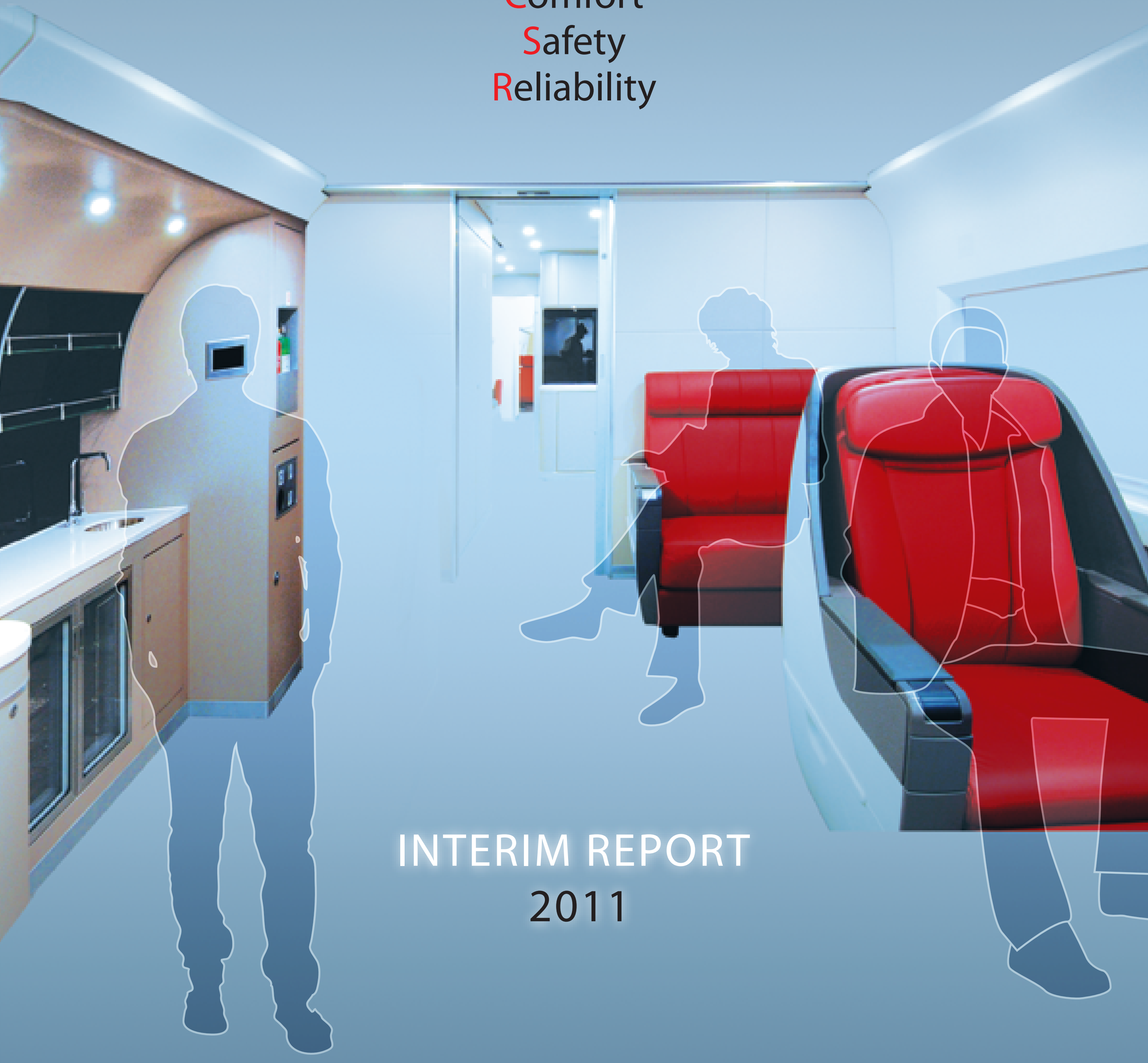
CSR's Way of Humanity Care

Comfort
Safety
Reliability



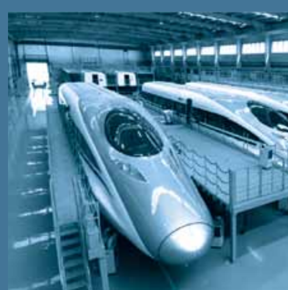
INTERIM REPORT
2011

CSR 中国南车

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

Stock Code: 1766

CSR




Contents

Important Notice

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

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

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

(IV) Zhao Xiaogang, the Chairman of the Company, Zhan Yanjing, the person-in-charge of accounting affairs, and Xu Weifeng, the head of the accounting department of the Company, warrant the truthfulness and completeness of the financial statements in this interim report.

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

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

Company Profile

COMPANY PROFILE

1.	Legal Chinese name:	中國南車股份有限公司
	Chinese abbreviation:	中國南車
	English name:	CSR Corporation Limited
	English abbreviation:	CSR
2.	Place of listing of A share:	Shanghai Stock Exchange
	Abbreviation of A share:	CSR
	Stock code of A share:	601766
	Date of listing:	18 August 2008
	Place of listing of H share:	The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange")
	Abbreviation of H share:	CSR
	Stock code of H share:	1766
	Date of listing:	21 August 2008
3.	Registered address:	No. 16 Central West Fourth Ring Road, Haidian District, Beijing
	Business address:	No. 16 Central West Fourth Ring Road, Haidian District, Beijing
	Postcode:	100036
	Website:	www.csrgc.com.cn
	Email:	csr@csrgc.com
4.	Legal representative:	Zhao Xiaogang
5.	Secretary to the Board:	Shao Renqiang
	Tel:	010-51862188
	Fax:	010-63984785
	E-mail:	csr@csrgc.com
	Correspondence address:	No. 16 Central West Fourth Ring Road, Haidian District, Beijing
	Representative of securities affairs:	Zheng Sheng
	Tel:	010-51862188
	Fax:	010-63984785
	E-mail:	csr@csrgc.com
	Correspondence address:	No. 16 Central West Fourth Ring Road, Haidian District, Beijing

6.	Newspapers designated by the Company for disclosure of A share information:	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
	Internet websites designated by China Securities Regulatory Commission for publishing the half-year report (A Share) of the Company:	www.sse.com.cn
	Website designated by the Hong Kong Stock Exchange for publishing the interim report (H Share) of the Company:	www.hkex.com.hk
	Place where the half-year report is available:	the Board Office, No. 16 Central West Fourth Ring Road, Haidian District, Beijing
7.	Other relevant information	
	First business registration date:	28 December 2007
	First registered address:	No. 16 Central West Fourth Ring Road, Haidian District, Beijing
	Date of change of registration:	On 28 January 2008 On 7 October 2008
	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
	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):	18th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong
9.	Joint company secretaries	Shao Renqiang, Wong Kai Yan, Thomas
10.	Authorised representatives	Liu Hualong, 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 Firm F407 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

Results Highlights

From January to June 2011, the Company recorded revenue of RMB39,563,098,000, representing an increase of 42.43% as compared with the same period last year. The Company recorded profits after tax of RMB2,619,259,000, representing an increase of 75.62% as compared with the same period last year. Profit attributable to owners of the parent was RMB2,044,547,000, representing an increase of 85.08% as compared with the same period last year. Basic earnings per share were RMB0.17.

Major financial data and indexes are set out in the following tables:

Currency: RMB

Item	**January to June 2011**	January to June 2010	Increase/ (decrease) %
Revenue *(RMB'000)*	**39,563,098**	27,777,867	42.43%
Profit after tax *(RMB'000)*	**2,619,259**	1,491,399	75.62%
Profit attributable to owners of the parent *(RMB'000)*	**2,044,547**	1,104,673	85.08%
Basic earnings per share *(RMB/share)*	**0.17**	0.09	88.89%

Currency: RMB

Item	**30 June 2011**	31 December 2010	Increase/ (decrease) %
Total assets *(RMB'000)*	**92,918,069**	73,760,544	25.97%
Total liabilities *(RMB'000)*	**66,990,225**	49,891,959	34.27%
Total equity *(RMB'000)*	**25,927,844**	23,868,585	8.63%
Including: Equity attributable to owners of the parent *(RMB'000)*	**20,797,529**	19,267,672	7.94%
Shareholder interest per share *(RMB/share)*	**1.76**	1.63	7.98%

Note: the acquisition of Xiangyang CSR Electric Machinery Technology Co., Ltd. by CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd., a subsidiary of the Company constituted a business combination under common control. The figures as at the end of last year and the figures for the same period last year were adjusted as prescribed by the International Accounting Standards.

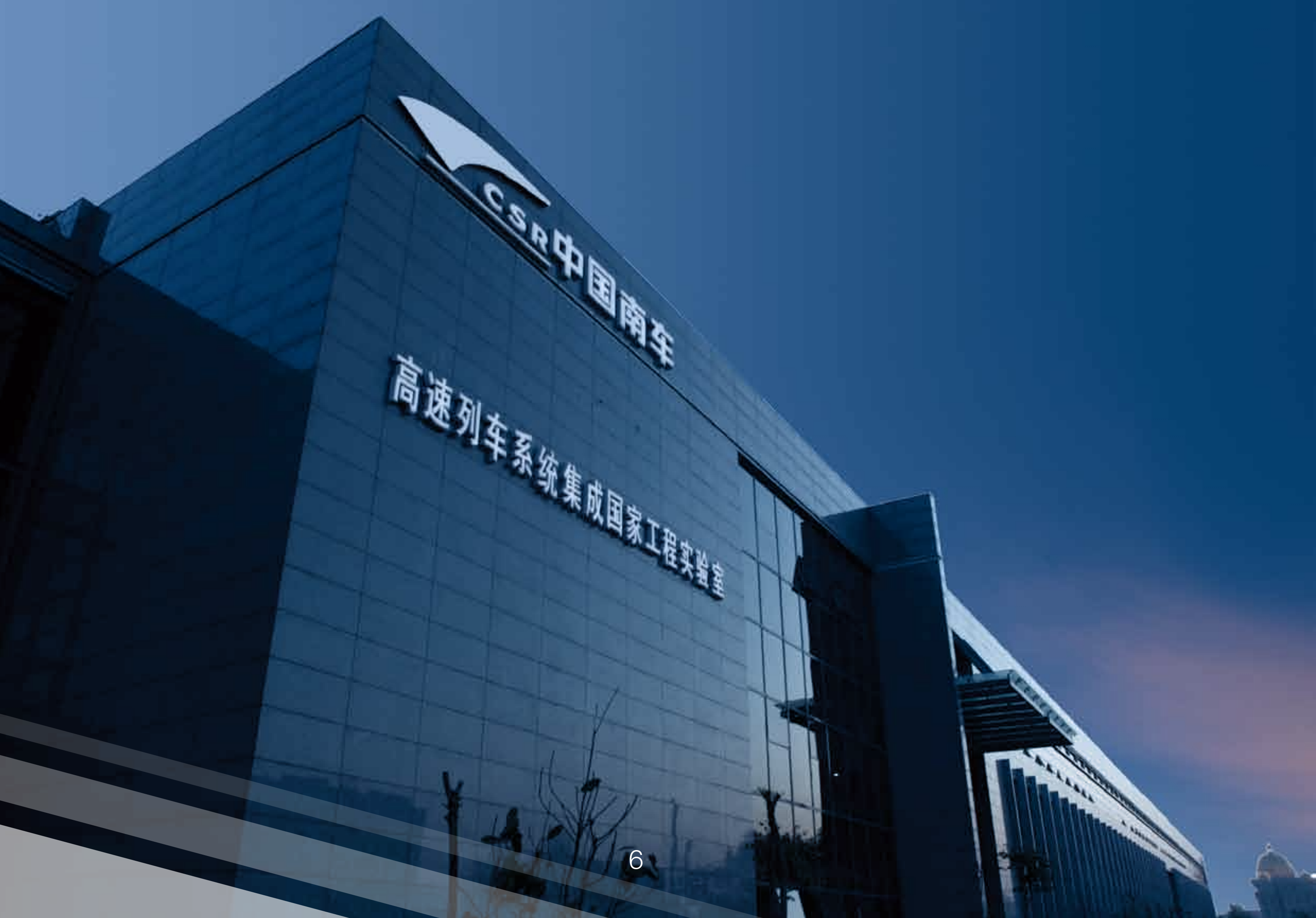
Changes in Share Capital and Particulars of Shareholders

(I) CHANGES IN SHARES

During the Reporting Period, there was no change in the number of total shares or share capital structure of the Company.

For the six months ended 30 June 2011, none of the Company or its subsidiaries has repurchased, sold or redeemed any of the Company's securities under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules").

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



(II) PARTICULARS OF SHAREHOLDERS AND THE ULTIMATE CONTROLLER

1. The number of shareholders and their shareholdings

(i) Total number of shareholders as at the end of the Reporting Period

As at the end of the Reporting Period, the Company had 358,783 shareholders in total, including 356,022 holders of A shares and 2,761 holders of H shares.

(ii) Shareholdings of the top ten shareholders

Unit: share

Name of shareholders	Nature of shareholders	Percentage of shareholding (%)	Total number of shares held	Change during the Reporting Period	Number of shares held that are subject to trading moratorium	Number of shares pledged/ frozen
CSR Group ("CSRG")	State-owned legal person	54.27	6,425,714,285	0	6,422,914,285	Nil
HKSCC NOMINEES LIMITED	Overseas legal person	17.04	2,017,939,839	(127,001)		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)	—	2.50	295,714,286	0	295,714,286	Unknown
CSR Capital Company (中國南車集團投資管理公司)	State-owned legal person	0.82	97,371,429	0	97,371,429	4,285,714
Industrial and Commercial Bank of China — South Longyuan Industrial Subject Stock Investment Fund (中國工商銀行 — 南方隆元產業主題股票型證券投資基金)	Other	0.74	87,644,860	25,144,860		Unknown
China Construction Bank - Great Wall Brand Selective Stock Investment Fund (中國建設銀行 — 長城品牌優選股票型證券投資基金)	Other	0.54	64,371,102	0		Unknown
Bank of China - Dacheng Blue Chip Steady Securities Investment Fund (中國銀行 — 大成藍籌穩健證券投資基金)	Other	0.42	50,087,853	5,985,026		Unknown
Haitong Securities Co. Ltd. (海通證券股份有限公司)	Other	0.27	31,724,652	31,494,552		Unknown
Industrial and Commercial Bank of China — Kaiyuan Equity Fund (中國工商銀行 — 開元證券投資基金)	Other	0.21	24,528,538	2,728,538		Unknown
UBS AG	Other	0.21	24,394,092	18,314,540		Unknown

Notes:

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

2. CSR Capital Company (中國南車集團投資管理公司) is a wholly-owned subsidiary of CSRG. Save as the above, the Company is not aware of any connection among such other shareholders.

3. According to Implementation Measures on the Transfer of Certain State-owned Shares in Domestic Stock Market for Replenishing Social Security Fund promulgated in 2009, the holders of the state-owned shares of the Company shall transfer the state-owned shares equivalent to 10% of shares actually issued and listed pursuant to the initial public offering ("IPO") of the Company to the National Council for Social Security Fund. Therefore, a portion of shares held by CSR Capital Company (中國南車集團投資管理公司) were frozen as at the end of the Reporting Period. On 11 July 2011, the 4,285,714 frozen shares held by CSR Capital Company had been transferred to Account No. 2 of the National Council for Social Security Fund.

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

Unit: share

Name of shareholders	Number of shares that are held not subject to trading moratorium	Type of share
HKSCC NOMINEES LIMITED	2,017,939,839	Overseas listed foreign invested shares
Industrial and Commercial Bank of China - South Longyuan Industrial Subject Stock Investment Fund (中國工商銀行 — 南方隆元產業主題股票型證券投資基金)	87,644,860	Ordinary shares denominated in RMB
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)	64,371,102	Ordinary shares denominated in RMB
Bank of China - Dacheng Blue Chip Steady Securities Investment Fund (中國銀行 — 大成藍籌穩健證券投資基金)	50,087,853	Ordinary shares denominated in RMB
Haitong Securities Co. Ltd.(海通證券股份有限公司)	31,724,652	Ordinary shares denominated in RMB
Industrial and Commercial Bank of China - Kaiyuan Equity Fund (中國工商銀行 — 開元證券投資基金)	24,528,538	Ordinary shares denominated in RMB
UBS AG	24,394,092	Ordinary shares denominated in RMB
China Resources Shenzhen International Investment Trust Co., Ltd. - Chongyang Phase III Stock Investment Collective Fund Trust Program (華潤深國投信託有限公司 — 重陽3期證券投資集合資金信託計劃)	21,093,745	Ordinary shares denominated in RMB
Bank of China - Harvest CSI 300 Index Securities Investment Fund (中國銀行 — 嘉實滬深300指數證券投資基金)	20,684,509	Ordinary shares denominated in RMB
New China Life Insurance Co., Ltd. - Dividend - Group Dividend - 018L - FH001 Shanghai(新華人壽保險股份有限公司 — 分紅 — 團體分紅 — 018L — FH001滬)	18,999,991	Ordinary shares denominated in RMB

Connections or parties acting in concert among the aforesaid shareholders	The Company is not aware of any connections among the aforesaid shareholders.

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

Unit: share

No.	Name of holders of shares subject to trading moratorium	Number of shares that are held subject to trading moratorium	Release of trading moratorium: Expiry date of trading moratorium	Release of trading moratorium: No. of additional shares available for listing and trading	Trading moratorium
1	CSRG	6,422,914,285	18 August 2011	6,422,914,285	Promoter shareholder undertook that the A shares of the Company held by it would be subject to a moratorium period of 36 months from the date of A share listing
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)	295,714,286	18 August 2014	295,714,286	Implementation Measures on the Transfer of Certain State-owned Shares in Domestic Stock Market for Replenishing Social Security Fund
3	CSR Capital Company (中國南車集團投資管理公司)	97,371,429	18 August 2011	97,371,429	Promoter shareholder undertook that the A shares of the Company held by it would be subject to a moratorium period of 36 months from the date of A share listing

Connections or parties acting in concert among the aforesaid shareholders	CSR Capital Company (中國南車集團投資管理公司) is a wholly-owned subsidiary of CSRG.

(v) Substantial shareholders' interests and short positions in the Company

As at 30 June 2011, the following persons had interests or short positions in the Company's shares as recorded in the register of interests and short positions in shares required to be kept under section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"):

Name of Shareholders	Capacity	H share or A share	Nature of Interest	No. of H shares or A shares in which the shareholders are interested	Percentage of H share or A share in which the shareholders are interested in the respective total issued H shares or A shares (%)
CSRG *(Note 1)*	Beneficial owner	A Shares	Long position	7,519,763,454	76.61
National Social Security Fund ("NSSF")	Beneficial owner	A Shares	Long position	1,126,279,070 *(Note 2)*	11.47
	Beneficial owner	H Shares	Long position	184,000,000 *(Note 3)*	9.09
Mirae Asset Global Investments (Hong Kong) Limited	Investment manager	H Shares	Long position	141,819,000	7.01
Morgan Stanley	Interest of controlled by the substantial shareholder	H Shares	Long position Short position	120,141,528 121,327,656	5.94 5.99
Karr Robert A.	Interest of corporation controlled by the substantial shareholder	H Shares	Long position	102,738,794	5.08

Notes:

1. A conditional subscription agreement in relation to the non-public share issue was entered into between the Company and CSRG on 13 June 2011. According to the agreement, CSRG agreed to subscribe for 996,677,740 A shares to be issued as planned by the Company in the future. Such number of A shares has been included in 7,519,763,454 A shares in which CSRG is interested. In addition, CSRG held 97,371,429 A shares of the Company through its wholly-owned subsidiary, CSR Capital Company (中國南車集團投資管理公司).

2. A conditional subscription agreement in relation to the non-public share issue was entered into between the Company and NSSF on 14 June 2011. According to the agreement, NSSF agreed to subscribe for 830,564,784 A shares to be issued as planned by the Company in the future. As at 30 June 2011, Account No. 2 of the National Council for Social Security Fund also held 295,714,286 issued A shares of the Company.

3. The Company issued a total of 1.84 billion overseas listed foreign invested shares (H shares) (upon the full exercise of the over-allotment option). In accordance with the relevant rules in respect of reduction of shareholding in state-owned shares, the holders of the Company's state-owned legal person shares, CSRG and CSR Capital Company, transferred the State-owned shares held according to 10% of the total H shares offered at the H share offering, or 184 million shares, to NSSF. Such state-owned shares were converted into H shares on a 1:1 basis.

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

Save as disclosed above, as far as the Directors of the Company are aware, as at 30 June 2011, no other person had interests and/or short positions in the shares or underlying shares (as the case may be) of the Company which were required to be recorded in the register pursuant to section 336 of Part XV of the SFO, or was otherwise a substantial shareholder (as defined in the Hong Kong Listing Rules) of the Company.

2. Changes in the controlling shareholder and the ultimate controller

There was no change in the controlling shareholder or the ultimate controller during the Reporting Period.

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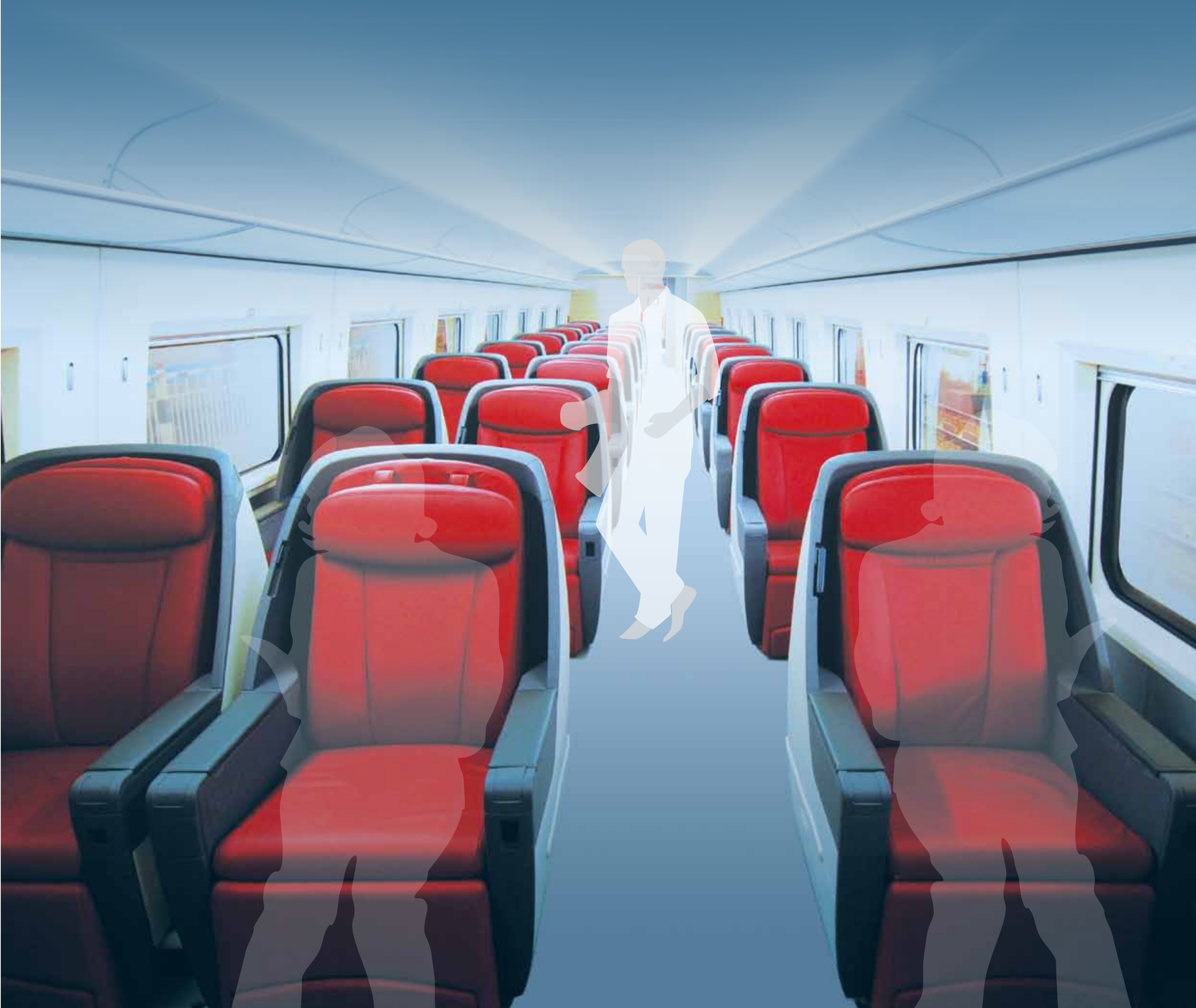


Particulars of Directors, Supervisors and Senior Management

(I) SHAREHOLDING INTERESTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Reporting Period, none of the directors, supervisors or senior management of the Company had held or traded in any of the Company's shares.

On 27 April 2011, the Board of the Company resolved to grant A share options to the following directors and senior management under the share option plan adopted by the Company on 26 April 2011. The effect and the exercise of the relevant share options are subject to the fulfilment of all effective conditions under the share option scheme:

Unit: Shares

Name	Position	Grant date	Exercise price	Number of A Shares to be subscribed under the share options
Zhao Xiaogang	Chairman	27 April 2011	RMB5.43	200,000
Zheng Changhong	Vice Chairman, President	27 April 2011	RMB5.43	200,000
Tang Kelin	Executive Director, Vice President	27 April 2011	RMB5.43	170,000
Liu Hualong	Executive Director	27 April 2011	RMB5.43	170,000
Zhang Jun	Vice President	27 April 2011	RMB5.43	170,000
Fu Jianguo	Vice President	27 April 2011	RMB5.43	170,000
Zhan Yanjing	Vice President, Chief Financial Officer	27 April 2011	RMB5.43	170,000
Shao Renqiang	Secretary to the Board	27 April 2011	RMB5.43	150,000

Save as disclosed above, as at 30 June 2011, none of the directors, supervisors or senior management of the Company, or their spouses or children under 18 had held interests and/ or short positions 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 for Securities Transactions by Directors of Listed Issuers (the ''Model Code'') set out in Appendix X to the Hong Kong Listing Rules by the directors or supervisors.

(II) APPOINTMENT OR DISMISSAL OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The term of the first session of the Board and the supervisory committee had expired. At the 2011 first extraordinary general meeting of the Company convened on 26 April 2011, all members of the first session of the Board were re-elected as directors of the second session of the Board, four of them, including Mr. Zhao Xiaogang, Mr. Zheng Changhong, Mr. Tang Kelin and Mr. Liu Hualong had been re-elected as executive directors of the second session of the Board. Five of them, including Mr. Zhao Jibin, Mr. Yang Yuzhong, Mr. Chen Yongkuan, Mr. Dai Deming and Mr. Tsoi, David had been re-elected as independent non-executive directors of the second session of the Board. Mr. Wang Yan and Mr. Sun Ke had been elected as shareholder representative supervisors of the second session of the supervisory committee and formed the second session of the supervisory committee with Mr. Qiu Wei, the employee representative supervisor, among which, Mr. Wang Yan and Mr. Qiu Wei were supervisors of the first session of the supervisory committee whereas Mr. Sun Ke was a newly elected supervisor. Mr. Li Jianguo, a shareholder representative supervisor of the first session of the supervisory committee of the Company, ceased to act as a supervisor of the Company as he reached his age of retirement.

At the first meeting of the second session of the Board, Mr. Zhao Xiaogang was elected to continue to serve as the chairman of the second session of the Board. Mr. Zheng Changhong was elected to continue to serve as vice chairman of the second session of the Board.

At the first meeting of the second session of the supervisory committee, Mr. Wang Yan was elected to serve as the chairman of the second session of the supervisory committee of the Company.

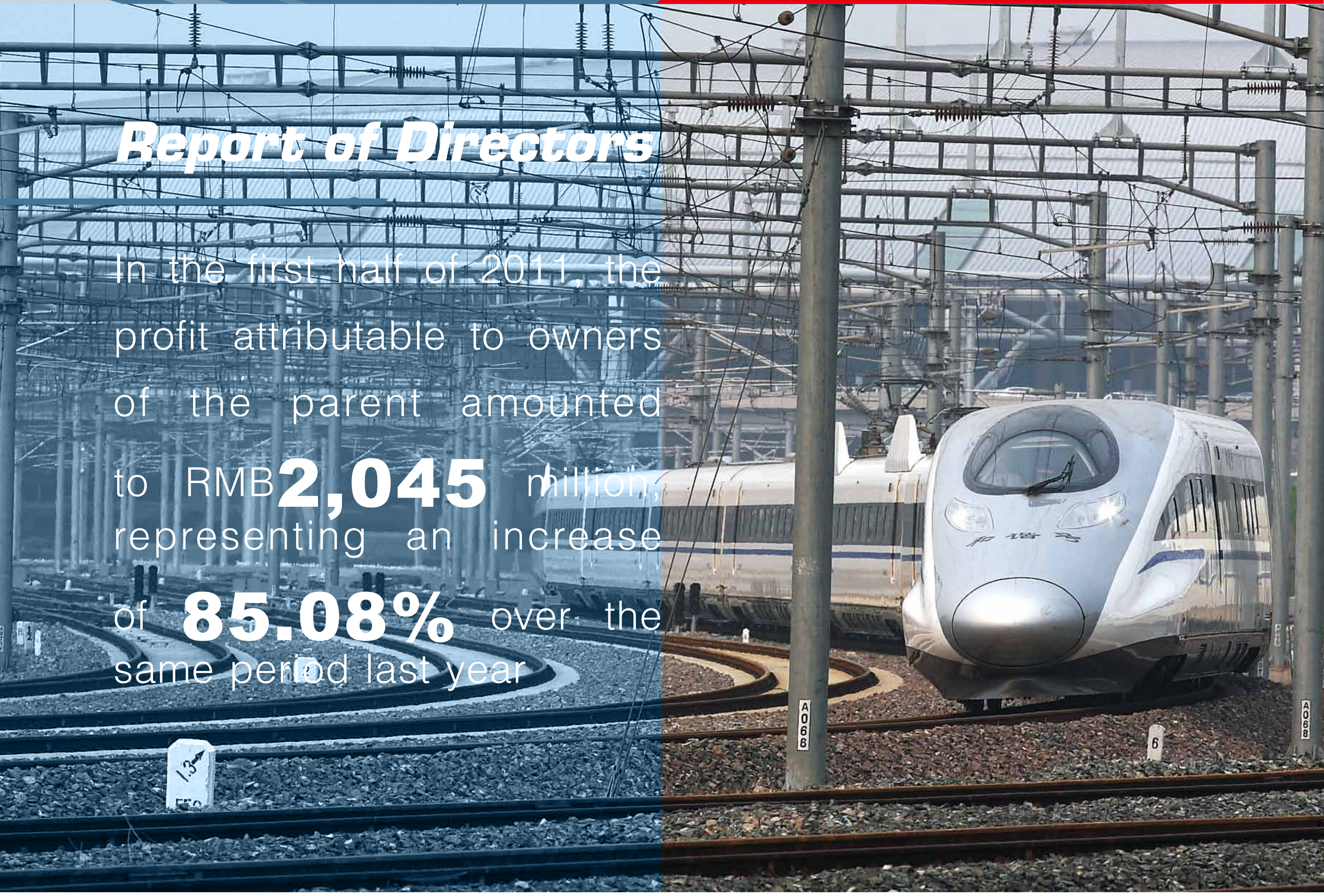
According to the recommendations of the first meeting of the second session of the nomination committee of the Board, the second meeting of the second session of the Board approved the re-engagement of: Mr. Zheng Changhong as President of the Company, Mr. Tang Kelin, Mr. Zhang Jun, Mr. Fu Jianguo and Ms. Zhan Yanjing as Vice President of the Company, and Mr. Shao Renqiang as Secretary to the Board.

(III) CHANGE IN DIRECTOR'S PROFILE

Since May 2011, Mr. Yang Yuzhong, an independent non-executive director of the Company, has served as independent non-executive director of Air China Limited concurrently.

Report of Directors

In the first half of 2011, the profit attributable to owners of the parent amounted to RMB**2,045** million, representing an increase of **85.08%** over the same period last year



(I) SUMMARY OF THE OVERALL OPERATION OF THE COMPANY DURING THE REPORTING PERIOD

In the first half of 2011, the Company, in line with its development strategies, witnessed rapid growth through proactive market expansion, enhanced technology innovation, more stringent basic management as well as achievement of production and operational targets. In the first half of 2011, the revenue of the Company amounted to RMB39,563 million, representing an increase of 42.43% over the same period last year; the profit attributable to owners of the parent amounted to RMB2,045 million, representing an increase of 85.08% over the same period last year. In addition, BST, a joint venture of the Company, recorded revenue of RMB2,813 million and a net profit of RMB543 million in the first half of 2011. As at 30 June 2011, outstanding orders of the Company carried a value of approximately RMB100.0 billion, among which orders for MUs amounted to approximately RMB50.0 billion (inclusive of approximately RMB11.3 billion received by BST). The value of overseas orders amounted to approximately RMB12.0 billion.

(II) CORE BUSINESSES OF THE COMPANY AND OPERATION THEREOF

1. Summary of the Company's core businesses

The core businesses of the Company include research and development, design, manufacturing, sales, refurbishment and leasing of locomotives, passenger carriages, freight wagons, MUs, rapid transit vehicles and key components as well as extended businesses that utilise proprietary rolling stock technologies.

2. Revenue breakdown by business segments

Comparisons between revenue from all business segments of the Company from January to June 2011 and that for the same period last year are set out in the following table:

Business segment	January to June 2011 Amount (RMB'000)	January to June 2011 Percentage %	January to June 2010 Amount (RMB'000)	January to June 2010 Percentage %	Growth rate %
Locomotives	10,942,616	27.66	7,960,715	28.66	37.46
Passenger carriages	2,644,255	6.68	2,096,551	7.55	26.12
Freight wagons	5,033,357	12.72	3,571,881	12.86	40.92
MUs	10,011,795	25.31	4,961,254	17.86	101.80
Rapid transit vehicles	2,856,368	7.22	3,414,447	12.29	-16.34
New businesses	5,764,337	14.57	3,688,365	13.28	56.28
Others	2,310,370	5.84	2,084,654	7.50	10.83
Total	39,563,098	100.00	27,777,867	100.00	42.43

From January to June 2011, revenue amounted to RMB39,563 million, representing an increase of 42.43% over the same period last year

From January to June 2011, the MU segment witnessed growth of

101.80%

over the same period last year

From January to June 2011, the new businesses segment witnessed growth of

56.28%

over the same period last year

From January to June 2011, the locomotive segment witnessed growth of

37.46%

over the same period last year

Our revenue is mainly derived from locomotives, passenger carriages, freight wagons, MUs, rapid transit vehicles, new businesses and others. During the Reporting Period, the Company gained considerable growth in business scale and the increase in revenue was mainly attributable to the Company's proactive effort in seizing development opportunities arising from the rapid development in the PRC rolling stock manufacturing market whilst making full use of its technological renovation to further commit itself to new product development and investment in technological renovation, thereby leading to a surge in revenue for the Reporting Period on basis of extended business foothold and significant growth in market sales.

From January to June 2011, revenue from our locomotive product line saw a substantial increase as compared with the same period last year, mainly attributable to the more earnest market demand arising from the high speed and heavy load railway development in the PRC.

From January to June 2011, revenue generated from our passenger carriage business saw an increase as compared with the same period last year, mainly attributable to the considerable growth in revenue from passenger carriage over the same period last year following the increase of procurement from the Ministry of Railways.

From January to June 2011, revenue from our freight wagon business saw a substantial increase as compared with the same period last year. Such increase was mainly attributable to the fact that as the impact of the financial crisis gradually dissipated, the freight turnover volume continued to rise and the policy of self-owned wagon opened up, orders from the Ministry of Railways of the PRC and all of its subordinate railway bureaus (together as "CR") as well as the number of self-owned freight wagons increased, which drove the revenue of freight wagon business to edge up as compared with the same period last year.

From January to June 2011, revenue from our MU business increased sharply as compared with the same period last year, mainly attributable to the ever-increasing market demand arising from the rapid development of high speed railways in the PRC.

From January to June 2011, revenue from our rapid transit vehicles business declined as compared with the same period last year, mainly attributable to the imbalance of contracted delivery of rapid transit vehicles.

New businesses include those that are closely related to proprietary rolling stock technologies. From January to June 2011, revenue of new businesses grew significantly as compared with the same period last year, mainly attributable to the Company's efforts in providing both technology and capital support for the development of proprietary rolling stock technology-related products, which triggered rapid growth in new businesses. In particular, revenue from wind power generators amounted to RMB1,804 million, representing an increase of 18.03% as compared with the same period last year; revenue from construction machinery amounted to RMB933 million, representing an increase of 83.56% as compared with the same period last year; revenue from compound materials amounted to RMB1,109 million, representing an increase of 97.04% as compared with the same period last year; and revenue from automobile equipments amounted to RMB589 million, representing an increase of 157.05% as compared with the same period last year.

Other revenue includes income from sales of materials and businesses other than rolling stock business. From January to June 2011, our other revenue increased as compared with the same period last year, mainly attributable to the market expansion and corresponding business growth.

3. Revenue breakdown by regions

From January to June 2011, operating revenue from the Company's operations by regions and the comparison with that of the same period last year are shown in the following table:

Business segment	**January to June 2011** Amount *(RMB'000)*	Percentage %	January to June 2010 Amount *(RMB'000)*	Percentage %	Growth rate %
Domestic market	**37,116,082**	**93.81**	26,747,784	96.29	38.76
Overseas market	**2,447,016**	**6.19**	1,030,083	3.71	137.56
Total	**39,563,098**	**100.00**	27,777,867	100.00	42.43

Revenue from domestic market of the Company increased by 38.76% as compared with the same period last year whereas revenue from overseas market increased by 137.56% as compared with the same period last year. From January to June 2011, the Company's efforts in expansion into domestic and overseas markets paid off, especially evidenced by the rapid growth in revenue generated from the delivery of locomotives and passenger carriages in overseas markets.

4. Analysis of gross profit and gross profit margin

From January to June 2011, consolidated gross profit and gross profit margin of the Company and the comparison with that of same period last year are shown in the following table:

Item	January to June 2011 Amount (RMB'000)	January to June 2010 Amount (RMB'000)	Growth rate %
Revenue	39,563,098	27,777,867	42.43
Operating cost	32,477,671	23,214,854	39.90
Gross profit	7,085,427	4,563,013	55.28
Gross profit margin	17.91%	16.43%	

From January to June 2011, the Company's gross profit and gross profit margin increased as compared with the same period last year. Such increase was primarily attributable to the optimisation of its income structure as well as the improvement in management.

(III) COMPOSITION AND CHANGES OF MAJOR ASSETS AND LIABILITIES OF THE COMPANY DURING THE REPORTING PERIOD

1. Composition and changes of major assets of the Company during the Reporting Period

The composition and changes of major assets of the Company as at 30 June 2011 are shown in the following table:

Composition and changes of major assets (in net value)

Item	30 June 2011 Amount (RMB'000)	30 June 2011 Percentage %	31 December 2010 Amount (RMB'000)	31 December 2010 Percentage %	Growth Rate %
Total current assets	66,990,803	72.10	50,277,750	68.16	33.24
Of which: Cash and cash equivalents	12,391,513	13.34	13,781,564	18.68	-10.09
Trade receivables	26,625,874	28.66	11,179,240	15.16	138.17
Prepayment, deposits and other receivables	6,327,079	6.81	4,979,691	6.75	27.06
Inventories	19,103,433	20.56	17,793,573	24.12	7.36
Total non-current assets	25,927,266	27.90	23,482,794	31.84	10.41
Of which: Property, plant and equipment	18,822,769	20.26	17,100,519	23.18	10.07
Total assets	92,918,069	100.00	73,760,544	100.00	25.97

The balance of the Company's cash and cash equivalents decreased as compared with the beginning of the year, which was mainly attributable to expansion of the sales volume for the period that led to the increase in the appropriation of production capital and funds for settling construction expenditure.

The trade receivables of the Company were mainly contract receivables. As at the end of the Reporting Period, trade receivables increased by 138.17% as compared with the beginning of the year, which was mainly attributable to an organic growth in receivables following the increase in revenue, as well as delayed payment for goods by major customers.

The prepayments, deposits and other receivables of the Company rose by 27.06% as compared with the beginning of the year, mainly attributable to the increase in prepayments for procurement of raw materials.

Net inventories of the Company increased by 7.36% as compared with the beginning of the year, which was mainly attributable to the increase in materials for the purpose of production in light of a higher business volume following the expansion of the Company's operation.

The property, plant and equipment of the Company increased by 10.07% as compared with the beginning of the year. Such increase was mainly attributable to the increase in investment due to the Company's endeavour to cater for its growing business by expanding production capacity and upgrading products and technologies.

2. Composition and changes of major liabilities of the Company during the Reporting Period

The composition and changes of major liabilities of the Company as at 30 June 2011 are shown in the following table:

	30 June 2011		31 December 2010		
Item	**Amount (RMB'000)**	**Percentage %**	Amount (RMB'000)	Percentage %	Growth rate %
Total current liabilities	**59,423,980**	**88.71**	42,815,094	85.82	38.79
Of which: Interest-bearing bank and other borrowings	**16,358,389**	**24.42**	5,812,758	11.65	181.42
Bills payable	**7,832,321**	**11.69**	6,925,713	13.88	13.09
Trade payables	**24,628,008**	**36.76**	18,044,142	36.17	36.49
Other payables and accruals	**9,574,259**	**14.29**	11,131,332	22.31	-13.99
Total non-current liabilities	**7,566,245**	**11.29**	7,076,865	14.18	6.92
Of which: Interest-bearing bank and other borrowings	**4,217,231**	**6.30**	4,203,724	8.43	0.32
Defined benefit obligations	**1,774,302**	**2.65**	1,775,450	3.56	-0.06
Total liabilities	**66,990,225**	**100.00**	49,891,959	100.00	34.27

The short-term interest-bearing bank and other borrowings of the Company increased by 181.42% as compared with the beginning of the year, which was mainly attributable to the increase in the use of short-term interest-bearing bank and other borrowings so as to ensure normal production operation, given that capital was put under stress under the government's tightened monetary policy.

The bills payable of the Company were mainly bills issued to suppliers for liquidity. As at the end of the Reporting Period, bills payable rose by 13.09% as compared with the beginning of the year, mainly attributable to the increase in procurement given the increase in business scale and business volume of the Company.

The trade payables of the Company were mainly outstanding amount payable to suppliers of raw materials. As at the end of the Reporting Period, trade payables increased by 36.49% as compared with the beginning of the year. The increase was mainly attributable to the increase in trade payables given the increase in procurement following the expansion of the Company's business and the increase in business volume.

Other payables and accruals of the Company decreased by 13.99% as compared with the beginning of the year, mainly attributable to the decrease in delivery and prepayments received under the sales contracts in the first half of the year.

3. Capital structure

As at 30 June 2011, the gearing ratio of the Company was 70.45%, representing an increase of 8.35 percentage points from the beginning of the year, which was mainly due to the increase in interest bearing bank and other borrowings as a result of the expansion of the Company's operation and production scale.

(IV) MATERIAL CHANGES IN FINANCIAL FIGURES SUCH AS ADMINISTRATIVE EXPENSES DURING THE REPORTING PERIOD

From January to June 2011, the financial figures such as administrative expenses of the Company and year-on-year changes thereof are shown in the following table:

Item	**January to June 2011 Amount *(RMB'000)***	January to June 2010 Amount *(RMB'000)*	Growth rate %
Selling and distribution costs	**1,213,575**	696,401	74.26
Administrative expenses	**2,907,519**	2,199,652	32.18
Finance costs	**369,333**	165,296	123.44
Share of profits and losses of associates and jointly-controlled entities	**315,049**	167,928	87.61
Income tax expense	**464,097**	281,970	64.59

From January to June 2011, the selling and distribution costs of the Company increased by 74.26% as compared with the same period last year, mainly attributable to 1) the increase in the proportion of estimated provision for product warranty expenses as a result of the increase in revenue of the Company and 2) the rapid growth in sales service expense, sales commissions and agency fees as a result of the Company's growth in the market scale and business arena. The 32.18% increase in administrative expenses of the Company as compared with the same period last year was mainly attributable to 1) the corresponding increase in the salary of management staff and maintenance fees as a result of the Company's growth in operation scale and business volume and 2) a more significant increase in research and development expenses of the Company. Finance costs increased by 123.44% as compared with the same period last year, mainly attributable to the increase in interest expense following the increase in interest bearing liabilities. Share of profits and losses of associates and jointly-controlled entities increased by 87.61% as compared with the same period last year, mainly attributable to the increase in profits of associates and jointly-controlled entities. Income tax expense increased by 64.59% as compared with the same period last year, mainly attributable to the increase in profit before tax.

(V) BREAKDOWN OF CASH FLOW DURING THE REPORTING PERIOD

From January to June 2011, cash flow of the Company and year-on-year changes thereof are set out in the following table:

Item	**January to June 2011 Amount *(RMB'000)***	January to June 2010 Amount *(RMB'000)*	Increase *(RMB'000)*
Net cash flow from operating activities	**-7,697,565**	-520,176	-7,177,389
Net cash flow from investing activities	**-3,537,246**	-1,838,206	-1,699,040
Net cash flow from financing activities	**9,640,207**	1,622,719	8,017,488

From January to June 2011, deficit of net cash flow from operating activities of the Company was RMB7,697,565,000, which was RMB7,177,389,000 higher than that of the same period last year. Such increase was mainly attributable to the widening of deficit as compared with the same period last year when cash used in the purchase of labor services was deducted from cash received from sales of goods and the provision of labor services. Deficit of net cash flow from investing activities was RMB3,537,246,000, representing an increase of RMB1,699,040,000 as compared with the same period last year, mainly due to the increase in cash payment for purchase of fixed assets, intangible assets and other long-term assets. Net cash flow from financing activities was RMB9,640,207,000, representing an increase of RMB8,017,488,000 as compared with the same period last year, mainly attributable to the fact that the Company enlarged the scale of debt financing such as bank loans and issuance of short-term bond in order to cope with the stress on capital in the future.

(VI) OPERATIONS OF MAJOR COMPANIES INVESTED BY THE COMPANY

Unit: RMB'000

Company name	Business scope	Net profit	Investment income from companies invested by the Company	Percentage of net profit of listed company (attributable to the parent) (%)
BST	Production of transit vehicles	543,283	271,641	13.29%

Bombardier Sifang (Qingdao) Transportation Ltd.(青島四方龐巴迪鐵路運輸設備有限公司)("BST") was established on 27 November 1998, which is a 50-50 Chinese-foreign joint venture established by CSR Sifang Rolling Stock Co., Ltd. and Bombardier to engage in the production of transit vehicles. Its business scope includes: design and production of high-end passenger carriages, ordinary passenger carriages, electric MUs, luxury double-decker passenger carriages, high-speed passenger carriages and rapid transit vehicles, sales of self-produced products and provision of relevant after-sales service. In the first half of 2011, the revenue recorded by the Company amounted to RMB2.813 billion.

(VII) INVESTMENT OF THE COMPANY

1. Use of proceeds raised from A share offering

The Company raised net proceeds of RMB6.36941 billion from the IPO of A shares in August 2008. As at 30 June 2011, bank deposit interests of raised proceeds amounted to RMB23.11 million. In the first half of 2011, the Company invested RMB22.43 million in the projects funded by the proceeds. As at the end of the Reporting Period, the Company used RMB6.3924 billion proceeds in total.

As at 30 June 2011, the balance of proceeds in the designated proceeds account of the Company aggregated to RMB0.12 million. Such outstanding proceeds will continue to be used in projects funded by proceeds as undertaken in relation to high-speed MUs and the industrialisation of critical components of high-powered locomotives.

2. Use of proceeds raised from H share offering

In 2008, the Company raised aggregate proceeds of HK$4.784 billion from the listing of the H shares. Actual capital received amounted to HK$4.647 billion after netting off relevant issuing expenses. As at 30 June 2011, a total of approximately HK$4.697 billion of proceeds raised from the H share offering were used (including HK$0.39 billion used as capital contribution to CSR (Hong Kong)), and an aggregate of HK$61 million of interest from bank deposits has been received. In the first half of 2011, approximately HK$698 million of such proceeds was used in total, among which HK$14 million was used to acquire advanced foreign R&D, manufacturing and laboratory equipment, whereas HK$668 million was used to acquire foreign critical components which would facilitate the domestic production of complete rolling stock units, and HK$16 million was used to import key foreign technologies for railway locomotives.

As at 30 June 2011, the balance of proceeds raised from the H share offering in the designated proceeds account of the Company amounted to approximately HK$11 million (including bank interests). The uses of proceeds stated above are in strict compliance with the disclosures in the prospectus and the relevant approvals from the State Administration of Foreign Exchange and supervised by the bank (s) where such account is opened.

On 8 March 2011, the Company published an announcement on the adjustment to the usage proportion of proceeds raised from H share offering. In consideration of the great demand for proceeds in the procurement of advanced foreign equipment for research and development, manufacturing and testing as well as the import of critical components which facilitate the domestic production of complete rolling stock units, the Board was of the opinion that it was necessary to adjust the proposed usage proportion of proceeds raised from H share offering and resolved to approve the use of all remaining proceeds raised from H share offering in the procurement of advanced foreign equipment for research and development, manufacturing and testing as well as the import of critical components which facilitate the domestic production of complete rolling stock units.

3. Material project not funded by proceeds from share offerings

In the first half of 2011, the Company's investment projects not funded by proceeds from share offerings amounted to RMB1.77 billion, mainly including such projects as Technological Improvement of Yangtze Changzhou Branch（長江常州分公司）, Upgrade & Expansion of Air-conditioning Units of Shijiazhang Guoxiang Company（石家莊國祥公司列車空調機組擴能升級）, Industrialisation of Complete Wind Power Generating Units of Tianjin ZELRI（株洲所天津風電整機產業化建設) and Capacity Expansion of Elastic, Shock-absorbing, Noise-reducing Polymer Component Product of Times New Material（時代新材高分子減震降噪彈性元件產品擴能）.

(VIII) MAJOR RISKS FACED BY THE COMPANY AND COUNTERMEASURES THERETO

1. Risk of macroeconomic policies

As a fundamental industry underpinning the national economy in the PRC, the development of the rolling stock production industry in which the Company operates is correlated to the macroeconomic policies and prosperity of the national economy to a larger extent. The state is currently promoting the development of the rolling stock manufacturing industry, however, the market condition in which the Company operates may be subject to variation when future policies of the industry change, thus exposing the Company's operation to risks. When it gathers pace, national economic development stimulates demand for rolling stock and increases the demand for rolling stock products. On the contrary, when the it declines, economy will suppress the growth in the demand for rolling stock products, which will in turn affect the performance of the Company and bring risks to the production and operation of the Company.

Counter-measures: the Company will establish a system for collection, analysis and application of industry policies and other macro information, designate relevant department and personnel to regularly and randomly collect and analyse all sorts of information to compile reports, and take proactive counter-measures and plans in response to the condition of industry policies promptly, so as to prevent risks. To ever prop up the Company's ability in coping with risks arising from macroeconomic policies, it will formulate corresponding strategies for development which are in line with the macroeconomic policy environment, whilst diversifying into relevant products and proactively tapping into overseas market apart from focusing on the manufacturing of rolling stock equipment products.

2. Risk of technology

Since the incorporation of the Company, achievements have been made in technical innovation. The need for constant upgrades and modernisation of the rolling stock transportation equipment industry has put the Company under great pressure in terms of both the sustainability and speed of innovations. Product upgrades and in turn higher requirements for the quality and reliability of products have also posed new challenges for technical innovation in the Company. Failing to respond to such challenges and to maintain higher competitive edges in terms of technology could adversely affect the operating results and financial position of the Company.

Counter-measures: the Company will further ramp up investment in scientific research, whilst deepening efforts in assimilating, absorbing and re-innovating foreign advanced technology, so as to boost the technical and cost strengths of its products on an ongoing basis. While learning and absorbing cutting-edge technology of foreign countries, the Company improves its design level and experiment practices by establishing simulation design platforms, and strengthen technology innovation for products (especially core products) to ensure applicability, reliability and safety of technological R&D results.

3. Risk of talents availability

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

Counter-measures: the Company plans to recruit high calibre professional talents, or provide advanced and targeted training to a selected few within the Company purposefully to build a professional pipeline for future development, each of which will be conducted in line with strategic planning and the need for business development. Plans for the overall demand for human resources will be formulated according to future market prospect, the Company's business development status, compatibility of positions as well as the quality and potential of human resources.

(IX) EMPLOYEES OF THE COMPANY AND THEIR REMUNERATION AND TRAINING

During the Reporting Period, there was no material change in the total number, structure, remuneration and training of the employees of the Company.

(X) PARTICULARS OF CONTINGENT LIABILITIES OF THE COMPANY

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

(XI) PARTICULARS OF PLEDGE OF ASSETS OF THE COMPANY

As at the end of the Reporting Period, the following assets of the Company with a total book value of RMB1,422,962,000 were charged to obtain bank loans and other banking facilities. Such assets included property, plant and equipment of RMB59,647,000, pre-paid rent of RMB4,677,000 and other assets of RMB713,048,000.

Significant Events

(I) CORPORATE GOVERNANCE

The Company considers sound corporate governance an internal driving force of corporate development. During the Reporting Period, the Company, as an enterprise listed in both Mainland China and Hong Kong, standardised its corporate operation in strict compliance with regulatory documents of the PRC and Hong Kong. Pursuant to the laws and regulations such as the Company Law, and requirements of the rules and regulations of the regulatory authorities, the Company had established a modern corporate governance structure featuring "the general meeting, the Board and the supervisory committee and one management" and an effective corporate governance mechanism. Thanks to ongoing efforts in improving corporate governance and business management, the Company perfected its corporate governance.

Compliance with Code on Corporate Governance Practices

The Company has established a system of corporate governance practices in accordance with the Code on Corporate Governance Practices (hereafter as the ''Code'') set out in Appendix 14 to the Hong Kong Listing Rules. The Company complied with the code provisions of the Code throughout the six-month period ended 30 June 2011.

Securities transactions by Directors and Supervisors

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

As at 30 June 2011, after specific inquiries with all the directors and supervisors, the Company confirmed that all the directors and supervisors had complied with the relevant codes on securities transactions by directors and supervisors set out in the Model Code and the "Management Methods on Shares and Changes on the Shareholdings held by Directors, Supervisors and Senior Management of CSR Corporation Limited" formed by the Company.

Audit and Risk Management Committee

The Audit and Risk Management Committee of the Board of the Company consists of Mr. Dai Deming (Independent Non-executive Director), Mr. Yang Yuzhong (Independent Non-executive Director) and Mr. Tsoi, David (Independent Non-executive Director). Mr. Dai Deming serves as the chairman of the Audit and Risk Management Committee of the Company.

The Audit and Risk Management Committee has reviewed the unaudited interim financial statements and the interim report of the Company for the six months ended 30 June 2011. The Audit and Risk Management Committee has also discussed matters such as the accounting policies and practices adopted by the Company and internal control with the management of the Company.

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

The 2010 final dividend of the Company was approved at the 2010 annual general meeting held on 30 May 2011. Such final dividend distribution was completed on 29 June 2011. For details of the above dividend distribution plan, please refer to the relevant announcements published in the China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times and on the websites of the Shanghai Stock Exchange and Hong Kong Stock Exchange on 31 May 2011.

According to relevant changes in the PRC tax laws and regulations, the individual shareholders who hold the Company's H shares can no longer be exempted from the individual income tax when the Company distributes the 2010 final dividend. The Company had, at the time it distributed the 2010 final dividend to the individual H shareholders on 29 June 2011, temporarily withheld 20% of the total dividend to be distributed to the individual H shareholders as the individual income tax from individual H shareholders. For details, please refer to the Company's announcement dated 22 June 2011 published on the website of the Hong Kong Stock Exchange. Pursuant to the opinions subsequently obtained from the PRC tax authorities, the Company shall, at the time of payment of the 2010 final dividend, withhold the individual income tax at the tax rate of 10% on behalf of the individual H shareholders in Hong Kong. Thus, the Company will refund the extra tax temporarily withheld as soon as possible.

(III) IMPLEMENTATION OF CASH DIVIDEND POLICY DURING THE REPORTING PERIOD

In accordance with the provisions of the Articles of Association, the Company's profit distribution policy shall remain consistent and stable. The Company may distribute dividends in any of the following manners (or both): (I) cash; (II) stocks. The Company may distribute cash dividends as appropriate provided that sufficient capital is maintained for its ordinary operation and development needs.

As approved by the 2010 annual general meeting of the Company held on 30 May 2011, the Company distributed cash dividend to all shareholders of the Company for 2010, of RMB0.40 (tax inclusive) for every 10 shares. The total amount of the dividend distributed was RMB473,600,000. Such dividend distribution was completed on 29 June 2011.

The Company had no profit distribution plan or conversion of surplus reserves into share capital plan for the first half of 2011.

(IV) MATERIAL LITIGATION AND ARBITRATION

The Company was not involved in any material litigation or arbitration during the Reporting Period.

(V) MATTERS RELATED TO BANKRUPTCY AND REORGANISATION

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

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

1. Securities investment

Currency: HK$

Stock Variety	Stock Code	Stock Short Name	Initial Investment Amount *(HK$)*	Number of Shares Held *(share)*	Carrying Amount at the End of the Reporting Period *(HK$)*	Percentage in Securities Investment at the End of the Reporting Period *(%)*	Gain or Loss Incurred in the Reporting Period *(HK$)*
Shares listed on the Hong Kong Stock Exchange	01618	MCC	38,484,429	6,000,000	18,240,000	100	-2,340,000

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

Unit: '

Stock Code	Stock Short Name	Initial Investment Amount	Percentage in the Share Capital of the Company Invested *(%)*	Carrying Amount at the End of the Reporting Period	Gain or Loss Occurred in the Reporting Period	Changes in Owner's Equity in the Reporting Period	Accounting Items	Source of Equity Interest
601328	Bank of Communications	RMB477,657.60	—	RMB2,592,437.46	RMB28,076.94	RMB28,076.94	Financial assets available for-sale	Purchase
00958.HK	Huaneng Renewables	HK$392,774,658.4	1.84	HK$388,855,000	0	HK$-3,919,658.4	Financial assets available for-sale	Purchase

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

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

Currency: RMB

Name of institution	Initial Investment Amount *(RMB)*	Number of Shares held *(share)*	Percentage in the Share Capital of the Company Invested *(%)*	Carrying Amount at the End of the Reporting 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 Equity Interest
Jiangsu Bank	74,400.00	74,400	—	74,400.00	0	0	Long-term equity investment	Purchase
Huarong Xiangjiang Bank Corporation Limited	770,000.00	700,000	—	550,000.00	0	0	Long-term equity investment	Purchase
Donghai Securities Co., Ltd.	19,483,800.00	20,000,000	1.20	19,483,800.00	0	0	Long-term equity investment	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.

(VII) ACQUISITIONS AND DISPOSALS OF ASSETS OR MERGER BY ABSORPTION DURING THE REPORTING PERIOD

The Company was not involved in any material acquisition or disposal of assets or merger by absorption during the Reporting Period.

(VIII) THE COMPANY'S IMPLEMENTATION OF SHARE OPTION SCHEME AND ITS EFFECTS

1. Decision-making Procedures and Status of Approval of Share Option Scheme

(1) The 20th meeting of the first session of the Board of the Company was held on 27 September 2010, at which the Proposal in Relation to the Share Option Scheme of the Company (draft) was considered and approved. On the same date, the 13th meeting of the first session of the supervisory committee of the Company was held, at which the Proposal in Relation to Verification of the Name List of Participants of the Share Option Scheme was considered and approved. For details, please refer to the Company's announcements published on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily and the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 28 September 2010.

(2) According to the feedback opinions from China Securities Regulatory Commission, on 7 March 2011, the Proposal in Relation to the Share Option Scheme of the Company (revised draft) was considered and approved at the 23rd meeting of the first session of the Board of the Company. On the same date, the same was considered and approved at the 16th meeting of the first session of the supervisory committee of the Company. For details, please refer to Company's announcements published on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily and the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 8 March 2011.

(3) As the China Securities Regulatory Commission expressed no comment upon review of the Share Option Scheme of the Company (revised draft), the same was considered and approved at 2011 first extraordinary general meeting of the Company held on 26 April 2011. For details, please refer to the Company's announcements published on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily and the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 27 April 2011.

(4) The 3rd meeting of the second session of the Board of the Company was convened on 27 April 2011, at which the Proposal in Relation to the Determination of the Grant Date of the Share Option Scheme was considered and approved , under which the grant date of the share option scheme was set to be 27 April 2011. For details of the grant of share options, please refer to the Company's announcements published on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily and the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 28 April 2011 and 30 April 2011, respectively.

2. Implementation of the Share Option Scheme and Its effects

Unit: Option

Incentive method	Share options
The source of the underlying shares	A shares to be issued to the participants
The closing price of A shares immediately preceding the grant date of the share options	RMB7.22 per share
Scope of participants during the Reporting Period	The participants include the Company's directors, senior management, and core technical (management) personnel whom the Company considered to be entitled to such incentive (but exclusive of the independent directors, supervisors and substantial shareholders or de facto controllers holding more than 5% shares of the Company and their spouses and lineal relatives).
The total equity granted but not yet exercised as at the beginning of the Reporting Period	0
The total equity granted during the Reporting Period	36,605,000
The total equity exercised during the Reporting Period	0
The total equity that became lapse during the Reporting Period	0
The total equity granted but not yet exercised as at the end of the Reporting Period	36,605,000
The total equity granted and exercised as at the end of the Reporting Period	0
Historical adjustments to the price of the grant and the exercise price during the Reporting Period and the latest price of the grant and exercise price upon adjustments	The price of the grant of share options and the exercise price of such options refer to the closing price of the Company's shares on the trading day preceding the announcement of the summary draft of the share option scheme, i.e. RMB5.43 per share. As at the end of the Reporting Period, no adjustments were made to the price of the grant and the exercise price.

The equity granted to directors and senior management and the exercise of such equity during the Reporting Period

Names	Positions	The number of equity not yet exercised in the beginning of the Reporting Period	The number of equity granted during the Reporting Period	The number of equity exercised during the Reporting Period	The number of equity not yet exercised as at the end of the Reporting Period
Zhao Xiaogang	Chairman	0	200,000	0	200,000
Zheng Changhong	Vice Chairman and President	0	200,000	0	200,000
Tang Kelin	Executive Director and Vice President	0	170,000	0	170,000
Liu Hualong	Executive Director	0	170,000	0	170,000
Zhang Jun	Vice President	0	170,000	0	170,000
Fu Jianguo	Vice President	0	170,000	0	170,000
Zhan Yanjing	Vice President and Chief Financial Officer	0	170,000	0	170,000
Shao Renqiang	Secretary to the Board	0	150,000	0	150,000
Sub-total		0	1,400,000	0	1,400,000
Sub-total of other participants		0	35,205,000	0	35,205,000
Total		0	36,605,000	0	36,605,000

Changes in shareholding due to the exercise of share options by participants	As at the end of Reporting Period, the share option of the Company had not been exercised before becoming effective. There were no changes in shareholding due to the exercise of share options by participants.
The calculation of fair value of equity instrument	The Company chose the Black-Scholes option pricing model to serve as the equity instrument for the purpose of calculating the fair value of the share options.
The model and coefficients adopted under the valuation methodology as well as the selection criteria	Valuation model: Black-Scholes option pricing model Selection criteria of the coefficients: Exercise price of share options: RMB5.43 per share. Market price of the shares on the date of the grant: RMB7.09 per share. The date of the grant was 27 April 2011. Expected life of the share option: 5 to 7 years. Expected price of volatility rate: 52.68% to 56.51% Expected rate of return on dividend: 0.60% Risk-free interest rate: 3.481% to 3.694%
The period of apportionment of the fair value of the equity instrument and the results thereof	According to the selection of the above coefficients: the fair value of options measured under the option pricing equation of the B-S model was RMB151,009,745, among which an option expense of RMB9,096,074 was recognised by the Company during January to June 2011. The calculation results of the value of the Share Options are subject to a number of assumptions of the parameters used herein and the limitation of the model adopted, therefore the estimated value of the Share Options may be subjective and uncertain.

(IX) MATERIAL CONNECTED TRANSACTIONS

According to the relevant provisions of the securities regulatory authority in the PRC, the A share connected transactions under the Rules Governing the Listing of Shares on the Shanghai Stock Exchange are disclosed as follows:

1. Connected transactions related to ongoing operations

Connected transactions related to ongoing operations of the Company refer to transactions between the Company and CSRG and its subsidiaries (other than the Company and its controlling enterprises). CSRG is the controlling shareholder of the Company, directly holding a 54.27% equity interest in the Company and indirectly holding a 0.82% equity interest through CSR Capital Company. According to the requirements of the Rules Governing the Listing of Shares on the Shanghai Stock Exchange, CSRG and its subsidiaries are therefore connected persons of the Company. The Company generally sells raw materials and accessories to CSRG for processing into rolling stock components and then purchases such components back. Meanwhile, the Company also purchases ancillary products and services such as fuel from CSRG. Due to the business relationship established on a long-term basis, the connected transactions between the Company and CSRG and its subsidiaries are necessary for the Company's continuous production.

The Product Mutual Provision Framework Agreement, Comprehensive Service Mutual Provision Framework Agreement and Property Leasing Framework Agreement entered into by the Company and CSRG to regulate the continuing connected transactions between both parties expired on 31 December 2010. The Company and CSRG renewed the above agreements upon consideration and approval at the 22nd meeting of the first session of the Board of the Company. The renewed agreements, with terms from 1 January 2011 to 31 December 2013, stipulated in details the terms in relation to the scope of mutual provision of products, services and property leasing as well as pricing principles between both parties and further specified the means of settlement of the above transactions. Both parties agreed to proceed with the payment and the settlement in cash or by other means agreed upon for transactions entered into under the above agreements, and that relevant payment and settlement terms shall be no less favorable than the market terms available to the Company from independent third parties. To determine the prices of transactions on a fair and just basis, the abovementioned agreements specified the pricing principles for connected transactions as follows: if the government-prescribed prices are available, the government prescribed prices shall apply; in the absence of government-prescribed prices, the government-guided prices shall apply; in the absence of the government-prescribed and the government-guided prices, the market prices (including tender price) shall apply; if none of the above prices is applicable, or it is not possible to adopt the above principles in actual product transactions, the prices shall be determined by agreed price.

The Company conducted transactions with the connected persons in strict compliance with the agreements as specified in the aforesaid framework agreements for connected transactions. As most of the products and services mutually supplied and property leased between the Company and CSRG and its connected persons are also available from other third parties, the prices of the connected transactions between the Company and CSRG are mainly determined by market price or tender price. The transactions between the Company and CSRG and its connected persons are based on arm's length negotiation while matters and prices thereof are determined according to the market-oriented principle. Such connected transactions cause no damage to the interests of the Company or other non connected shareholders of the Company, and will not have major impacts on the sustainable operation, profit and loss and assets status of the Company.

During the Reporting Period, major connected transactions related to ongoing operations between the Company and its connected persons are as follows:

1) Sales to connected persons

Unit: RMB'000

Connected persons	Connected transaction agreement related to ongoing operations	Content of transaction	Pricing principle	Amount of connected transaction	Percentage in the same type of business
South Huiton Co., Ltd. (南方匯通股份有限公司) ("South Huiton")	Product Mutual Provision Framework Agreement	Sale of steel products, etc.	Market price	45,400	0.11%
Chengdu CSR Tunnel Equipment Co., Ltd. (成都南車隧道裝備有限公司)	Product Mutual Provision Framework Agreement	Sales of components, etc.	Market price	4,598	0.01%
Changzhou Changcheng Railway Machinery Plant (常州昌成鐵路機械廠)	Product Mutual Provision Framework Agreement	Sales of locomotive components, etc.	Market price	1,247	Less than 0.01%
Others	Product Mutual Provision Framework Agreement	Sales of raw materials and components, etc.	Market price	120	Less than 0.01%
Total				51,365	0.13%

2) Purchase from connected persons

Unit: RMB'000

Connected persons	Connected transaction agreement related to ongoing operations	Content of transaction	Pricing principle	Amount of connected transaction	Percentage in the same type of business
South Huiton	Product Mutual Provision Framework Agreement	Purchase of freight wagon components, etc.	Market price	53,696	0.16%
Changzhou Changcheng Railway Machinery Plant (常州昌成鐵路機械廠)	Product Mutual Provision Framework Agreement	Purchase of raw materials and components, etc.	Market price	2,153	0.01%
CSR Capital Company	Product Mutual Provision Framework Agreement	Purchase of raw materials, etc.	Market price	1,214	Less than 0.01%
Changzhou New District Changcheng Materials Co., Ltd. (常州新區昌成物資有限公司)	Product Mutual Provision Framework Agreement	Purchase of raw materials and components, etc.	Market price	907	Less than 0.01%
Total				57,970	0.18%

2. Material connected transactions regarding transfer of assets and equity interests

The Company intends to issue A shares to CSRG and NSSF, two specific target subscribers, by means of non-public issue with proceeds to be raised amounting to RMB11 billion, among which the subscription amount payable by CSRG will be RMB6 billion whilst the subscription amount payable by NSSF will be RMB5 billion. On 13 June 2011, the Company and CSRG entered into the Conditional Subscription Agreement in Relation to the Non-public Share Issue between CSR Corporation Limited and CSR Group; on 14 June 2011, the Company and NSSF entered into the Conditional Subscription Agreement in Relation to the Non-public Share Issue between CSR Corporation Limited and NSSF. Pursuant to relevant requirements under the listing rules of the Shanghai Stock Exchange, the above transactions constituted connected transactions.

The fifth meeting of the second session of the Board of the Company considered and approved relevant proposals in relation to the non-public issue of A shares. Non-connected Directors with voting rights considered and unanimously approved the connected transactions relating to such proposals.

The implementation of the issue will help the Company build up its strength in manufacturing and R&D and cement its edges over technology. Furthermore, the issue will also help the Company optimise its existing product structure and improve its sales and services systems, thus promoting the Company's intensive management.

The proposal in relation to the issue has been approved by the State-owned Assets Supervision and Administration Commission of the State Council, but is still subject to the consideration and approval at the general meeting of the Company and the approval from China Securities Regulatory Commission.

3. Debts due to or from connected persons

During the Reporting Period, the Company had following debts due to or from connected persons:

Unit: RMB'000

Connected persons	Capital provided to connected persons		Capital provided by connected persons	
	Amount	Balance	Amount	Balance
CSRG and its subsidiaries	11,548	63,796	56,395	418,316
Including:				
Accounts receivable (or accounts payable)	20,153	52,558	12,052	17,743
Bills receivable (or bills payable)	(878)	10,322	334	11,688
Other receivables (or other payables)	(389)	916	44,009	388,885
Advances (or prepayments)	(7,338)	0	0	0

Debts due to or from connected persons all arose from operational activities such as purchase and sale of products and services.

(X) MATERIAL CONTRACTS AND THEIR PERFORMANCE

1. Trusts, contracts and lease arrangements which contribute 10% or more of the total profit of the Company for the Reporting Period

(1) Trust

The Company did not enter into any trust arrangement during the Reporting Period.

(2) Contract

The Company did not act as a contractor during the Reporting Period.

(3) Lease arrangement

The Company did not have any lease arrangement during the Reporting Period.

2. Guarantees

Unit: RMB'000

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

Guarantees provided by the Company in favour of its subsidiaries	
Total guarantee amount provided to the Company's subsidiaries during the Reporting Period	4,582,065
Total guarantee balance provided to the Company's subsidiaries as at the end of the Reporting Period	7,468,663

Aggregate guarantee amount provided by the Company (including guarantees provided by the Company in favour of its subsidiaries)	
Total guarantee amount	7,468,663
Percentage of total guarantee amount to net assets of the Company *(%)*	35.91%
including:	
Amount of guarantees provided in favour of shareholders, ultimate controller and their related parties	—
Amount of debt guarantees provided directly or indirectly in favour of guaranteed parties with gearing ratio over 70%	3,552,049
Portion of the total guarantee amount in excess of 50% of net assets	—
Total amount of the three above-stated guarantees	3,552,049

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

Given tightened credit policies in the banking industry, activities in respect of the issue of bank acceptance drafts, letters of guarantee and letters of credit by means of the centralised credit line of the headquarters at subsidiary level increased sharply, leading to more frequent provision of guarantees by the Company for the Reporting Period. During the Reporting Period, total guarantee amount provided by the Company and first-tier subsidiaries in favour of their subsidiaries was RMB4,582 million. As at 30 June 2011, total guarantee balance was RMB7,469 million, representing 35.91% of the net assets. Out of such guarantee balance, RMB5,121 million and RMB2,348 million were provided to the Company's wholly-owned subsidiaries and non wholly-owned subsidiaries respectively. As far as guarantee type is concerned, RMB5,458 million was provided by way of bank acceptance drafts, RMB119 million was provided by way of letters of guarantee and letters of credit, RMB79 million was provided by way of factoring guarantees and RMB1,813 million was provided by way of loan guarantees.

During the Reporting Period, the guarantee balances were provided in favour of the Company's subsidiaries. The Company did not provide any guarantee in favour of its controlling shareholders, ultimate controller and their related parties. As at the end of the Reporting Period, the guarantee balance provided by the Company in favour of its subsidiaries with gearing ratio over 70% was RMB3,552 million. Approval procedures have been complied with at the board meetings and the general meetings as required by the Articles of Association in respect of the guarantees provided by the Company in favour of its wholly-owned and non wholly-owned subsidiaries with gearing ratio over 70%.

3. Entrusted Investment

The Company did not entrust any investment which was discloseable during the Reporting Period.

4. Other Material Contracts

During the Reporting Period, certain subsidiaries of the Company entered into certain material contracts with clients, details of which were set out in the Company's relevant announcements published on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily and the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 18 February, 30 April and 28 May 2011 respectively.

(XI) PERFORMANCE OF UNDERTAKINGS

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

(1) The lock-up undertaking in respect of the shares held by CSRG in the Company 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 the Company acquire such shares.

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

(3) The non-competition undertakings are as follows: ①CSRG 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; ② Subject to the aforesaid undertaking ①, 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 services from CSRG; ③ Subject to the aforesaid undertaking ①, CSRG may develop advanced and lucrative projects in the future which fall within the Company's business scope, but it should preferentially transfer any achievements on such projects to the Company for operation under the same terms of transfer; ④ CSRG should indemnify the Company for its actual losses due to the losses arising from the failure in fulfilling the undertakings ① to ③ as described above.

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

2. Commitment on building ownership issues

As disclosed in the prospectus, the Company has not yet obtained proper property ownership certificates for 326 properties with a total gross floor area of 282,019.03 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 for such properties was temporarily on hold according to the request of the local governments. Apart from the above two subsidiaries which were unable to obtain the property ownership certificates due to objective reasons, property ownership certificates have been obtained with respect to all remaining properties.

(XII) APPOINTMENT AND REMOVAL OF THE AUDITORS

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

(XIII) PUNISHMENTS AND RECTIFICATIONS OF THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS AND ULTIMATE CONTROLLER

During the Reporting Period, none of the Company, its directors, supervisors, senior management members, shareholders or ultimate controller was subject to any investigation, administrative punishment or criticism by China Securities Regulatory Commission or any public condemnation by any stock exchanges.

(XIV) NOTES ON OTHER MATERIAL EVENTS

1. Increase of shareholding of the controlling shareholder

On 1 July 2010, CSRG increased its shareholding in the Company for the first time by 2,000,000 A shares ("Increase of Shareholding") and proposed to continue to increase its holding of A shares of the Company, either in its own name or through parties acting in concert with it, via the trading system of the Shanghai Stock Exchange in the coming 12 months ("Period of Further Increase") by up to an aggregated number of A shares not exceeding 2% of the total issued share capital of the Company (including those shares purchased in the Increase of Shareholding). The aggregate amount to be utilised in such increase of shareholding in the Company should not exceed RMB1,000 million (including the capital invested in the Increase of Shareholding). CSRG undertook that it will not dispose any share it holds in the Company during the Period of Further Increase and within the statutory period.

As at 30 June 2011, CSRG completed its plan of increase of shareholding. The increase of its shareholding of the Company's A shares via the trading system of the Shanghai Stock Exchange aggregated to 2,800,000 A shares, representing approximately 0.02% of the total shares in issue of the Company. Upon the increase of its shareholding, CSRG held a total of 6,425,714,285 shares of the Company directly, representing approximately 54.27% of the total share capital of the Company. During the implementation of the plan of increase of shareholding, CSRG had not reduced its shareholding in the Company as undertaken.

2. Non-public issue of A shares

The Company convened a board meeting on 14 June 2011, at which proposals including, among others, the Proposal in Relation to the Plan of Non-public Issue of A Shares of the Company was considered and approved. For details, please refer to the Company's relevant announcements published in China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily and the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 15 June 2011. For the purpose of the above non-public issue, the Company has obtained Approval of Issues Relating to the Non-public Issue of A Shares of CSR Corporation Limited (《關於中國南車股份有限公司非公開發行A股股票有關問題的批復》) from the State-owned Asset Supervision and Administration Commission of the State Council, but the issue plan is still subject to the consideration and approval at the general meeting of the Company as well as the approval by China Securities Regulatory Commission.

3. Issue of short-term debentures

On 7 July 2011, the Company successfully issued the 2011 first tranche of short-term debentures in an amount of RMB3 billion in the inter-bank bond market in the PRC. For details, please refer to the announcements published in China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily and on the websites of the Shanghai Stock Exchange and Hong Kong Stock Exchange by the Company on 12 July 2011.

	Notes	For the six months ended 30 June 2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000
REVENUE	4	**39,563,098**	27,777,867
Cost of sales		**(32,477,671)**	(23,214,854)
Gross profit		**7,085,427**	4,563,013
Other income and gains	4	**236,600**	220,261
Selling and distribution costs		**(1,213,575)**	(696,401)
Administrative expenses		**(2,907,519)**	(2,199,652)
Other expenses, net	5	**(63,293)**	(116,484)
OPERATING PROFIT		**3,137,640**	1,770,737
Finance costs	6	**(369,333)**	(165,296)
Share of profits and losses of associates and jointly-controlled entities		**315,049**	167,928
PROFIT BEFORE TAX	5	**3,083,356**	1,773,369
Income tax expense	7	**(464,097)**	(281,970)
PROFIT FOR THE PERIOD		**2,619,259**	1,491,399
Attributable to:			
Owners of the parent		**2,044,547**	1,104,673
Non-controlling interests		**574,712**	386,726
		2,619,259	1,491,399
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT			
— Basic	9	**RMB0.17**	RMB0.09
— Diluted	9	**RMB0.17**	RMB0.09

	Notes	For the six months ended 30 June 2011 (Unaudited) RMB'000	2010 (Unaudited) RMB'000
Profit for the period		**2,619,259**	1,491,399
OTHER COMPREHENSIVE INCOME			
Available-for-sale assets:			
Change in fair value	10	**(3,232)**	(2,888)
Income tax effect		**—**	382
		(3,232)	(2,506)
Exchange differences on translation of foreign operations		**3,084**	(18,929)
Other comprehensive income/(loss) for the period, net of tax		**(148)**	(21,435)
Total comprehensive income for the period		**2,619,111**	1,469,964
Attributable to:			
Owners of the parent		**2,043,560**	1,091,822
Non-controlling interests		**575,551**	378,142
		2,619,111	1,469,964

	Notes	**As at 30 June 2011 (Unaudited) RMB'000**	As at 31 December 2010 (Restated) RMB'000	As at 1 January 2010 (Restated) RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	11	**18,822,769**	17,100,519	13,533,403
Prepaid land lease payments		**4,087,696**	3,978,623	3,476,227
Goodwill		**65,126**	48,879	52,544
Other intangible assets		**388,101**	409,191	439,835
Interests in jointly-controlled entities		**1,180,776**	894,129	782,798
Interests in associates		**558,730**	214,953	56,604
Available-for-sale investments	12	**348,815**	25,598	31,117
Deferred tax assets		**317,811**	287,333	183,748
Other non-current assets		**157,442**	523,569	26,219
Total non-current assets		**25,927,266**	23,482,794	18,582,495
CURRENT ASSETS				
Inventories	14	**19,103,433**	17,793,573	11,462,938
Trade receivables	13	**26,625,874**	11,179,240	6,669,853
Bills receivable		**1,787,337**	1,720,935	1,002,197
Prepayments, deposits and other receivables		**6,327,079**	4,979,691	4,646,667
Financial assets at fair value through profit or loss	15	**15,169**	17,512	24,248
Tax recoverable		**94,809**	46,196	78,456
Pledged deposits	16	**645,589**	759,039	1,632,987
Cash and cash equivalents	16	**12,391,513**	13,781,564	11,290,012
Total current assets		**66,990,803**	50,277,750	36,807,358
CURRENT LIABILITIES				
Trade payables	17	**24,628,008**	18,044,142	13,718,931
Bills payable		**7,832,321**	6,925,713	4,980,144
Other payables and accruals	18	**9,574,259**	11,131,332	7,624,540
Interest-bearing bank and other borrowings	19	**16,358,389**	5,812,758	3,217,487
Defined benefit obligations		**170,190**	170,190	175,430
Tax payable		**458,627**	301,526	186,194
Provision for warranties		**316,738**	296,749	215,094
Government grants		**85,448**	132,684	48,783
Total current liabilities		**59,423,980**	42,815,094	30,166,603
NET CURRENT ASSETS		**7,566,823**	7,462,656	6,640,755
TOTAL ASSETS LESS CURRENT LIABILITIES		**33,494,089**	30,945,450	25,223,250

	Notes	As at 30 June 2011 (Unaudited) RMB'000	As at 31 December 2010 (Restated) RMB'000	As at 1 January 2010 (Restated) RMB'000
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	19	**4,217,231**	4,203,724	2,171,866
Defined benefit obligations		**1,774,302**	1,775,450	1,987,330
Provision for warranties		**625,450**	411,696	144,724
Government grants		**933,515**	671,540	549,118
Deferred tax liabilities		**14,191**	12,899	11,903
Other non-current liabilities		**1,556**	1,556	3,209
Total non-current liabilities		**7,566,245**	7,076,865	4,868,150
Net assets		**25,927,844**	23,868,585	20,355,100
EQUITY				
Equity attributable to owners of the parent				
Share capital		**11,840,000**	11,840,000	11,840,000
Reserves		**8,957,529**	6,954,072	5,045,190
Proposed final dividend		**—**	473,600	473,600
		20,797,529	19,267,672	17,358,790
Non-controlling interests		**5,130,315**	4,600,913	2,996,310
Total equity		**25,927,844**	23,868,585	20,355,100

	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 fund RMB'000	Exchange fluctuation reserve RMB'000	Retained earnings RMB'000	Proposed final dividend RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2011											
As previously reported	11,840,000	2,683,734	1,812	–	288,658	(22,711)	3,979,092	473,600	19,244,185	4,596,565	23,840,750
Business combination under common control *(note 21)*	–	48,634	–	–	–	–	(25,147)	–	23,487	4,348	27,835
As restated	11,840,000	2,732,368	1,812	–	288,658	(22,711)	3,953,945	473,600	19,267,672	4,600,913	23,868,585
Profit for the period	–	–	–	–	–	–	2,044,547	–	2,044,547	574,712	2,619,259
Other comprehensive income	–	–	(3,232)	–	–	2,245	–	–	(987)	839	(148)
Total comprehensive income	–	–	(3,232)	–	–	2,245	2,044,547	–	2,043,560	575,551	2,619,111
Capital contribution from/ acquisition of non-controlling shareholders *(Note)*	–	–	–	–	–	–	–	–	–	142,381	142,381
Excess of the acquirers' additional interests in the carrying value of identifiable net assets over the cost of acquisition of additional interests in subsidiaries	–	1,352	–	–	–	–	–	–	1,352	(1,352)	–
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(187,178)	(187,178)
Business combination under common control	–	(50,551)	–	–	–	–	–	–	(50,551)	–	(50,551)
Equity-settled share option arrangement	–	–	–	9,096	–	–	–	–	9,096	–	9,096
Final 2010 dividend declared *(note 8)*	–	–	–	–	–	–	–	(473,600)	(473,600)	–	(473,600)
At 30 June 2011 (unaudited)	11,840,000	2,683,169*	(1,420)*	9,096*	288,658*	(20,466)*	5,998,492*	–	20,797,529	5,130,315	25,927,844

* These reserve accounts comprise the consolidated reserves of RMB8,957,529,000 (31 December 2010 RMB6,954,072,000) in the consolidated statement of financial position.

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

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

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

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

	Attributable to owners of the parent									
	Share capital *RMB'000*	Capital reserve *RMB'000*	Available-for-sale investment revaluation reserve *RMB'000*	Common statutory reserve fund *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 2010										
As previously reported	11,840,000	2,803,842	6,153	149,754	(3,340)	2,060,159	473,600	17,330,168	2,990,983	20,321,151
Business combination under common control	—	48,634	—	—	—	(20,012)	—	28,622	5,327	33,949
As restated	11,840,000	2,852,476	6,153	149,754	(3,340)	2,040,147	473,600	17,358,790	2,996,310	20,355,100
Profit for the period	—	—	—	—	—	1,104,673	—	1,104,673	386,726	1,491,399
Other comprehensive income	—	—	(2,506)	—	(10,345)	—	—	(12,851)	(8,584)	(21,435)
Total comprehensive income	—	—	(2,506)	—	(10,345)	1,104,673	—	1,091,822	378,142	1,469,964
Capital contribution from/ acquisition of non-controlling shareholders *(Note 1)*	—	—	—	—	—	—	—	—	798,768	798,768
Dilution of non-controlling interests/ 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)*	—	(126,755)	—	—	—	—	—	(126,755)	126,755	—
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	(137,865)	(137,865)
Final 2009 dividend declared	—	—	—	—	—	—	(473,600)	(473,600)	—	(473,600)
At 30 June 2010 (unaudited)	11,840,000	2,725,721	3,647	149,754	(13,685)	3,144,820	—	17,850,257	4,162,110	22,012,367

Note 1: In the six months period ended 30 June 2010, Zhuzhou Times New Material Technology Co., Ltd. issued additional equity offering for the Group and some non-controlling shareholders, which caused non-controlling interests to increase RMB463,220,000;

In the six months period ended 30 June 2010, the Group established a subsidiary, named Guangzhou CSR Rail Transportation Company Limited, together with Guangdong Railway Construction Investment Group Co., Ltd., which caused non-controlling interests to increase RMB196,000,000;

In the six months period ended 30 June 2010, the Group established a subsidiary, named Guangzhou CSR Rolling Equipment Company Limited, together with Guangzhou City Subway Company, which caused non-controlling interests to increase RMB119,520,000;

Note 2: The dilution loss included RMB128 million which arose from the additional equity offering by Zhuzhou Times New Material Technology Co., Ltd. in 2010.

		For the six months ended 30 June	
		2011	2010
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		**(7,697,565)**	(520,176)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(3,537,246)**	(1,838,206)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		**9,640,207**	1,622,719
EFFECT OF EXCHANGE RATE ON CASH FLOWS		**(9,058)**	(16,789)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1,603,662)**	(752,452)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**13,718,867**	11,019,749
CASH AND CASH EQUIVALENTS AT END OF PERIOD	16	**12,115,205**	10,267,297

1. CORPORATE INFORMATION

CSR CORPORATION LIMITED (formerly named as CHINA SOUTH LOCOMOTIVE & ROLLING STOCK CORPORATION LIMITED) was incorporated in the PRC on 28 December 2007 as a joint stock company with limited liability under the Company Law of the PRC. The Company's A Shares were listed on the Shanghai Stock Exchange on 18 August 2008 and the Company's H Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKSE") on 21 August 2008. The 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, design, manufacturing, sales, refurbishment and leasing of locomotives, passenger carriages, freight wagons, multiple units and rapid transit vehicle and key components, as well as extended businesses that utilise proprietary rolling stock technologies.

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2011 have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting and the disclosure requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2010. The interim condensed consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand, except when otherwise indicated.

2.2 Impact of new and amended international financial reporting standards

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2010, except for the adoption of the new and revised International Financial Reporting Standards ("IFRS") as of 1 January 2011, noted below:

IFRS 1 Amendments - *Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*

The amendments permitted first-time adopters of IFRSs to use the same transition provisions permitted for existing preparers of financial statements prepared in accordance with IFRSs that are included in Amendments to *IFRS 7 Financial Instruments: Disclosures* - Improving Disclosures about Financial Instruments, the amendments had no effect on the financial position or performance of the Group.

IAS 24 *Related Party Transactions* (Amendment)

The amendment clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

IAS 32 *Financial Instruments: Presentation* (Amendment)

The amendment alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment had no effect on the financial position or performance of the Group.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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

IFRIC 14 *Prepayments of a Minimum Funding Requirement* (Amendment)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements (MFR) and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as pension asset. The Group is not subject to minimum funding requirements. The amendment to the interpretation therefore had no effect on the financial position or performance of the Group.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*

The interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are consideration paid in accordance with IAS 39 Financial Instruments: Recognition and Measurement and the difference between the carrying amount of the financial liability extinguished, and the consideration paid, shall be recognised in profit or loss. The consideration paid should be measured based on the fair value of the equity instrument issued or, if the fair value of the equity instrument cannot be reliably measured, the fair value of the financial liability extinguished. As the Group didn't undertake such transactions, the interpretation had no material financial impact on the Group.

Improvements to IFRSs (issued May 2010)

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but did not have any impact on the financial position or performance of the Group.

IFRS 3 *Business Combinations*: The measurement options available for non-controlling interest (NCI) have been amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation shall be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

IFRS 7 *Financial Instruments — Disclosures*: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context. The Group reflects the revised disclosure requirements in the corresponding notes.

IAS 1 *Presentation of Financial Statements*: The amendment clarifies that an option to present an analysis of each component of other comprehensive income may be included either in the statement of changes in equity or in the notes to the financial statements.

IAS 34 *Interim Financial Statements*: The amendment requires additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in interim condensed financial statements.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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

Improvements to IFRSs (issued May 2010) (Continued)

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

IFRS 3 *Business Combinations — Clarification that contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008) are accounted for in accordance with IFRS 3 (2005).*

IFRS 3 *Business Combinations* — Unreplaced and voluntarily replaced share-based payment awards and its accounting treatment within a business combination.

IAS 27 *Consolidated and Separate Financial Statements* — applying the IAS 27 (as revised in 2008) transition requirements to consequentially amended standards.

IFRIC 13 *Customer Loyalty Programmes* — in determining the fair value of award credits, an entity shall consider discounts and incentives that would otherwise be offered to customers not participating in the loyalty programme.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

IFRS 1 Amendment	Amendment to IFRS 1 *First-time Adoption of IFRSs — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* [1]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets* [1]
IFRS 9	*Financial Instruments* [2]
IFRS 10	*Consolidated Financial Statements* [2]
IFRS 11	*Joint Arrangements* [2]
IFRS 12	*Disclosure of Interests in Other Entities* [2]
IFRS 13	*Fair Value Measurement* [2]
IAS 12 Amendments	Amendments to IAS 12 *Income Taxes - Deferred Tax: Recovery of Underlying Assets* [3]
IAS 27 (2011)	*Separate Financial Statements* [2]
IAS 28 (2011)	*Investments in Associates and Joint Ventures* [2]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2012

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

3. SEGMENT INFORMATION

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

4. REVENUE, OTHER INCOME AND GAINS

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

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

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue		
Sales of goods and services	**39,563,098**	27,777,867
Other income		
Interest income	**67,071**	50,963
Dividend income	**43**	46
Profit from sales of scrap materials	**32,395**	17,919
Value-added tax refunds	**26,138**	6,976
Government grants	**97,521**	103,811
	223,168	179,715
Gains		
Gain on disposal of available-for-sale investments	**1,545**	—
Gain on disposal of jointly-controlled investments	**—**	28,900
Others	**11,887**	11,646
	13,432	40,546
	236,600	220,261

5. PROFIT BEFORE TAX

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

		For the six months ended 30 June	
		2011	2010
		(Unaudited)	(Unaudited)
		RMB'000	*RMB'000*
Cost of inventories sold		**32,477,671**	23,214,854
Depreciation of items of property, plant and equipment		**647,304**	512,919
Amortisation of lease prepayments		**45,512**	37,040
Amortisation of other intangible assets		**55,374**	45,172
Provision against obsolete inventories	(i)	**36,501**	13,496
Provision for warranties		**439,474**	244,422
Minimum lease payments under operating leases:			
Plant and machinery		**16,425**	19,528
Land and buildings		**19,034**	9,259
Research and development costs		**803,260**	744,945
Less: amount capitalised		**(3,071)**	—
		800,189	744,945
Included in other expenses, net:			
Impairment of trade receivables		**44,313**	74,325
Impairment of other receivables		**4,766**	667
Exchange losses, net		**18,578**	38,831
Gains on disposal of items of property, plant and equipment, net		**(6,327)**	(2,992)
Gains on disposal of items of other Intangible assets, net		**—**	(733)
Loss on equity investments at fair value through profit or loss		**1,963**	6,386
		63,293	116,484

Notes:

(i) Included in "Cost of sales" on the face of the consolidated income statements for the six months ended 30 June 2010 and 30 June 2011.

6. FINANCE COSTS

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest on bank and other borrowings wholly repayable within five years	**387,155**	178,120
Interest on bills discounted	**3,033**	1,207
Less: Interest capitalised in construction in progress	**(20,855)**	(14,031)
	369,333	165,296

7. INCOME TAX

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

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current income tax		
Current income tax charge	**492,532**	298,519
Deferred income tax		
Relating to origination and reversal of temporary differences	**(28,435)**	(16,549)
Income tax expense	**464,097**	281,970

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 2010 and 2011, 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 2011 (six months ended 30 June 2010:16.5%).

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 2011, the Company's shareholders approved the payment of the final dividend for the year ended 31 December 2010 of RMB0.04 per shares which amounted to RMB473,600,000.

The board of directors of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: 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 20 to the interim condensed consolidated financial statements).

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	
	2011	2010
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Earnings		
Profit attributable to owners of the parent, used in the basic and diluted earnings per share calculation	**2,044,547**	1,104,673
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**11,840,000,000**	11,840,000,000
Effect of dilutive potential ordinary shares under the share option schemes	**2,525,220**	—
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	**11,842,525,220**	11,840,000,000

10. COMPONENTS OF OTHER COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Available-for-sale investments:		
Gains/(losses) arising during the period	**(3,232)**	(2,888)
Less: Transfer to profit or loss on disposal	**—**	—
	(3,232)	(2,888)

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2011, the Group acquired property, plant and equipment with a cost of approximately RMB2,287 million (six months ended 30 June 2010: RMB2,204 million). The amount of borrowing costs capitalised during the six months ended 30 June 2011 was approximately RMB21 million (six months ended 30 June 2010: RMB14 million). The weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 5.76%-6.31% (six months ended 30 June 2010: 4.41%-5.71%).

In addition, during the same period, property, plant and equipment with a net book value of approximately RMB27 million (six months ended 30 June 2010: RMB63 million) were disposed of by the Group which resulted in a net loss on disposal of approximately RMB6 million (six months ended 30 June 2010: net gain on disposal of approximately RMB3 million).

See also note 23 for capital commitments.

12. AVAILABLE-FOR-SALE INVESTMENTS

	As at 30 June 2011 (Unaudited) RMB'000	As at 31 December 2010 (Restated) RMB'000
Unlisted equity investments, at cost less impairment	22,843	23,033
Listed equity investments, in the PRC, at fair value	325,972	2,565
	348,815	25,598

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 2011 (Unaudited) RMB'000	As at 31 December 2010 (Restated) RMB'000
Trade receivables	27,126,968	11,635,452
Impairment	(501,094)	(456,212)
	26,625,874	11,179,240
Portion classified as current assets	(26,625,874)	(11,179,240)
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 2011 (Unaudited) RMB'000	As at 31 December 2010 (Restated) RMB'000
Within 6 months	23,778,179	9,052,152
6 months to 1 year	1,913,421	1,287,740
Over 1 year	934,274	839,348
	26,625,874	11,179,240

13. TRADE RECEIVABLES (CONTINUED)

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

	As at 30 June 2011 (Unaudited) *RMB'000*	As at 31 December 2010 (Restated) *RMB'000*
— CSRG and its subsidiaries, excluding the Group (the "CSRG Group")	**52,558**	32,406
— Jointly-controlled entities	**140,881**	167,508
	193,439	199,914

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

14. INVENTORIES

	As at 30 June 2011 (Unaudited) *RMB'000*	As at 31 December 2010 (Restated) *RMB'000*
Cost, net of provision		
Raw materials	**7,635,387**	4,897,371
Work in progress	**7,006,179**	7,184,869
Finished good	**4,461,867**	5,711,333
	19,103,433	17,793,573

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2011 (Unaudited) *RMB'000*	As at 31 December 2010 (Restated) *RMB'000*
Listed equity investments, at market value	**15,169**	17,512

16. 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 2011 (Unaudited) *RMB'000*	As at 30 June 2010 (Unaudited) *RMB'000*
Cash and bank balances	**13,037,102**	11,186,425
Less : Pledged time deposits	**(645,589)**	(753,200)
Cash and cash equivalents in the statements of consolidated financial position	**12,391,513**	10,433,225
Less : Non-pledged time deposits with original maturity of three months or more when acquired	**(276,308)**	(165,928)
Cash and cash equivalents in the consolidated cash flow statements	**12,115,205**	10,267,297

17. 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 2011 (Unaudited) *RMB'000*	As at 31 December 2010 (Restated) *RMB'000*
Within 6 months	**23,254,423**	17,106,908
6 months to 1 year	**939,136**	429,204
Over 1 year	**434,449**	508,030
	24,628,008	18,044,142

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

	As at 30 June 2011 (Unaudited) *RMB'000*	As at 31 December 2010 (Restated) *RMB'000*
CSRG Group	**17,743**	5,691
Jointly-controlled entities	**78,552**	166,739
	96,295	172,430

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

18. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2011 (Unaudited) *RMB'000*	As at 31 December 2010 (Restated) *RMB'000*
Other payables	**1,987,320**	1,852,254
Advances from customers	**5,581,031**	8,163,821
Accruals	**2,005,908**	1,115,257
	9,574,259	11,131,332

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

	As at 30 June 2011 (Unaudited) *RMB'000*	As at 31 December 2010 (Restated) *RMB'000*
CSRG Group	**388,885**	344,876
Jointly-controlled entities	**437,180**	100,930
	826,065	445,806

The above balances are unsecured, interest-free and have no fixed terms of repayment.

19. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Effective interest rate per annum (%)	Maturity	As at 30 June 2011 (Unaudited) RMB'000	As at 31 December 2010 (Restated) RMB'000
Current				
Bank loans				
— Secured	3.06-6.94	2011-2012	1,621,725	1,177,705
— Unsecured	1.84-6.67	2011-2012	13,135,103	4,118,517
			14,756,828	5,296,222
Short term bond				
— Unsecured	3.18-4.77	2011-2012	1,500,000	500,000
Current portion of long term bank loans				
— Secured	5.96-6.56	2011-2012	783	751
— Unsecured	5.23-5.27	2011-2012	100,778	778
			101,561	1,529
Other loans				
— Secured			—	—
— Unsecured			—	15,007
			16,358,389	5,812,758
Non-current				
Bank loans				
— Secured	0.20-6.56	2013-2035	124,631	16,022
— Unsecured	Interest free-5.27	2013-2015	77,600	172,702
			202,231	188,724
Other loans				
— Secured	6.80	2014	5,000	—
— Unsecured	0.30	2012	10,000	15,000
			15,000	15,000
Long term bonds				
— Unsecured	4.08-4.18	2012-2013	4,000,000	4,000,000
			4,217,231	4,203,724
			20,575,620	10,016,482

20. EMPLOYEE SHARE-BASED PAYMENT

The expense recognising the employee share-based payment for the six months ended 30 June 2011 is as follows:

	For the six months ended 30 June 2011 (Unaudited) *RMB'000*
Equity-settled share-based payment	**9,096**

In March 2011, the Company submitted a share option scheme to the China Securities Regulatory Commission for record, and there was no dissent. And on 26 April 2011, the share option scheme was approved by the 2011 1st 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 becoming 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 as 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.

20. EMPLOYEE SHARE-BASED PAYMENT (CONTINUED)

The fair value of the share options granted in 2011 is RMB151,010,000 of which the Group recognized a share options expense of RMB9,096,000 during the six months ended 30 June 2011.

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:

	For the six months ended 30 June 2011
Dividend yield *(%)*	0.60%
Expected volatility *(%)*	52.68%-56.51%
Market price *(RMB/Share)**	7.09
Risk-free interest rate *(%)*	3.481%-3.694%
Expected life (years)	5-7
Exercise price *(RMB/Share)*	5.43

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

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

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

As of 30 June 2011, there is no excised or expired share option. On 30 June 2011, the expiry dates of the un-exercised share option vary from 4 years to 7 years after the grant date.

21. BUSINESS COMBINATION UNDER COMMON CONTROL

For the business combinations under common control, the financial information of the Group and the acquired businesses have been combined, as if the Group acquired these businesses from the beginning of the earliest financial period presented. The net assets of the Group and the acquired business are combined using the carrying values reported at the level of the financial statements of the combining entities.

On 31 March 2011, Zhuzhou Institute, the subsidiary of the Group, signed an agreement with CSR Group Luoyang Locomotive Factory, the subsidiary of the ultimate holding company, to acquire 84.38% equity interest in Xiangyang CSR Electric Machinery Technology Co., Ltd. ("XE"), which is mainly engaged in the manufacture and sale of electric motors, at a cash consideration of RMB50,551,383. On 13 June 2011, Zhuzhou Institute appointed three directors to participate in the business management of XE and control its operating. After that XE completed the relevant industrial and commercial registration on 27 June 2011, and Zhuzhou Institute paid the consideration off on 28 June 2011, therefore the consolidation date was determined on 28 June 2011. No significant adjustments were made to the net assets and net loss of XE as a result of the common control combination to achieve consistency of accounting policies. The Group has applied merger accounting to account for the business combination under common control. Accordingly, XE has been combined since 1 January 2010, the earliest financial period presented, as if the acquisition had been occurred at that time.

21. BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

The reconciliation of the effect arising from the common control combination on the operating results for the six months ended 30 June 2011 and 2010 is as follow:

Six months ended 30 June 2011

	The Group excluding XE RMB'000	XE RMB'000	Adjustments RMB'000	Consolidated RMB'000
Operating profit				
Revenue	39,433,346	154,622	(24,870)	39,563,098
Profit before tax	3,082,632	724	—	3,083,356
Profit for the period	2,618,564	695	—	2,619,259

Six months ended 30 June 2010

	The Group excluding XE RMB'000	XE RMB'000	Adjustments RMB'000	Consolidated RMB'000
Operating profit				
Revenue	27,692,094	109,382	(23,609)	27,777,867
Profit before tax	1,772,353	1,016	—	1,773,369
Profit for the period	1,490,678	721	—	1,491,399

The reconciliation of the effect arising from the common control combination on the consolidated statements of financial position as at 30 June 2011 and 31 December 2010 is as follow:

30 June 2011

	The Group excluding XE RMB'000	XE RMB'000	Adjustments RMB'000	Consolidated RMB'000
Assets and liabilities				
Current assets	66,870,506	187,359	(67,062)	66,990,803
Non-current assets	25,937,560	40,257	(50,551)	25,927,266
Current liabilities	(59,303,849)	(187,193)	67,062	(59,423,980)
Non-current liabilities	(7,554,351)	(11,894)	—	(7,566,245)
Net assets	25,949,866	28,529	(50,551)	25,927,844
Equity				
Equity attributable to owners of the parent	(20,824,007)	(28,529)	55,007	(20,797,529)
Non-controlling interests	(5,125,859)	—	(4,456)	(5,130,315)
	(25,949,866)	(28,529)	50,551	(25,927,844)

21. BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

31 December 2010

	The Group excluding XE RMB'000	XE RMB'000	Adjustments RMB'000	Consolidated RMB'000
Assets and liabilities				
Current assets	50,124,202	158,078	(4,530)	50,277,750
Non-current assets	23,441,469	41,325	—	23,482,794
Current liabilities	(42,662,356)	(157,268)	4,530	(42,815,094)
Non-current liabilities	(7,062,565)	(14,300)	—	(7,076,865)
Net assets	23,840,750	27,835	—	23,868,585
Equity				
Equity attributable to owners of the parent	(19,244,185)	(27,835)	4,348	(19,267,672)
Non-controlling interests	(4,596,565)	—	(4,348)	(4,600,913)
	(23,840,750)	(27,835)	—	(23,868,585)

The above adjustments represent adjustments to eliminate the paid-up capital of XE against the Group's investment cost in XE, and transactions and current accounts among XE and the Group as at 30 June 2011 and 31 December 2010, respectively.

22. BUSINESS COMBINATION

On 31 March 2011, CSR Ziyang Locomotive Co., Ltd., a subsidiary of the Company, acquired 45% equity interest in CSR Yuchai, which is mainly engaged in the manufacture and sale of electric motors, from third parties at a cash consideration of RMB32,040,000.

On 28 February 2011, Zhuzhou Times New Material Technology Co., Ltd., a subsidiary of the Company, acquired 100% equity interest in Delkor Rail Pty Ltd ("Delkor"), which is mainly engaged in the manufacture and sale of railway transportation products, from third parties at a cash consideration of RMB22,803,000.

22. BUSINESS COMBINATION (CONTINUED)

The fair values of the identifiable assets and liabilities of the above acquired subsidiaries as at the date of acquisition were as follows:

	Fair value recognised on acquisition		
	CSR Yuchai *RMB'000*	Delkor *RMB'000*	Total *RMB'000*
Property, plant and equipment	131,577	871	132,448
Prepaid land lease payments	30,820	—	30,820
Other intangible assets	52	—	52
Deferred tax assets	—	897	897
Inventories	122,305	6,550	128,855
Trade receivables	61,369	8,699	70,068
Bills receivable	6,200	—	6,200
Prepayments, deposits and other receivables	12,403	653	13,056
Tax recoverable	2,871	—	2,871
Cash and cash equivalents	55,170	5,023	60,193
Interest-bearing bank and other borrowings	(114,196)	—	(114,196)
Government grants	(793)	—	(793)
Trade payables	(219,080)	(7,360)	(226,440)
Bills payable	(13,285)	—	(13,285)
Other payables and accruals	(12,749)	(3,904)	(16,653)
Tax payable	—	(197)	(197)
Non-controlling interests	(34,465)	—	(34,465)
Net assets	28,199	11,232	39,431
Goodwill arising on acquisition	3,841	11,571	15,412
	32,040	22,803	54,843
Satisfied by:			
Cash	32,040	22,803	54,843

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

	CSR Yuchai *RMB'000*	Delkor *RMB'000*	Total *RMB'000*
Cash consideration	(32,040)	(22,803)	(54,843)
Cash and bank balance acquired	55,170	5,023	60,193
Net outflow of cash and cash equivalents included in cash flows from investing activities	23,130	(17,780)	5,350
Transaction costs of the acquisition included in cash flows from operating activities	(200)	(2,432)	(2,632)
	22,930	(20,212)	2,718

22. BUSINESS COMBINATION (CONTINUED)

The fair value of the trade receivables amounts to RMB70,068,000. The gross amount of trade receivables is RMB70,068,000. None of the trade receivables have been impaired and it is expected that the full contractual amount can be collected.

From the date of acquisition, CSR Yuchai and Delkor have contributed RMB183,886,000 of revenue and RMB562,000 to the net loss after tax of the Group. If the combination had taken place at the beginning of the year, the profit after tax for the period would have been RMB1,286,000 and revenue would have been RMB406,253,000.

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

The transaction costs of RMB2,632,000 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 2011 (Unaudited) ***RMB'000***	As at 31 December 2010 (Restated) *RMB'000*
Contracted, but not provided for:		
— Property, plant and equipment	**706,941**	774,753
— Prepaid land lease payments	**5,358**	—
— Other intangible assets	**11,975**	7,020
— Investment in setting up new entities	**910,000**	1,660,000
	1,634,274	2,441,773
Authorised, but not contracted for:		
— Property, plant and equipment	**2,428,766**	484,908
— Prepaid land lease payments	**5,000**	—
— Other intangible assets	**22,208**	9,530
	2,455,974	494,438

23. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

CAPITAL COMMITMENTS (continued)

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 2011 (Unaudited) *RMB'000*	As at 31 December 2010 (Restated) *RMB'000*
Contracted, but not provided for:		
— Property, plant and equipment	**63,566**	93,084

CONTINGENT LIABILITIES

As at 30 June 2011, the Group had no significant contingent liabilities (31 December 2010: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 2011 and 2010:

	For the six months ended 30 June	
	2011 (Unaudited) *RMB'000*	2010 (Unaudited) *RMB'000*
(a) Purchase of materials and components from:		
— CSRG Group	**57,970**	84,612
— Jointly-controlled entities	**377,418**	227,228
— Associates	**—**	56,268
(b) Sale of goods to:		
— CSRG Group	**51,365**	56,753
— Jointly-controlled entities	**281,173**	172,218
— Associates	**—**	59,928

24. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Outstanding balances with related parties

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

	As at 30 June 2011 (Unaudited) *RMB'000*	As at 31 December 2010 (Restated) *RMB'000*
(i) Prepayments, deposits and other receivables:		
— CSRG Group	**916**	8,642
— Jointly-controlled entities	**80,896**	39,386
	81,812	48,028
The above balances are unsecured, interest-free and have no fixed terms of repayment.		
(ii) Bills receivable:		
— CSRG Group	**10,322**	11,200
— Jointly-controlled entities	**59,101**	—
	69,423	11,200
(iii) Bills payable:		
— CSRG Group	**11,688**	11,354

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

	For the six months ended 30 June	
	2011 (Unaudited) *RMB'000*	2010 (Unaudited) *RMB'000*
Short-term employee benefits (equity-settled share option expenses excluded)(*Note 1)*	**3,045**	3,488
Post-employment benefits *(Note 2)*	**136**	146
Total compensation paid/payable to key management personnel	**3,181**	3,634

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 RMB348,000 in relation to key management personnel of the Company was recognised for the six months ended 30 June 2011.

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.

24. RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Commitments with related parties:

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

	For the six months ended 30 June 2011 (Unaudited) *RMB'000*
Sale of goods to:	
— CSRG Group	371
Purchase of materials and components from:	
— CSRG Group	1,866
— Jointly-controlled entities	375,362
	377,228

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 RMB20,575,620,000 (31 December 2010: RMB10,016,482,000) and RMB20,514,391,000 (31 December 2010: RMB9,999,792,000), respectively. The carrying amounts and fair values of the Company's interest-bearing bank and other borrowings are RMB10,790,000,000 (31 December 2010: RMB6,480,000,000) and RMB10,743,518,000 (31 December 2010: RMB6,474,784,000), 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 2011

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Available-for-sale investments:				
Equity investments	325,972	—	—	325,972
Equity investments at fair value through profit or loss	15,169	—	—	15,169
	341,141	—	—	341,141

As at 31 December 2010

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Available-for-sale investments:				
Equity investments	2,565	—	—	2,565
Equity investments at fair value through profit or loss	17,512	—	—	17,512
	20,077	—	—	20,077

During the six-month ended 30 June 2011 and the year ended 31 December 2010, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

As at 30 June 2011 and 31 December 2010, the Company did not hold any financial instruments measured at fair value.

26. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

On 7 March 2011, the proposal to issue short-term bond of no more than RMB5,000,000,000 was approved at the 23rd meeting of the first session of the board of the directors of the Company. And the 2011 1st extraordinary general meeting dated on 26 April 2011 approved the proposal. On 7 July 2011, the Company issued the 2011 first installment short-term bond of RMB3,000,000,000.

27. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements for the six months ended 30 June 2011 were approved and authorised for issue by the board of directors on 5 August 2011.