificates due to the fact that the relevant planning procedures or construction procedures have not yet been completed. As the land use rights of such 201 buildings belongs to CSRG, there will be no disputes in its operation and use. For the buildings without building ownership certificates, CSRG has undertaken in the Restructuring Agreement that the assets injected by CSRG into the Company including properties without proper ownership certificates due to incomplete planning or construction procedures, CSRG undertakes that such properties can meet the requirement for the Company’s production and operational use and that it will assume all compensation responsibilities and compensate the Company all financial losses incurred in respect of such properties.

For the buildings leased by the Company, its subsidiaries and joint ventures in the PRC, the lessors of 4 buildings with a total gross floor area of 21,223.04 m² have not yet been granted building ownership certificates. For the buildings whose lessors have not yet been granted building ownership certificates, CSRG undertook at the Company's establishment to compensate the Company for all losses (if any) arising from the failure to obtain the building ownership certificates of those buildings rented from CSRG within the specified time. For buildings rented from a third party other than CSRG to the Company, CSRG undertook to settle all disputes on the building lease, to bear all expenses related to dispute settlement and to compensate the Company for all losses (if any) suffered therefrom.

During the reporting period, the Company and the lessors of the buildings leased by the Company are currently actively applying for building ownership certificates for the buildings without ownership certificates.

3.4 Warning and explanation on reasons for accumulated net loss expected to be recorded from the beginning of the year to the end of the next reporting period or material change as compared to those of the same period of last year

Applicable Not Applicable

3.5 Security investment

Applicable Not Applicable

Unit: RMB0'000

No.	Stock Code	Stock Name	Number of Shares Held at the End of the Reporting Period (Shares)	Initial Investment Amount	Carrying Amount at the End of the Reporting Period	Carrying Amount at the Beginning of the Reporting Period	Ledger
1	601328	Bank of Communications	864,600	67.77	517.02	646.71	Available-for-sale financial assets
2	600335	Dingsheng Tiangong	800,100	340	424.80	N/A	Available-for-sale financial assets

Note: the number of shares of Dingsheng Tiangong held was changed due to sale and placement in the period of holding such shares.

China South Locomotive & Rolling Stock Corporation Limited

Legal Representative: **Zhao Xiaogang**

27 October 2008

4 Appendix

4.1 Consolidated Balance Sheet

30 September 2008

Prepared by: China South Locomotive & Rolling Stock Corporation Limited

Unit: RMB Type of Audit: Unaudited

Items	Closing balance	Opening balance
Current Assets:		
Cash and bank balance	11,226,480,667.45	8,271,520,125.65
Balances with clearing companies		
Placements with banks and other financial institutions		
Financial assets held-for-trading	115,301,480.44	
Bills receivable	484,530,324.41	487,308,652.19
Accounts receivable	6,731,051,055.35	4,020,422,834.89
Advances to suppliers	4,364,163,264.00	2,343,505,419.53
Premiums receivable		
Reinsurance accounts receivable		
Deposits receivable from reinsurance treaty		
Interest receivable	23,901,229.36	
Dividend receivable	42,479,083.11	45,894,463.22
Other receivables	988,005,657.31	783,213,956.66
Purchases of resold financial assets		
Inventories	8,153,292,713.46	5,839,555,664.44
Non-current assets due within 1 year		
Other current assets		
Total current assets	32,129,205,474.89	21,791,421,116.58

Non-current assets:

Loans and advances granted		
Available-for-sale financial assets	9,418,234.90	49,155,688.55
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	739,336,921.68	632,558,082.30
Investment Property		
Fixed assets	6,450,934,378.07	6,298,139,781.65
Construction in progress	2,093,937,334.76	769,498,384.51
Construction materials	24,206,469.94	43,914,829.66
Disposals of fixed assets	7,599,241.09	
Biological assets for production		
Fuel assets		
Intangible assets	3,105,753,995.18	3,090,001,643.28
Development expenditure	24,692,729.02	10,600,559.38
Goodwill	8,717,793.54	11,776,900.45
Long-term deferred expenses	24,469,547.44	9,025,571.79
Deferred income tax assets	33,895,887.35	19,765,403.66
Other non-current assets		
Total non-current assets	12,522,962,532.97	10,934,436,845.23
Total assets	44,652,168,007.86	32,725,857,961.81

Current liabilities:

Short-term loans	3,949,863,888.86	5,437,111,153.56
Borrowings from central bank		
Deposit taking and deposit in inter-bank market		
Placements funds		
Financial liabilities held-for-trading		
Bills payables	2,789,460,350.03	1,612,181,277.85
Accounts payable	7,844,327,236.68	6,229,873,451.46
Advances from customers	6,038,502,839.96	5,148,881,128.91
Funds from disposal of repurchased financial assets		
Handling charges and commissions payable		
Staff remuneration payable	626,186,541.15	558,759,993.24
Taxes payable	-7,503,196.78	99,930,983.93
Interest payable	12,509,080.11	
Dividend payable	15,071,057.19	20,622,400.84
Other payable	701,421,670.38	1,520,397,031.33
Reinsurance accounts payable		
Deposits for insurance contracts		
Customer deposits for trading in securities		
Customer deposits for securities underwriting		
Accrued liabilities (due within 1 year)	23,342,425.39	49,046,383.00
Other current liabilities	94,075,296.64	1,005,867,549.48
Total current liabilities	22,087,257,189.61	21,682,671,353.60

Non-current liabilities:

Long-term borrowings	1,715,880,802.63	2,086,367,617.24
Bonds payable		
Long-term payables	5,757,658.71	10,195,993.00
Specific payable		
Accrued liabilities		
Deferred income tax liabilities	7,394,679.69	10,524,945.42
Other non-current liabilities	2,783,967,550.41	2,520,229,868.80
Total non-current liabilities	4,513,000,691.44	4,627,318,424.46
Total liabilities	26,600,257,881.05	26,309,989,778.06

Owners' equity (or shareholders' equity):

Paid-up capital (or share capital)	11,840,000,000.00	7,000,000,000.00
Capital reserve	2,850,616,459.84	-2,654,038,162.47
Less: Treasury share		
Surplus reserve		
General risk provision		
Retained earnings	1,060,719,177.15	
Currency translation differences		
Total owners' equity attributable to the equity holder of company	15,751,335,636.99	4,345,961,837.53
Minority interests	2,300,574,489.82	2,069,906,346.22
Total owners' equity	18,051,910,126.81	6,415,868,183.75
Total liabilities and owners' equity	44,652,168,007.86	32,725,857,961.81

Legal Representative
of the Company:
Zhao Xiaogang

Person-in-charge
of accounting:
Zhan Yanjing

Head of the
Accounting Department:
Xu Weifeng

Balance Sheet of the Parent Company

30 September 2008

Prepared by: China South Locomotive & Rolling Stock Corporation Limited

Unit: RMB Type of Audit: Unaudited

Items	Closing balance	Opening balance
Current Assets:		
Cash and bank balance	6,688,691,261.57	2,100,000,000.00
Financial assets held-for-trading		
Bills receivable		
Accounts receivable		
Advances from customers	407,949.97	
Interest receivable	31,065,912.34	15,089,009.19
Dividend receivable	100,984,756.01	
Other receivables	5,850,613,867.34	2,476,251,823.62
Inventories		
Non-current assets due within 1 year		
Other current assets		
Total current assets	12,671,763,747.23	4,591,340,832.81

Non-current assets:

Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables	514,000,000.00	687,000,000.00
Long-term equity investments	9,854,283,309.57	9,866,543,234.00
Investment properties		
Fixed assets	8,369,262.00	10,008,227.09
Construction in progress	341,550.00	
Construction materials		
Disposals of fixed assets		
Biological assets for production		
Fuel assets		
Intangible assets	546,551.02	379,506.00
Development expenditure		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets		
Total non-current assets	10,377,540,672.59	10,563,930,967.09
Total assets	23,049,304,419.82	15,155,271,799.90

Current liabilities:

Short-term loans	1,990,000,000.00	2,540,000,000.00
Financial liabilities held-for-trading		
Bills payables		
Accounts payable		
Advances from customers	701,133.05	
Staff remuneration payable	9,704,425.84	15,363,203.96
Taxes payable	810,035.32	
Interest payable		
Dividend payable		
Other payable	532,360,459.94	1,196,731,080.51
Non-current liabilities due within 1 year		
Other current liabilities	500,000.00	795,047,733.33
Total current liabilities	2,534,076,054.15	4,547,142,017.80

Non-current liabilities:		
Long-term borrowings	1,600,000,000.00	1,900,000,000.00
Bonds payable		
Long-term payables		
Specific payable		
Accrued liabilities		
Deferred income tax liabilities		
Other non-current liabilities	20,932,975.62	19,651,152.03
Total non-current liabilities	1,620,932,975.62	1,919,651,152.03
Total liabilities	4,155,009,029.77	6,466,793,169.83

Owners' equity (or shareholders' equity):

Paid-up capital (or share capital)	11,840,000,000.00	7,000,000,000.00
Capital reserve	7,222,642,445.79	1,688,478,630.07
Less: Treasury share		
Surplus reserve		
Retained earnings	-168,347,055.74	
Total owners' equity (or shareholders' equity)	18,894,295,390.05	8,688,478,630.07
Total liabilities and owners' equity (or shareholders' equity)	23,049,304,419.82	15,155,271,799.90

Legal Representative
of the Company:
Zhao Xiaogang

Person-in-charge
of accounting:
Zhan Yanjing

Head of the
Accounting Department:
Xu Weifeng

4.2 Consolidated Income Statement

Prepared by: China South Locomotive & Rolling Stock Corporation Limited

Unit: RMB Type of Audit: Unaudited

Items	Amount for the period (July-September)	Amount from the beginning of year to the end of reporting period (January- September)
1. Total operating revenue	9,492,584,189.28	24,478,791,864.28
Including: Revenue from operations	9,492,584,189.28	24,478,791,864.28
Interest income		
Premiums earned		
Income from fee and commission		
2. Total cost of sales	9,207,337,282.94	23,313,947,548.94
Including: Operating cost	8,234,588,329.51	20,339,178,849.51
Interest payments		
Handling fee and commission expenses		
Surrender payment		
Net expenditure for compensation payments		
Net provision for insurance deposits		
Policyholder dividend expenses		
Reinsurance expenses		
Operating taxes and surcharges	20,444,800.44	101,385,903.44
Selling expenses	155,680,773.53	472,069,076.53
Administrative expenses	788,056,797.78	2,096,015,692.78
Finance cost	9,057,735.57	237,584,900.57
Impairment loss	-491,153.89	67,713,126.11
Add: Gains from changes in fair value (loss is represented by “-”)	-58,410,277.56	15,301,480.44
Investment income (loss is represented by “-”)	49,366,988.96	181,892,239.96
Including: Gains from investment in associates and joint ventures	24,506,404.26	110,984,086.26
Gains foreign currencies exchange (loss is represented by “-”)		

3. Profit from operations		
(loss is represented by “-”)	276,203,617.74	1,362,038,035.74
Add: Non-operating income	71,283,016.08	234,171,074.08
Less: Non-operating expenses	16,375,700.06	46,691,788.06
Including: Loss from disposal of non-current assets	1,117,438.35	22,213,667.35
4. Total profit (total loss is represented by “-”)	331,110,933.76	1,549,517,321.76
Less: Income tax expenses	-1,441,741.70	283,756,859.30
5. Net profit (net loss is represented by “-”)	332,552,675.46	1,265,760,462.46
Net profit attributable to equity holders of the parent company	251,752,450.15	1,060,719,177.15
Minority interests	80,800,225.31	205,041,285.31
6. Earnings per share:		
(I) Basic earnings per share (<i>RMB</i>)	0.03	0.14
(II) Diluted earnings per share		

Legal Representative
of the Company:
Zhao Xiaogang

Person-in-charge
of accounting:
Zhan Yanjing

Head of the
Accounting Department:
Xu Weifeng

Income Statement of the Parent Company

Prepared by: China South Locomotive & Rolling Stock Corporation Limited

Unit: RMB Type of Audit: Unaudited

Items	Amount for the period (July-September)	Amount from the beginning of year to the end of reporting period (January- September)
1. Revenue from operations		
Less: operating costs		26,090.00
Operating taxes and surcharges		
Selling expenses	611,815.54	3,564,706.61
Administrative expenses	19,003,227.03	42,978,844.48
Finance expenses	8,763,883.71	120,633,512.84
Impairment loss		
Add: Gains from changes in fair value (loss is represented by “-”)		
Gains from investment (loss is represented by “-”)		
Including: Investment income from associates and jointly controlled entities		
2. Profit from operations (loss is represented by “-”)	-28,378,926.28	-167,203,153.93
Add: Non-operating income		
Less: Non-operating expenses	68,688.22	1,143,901.81
Including: Net losses from disposal of non-current assets	68,688.22	143,901.81
3. Total profit (total loss is represented by “-”)	-28,447,614.50	-168,347,055.74
Less: Income tax expenses		
4. Net profit (net loss is represented by “-”)	-28,447,614.50	-168,347,055.74
Legal Representative of the Company: Zhao Xiaogang	Person-in-charge of accounting: Zhan Yanjing	Head of the Accounting Department: Xu Weifeng

4.3 Consolidated Cash Flow Statement

January to September 2008

Prepared by: China South Locomotive & Rolling Stock Corporation Limited

Unit: RMB Type of Audit: Unaudited

Items	Amount from the beginning of year to the end of reporting period (January-September)
1. Cash flows from operating activities:	
Cash received from sales of goods and provision of services	23,705,782,456.30
Net increase in deposits from customers and placements from banks and other financial institutions	
Net increase in borrowings from central bank	
Net increase in placements from other financial institutions	
Cash received from premiums of original insurance contracts	
Net cash received from reinsurance business	
Net increase in deposits from policyholders and investments	
Net increase in disposal of trading financial assets	
Cash received from interest, fees and commissions	
Net increase in capital due to banks and other financial institutions	
Net increase in repurchases business fund	
Tax rebates	152,784,656.33
Cash received from activities related to other operation	1,438,324,566.93
Sub-total of cash inflow from operating activities	25,296,891,679.56
Cash paid for goods purchased and service rendered	20,021,556,231.82

Net increase in loans and advances to customers	
Net increase in placements with central bank and other financial institutions	
Cash paid for claims on original insurance contracts	
Cash payment for interest, handling charges and commissions	
Cash payment for policyholder dividend	
Cash paid to and on behalf of employee	2,447,233,008.31
Taxed payments	1,297,632,383.74
Other cash paid for activities related to operation	2,134,751,957.15
Sub-total of cash outflow from operating activities	25,901,173,581.02
Net cash flows from operating activities	-604,281,901.46
2. Cash flows from investment activities:	
Cash received from investments	1,808,465,897.68
Cash received from gains in investments	84,178,298.21
Net cash received from disposal of fixed assets, intangible assets and other long term assets	24,360,209.06
Net cash received from disposal of subsidiaries and other operating entities	3,671.00
Cash received from activities related to other investment	28,706,628.37
Sub-total of cash inflow from investment activities	1,945,714,704.32
Cash paid for purchase of fixed assets, intangible assets and other long term assets	2,616,282,584.67
Cash paid for investment	1,641,328,534.41
Net increase in pledged loans	
Net cash paid for acquiring subsidiaries and other operated entities	
Cash paid for activities related to other investment	1,900,902.56
Sub-total of cash outflow from investment activities	4,259,512,021.64
Net cash flows from investment activities	-2,313,797,317.32

3. Cash flows from financing activities:	
Proceeds received from investments	10,487,411,760.50
Including: proceeds received by subsidiaries from minority shareholders' investment	
Cash received from borrowings	6,393,968,228.50
Cash received from issuing bonds	
Cash received from financing-related activities	277,201,949.74
Sub-total of cash inflow from financing activities	17,158,581,938.74
Repayment of borrowings	9,391,524,280.97
Cash paid for dividend and profit distribution or interest repayment	567,291,445.38
Including: Dividend and profit paid by subsidiary to minority shareholders	
Cash paid for financing-related activities	152,882,135.30
Sub-total of cash outflow from financing activities	10,111,697,861.65
Net cash flows from financing activities	7,046,884,077.09
4. Effect of foreign exchange rates on cash and cash equivalents	-1,783,781.86
5. Net increase in cash and cash equivalents	4,127,021,076.45
Add: Balance of cash and cash equivalents at the beginning of the period	6,899,459,591.00
6. Balance of cash and cash equivalents at the end of the period	11,026,480,667.45

Legal Representative
of the Company:
Zhao Xiaogang

Person-in-charge
of accounting:
Zhan Yanjing

Head of the
Accounting Department:
Xu Weifeng

Cash Flow Statement of the Parent Company

January to September 2008

Prepared by: China South Locomotive & Rolling Stock Corporation Limited

Unit: RMB Type of Audit: Unaudited

Items	Amount from the beginning of year to the end of reporting period (January-September)
1. Cash flow from operating activities:	
Cash received from sales of goods and provision of services	701,133.05
Tax rebates	
Other cash received from activities related to operation	5,841,637,202.15
Sub-total of cash inflow from operating activities	5,842,338,335.20
Cash paid for goods purchased and services rendered	407,949.97
Cash paid to and on behalf of employees	48,960,212.70
Taxes payment	
Cash paid for activities related to other operation	5,251,995,504.55
Sub-total of cash outflow from operating activities	5,301,363,667.22
Net cash flow from operating activities	540,974,667.98

2. Cash flows from investment activities:	
Cash received from investments	1,508,583,453.00
Cash received from gains in investments	50,750,363.50
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	
Net cash received from disposal of subsidiaries and other operating entities	
Cash received from activities related to other investment	
Sub-total of cash inflow from investment activities	1,559,333,816.50
Cash paid for purchase of fixed assets, intangible assets and other long term assets	916,220.00
Cash paid for investment	6,827,739,261.00
Net cash paid for acquiring subsidiaries and other operating entities	
Cash paid for activities related to other investment	1,774,288.58
Sub-total of cash outflow from investment activities	6,830,429,769.58
Net cash flows from investment activities	-5,271,095,953.08
3. Cash flows from financing activities:	
Proceeds received from investments	10,487,411,760.50
Cash received from borrowings	4,680,000,000.00
Cash received from financing-related activities	67,257,354.77
Sub-total of cash inflow from financing activities	15,234,669,115.27
Repayment of borrowings	5,530,000,000.00
Cash paid for dividend and profit distribution or interest repayment	357,394,220.60
Cash paid for financing-related activities	23,233,835.25
Sub-total of cash outflow from financing activities	5,910,628,055.85
Net cash flows from financing activities	9,324,041,059.42

4. Effect of foreign exchange rates on cash and cash equivalents	-5,228,512.75
5. Net increase in cash and cash equivalents	4,588,691,261.57
Add: Balance of cash and cash equivalents at the beginning of the period	2,100,000,000.00
6. Balance of cash and cash equivalents at the end of the period	6,688,691,261.57

Legal Representative
of the Company:
Zhao Xiaogang

Person-in-charge
of accounting:
Zhan Yanjing

Head of the
Accounting Department:
Xu Weifeng

By order of the Board
China South Locomotive & Rolling Stock Corporation Limited
Zhao Xiaogang
Chairman

Beijing, the PRC
27 October 2008

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