



株洲南车时代电气股份有限公司

ZHUZHOU CSR TIMES ELECTRIC CO., LTD.

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 3898)

NEW CSR NEW CREATION



INTERIM REPORT
2013

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Note:

1. The financial data in this Interim Report is prepared under PRC Accounting Standards;
2. This Interim Report is prepared in Chinese and English. If there is any discrepancy between Chinese version and English version, the Chinese version shall prevail.



RESULTS IN BRIEF

The Board of the Company is pleased to announce the unaudited interim consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2013 which have been prepared in accordance with PRC Accounting Standards. This interim report is unaudited, but has been reviewed by the Audit Committee of the Company.

The revenue of the Group for the six months ended 30 June 2013 amounted to RMB2,624,390,170 (for the six months ended 30 June 2012: RMB3,199,737,292), representing a decrease of 18% over the same period of last year. Total profit amounted to RMB487,419,455 (for the six months ended 30 June 2012: RMB630,321,480), representing a decrease of 23% over the same period of last year. Net profit attributable to shareholders of the Parent amounted to RMB400,178,418 (for the six months ended 30 June 2012: RMB546,099,224), representing a decrease of 27% over the same period of last year. Basic earnings per share amounted to RMB0.37 (for the six months ended 30 June 2012: RMB0.50).

This interim report sets forth the unaudited interim consolidated financial statements of the Group and the notes thereto.

BUSINESS REVIEW AND OUTLOOK

Railway is an important national infrastructure and civil engineering, it is a resource-saving and environment-friendly mode of transportation.

In 2013, market-oriented reform initiated in the railway sector of the PRC. The Ministry of Railways has been dissolved, and the China Railway Corporation (hereinafter referred as the "CRC") has been established and related adjustments to the organizational structures and personnels have been made accordingly, debt financing have been facilitated and freight organization reform started.

In the first half of 2013, the CRC was basically under internal adjustment and did not conduct any tendering for equipments. For the Company, historic orders for locomotives and EMUs have been fully delivered in 2012. Accordingly, the corresponding businesses from the original Ministry of Railways were basically in a vacuum status during the last half year.

To deal with the changing external environment, the Company has adopted various measures, strengthened the development of private railways and local railways and speeded up the expansion of the urban railway market and overseas market. Meanwhile, based on business nature, customer base and changes of scale, the Company has adjusted its internal organizational structure and set up a number of divisions in respect of railway business, urban railway business, railway engineering machinery business, communication and signaling business and overseas business in order to capture future opportunities and promote the development of the Company. The revenue of the Company has an increase of 173% in the second quarter when compared with the first quarter, and a growth of 393% in net profit.

In the second half of 2013, Premier Li Keqiang has chaired a meeting to plan the reform of the railway investment and financing scheme and speed up the railway construction in the central and western regions and poverty-stricken areas. The CRC gradually launched the tendering for railway equipments. The railway investment plan of 2013 has been adjusted to RMB690 billion, in which invested amount for the first half of the year was RMB215.9 billion. The Twelfth Five Year Plan has also been raised to RMB3.3 trillion from RMB2.8 trillion. In addition, the central government provided preferential policies to the CRC in land development, subsidies, taxes and volatility in freight rates, which will also benefit the future development of the railway industry. The Company believes that this reform will bring about profound effects on the future of the overall railway industry.

In light of the reasons aforesaid, the Company anticipates that the production and operation of the Company during the second half of 2013 and the next couple of years will be quite busy.

CONSOLIDATED BALANCE SHEET

30 June 2013

Renminbi Yuan

ASSETS	<i>Note V</i>	30 June 2013 (Unaudited)	31 December 2012 (Audited)
CURRENT ASSETS			
Cash and bank balances	1	1,582,982,464	2,318,915,451
Bills receivable	2	859,825,261	890,637,187
Trade receivables	3	3,386,156,611	2,737,063,058
Prepayments	4	133,404,029	87,946,123
Other receivables	5	60,173,263	54,126,114
Inventories	6	1,580,722,701	1,109,921,460
Non-current assets due within one year		1,200,018	1,163,640
Other current assets	7	30,592,481	3,264,824
Total current assets		<u>7,635,056,828</u>	<u>7,203,037,857</u>
NON-CURRENT ASSETS			
Long-term receivables		—	609,036
Long-term equity investments	8	251,220,072	255,424,853
Fixed assets	9	1,418,792,522	1,452,286,623
Construction in progress		301,563,678	248,507,584
Intangible assets	10	201,271,877	204,704,556
Development expenditure		51,855,957	51,855,957
Goodwill		57,352,802	60,776,186
Deferred tax assets		93,063,705	92,779,141
Other non-current assets	11	67,109,408	79,729,478
Total non-current assets		<u>2,442,230,021</u>	<u>2,446,673,414</u>
TOTAL ASSETS		<u>10,077,286,849</u>	<u>9,649,711,271</u>

CONSOLIDATED BALANCE SHEET (continued)

30 June 2013

Renminbi Yuan

LIABILITIES AND SHAREHOLDERS' EQUITY	Note V	30 June 2013 (Unaudited)	31 December 2012 (Audited)
CURRENT LIABILITIES			
Short-term borrowings	12	15,798,592	—
Bills payable	13	651,345,989	713,768,911
Trade payables	14	1,565,929,401	1,273,648,373
Receipts in advance	15	339,813,280	291,978,737
Employee benefits payable		91,037,689	63,912,163
Taxes payable		95,721,105	356,194,164
Dividend payable		379,489,473	—
Other payables	16	148,100,209	129,848,739
Non-current liabilities due within one year	17	162,393,534	202,220,874
Total current liabilities		3,449,629,272	3,031,571,961
NON-CURRENT LIABILITIES			
Long-term borrowings	18	49,525,627	28,336,915
Deferred tax liabilities		12,112,741	16,285,166
Provisions		130,445,889	131,327,630
Other non-current liabilities		128,174,007	129,227,463
Total non-current liabilities		320,258,264	305,177,174
Total liabilities		3,769,887,536	3,336,749,135

CONSOLIDATED BALANCE SHEET (continued)

30 June 2013

Renminbi Yuan

		30 June	31 December
	<i>Note V</i>	2013	2012
LIABILITIES AND SHAREHOLDERS' EQUITY		(Unaudited)	(Audited)
SHAREHOLDERS' EQUITY			
Share capital		1,084,255,637	1,084,255,637
Capital reserve		1,693,508,949	1,693,508,949
Special reserve		1,471,395	—
Surplus reserve		528,775,417	469,062,942
Retained earnings	19	2,913,034,394	2,952,057,924
Exchange fluctuation reserve		(37,615,649)	(20,660,520)
Total equity attributable to shareholders of the Parent		<u>6,183,430,143</u>	<u>6,178,224,932</u>
Minority interests		<u>123,969,170</u>	<u>134,737,204</u>
Total shareholders' equity		<u>6,307,399,313</u>	<u>6,312,962,136</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u><u>10,077,286,849</u></u>	<u><u>9,649,711,271</u></u>

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2013

Renminbi Yuan

	<i>Note V</i>	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Revenue	20	2,624,390,170	3,199,737,292
Less: Cost of sales	20	1,627,642,424	2,069,638,947
Business taxes and surcharges		20,992,015	26,117,226
Selling expenses		131,443,570	142,709,708
Administrative expenses		366,290,455	433,751,674
Finance costs/(income)	21	(27,759,130)	(908,536)
Asset impairment losses/(reversal of losses)	22	23,404,551	(12,020,950)
Add: Investment income/(losses)	23	(4,704,781)	45,246,157
including: share of profits and losses of associates and a jointly-controlled entity	23	(4,704,781)	23,579,958
Operating profit		477,671,504	585,695,380
Add: Non-operating income	24	9,933,606	44,839,869
Less: Non-operating expenses	25	185,655	213,769
including: loss on disposal of non-current assets	25	115,551	182,546
Total profit		487,419,455	630,321,480
Less: Income tax expense	26	94,024,145	92,250,388
Net profit		393,395,310	538,071,092
Net profit attributable to shareholders of the Parent		400,178,418	546,099,224
Minority interests		(6,783,108)	(8,028,132)
Earnings per share (Yuan/Share)	27		
Basic		0.37	0.50
Diluted		0.37	0.50
Other comprehensive income/(loss)	28	(21,176,463)	671,906
Total comprehensive income		372,218,847	538,742,998
Including:			
Total comprehensive income attributable to shareholders of the Parent		383,223,289	546,522,481
Total comprehensive loss attributable to minority interests		(11,004,442)	(7,779,483)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

Renminbi Yuan

	Attributable to shareholders of the Parent							Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Exchange fluctuation reserve	Sub-total		
I. As at 1 January 2013 (audited)	1,084,255,637	1,693,508,949	—	469,062,942	2,952,057,924	(20,660,520)	6,178,224,932	134,737,204	6,312,962,136
II. Movements during the period									
(i) Net profit (unaudited)	—	—	—	—	400,178,418	—	400,178,418	(6,783,108)	393,395,310
(ii) Other comprehensive income									
1. Exchange differences on translation of foreign operations (unaudited)	—	—	—	—	—	(16,955,129)	(16,955,129)	(4,221,334)	(21,176,463)
Total comprehensive income	—	—	—	—	400,178,418	(16,955,129)	383,223,289	(11,004,442)	372,218,847
(iii) Capital contribution and withdrawal by shareholders									
1. Capital contribution by minority shareholders (unaudited)	—	—	—	—	—	—	—	41,037	41,037
(iv) Profit appropriation									
1. Transfer to surplus reserve (unaudited)	—	—	—	59,712,475	(59,712,475)	—	—	—	—
2. Dividend paid (unaudited)	—	—	—	—	(379,489,473)	—	(379,489,473)	—	(379,489,473)
(v) Special reserve									
1. Accrued during the period (unaudited)	—	—	8,532,262	—	—	—	8,532,262	345,777	8,878,039
2. Paid during the period (unaudited)	—	—	(7,060,867)	—	—	—	(7,060,867)	(150,406)	(7,211,273)
III. As at 30 June 2013 (unaudited)	<u>1,084,255,637</u>	<u>1,693,508,949</u>	<u>1,471,395</u>	<u>528,775,417</u>	<u>2,913,034,394</u>	<u>(37,615,649)</u>	<u>6,183,430,143</u>	<u>123,969,170</u>	<u>6,307,399,313</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2012

Renminbi Yuan

	Attributable to shareholders of the Parent						Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Surplus reserve	Retained earnings	Exchange fluctuation reserve	Sub-total		
I. As at 1 January 2012 (audited)	1,084,255,637	1,693,508,949	350,134,445	2,218,523,143	(29,761,317)	5,316,660,857	121,023,711	5,437,684,568
II. Movements during the period								
(i) Net profit (unaudited)	—	—	—	546,099,224	—	546,099,224	(8,028,132)	538,071,092
(ii) Other comprehensive income								
1. Exchange differences on translation of foreign operations (unaudited)	—	—	—	—	423,257	423,257	248,649	671,906
Total comprehensive income	—	—	—	546,099,224	423,257	546,522,481	(7,779,483)	538,742,998
(iii) Capital contribution and withdrawal by shareholders								
1. Capital contribution by minority shareholders (unaudited)	—	—	—	—	—	—	10,000,000	10,000,000
(iv) Profit appropriation								
1. Transfer to surplus reserve (unaudited)	—	—	61,462,601	(61,462,601)	—	—	—	—
2. Dividend paid (unaudited)	—	—	—	(368,646,916)	—	(368,646,916)	—	(368,646,916)
III. As at 30 June 2012 (unaudited)	<u>1,084,255,637</u>	<u>1,693,508,949</u>	<u>411,597,046</u>	<u>2,334,512,850</u>	<u>(29,338,060)</u>	<u>5,494,536,422</u>	<u>123,244,228</u>	<u>5,617,780,650</u>

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2013

Renminbi Yuan

	<i>Note V</i>	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
1. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		1,794,471,207	2,519,875,326
Refunds of taxes		38,487,009	41,382,042
Cash received relating to other operating activities		29,542,669	12,317,064
Sub-total of cash inflows from operating activities		1,862,500,885	2,573,574,432
Cash paid for goods and services		(1,346,052,143)	(1,781,771,559)
Cash paid to and on behalf of employees		(320,263,922)	(222,488,736)
Cash paid for all types of taxes		(543,245,647)	(529,676,584)
Cash paid relating to other operating activities		(296,285,965)	(308,738,677)
Sub-total of cash outflows from operating activities		(2,505,847,677)	(2,842,675,556)
Net cash flows used in operating activities	29	(643,346,792)	(269,101,124)
2. Cash flows from investing activities:			
Cash received from disposal or returns of investments		400,000	310,000,000
Cash received from returns on investments		—	21,666,200
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		604,478	15,245,704
Sub-total of cash inflows from investing activities		1,004,478	346,911,904
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(100,022,581)	(151,225,761)
Cash paid for acquisition of investments		(900,000)	(19,000,000)
Sub-total of cash outflows from investing activities		(100,922,581)	(170,225,761)
Net cash flows (used in)/from investing activities		(99,918,103)	176,686,143

CONSOLIDATED CASH FLOW STATEMENT (continued)

For the six months ended 30 June 2013

Renminbi Yuan

	<i>Note V</i>	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
3. Cash flows from financing activities:			
Cash received from capital contribution		41,037	10,000,000
including: cash received from minority shareholders of subsidiaries		41,037	10,000,000
Cash received from borrowings		46,000,689	3,894,028
Sub-total of cash inflows from financing activities		46,041,726	13,894,028
Cash repayment of short-term bonds		—	(500,000,000)
Cash repayment of borrowings		(34,812,449)	(139,505,129)
Cash paid for distribution of dividend or profits and for interest expenses		(1,089,532)	(29,012,598)
Sub-total of cash outflows from financing activities		(35,901,981)	(668,517,727)
Net cash flows from/(used in) financing activities		10,139,745	(654,623,699)
4. Net decrease in cash and cash equivalents		(733,125,150)	(747,038,680)
Add: cash and cash equivalents at beginning of period		2,297,286,786	2,053,718,390
5. Cash and cash equivalents at end of period	29	1,564,161,636	1,306,679,710

BALANCE SHEET

30 June 2013

Renminbi Yuan

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
ASSETS		
CURRENT ASSETS		
Cash and bank balances	1,323,924,113	1,956,420,369
Bills receivable	782,332,780	790,339,052
Dividend Receivable	122,000,000	—
Trade receivables	2,970,550,210	2,345,629,354
Prepayments	112,051,042	36,927,671
Other receivables	397,084,904	383,481,912
Inventories	1,219,058,345	849,777,843
Non-current assets due within one year	1,200,018	1,163,640
Other current assets	18,197,527	—
Total current assets	6,946,398,939	6,363,739,841
NON-CURRENT ASSETS		
Long-term receivables	—	609,036
Long-term equity investments	991,968,063	991,710,164
Fixed assets	905,082,951	927,616,543
Construction in progress	272,971,903	228,380,979
Intangible assets	100,230,994	98,052,785
Development expenditure	24,153,369	24,153,369
Deferred tax assets	88,128,880	87,818,452
Other non-current assets	60,840,165	67,258,522
Total non-current assets	2,443,376,325	2,425,599,850
TOTAL ASSETS	9,389,775,264	8,789,339,691

BALANCE SHEET (continued)

30 June 2013

Renminbi Yuan

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Bills payable	518,808,569	594,091,570
Trade payables	1,291,200,466	1,079,882,686
Receipts in advance	326,035,989	263,678,337
Employee benefits payable	79,118,849	52,689,851
Taxes payable	81,862,944	327,674,957
Dividend payable	379,489,473	—
Other payables	140,826,370	104,935,010
Non-current liabilities due within one year	145,603,856	154,718,634
Total current liabilities	2,962,946,516	2,577,671,045
NON-CURRENT LIABILITIES		
Provisions	125,339,830	127,003,488
Other non-current liabilities	112,062,967	113,012,967
Total non-current liabilities	237,402,797	240,016,455
Total liabilities	3,200,349,313	2,817,687,500
SHAREHOLDERS' EQUITY		
Share capital	1,084,255,637	1,084,255,637
Capital reserve	1,693,282,738	1,693,282,738
Special reserve	138,478	—
Surplus reserve	528,775,417	469,062,942
Retained earnings	2,882,973,681	2,725,050,874
Total shareholders' equity	6,189,425,951	5,971,652,191
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	9,389,775,264	8,789,339,691

INCOME STATEMENT

For the six months ended 30 June 2013

Renminbi Yuan

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Revenue	2,213,272,782	2,842,742,800
Less: Cost of sales	1,350,556,788	1,921,240,066
Business taxes and surcharges	18,244,180	23,379,093
Selling expenses	104,438,423	117,892,719
Administrative expenses	266,179,092	316,023,400
Finance costs/(income)	(27,015,501)	(3,634,275)
Asset impairment losses/(reversal of losses)	20,366,418	(12,649,179)
Add: Investment income	197,295,220	179,257,897
including: share of profits and losses of associates and a jointly-controlled entity	(4,704,781)	23,579,958
Operating profit	677,798,602	659,748,873
Add: Non-operating income	5,398,894	29,089,582
Less: Non-operating expenses	168,555	162,289
including: loss on disposal of non-current assets	98,755	162,289
Total profit	683,028,941	688,676,166
Less: Income tax expense	85,904,186	74,050,156
Net profit	597,124,755	614,626,010
Other comprehensive income	—	—
Total comprehensive income	597,124,755	614,626,010

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

Renminbi Yuan

	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. As at 1 January 2013(audited)	1,084,255,637	1,693,282,738	—	469,062,942	2,725,050,874	5,971,652,191
II. Movements during the period						
(i) Net profit (unaudited)	—	—	—	—	597,124,755	597,124,755
(ii) Other comprehensive income (unaudited)	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	597,124,755	597,124,755
(iii) Profit appropriation						
1. Transfer to surplus reserve (unaudited)	—	—	—	59,712,475	(59,712,475)	—
2. Dividend paid (unaudited)	—	—	—	—	(379,489,473)	(379,489,473)
(iv) Special reserve						
1. Accrued during the period (unaudited)	—	—	5,207,697	—	—	5,207,697
2. Paid during the period (unaudited)	—	—	(5,069,219)	—	—	(5,069,219)
III. As at 30 June 2013 (unaudited)	<u>1,084,255,637</u>	<u>1,693,282,738</u>	<u>138,478</u>	<u>528,775,417</u>	<u>2,882,973,681</u>	<u>6,189,425,951</u>

For the six months ended 30 June 2012

Renminbi Yuan

	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. As at 1 January 2012 (audited)	1,084,255,637	1,693,282,738	350,134,445	2,023,341,318	5,151,014,138
II. Movements during the period					
(i) Net profit (unaudited)	—	—	—	614,626,010	614,626,010
(ii) Other comprehensive income (unaudited)	—	—	—	—	—
Total comprehensive income	—	—	—	614,626,010	614,626,010
(iii) Profit appropriation					
1. Transfer to surplus reserve (unaudited)	—	—	61,462,601	(61,462,601)	—
2. Dividend paid (unaudited)	—	—	—	(368,646,916)	(368,646,916)
III. As at 30 June 2012 (unaudited)	<u>1,084,255,637</u>	<u>1,693,282,738</u>	<u>411,597,046</u>	<u>2,207,857,811</u>	<u>5,396,993,232</u>

CASH FLOW STATEMENT

For the six months ended 30 June 2013

Renminbi Yuan

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
1. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	1,463,909,213	2,014,551,515
Refunds of taxes	22,955,961	39,008,435
Cash received relating to other operating activities	24,104,884	6,496,164
Sub-total of cash inflows from operating activities	1,510,970,058	2,060,056,114
Cash paid for goods and services	(1,225,174,958)	(1,555,767,479)
Cash paid to and on behalf of employees	(197,254,674)	(121,155,858)
Cash paid for all types of taxes	(485,582,946)	(459,068,475)
Cash paid relating to other operating activities	(242,371,473)	(232,685,363)
Sub-total of cash outflows from operating activities	(2,150,384,051)	(2,368,677,175)
Net cash flows used in operating activities	(639,413,993)	(308,621,061)
2. Cash flows from investing activities:		
Cash received from disposal or returns of investments	—	300,000,000
Cash received from returns on investments	80,000,000	155,677,939
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	272,477	6,235,959
Sub-total of cash inflows from investing activities	80,272,477	461,913,898
Cash paid for acquisitions of fixed assets, intangible assets and other long-term assets	(68,708,867)	(102,509,047)
Cash paid for acquisition of investments	(4,962,679)	(24,912,036)
Sub-total of cash outflows from investing activities	(73,671,546)	(127,421,083)
Net cash flows from investing activities	6,600,931	334,492,815

CASH FLOW STATEMENT (continued)

For the six months ended 30 June 2013

Renminbi Yuan

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
3. Cash flows from financing activities:		
Cash repayment of short-term bonds	—	(500,000,000)
Cash repayments of borrowings	—	(139,000,000)
Cash paid for distribution of dividend or profits and for interest expenses	—	(26,385,629)
	<hr/>	<hr/>
Sub-total of cash outflows from financing activities	—	(665,385,629)
	<hr/>	<hr/>
Net cash flows used in financing activities	—	(665,385,629)
	<hr/>	<hr/>
4. Net decrease in cash and cash equivalents	(632,813,062)	(639,513,875)
Add: Cash and cash equivalents at beginning of period	1,956,420,369	1,706,793,567
	<hr/>	<hr/>
5. Cash and cash equivalents at end of period	<u>1,323,607,307</u>	<u>1,067,279,692</u>

NOTES TO FINANCIAL STATEMENTS

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I BASIC INFORMATION OF THE GROUP

Zhuzhou CSR Times Electric Co., Ltd. (the "Company") is a joint stock limited company registered in Hunan Province, the People's Republic of China (the "PRC"). It was jointly established by CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd. (南車株洲電力機車研究所有限公司) (formerly known as CSR Group Zhuzhou Electric Locomotive Research Institute (中國南車集團株洲電力機車研究所)), CSR Qishuyan Locomotive & Rolling Stock Works (中國南車集團戚墅堰機車車輛廠), CSR Zhuzhou Electric Locomotive Co., Ltd. (南車株洲電力機車有限公司) (formerly known as CSR Group Zhuzhou Electric Locomotive Co., Ltd. (中國南車集團株洲電力機車有限公司)), CSR Investment & Leasing Co., Ltd. (南車投資租賃有限公司) (formerly known as New Leap Transportation Equipment Investment & Leasing Co., Ltd. (新力博交通裝備投資租賃有限公司)) and China Railway Large Maintenance Machinery Co., Ltd. Kunming (昆明中鐵大型養路機械集團有限公司) at the date of 26 September 2005, upon approval by the State-owned Assets Supervision and Administration Commission of the State Council (the "SASAC") of Guozi Reform [2005] 1095 Approval. The Company's registration was approved by the Administration for Industry and Commerce of Hunan Province, with the business license number 430000000009725. The H shares of the Company are listed on the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The registered office of the Company is located at Times Road, Shifeng District, Zhuzhou City, Hunan Province, the PRC. The Company and its subsidiaries (together, the "Group") are principally engaged in the sale and manufacture of train-borne electrical systems and electrical components.

In December 2006, the Company issued 414,644,000 Shares (including H shares issued via the exercise of the over-allotment option) with a nominal value of RMB1 each through the Hong Kong Stock Exchange. The issue price was HK\$5.3 per share. The total proceeds before deducting issuing expenses amounted to HK\$2,197,613,000 (equivalent to approximately RMB2,209,968,000). These H shares were listed and traded on the Main Board of the Hong Kong Stock Exchange in December 2006.

As at 30 June 2013, the Company had issued an aggregate of 1,084,255,637 shares as share capital.

The Group's Parent and ultimate holding company are CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd. (南車株洲電力機車研究所有限公司) and CSR Group (中國南車集團公司) respectively, both established in the PRC.

NOTES TO FINANCIAL STATEMENTS (continued)

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II BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

1. Basis of preparation

The interim financial statements are prepared in accordance with the "Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting" issued by the Ministry of Finance, the PRC. The accounting policies and estimates adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012. The interim financial statements do not include all the information and disclosure required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012.

The interim financial statements have been prepared on a going concern basis.

These interim financial statements are prepared under the historical cost convention, except for certain financial instruments. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant rules.

2. Statement of compliance with Accounting Standards for Business Enterprises

The interim financial statements present fairly and completely, the financial position of the Group and the Company as at 30 June 2013 and the financial performance and the cash flows for the six months period then ended in accordance with Accounting Standards for Business Enterprises.

III TAXES

1. Major categories of taxes and respective tax rates

Major categories of taxes and respective tax rates of the Company and its PRC subsidiaries in the current period are set out below:

Value-added tax("VAT")	–	Output VAT is calculated by applying 17% to the taxable sales, less deductible input VAT of the current period.
Business tax	–	It is calculated by applying 5% to the taxable income.
City maintenance and construction surtax	–	It is levied at 7% on the turnover taxes paid.
Corporate income tax	–	It is levied at 25% on the taxable profit.

NOTES TO FINANCIAL STATEMENTS (continued)

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Renminbi Yuan

III TAXES (continued)

2. Tax benefits and official approval

The Group's tax benefits and official approval are as follows:

Pursuant to the provisions of Rule 28 under the Corporate Income Tax Law of the People's Republic of China, high-tech enterprises that require government support are subject to corporate income tax at the rate of 15%.

Pursuant to the relevant document jointly issued by the Hunan Provincial Science and Technology Department, Department of Finance of Hunan Province, the State Taxation Bureau of Hunan Province and the Local Taxation Bureau of Hunan Province, the Company and its subsidiary, Zhuzhou Times Electronics Technology Co., Ltd. ("Times Electronics"), were accredited as high-tech enterprises and granted certificates of high-tech enterprise (No. GF201143000144 and No. GF201143000056, respectively) on 4 November 2011 for a validity period of three years. Pursuant to the document Yong Gao Qi Ren Ban [2011] No.10 (甬高企認辦[2011]10 號文) of Ningbo City, Zhejiang Province, Ningbo CSR Times Sensor Technology Co., Ltd. ("Ningbo Times"), a subsidiary of the Company, was accredited as a high-tech enterprise and granted a certificate of high-tech enterprise (No. GF201133100049) on 6 September 2011 for a validity period of three years. Pursuant to the document Xiang Ke Gao Ban Zi [2013] No. 33 (湘科高辦字[2013]33號文) jointly issued by Hunan Provincial Science and Technology Department, Department of Finance of Hunan Province, the State Taxation Bureau of Hunan Province and the Local Taxation Bureau of Hunan Province, Zhuzhou Times Equipment Technology Co., Ltd. ("Times Equipment"), a subsidiary of the Company, was accredited as a high-tech enterprise and granted a certificate of high-tech enterprise (No. GF201243000112) on 12 November 2012 for a validity period of three years.

Pursuant to "The Notice Regarding the Tax Policies of the Strategy of Further Development of Western Region Issued by Ministry of Finance, General Administration of Customs and State Administration of Taxation" (Cai Shui No. [2011]58) (《財政部、海關總署、國家稅務總局關於深入實施西部大開發戰略有關稅收政策問題的通知》) (財稅[2011]58號), the preferential tax policies for the development of Western Region can be adopted until 2020. This document regulated that "From 1 January 2011 to 31 December 2020, the enterprise in encouraged industries which are set up in the Western Region can enjoy a corporate income tax at the reduced rate of 15%. These enterprises in encouraged industries refers to the principal activities of the industry project provided in the "Category of Encouraged Industries in the Western Region" (《西部地區鼓勵類產業目錄》), and its revenue from principal activities represents more than 70% of total revenue of the enterprise. The "Category of Encouraged Industries in the Western Region" will be published separately". Despite the above "Category of Encouraged Industries in the Western Region" has not yet been issued, the management of the Company, believes that Baoji CSR Times Engineering Machinery Co., Ltd. ("Baoji Times"), a subsidiary of the Company, engaged in the principal activities which the industry projects provided in the relevant applicable category of guidance on industrial restructuring in past years, and fulfilled the conditions of enjoyment of the preferential tax of West Region, therefore, the income tax is still calculated based on the preferential tax rate of West Region in the current period.

NOTES TO FINANCIAL STATEMENTS (continued)

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IV SCOPE OF CONSOLIDATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Particulars of major subsidiaries

Particulars of major subsidiaries of the Company are as follows:

Names of companies	Types of subsidiaries	Place of registration	Registered Capital	Nature of business	Scope of business	Proportion of shareholding		Proportion of votes	Consolidated or not
						direct	indirect		
Ningbo Times	Limited liability company	Ningbo Zhejiang	RMB48,826,200	Manufacture industry	Manufacture and sale of sensors and vacuum sanitary units	100%	—	100%	Yes
Times Electronics	Limited liability company	Zhuzhou Hunan	RMB80,000,000	Manufacture industry	Manufacture and sale of electrical control systems for large railway maintenance vehicles	100%	—	100%	Yes
Times Equipment	Limited liability company	Zhuzhou Hunan	RMB36,000,000	Manufacture industry	Manufacture and sale of vibration absorbers and testing equipment	100%	—	100%	Yes
Beijing CSR Times Information Technology Co., Ltd. ("Times Information")	Limited liability company	Beijing	RMB29,000,000	Manufacture industry	Manufacture and sale of train operation safety equipment	100%	—	100%	Yes
Shenyang CSR Times Transportation Equipment Co., Ltd. ("Shenyang Times")	Limited liability company	Shenyang Liaoning	RMB3,000,000	Manufacture industry	Manufacture and sale of electrical components for rail transit vehicles	100%	—	100%	Yes
Baoji Times	Limited liability company	Baoji Shaanxi	RMB200,000,000	Manufacture industry	Manufacture and sale of large railway and urban rail work machines and vehicles	80%	—	80%	Yes
Kunming CSR Electric Equipment Co., Ltd. ("Kunming Electrics")	Limited liability company	Kunming Yunnan	RMB3,000,000	Manufacture industry	Manufacture and sale of train-borne electrical systems	100%	—	100%	Yes

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

IV SCOPE OF CONSOLIDATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Particulars of major subsidiaries (continued)

Particulars of major subsidiaries of the Company are as follows (continued):

Name of companies	Type of subsidiaries	Place of registration	Registered Capital	Nature of business	Scope of business	Proportion of shareholding		Proportion of votes	Consolidated or not
						direct	indirect		
Hangzhou CSR Electric Equipment Co., Ltd. ("Hangzhou Electrics")	Limited liability company	Hangzhou Zhejiang	RMB75,000,000	Manufacture industry	Manufacture and sale of train-borne electrical systems	60%	—	60%	Yes
Guangzhou CSR Times Electric Technology Co., Ltd. ("Guangzhou Times")	Limited liability company	Guangzhou Guangdong	RMB30,000,000	Manufacture industry	Manufacture and sale of train-borne electrical systems	60%	—	60%	Yes
CSR Times Electric (Hong Kong) Co., Ltd. ("HK Electric")	Limited liability company	Hong Kong	HKD10,000,000	Trading	Overseas Trading and related business	100%	—	100%	Yes
Times Electric USA, LLC ("Times USA")	Limited liability company	USA	USD430,000	Trading	Sale of power semi-conductor and integrated circuit products	100%	—	100%	Yes
Dynex Power Inc. ("Dynex")	Limited liability company	Canada	CAD37,096,192	Investment holding	Investment holding	75%	—	75%	Yes
Dynex Semiconductor Limited ("Dynex Semiconductor")	Limited liability company	United Kingdom	GBP15,000,000	Manufacture industry	Manufacture and sale of power semi-conductor and integrated circuit products	—	75%	75%	Yes

The above table list the subsidiaries of the Company which in the opinion of the directors of the Company, principally affected the results for the period or formed a substantial portion of the net assets of the Group as at 30 June 2013.

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Cash	16,914	17,366
Cash in bank	1,553,315,328	2,290,511,933
Other cash and bank balances	29,650,222	28,386,152
	<u>1,582,982,464</u>	<u>2,318,915,451</u>
	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Restricted cash and bank balances:		
Security deposits for acceptance bills	19,637,593	21,421,004
Security deposits for letters of guarantee	10,012,629	6,965,148
	<u>29,650,222</u>	<u>28,386,152</u>

Interest income earned on current deposits is calculated by using the current deposit interest rate. The deposit periods for short-term deposits vary from 1 day to 3 months depended on the cash requirements of the Group and earn interest at the respective deposit rates.

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Bills receivable

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Bank acceptance bills	463,746,261	740,544,187
Commercial acceptance bills	396,079,000	150,093,000
	<u>859,825,261</u>	<u>890,637,187</u>

Details of the amounts due from related parties in the balance of the bills receivable are disclosed in Note VI. Related party relationships and transactions.

3. Trade receivables

The credit period of trade receivables is usually 6 months. The trade receivables bear no interest.

The aging analysis of the trade receivables is as follows:

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Within 6 months	2,527,602,033	2,424,630,824
6 months to 1 year	721,129,399	246,686,191
1 to 2 years	179,138,050	83,905,920
2 to 3 years	32,342,493	11,500,065
Over 3 years	6,347,822	13,257,908
	<u>3,466,559,797</u>	<u>2,779,980,908</u>
Less: provision for bad debt	80,403,186	42,917,850
	<u>3,386,156,611</u>	<u>2,737,063,058</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Trade receivables (continued)

The movements of provision for bad debt are as follows:

	For the six months ended 30 June 2013 (Unaudited)	2012 (Audited)
Opening balance	42,917,850	38,374,970
Provision in the current period	37,585,637	7,064,898
Reversal in the current period	—	(1,951,060)
Write-off in the current period	—	(583,204)
Exchange realignment	(100,301)	12,246
Closing balance	<u>80,403,186</u>	<u>42,917,850</u>

Details of the amounts due from related parties in the balance of trade receivables are disclosed in Note VI. Related party relationships and transactions.

4. Prepayments

The aging analysis of prepayments is as follows:

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Within 1 year	117,565,612	78,274,463
1 to 2 years	8,881,486	6,234,401
2 to 3 years	5,347,532	2,645,794
Over 3 years	1,609,399	791,465
	<u>133,404,029</u>	<u>87,946,123</u>

Details of the amounts due from related parties in the balance of prepayments are disclosed in Note VI. Related party relationships and transactions.

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Other receivables

The aging analysis of other receivables is as follows:

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Within 1 year	57,789,414	50,464,202
1 to 2 years	2,067,534	2,208,441
2 to 3 years	357,007	2,561,242
Over 3 years	2,461,309	1,724,105
	62,675,264	56,957,990
Less: provision for bad debt	2,502,001	2,831,876
	60,173,263	54,126,114

The movements of provision for bad debt are as follows:

	For the six months ended 30 June 2013 (Unaudited)	2012 (Audited)
Opening balance	2,831,876	2,534,950
Provision in the current period	11,876	1,829,876
Reversal in the current period	(341,751)	(1,532,950)
Closing balance	2,502,001	2,831,876

Details of the amounts due from related parties in the balance of other receivables are disclosed in Note VI. Related party relationships and transactions.

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Inventories

	30 June 2013 (Unaudited)		
	Gross carrying amount	Impairment provision	Carrying amount
Raw materials	558,666,885	62,865,820	495,801,065
Work in progress	606,608,695	22,271,633	584,337,062
Finished goods	535,818,521	40,164,643	495,653,878
Turnover materials	6,213,256	1,282,560	4,930,696
	1,707,307,357	126,584,656	1,580,722,701
	31 December 2012 (Audited)		
	Gross carrying amount	Impairment provision	Carrying amount
Raw materials	506,720,215	57,633,748	449,086,467
Work in progress	353,240,992	21,523,807	331,717,185
Finished goods	385,153,114	60,778,709	324,374,405
Turnover materials	5,808,960	1,065,557	4,743,403
	1,250,923,281	141,001,821	1,109,921,460

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Inventories (continued)

The movements of provision for impairment of inventories are as follows:

For the six months ended 30 June 2013

	Opening	Provision	Decrease		Exchange	Closing
	balance		Reversal ^(note 1)	Write-off ^(note 2)		
	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Raw materials	57,633,748	7,691,118	(2,311,349)	(49,165)	(98,532)	62,865,820
Work in progress	21,523,807	3,317,142	(2,258,445)	(146,172)	(164,699)	22,271,633
Finished goods	60,778,709	1,240,178	(21,746,858)	(32,008)	(75,378)	40,164,643
Turnover materials	<u>1,065,557</u>	<u>217,003</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,282,560</u>
	<u>141,001,821</u>	<u>12,465,441</u>	<u>(26,316,652)</u>	<u>(227,345)</u>	<u>(338,609)</u>	<u>126,584,656</u>

Note 1: Mainly represents reversal of provision for impairment of inventories when the impaired value was recovered.

Note 2: Mainly represents write-off of provision for impairment of inventories when the related inventories were disposed of or consumed.

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Inventories (continued)

2012

	Opening balance (Audited)	Provision (Audited)	Decrease		Exchange realignment (Audited)	Closing balance (Audited)
			Reversal ^(note 1) (Audited)	Write-off ^(note 2) (Audited)		
Raw materials	89,218,919	954,051	(31,114,622)	(1,751,600)	327,000	57,633,748
Work in progress	21,234,863	6,570,946	(2,273,882)	(4,450,301)	442,181	21,523,807
Finished goods	30,743,227	31,380,622	—	(1,587,387)	242,247	60,778,709
Turnover materials	810,565	256,012	—	(1,020)	—	1,065,557
	<u>142,007,574</u>	<u>39,161,631</u>	<u>(33,388,504)</u>	<u>(7,790,308)</u>	<u>1,011,428</u>	<u>141,001,821</u>

Note 1: Mainly represents reversal of provision for impairment of inventories when the impaired value was recovered.

Note 2: Mainly represents write-off of provision for impairment of inventories when the related inventories were disposed of or consumed.

As at 30 June 2013, no inventory of the Group was restricted (31 December 2012: Nil).

7. Other current assets

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Prepaid taxes	<u>30,592,481</u>	<u>3,264,824</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Long-term equity investments

For the six months ended 30 June 2013

	Opening balance (Audited)	Increase (Unaudited)	Closing balance (Unaudited)	Impairment provision (Unaudited)	Closing balance (Unaudited)	Cash dividend received (Unaudited)
Non-listed investments:						
Equity method:						
Jointly-controlled entity						
Zhuzhou Shiling						
Transportation Equipment Company, Ltd.	169,050,112	(2,261,452)	166,788,660	—	166,788,660	—
Associates						
Siemens Traction Equipment						
Ltd., Zhuzhou	72,803,665	(739,867)	72,063,798	—	72,063,798	—
Hunan CSR Webtec Railway						
Transportation Technology Co., Ltd.	13,171,076	(1,703,462)	11,467,614	—	11,467,614	—
	<u>85,974,741</u>	<u>(2,443,329)</u>	<u>83,531,412</u>	<u>—</u>	<u>83,531,412</u>	<u>—</u>
Cost method:						
Changchun Railway						
Vehicles Technology Development Co., Ltd.	400,000	(400,000)	—	—	—	—
CSR Transit Tram Research						
Institute (Guangzhou)	—	900,000	900,000	—	900,000	—
	<u>400,000</u>	<u>500,000</u>	<u>900,000</u>	<u>—</u>	<u>900,000</u>	<u>—</u>
	<u>255,424,853</u>	<u>(4,204,781)</u>	<u>251,220,072</u>	<u>—</u>	<u>251,220,072</u>	<u>—</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Long-term equity investments (continued)

2012

	Opening balance (Audited)	Increase (Audited)	Closing balance (Audited)	Impairment provision (Audited)	Closing balance (Audited)	Cash dividend received (Audited)
Non-listed investments:						
Equity method:						
Jointly-controlled entity						
Zhuzhou Shiling						
Transportation Equipment Company, Ltd.	154,535,591	14,514,521	169,050,112	—	169,050,112	11,000,000
Associates						
Siemens Traction Equipment Ltd., Zhuzhou						
	47,918,177	24,885,488	72,803,665	—	72,803,665	30,182,757
Hunan CSR Webtec Railway Transportation Technology Co., Ltd.						
	—	13,171,076	13,171,076	—	13,171,076	—
	47,918,177	38,056,564	85,974,741	—	85,974,741	30,182,757
Cost method:						
Changchun Railway VehiclesTechnology Development Co., Ltd.						
	400,000	—	400,000	—	400,000	—
	<u>202,853,768</u>	<u>52,571,085</u>	<u>255,424,853</u>	<u>—</u>	<u>255,424,853</u>	<u>41,182,757</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Fixed assets

For the six months ended 30 June 2013

	Opening balance (Audited)	Increase (Unaudited)	Decrease (Unaudited)	Exchange realignment (Unaudited)	Closing balance (Unaudited)
Cost:					
Buildings	951,506,557	19,109,359	—	(2,251,555)	968,364,361
Machinery	948,625,670	24,676,900	(4,562,353)	(17,843,145)	950,897,072
Vehicles	35,070,906	1,593,611	(560,320)	(35,631)	36,068,566
Office facilities and others	151,249,966	7,874,225	(2,313,513)	(1,727)	156,808,951
	<u>2,086,453,099</u>	<u>53,254,095</u>	<u>(7,436,186)</u>	<u>(20,132,058)</u>	<u>2,112,138,950</u>
Accumulated depreciation:					
Buildings	138,674,481	16,022,014	—	(70,499)	154,625,996
Machinery	345,967,987	39,852,507	(929,370)	(5,725,421)	379,165,703
Vehicles	17,509,322	2,535,545	(532,304)	(6,359)	19,506,204
Office facilities and others	85,321,191	10,099,042	(2,064,648)	(555)	93,355,030
	<u>587,472,981</u>	<u>68,509,108</u>	<u>(3,526,322)</u>	<u>(5,802,834)</u>	<u>646,652,933</u>
Carrying amount:					
Buildings	812,832,076	3,087,345	—	(2,181,056)	813,738,365
Machinery	602,657,683	(15,175,607)	(3,632,983)	(12,117,724)	571,731,369
Vehicles	17,561,584	(941,934)	(28,016)	(29,272)	16,562,362
Office facilities and others	65,928,775	(2,224,817)	(248,865)	(1,172)	63,453,921
	<u>1,498,980,118</u>	<u>(15,255,013)</u>	<u>(3,909,864)</u>	<u>(14,329,224)</u>	<u>1,465,486,017</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Fixed assets (continued)

For the six months ended 30 June 2013 (continued)

	Opening balance (Audited)	Increase (Unaudited)	Decrease (Unaudited)	Exchange realignment (Unaudited)	Closing balance (Unaudited)
Impairment provision:					
Buildings	9,411,739	—	—	—	9,411,739
Machinery	36,396,528	—	—	—	36,396,528
Vehicles	—	—	—	—	—
Office facilities and others	885,228	—	—	—	885,228
	<u>46,693,495</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>46,693,495</u>
Net carrying amount:					
Buildings	803,420,337	3,087,345	—	(2,181,056)	804,326,626
Machinery	566,261,155	(15,175,607)	(3,632,983)	(12,117,724)	535,334,841
Vehicles	17,561,584	(941,934)	(28,016)	(29,272)	16,562,362
Office facilities and others	65,043,547	(2,224,817)	(248,865)	(1,172)	62,568,693
	<u>1,452,286,623</u>	<u>(15,255,013)</u>	<u>(3,909,864)</u>	<u>(14,329,224)</u>	<u>1,418,792,522</u>

NOTES TO FINANCIAL STATEMENTS (continued)

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V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Fixed assets (continued)

2012

	Opening balance (Audited)	Increase (Audited)	Decrease (Audited)	Exchange realignment (Audited)	Closing balance (Audited)
Cost:					
Buildings	876,582,715	73,909,976	—	1,013,866	951,506,557
Machinery	839,782,029	125,320,423	(24,626,406)	8,149,624	948,625,670
Vehicles	29,266,477	7,157,084	(1,352,185)	(470)	35,070,906
Office facilities and others	133,438,724	22,169,165	(4,355,101)	(2,822)	151,249,966
	<u>1,879,069,945</u>	<u>228,556,648</u>	<u>(30,333,692)</u>	<u>9,160,198</u>	<u>2,086,453,099</u>
Accumulated depreciation:					
Buildings	110,193,399	28,463,926	—	17,156	138,674,481
Machinery	271,330,678	76,129,594	(4,578,289)	3,086,004	345,967,987
Vehicles	13,189,162	4,721,918	(401,574)	(184)	17,509,322
Office facilities and others	69,970,580	18,971,772	(3,621,019)	(142)	85,321,191
	<u>464,683,819</u>	<u>128,287,210</u>	<u>(8,600,882)</u>	<u>3,102,834</u>	<u>587,472,981</u>
Carrying amount:					
Buildings	766,389,316	45,446,050	—	996,710	812,832,076
Machinery	568,451,351	49,190,829	(20,048,117)	5,063,620	602,657,683
Vehicles	16,077,315	2,435,166	(950,611)	(286)	17,561,584
Office facilities and others	63,468,144	3,197,393	(734,082)	(2,680)	65,928,775
	<u>1,414,386,126</u>	<u>100,269,438</u>	<u>(21,732,810)</u>	<u>6,057,364</u>	<u>1,498,980,118</u>

NOTES TO FINANCIAL STATEMENTS (continued)

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Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Fixed assets (continued)

2012 (continued)

	Opening balance (Audited)	Increase (Audited)	Decrease (Audited)	Exchange realignment (Audited)	Closing balance (Audited)
Impairment provision:					
Buildings	9,411,739	—	—	—	9,411,739
Machinery	36,396,528	—	—	—	36,396,528
Vehicles	—	—	—	—	—
Office facilities and others	885,228	—	—	—	885,228
	<u>46,693,495</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>46,693,495</u>
Net carrying amount:					
Buildings	756,977,577	45,446,050	—	996,710	803,420,337
Machinery	532,054,823	49,190,829	(20,048,117)	5,063,620	566,261,155
Vehicles	16,077,315	2,435,166	(950,611)	(286)	17,561,584
Office facilities and others	62,582,916	3,197,393	(734,082)	(2,680)	65,043,547
	<u>1,367,692,631</u>	<u>100,269,438</u>	<u>(21,732,810)</u>	<u>6,057,364</u>	<u>1,452,286,623</u>

The amount of depreciation provided for the six months ended 30 June 2013 was RMB68,509,108 (unaudited) (six months ended 30 June 2012: RMB72,603,287 (unaudited)). For the six months ended 30 June 2013, the cost of fixed assets transferred from constructions in progress was RMB26,131,726 (unaudited) (six months ended 30 June 2012: RMB12,498,646 (unaudited)).

NOTES TO FINANCIAL STATEMENTS (continued)

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Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Intangible assets

The amount of amortisation for the six months ended 30 June 2013 was RMB10,306,722 (unaudited) (six months ended 30 June 2012: RMB9,048,008 (unaudited)).

11. Other non-current assets

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Prepayments for acquisition of land use right	57,824,581	57,824,581
Prepayments for construction in progress	5,406,313	10,851,276
Prepayments for purchase of machinery and equipment	3,878,514	11,053,621
	<u>67,109,408</u>	<u>79,729,478</u>

12. Short-term borrowings

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Credit loans	1,353,252	—
Other loans	14,445,340	—
	<u>15,798,592</u>	<u>—</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Bills payable

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Bank acceptance bills	631,345,989	713,768,911
Commercial acceptance bills	20,000,000	—
	<u>651,345,989</u>	<u>713,768,911</u>

Details of the amount due to related parties in the balance of bills payable are disclosed in Note VI. Related party relationships and transactions.

14. Trade payables

The trade payables are non-interest-bearing and generally have an average payment term of 3 months.

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Within 3 months	1,044,170,109	914,106,974
3 months to 1 year	364,435,775	204,113,602
1 to 2 years	143,121,395	139,793,516
2 to 3 years	3,983,889	7,194,408
Over 3 years	10,218,233	8,439,873
	<u>1,565,929,401</u>	<u>1,273,648,373</u>

Details of the amount due to related parties in the balance of trade payables are disclosed in Note VI. Related party relationships and transactions.

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Receipts in advance

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Within 1 year	313,637,051	271,935,926
1 to 2 years	22,889,361	18,151,835
2 to 3 years	1,982,114	632,100
Over 3 years	1,304,754	1,258,876
	<u>339,813,280</u>	<u>291,978,737</u>

Details of the amount due to related parties in the balance of receipts in advance are disclosed in Note VI. Related party relationships and transactions.

16. Other payables

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Within 1 year	117,815,652	88,580,429
1 to 2 years	19,076,590	26,224,786
2 to 3 years	8,978,731	13,384,460
Over 3 years	2,229,236	1,659,064
	<u>148,100,209</u>	<u>129,848,739</u>

Details of the amount due to related parties in the balance of other payables are disclosed in Note VI. Related party relationships and transactions.

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Non-current liabilities due within one year

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Long-term borrowings due within one year	9,876,073	41,370,553
Provisions due within one year	76,629,549	86,102,409
Deferred income due within one year	75,887,912	74,747,912
	<u>162,393,534</u>	<u>202,220,874</u>

Long-term borrowings due within one year are set out as follows:

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Mortgaged loans	9,876,073	10,881,114
Other loans	—	30,489,439
	<u>9,876,073</u>	<u>41,370,553</u>

18. Long-term borrowings

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Mortgaged loans	31,214,312	39,218,029
Other loans	28,187,388	30,489,439
	<u>59,401,700</u>	<u>69,707,468</u>
Less: Long-term borrowings due within one year	9,876,073	41,370,553
	<u>49,525,627</u>	<u>28,336,915</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Retained earnings

	For the six months ended 30 June 2013 (Unaudited)	2012 (Audited)
Retained earnings at the end of last period/year	2,952,057,924	2,218,523,143
Add: Net profit attributable to shareholders of the Parent	400,178,418	1,221,110,195
Less: Appropriation to statutory surplus reserve	59,712,475	118,928,497
Cash dividends paid	379,489,473	368,646,917
Retained earnings at the end of the period/year	<u>2,913,034,394</u>	<u>2,952,057,924</u>

The 2012 scheme of profit distribution of the Company has been reviewed and approved in the 2012 Annual General Meeting held on 10 June 2013, pursuant to which a final dividend of RMB0.350 (including tax) was paid on each of the 1,084,255,637 shares in issue, amounting to a total cash dividend of RMB379,489,473.

The board of directors do not recommend the payment of an interim dividend (six months ended 30 June 2012: nil).

20. Revenue and cost of sales

Revenue, also the Group's turnover, includes the net invoiced value of goods sold after deducting returns and trade discounts, the value of services rendered and the total rental income received.

Revenue is stated as follows:

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Revenue from principal operations	2,591,609,757	3,163,569,724
Other operating income	32,780,413	36,167,568
	<u>2,624,390,170</u>	<u>3,199,737,292</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Revenue and cost of sales (continued)

Cost of sales is stated as follows:

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Cost of sales from principal operations	1,608,015,372	2,056,529,040
Other operating costs	19,627,052	13,109,907
	<u>1,627,642,424</u>	<u>2,069,638,947</u>

Details of revenue are listed as follows:

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Sale of goods	2,617,472,600	3,190,115,935
Rental income	3,744,575	4,088,533
Others	3,172,995	5,532,824
	<u>2,624,390,170</u>	<u>3,199,737,292</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Finance costs/(income)

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Interest expenses:		
– Interest on bank loans due for full repayment within 5 years	1,089,532	4,944,449
– Interest on short-term bonds	—	11,599,180
	1,089,532	16,543,629
Less: Interest income	13,769,174	6,285,532
Exchange gains	(17,524,452)	(13,559,039)
Others	2,444,964	2,392,406
	(27,759,130)	(908,536)

22. Asset impairment losses/(reversal of losses)

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Bad debt loss	37,255,762	7,548,282
Impairment loss/(reversal of losses) of inventories	(13,851,211)	(19,569,232)
	23,404,551	(12,020,950)

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. Investment income/(losses)

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Income from non-listed investments:		
Long-term equity investments income/(losses) under the equity method		
– associates	(2,443,329)	8,844,000
– jointly-controlled entity	(2,261,452)	14,735,958
Gain on bank financial products	—	21,666,199
	<u>(4,704,781)</u>	<u>45,246,157</u>

As at 30 June 2013, the repatriation of the Group's investment income was not subject to significant restriction.

24. Non-operating income

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Gain on disposal of non-current assets	172,721	121,286
Refunds of value added tax	3,071,175	39,100,535
Government grants	5,136,957	2,808,283
Unsettled payment	—	1,037,243
Penalty income and default compensation income	833,758	348,529
Others	718,995	1,423,993
	<u>9,933,606</u>	<u>44,839,869</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. Non-operating income (continued)

Government grants recognised in the income statement of the current period are as follows:

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Technology projects funding	1,619,000	2,610,000
Others	3,517,957	198,283
	<u>5,136,957</u>	<u>2,808,283</u>

25. Non-operating expenses

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Loss on disposal of non-current assets	115,551	182,546
Loss on penalties and compensation	70,104	25,000
Others	—	6,223
	<u>185,655</u>	<u>213,769</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. Income tax expense

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Current income tax expense		
– Mainland China	96,225,227	90,160,383
– Other countries and regions	6,013	312,506
	96,231,240	90,472,889
Deferred tax expense	(2,207,095)	1,777,499
	94,024,145	92,250,388

The Group did not generate any assessable profits in Hong Kong and hence no provision was made for Hong Kong profits tax.

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. Earnings per share

The calculation of the basic earnings per share is based on the net profit for the period attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares in issue.

The calculation of basic earnings per share is as follows:

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Earnings		
Net profit for the period attributable to ordinary shareholders of the Company	<u>400,178,418</u>	<u>546,099,224</u>
Shares		
Weighted average number of ordinary shares in issue of the Company	<u>1,084,255,637</u>	<u>1,084,255,637</u>
Basic earnings per share (Yuan/share)	<u>0.37</u>	<u>0.50</u>
Diluted earnings per share (Yuan/share)	<u>0.37</u>	<u>0.50</u>

The Company did not have potentially dilutive ordinary shares as at the approval date of these interim financial statements.

28. Other comprehensive income/(loss)

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Exchange differences on translation of foreign operations	<u>(21,176,463)</u>	<u>671,906</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Supplementary information to cash flow statement

(1) Supplementary information to cash flow statement

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Adjustment of net profit to cash flows from operating activities:		
Net profit	393,395,310	538,071,092
Add: Asset impairment losses/(reversal of losses)	23,404,551	(12,020,950)
Depreciation of fixed assets	68,509,108	72,603,287
Amortisation of intangible assets	10,306,722	9,048,008
Special reserve	1,666,766	—
Losses/(Gains) from disposal of fixed assets, intangible assets and other long-term assets	(57,170)	61,260
Finance costs	1,089,532	16,543,629
Investment losses/(income)	4,704,781	(45,246,157)
Decrease/(Increase) in deferred tax assets	(284,564)	475,377
Increase/(decrease) in deferred tax liabilities	(4,172,425)	1,000,130
Decrease/(Increase) in inventories	(456,611,421)	94,331,566
Increase in operating receivables	(737,300,973)	(1,067,965,168)
Increase in operating payables	52,002,991	123,996,802
Net cash flows used in operating activities	<u>(643,346,792)</u>	<u>(269,101,124)</u>

(2) Cash and cash equivalents

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Cash		
Including: Cash on hand	16,914	17,366
Bank deposits on demand	<u>1,564,144,722</u>	<u>2,297,269,420</u>
Closing balance of cash and cash equivalents	<u>1,564,161,636</u>	<u>2,297,286,786</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

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VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent company

Name of the parent company	Place of registration	Nature of business	Registered capital	Proportion of shareholding (%)	Proportion of votes (%)
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	Zhuzhou, Hunan	Manufacturing	3,332,900,000	54.38	54.38

The parent company of CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd. (南車株洲電力機車研究所有限公司) is CSR Corporation Limited.

The ultimate holding party of the Company is CSR Group, which is an enterprise directly under the central government directly administered by the State-owned Assets Supervision and Administration Commission of the State Council.

In this period, CSR Corporation Limited increased the capital contribution amount by RMB350,000,000 to CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd. After completion of the capital increase, the registered capital and paid-in capital of CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd. increased to RMB3,332,900,000.

2. Subsidiaries

For details on the subsidiaries of the Company, please refer to Note IV. Scope of consolidation of the consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

3. Jointly-controlled entity and associates

	Type of enterprises	Place of registration	Nature of business	Registered capital	Proportion of shareholding and votes	
					Direct	Indirect
Jointly-controlled entity						
Zhuzhou Shiling Transportation Equipment Company, Ltd.	Limited liability company	Zhuzhou	Manufacturing	USD 14,000,000	50%	—
Associates						
Siemens Traction Equipment Ltd., Zhuzhou	Limited liability company	Zhuzhou	Manufacturing	RMB 128,989,000	30%	—
Hunan CSR Webtec Railway Transportation Technology Co., Ltd.	Limited liability company	Changsha	Manufacturing	RMB 32,500,000	50%	—

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

4. Other related parties

Name of the companies	Related party relationships
Kunming CSR Urban Rail Vehicle Co., Ltd.	Corporation controlled by the ultimate holding party
Zhuzhou Jiufang Braking Equipment Co., Ltd.	Corporation controlled by the ultimate holding party
CSR Ziyang Locomotive Co., Ltd.	Corporation controlled by the ultimate holding party
Changzhou Ruitai Engineering Machinery Co., Ltd.	Corporation controlled by the ultimate holding party
Qingdao Sifang Coach Repair Co., Ltd.	Corporation controlled by the ultimate holding party
Beijing CSR Electric Sales Co., Ltd.	Corporation controlled by the ultimate holding party
CSR Shijiazhuang Rolling Stock Co., Ltd.	Corporation controlled by the ultimate holding party
Nanjing CSR Puzhen Rapid Transit Vehicles Co., Ltd.	Corporation controlled by the ultimate holding party
CSR Zhuzhou Electric Locomotive Works	Corporation controlled by the ultimate holding party
Beijing North Gofront Science Business Co., Ltd.	Corporation controlled by the ultimate holding party
Guangzhou Rapid Transit Vehicles Equipment Co., Ltd.	Corporation controlled by the ultimate holding party
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	Corporation controlled by the ultimate holding party
CSR Luoyang Locomotive Co., Ltd.	Corporation controlled by the ultimate holding party
CSR Nanjing Puzhen Rolling Stock Co., Ltd.	Corporation controlled by the ultimate holding party
CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	Corporation controlled by the ultimate holding party
CSR Qishuyan Locomotive Co., Ltd.	Corporation controlled by the ultimate holding party
CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	Corporation controlled by the ultimate holding party
CSR Sifang Rolling Stock Co., Ltd.	Corporation controlled by the ultimate holding party
CSR Zhuzhou Electric Locomotive Co., Ltd.	Corporation controlled by the ultimate holding party
Ningbo Jiangbei Gofront Herong Electric Co., Ltd.	Corporation controlled by the ultimate holding party
Guangzhou Electrical Locomotive Co., Ltd.	Corporation controlled by the ultimate holding party
Shijiazhuang King Transportation Equipment Co., Ltd.	Corporation controlled by the ultimate holding party
CSR Zhuzhou Electric Co., Ltd.	Corporation controlled by the ultimate holding party
Sichuan Brake Technology Co., Ltd.	Corporation controlled by the ultimate holding party

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

4. Other related parties (continued)

Name of the companies	Related party relationships
CSR Yangtze Tongling Rolling Stock Co., Ltd.	Corporation controlled by the ultimate holding party
CSR Changzhou Tech-mark Industrial Co., Ltd.	Corporation controlled by the ultimate holding party
CSR Hangzhou Rail Transit Co., Ltd.	Corporation controlled by the ultimate holding party
Qingdao CSR Sifang Sales Co., Ltd.	Corporation controlled by the ultimate holding party
Ziyang CSR Electric Locomotive Co., Ltd.	Corporation controlled by the ultimate holding party
Zhuzhou Electromechanical Technology Co., Ltd.	Corporation controlled by the parent company
Beijing CSR Times Locomotive & Rolling Stock Mechanics Co., Ltd.	Corporation controlled by the parent company
Hunan CSR Times Electric Vehicle Co., Ltd.	Corporation controlled by the parent company
Zhuzhou Times Electric Insulation Co., Ltd.	Corporation controlled by the parent company
Zhuzhou Times Rubber and Plastics Components Develop Co., Ltd.	Corporation controlled by the parent company
Xiangyang CSR Electric Machinery Co., Ltd.	Corporation controlled by the parent company
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	Corporation controlled by the parent company
Zhuzhou Times New Material Technology Co., Ltd.	Corporation controlled by the parent company
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	Corporation controlled by the parent company
Shanghai CSR Hange Shipping Engineering Co., Ltd.	Corporation controlled by the parent company
Zhuzhou CSR Times Hi-tech Investment & Trusting Co., Ltd.	Jointly-controlled entity of the parent company
Bombardier Sifang (Qingdao) Transportation Ltd.	Jointly-controlled entity of the ultimate holding party
Changzhou Ruiyang Transmission Technology Co., Ltd.	Jointly-controlled entity of the ultimate holding party
Zhuzhou Shiling Transportation Equipment Company, Ltd. ("Shiling")	Jointly-controlled entity of the Company
Siemens Traction Equipment Ltd., Zhuzhou ("Zhuzhou Siemens")	Associate of the Company

NOTES TO FINANCIAL STATEMENTS (continued)

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VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Major transactions between the Group and its related parties

(1) Sales of goods to related parties

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
CSR Zhuzhou Electric Locomotive Co., Ltd.	726,066,334	263,245,648
CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	178,452,848	998,834,560
CSR Shijiazhuang Rolling Stock Co., Ltd.	72,637,265	—
CSR Nanjing Puzhen Rolling Stock Co., Ltd.	71,251,101	40,854,667
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	45,085,889	13,245,959
Shiling	41,393,418	117,391,120
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	27,760,837	13,810,819
Hunan CSR Times Electric Vehicle Co., Ltd.	9,935,891	5,415,947
Qingdao CSR Sifang Sales Co., Ltd.	9,599,619	—
CSR Hangzhou Rail Transit Co., Ltd.	5,623,932	—
CSR Luoyang Locomotive Co., Ltd.	5,242,735	2,437,607
Guangzhou Electrical Locomotive Co., Ltd.	4,338,034	—
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	4,299,897	1,941,709
Beijing North Gofront Science Business Co., Ltd.	4,087,066	3,671,714
Xiangyang CSR Electric Machinery Co., Ltd.	2,393,162	—
CSR Zhuzhou Electric Co., Ltd.	2,314,570	537,140
CSR Qishuyan Locomotive Co., Ltd.	1,844,271	89,284,701
Zhuzhou Electromechanical Technology Co., Ltd.	1,369,504	879,188
CSR Ziyang Locomotive Co., Ltd.	1,346,963	31,516,727
Shanghai CSR Hange Shipping Engineering Co., Ltd.	1,173,077	—
Beijing CSR Times Locomotive & Rolling Stock Mechanics Co., Ltd.	239,316	—
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	52,163	168,681
CSR Sifang Rolling Stock Co., Ltd.	15,119	627,690
Nanjing CSR Puzhen Rapid Transit Vehicles Co., Ltd.	7,009	—
Ziyang CSR Electric Locomotive Co., Ltd.	2,282	—

NOTES TO FINANCIAL STATEMENTS (continued)

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VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Major transactions between the Group and its related parties (continued)

(1) Sales of goods to related parties (continued)

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Kunming CSR Urban Rail Vehicle Co., Ltd.	1,270	2,677
Shijiazhuang King Transportation Equipment Co., Ltd.	—	5,828,718
Zhuzhou Siemens	—	2,442,627
Changzhou Ruitai Engineering Machinery Co., Ltd.	—	284,359
Qingdao Sifang Coach Repair Co., Ltd.	—	232,812
	<u>1,216,533,572</u>	<u>1,592,655,070</u>

NOTES TO FINANCIAL STATEMENTS (continued)

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VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Major transactions between the Group and its related parties (continued)

(2) Purchases of goods from related parties

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Shiling	80,666,702	205,809,719
CSR Zhuzhou Electric Co., Ltd.	45,263,655	46,297,435
Zhuzhou Electromechanical Technology Co., Ltd.	39,575,583	32,398,028
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	36,432,428	17,338,212
CSR Qishuyan Locomotive Co., Ltd.	32,613,231	61,569,600
Ningbo Jiangbei Gofront Herong Electric Co., Ltd.	27,453,735	24,436,419
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	24,870,639	20,582,700
Changzhou Ruiyang Transmission Technology Co., Ltd.	16,175,043	35,474,871
CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	11,638,627	537,380
Changzhou Ruitai Engineering Machinery Co., Ltd.	3,037,949	—
CSR Zhuzhou Electric Locomotive Co., Ltd.	2,577,928	12,430,169
CSR Luoyang Locomotive Co., Ltd.	2,107,231	2,163,419
Hunan CSR Times Electric Vehicle Co., Ltd.	1,942,396	220,942
Zhuzhou Times New Material Technology Co., Ltd.	1,793,918	529,751
Zhuzhou Jiufang Braking Equipment Co., Ltd.	1,381,085	312,051
CSR Yangtze Tongling Rolling Stock Co., Ltd.	461,538	—
Sichuan Brake Technology Co., Ltd.	167,350	—
Shijiazhuang King Transportation Equipment Co., Ltd.	85,470	359,829
Xiangyang CSR Electric Machinery Co., Ltd.	81,453	—
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	50,814	—
Zhuzhou Times Rubber and Plastics Components Develop Co., Ltd.	39,000	—
Zhuzhou Times Electric Insulation Co., Ltd.	18,720	367,166
CSR Sifang Rolling Stock Co., Ltd.	12,821	—
	<u>328,447,316</u>	<u>460,827,691</u>

NOTES TO FINANCIAL STATEMENTS (continued)

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VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Major transactions between the Group and its related parties (continued)

(3) Sales of electricity to related parties

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	345,028	58,267
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	326,117	447,506
Zhuzhou Siemens	257,092	392,985
	928,237	898,758

(4) Purchase of electricity from related parties

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
CSR Zhuzhou Electric Locomotive Co., Ltd.	59,851	—

NOTES TO FINANCIAL STATEMENTS (continued)

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VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Major transactions between the Group and its related parties (continued)

(5) Sales of fixed assets to related parties

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	5,695	—
Shiling	—	13,562
	<u>5,695</u>	<u>13,562</u>

(6) Purchases of fixed assets from related parties

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Zhuzhou Electromechanical Technology Co., Ltd.	<u>2,682,168</u>	—

(7) Purchases of intangible assets from related parties

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	—	<u>430,560</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

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VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Major transactions between the Group and its related parties (continued)

(8) Income from assets leased to related parties

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	1,399,083	695,761
Zhuzhou Siemens	2,319,732	2,049,642
	<u>3,718,815</u>	<u>2,745,403</u>

(9) Expenses incurred from assets leased by related parties

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	326,120	326,063
CSR Zhuzhou Electric Locomotive Works	471,863	235,932
	<u>797,983</u>	<u>561,995</u>

NOTES TO FINANCIAL STATEMENTS (continued)

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VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Major transactions between the Group and its related parties (continued)

(10) Technical service income from related parties

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	138,960	—
Shijiazhuang King Transportation Equipment Co., Ltd.	107,000	—
Zhuzhou Times New Material Technology Co., Ltd.	15,600	—
CSR Zhuzhou Electric Co., Ltd.	11,200	—
	<u>272,760</u>	<u>—</u>

(11) Technical service fee paid to related parties

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	39,365,700	12,530,890
CSR Zhuzhou Electric Locomotive Co., Ltd.	10,000,000	—
Zhuzhou Times Rubber and Plastics Components Develop Co., Ltd.	14,700	—
	<u>49,380,400</u>	<u>12,530,890</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Major transactions between the Group and its related parties (continued)

(12) Remuneration of key management

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Remuneration of key management	<u>1,292,641</u>	<u>987,599</u>

Note: The terms of the above sales and purchase transactions, sales and purchase of fixed assets, service transactions and lease transactions with related parties were agreed by both parties.

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

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VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

6. Commitments between the Group and its related parties

(1) Sales of goods to related parties

	For the second half of 2013 (Unaudited)
CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	254,587,454
CSR Zhuzhou Electric Locomotive Co., Ltd.	20,000,000
Shijiazhuang King Transportation Equipment Co., Ltd.	5,352,000
CSR Ziyang Locomotive Co., Ltd.	55,000
	<u>279,994,454</u>

(2) Purchases of goods and rendering technical services from related parties

	For the second half of 2013 (Unaudited)
CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	46,536,597
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	29,796,600
CSR Zhuzhou Electric Co., Ltd.	21,264,631
Changzhou Ruiyang Transmission Technology Co., Ltd.	14,637,392
Ningbo Jiangbei Gofront Herong Electric Co., Ltd.	13,425,107
	<u>125,660,327</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

7. Amounts due from and due to related parties

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Trade receivables:		
CSR Zhuzhou Electric Locomotive Co., Ltd.	827,392,082	523,886,679
CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	464,061,902	591,077,508
CSR Nanjing Puzhen Rolling Stock Co., Ltd.	89,531,570	55,580,532
Shiling	82,345,454	54,927,684
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	79,184,296	33,804,230
CSR Shijiazhuang Rolling Stock Co., Ltd.	60,106,535	—
Guangzhou Electrical Locomotive Co., Ltd.	44,621,320	41,650,000
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	18,400,180	43,856,997
CSR Ziyang Locomotive Co., Ltd.	15,389,907	14,952,711
CSR Luoyang Locomotive Co., Ltd.	9,103,550	3,188,000
CSR Qishuyan Locomotive Co., Ltd.	6,273,204	73,832,971
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	5,127,093	417,066
CSR Zhuzhou Electric Co., Ltd.	2,708,047	—
Hunan CSR Times Electric Vehicle Co., Ltd.	2,665,097	5,117,768
Beijing North Gofront Science Business Co., Ltd.	1,908,686	636,549
Shijiazhuang King Transportation Equipment Co., Ltd.	1,682,141	4,776,805
Beijing CSR Times Locomotive & Rolling Stock Mechanics Co., Ltd.	1,373,614	1,110,120
Shanghai CSR Hange Shipping Engineering Co., Ltd.	1,372,500	—
Xiangyang CSR Electric Machinery Co., Ltd.	491,453	—
Guangzhou Rapid Transit Vehicles Equipment Co., Ltd.	491,215	577,900
CSR Sifang Rolling Stock Co., Ltd.	280,533	311,894
Qingdao Sifang Coach Repair Co., Ltd.	272,085	301,845
Zhuzhou Electromechanical Technology Co., Ltd.	111,000	—
Nanjing CSR Puzhen Rapid Transit Vehicles Co., Ltd.	8,200	—
Kunming CSR Urban Rail Vehicle Co., Ltd.	1,486	—
Zhuzhou CSR Times Hi-tech Investment & Trusting Co., Ltd.	—	31,890
	<u>1,714,903,150</u>	<u>1,450,039,149</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

7. Amounts due from and due to related parties (continued)

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Bills receivable:		
CSR Zhuzhou Electric Locomotive Co., Ltd.	372,000,000	90,000,000
CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	77,476,300	298,900,000
CSR Nanjing Puzhen Rolling Stock Co., Ltd.	19,800,000	50,330,000
Hunan CSR Times Electric Vehicle Co., Ltd.	3,238,500	360,000
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	3,000,000	24,311,639
Shijiazhuang King Transportation Equipment Co., Ltd.	2,650,000	2,900,000
CSR Luoyang Locomotive Co., Ltd.	950,000	700,000
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	650,000	650,000
CSR Changzhou Tech-mark Industrial Co., Ltd.	300,000	—
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	94,999	776,077
CSR Qishuyan Locomotive Co., Ltd.	—	50,000,000
CSR Ziyang Locomotive Co., Ltd.	—	14,200,000
Bombardier Sifang (Qingdao) Transportation Ltd.	—	4,000,000
	<u>480,159,799</u>	<u>537,127,716</u>
	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Prepayments:		
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	140,000	—
CSR Zhuzhou Electric Locomotive Co., Ltd.	103,641	118,044
CSR Corporation Limited	100,100	118,100
CSR Qishuyan Locomotive Co., Ltd.	12,000	12,000
Ningbo Jiangbei Gofront Herong Electric Co., Ltd.	10,400	—
Zhuzhou Times Rubber and Plastics Components Develop Co., Ltd.	4,200	—
	<u>370,341</u>	<u>248,144</u>

NOTES TO FINANCIAL STATEMENTS (continued)

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Renminbi Yuan

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

7. Amounts due from and due to related parties (continued)

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Other receivables:		
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	2,054,761	1,654,912
Zhuzhou Siemens	72,119	35,109
CSR Qishuyan Locomotive Co., Ltd.	50,000	—
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	40,000	34,000
CSR Zhuzhou Electric Locomotive Co., Ltd.	20,000	—
	2,236,880	1,724,021

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

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VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

7. Amounts due from and due to related parties (continued)

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Trade payables:		
CSR Zhuzhou Electric Co., Ltd.	104,161,717	95,448,062
Shiling	61,532,023	45,097,920
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	24,124,794	1,351,192
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	20,947,185	13,725,280
Zhuzhou Electromechanical Technology Co., Ltd.	19,250,919	42,869,098
CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	14,896,980	1,133,322
Changzhou Ruiyang Transmission Technology Co., Ltd.	11,208,198	1,040,000
Ningbo Jiangbei Gofront Herong Electric Co., Ltd.	9,051,150	45,323
CSR Luoyang Locomotive Co., Ltd.	3,343,942	2,874,023
CSR Zhuzhou Electric Locomotive Co., Ltd.	2,879,373	133,334
Changzhou Ruitai Engineering Machinery Co., Ltd.	2,386,110	1,573,860
Zhuzhou Jiufang Braking Equipment Co., Ltd.	1,253,327	—
Hunan CSR Times Electric Vehicle Co., Ltd.	1,201,902	122,733
Zhuzhou Times Electric Insulation Co., Ltd.	1,030,732	47,879
Shijiazhuang King Transportation Equipment Co., Ltd.	835,970	784,688
CSR Sifang Rolling Stock Co., Ltd.	782,051	797,231
Zhuzhou Times New Material Technology Co., Ltd.	547,161	445,775
CSR Yangtze Tongling Rolling Stock Co., Ltd.	540,000	—
Beijing CSR Electric Sales Co., Ltd.	484,000	484,000
CSR Qishuyan Locomotive Co., Ltd.	288,665	—
Sichuan Brake Technology Co., Ltd.	185,774	—
Xiangyang CSR Electric Machinery Co., Ltd.	95,300	1,323,400
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	50,814	—
Zhuzhou Times Rubber and Plastics Components Develop Co., Ltd.	45,630	—
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	—	52,374,903
Beijing CSR Times Locomotive & Rolling Stock Mechanics Co., Ltd.	—	32,992
	281,123,717	261,705,015

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

7. Amounts due from and due to related parties (continued)

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Bills payable:		
Shiling	30,000,000	90,000,000
Changzhou Ruiyang Transmission Technology Co., Ltd.	20,000,000	—
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	18,700,000	12,300,000
Zhuzhou Electromechanical Technology Co., Ltd.	9,000,000	—
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	2,374,903	—
Changzhou Ruitai Engineering Machinery Co., Ltd.	2,370,000	—
CSR Luoyang Locomotive Co., Ltd.	2,000,000	1,000,000
Zhuzhou Times New Material Technology Co., Ltd.	1,700,000	2,670,000
CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	—	625,031
CSR Sifang Rolling Stock Co., Ltd.	—	20,000
	<u>86,144,903</u>	<u>106,615,031</u>
	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Receipts in advance:		
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	2,376,068	2,376,068
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	138,960	138,960
CSR Shijiazhuang Rolling Stock Co., Ltd.	—	16,863,070
	<u>2,515,028</u>	<u>19,378,098</u>

NOTES TO FINANCIAL STATEMENTS (continued)

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Renminbi Yuan

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

7. Amounts due from and due to related parties (continued)

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Other payables:		
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	55,663,328	25,866,728
Zhuzhou Electromechanical Technology Co., Ltd.	3,490,699	—
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	463,300	463,300
Zhuzhou Siemens	20,121	—
	<u>59,637,448</u>	<u>26,330,028</u>

The Group's bills receivable and bills payable to related parties are non-interest-bearing, unsecured and have fixed terms of repayment. Other amounts due from and due to related parties are non-interest bearing and unsecured, in particular, the repayment period of trading amounts is subject to the provisions of the trading terms. Non-trading amounts have no fixed repayment periods.

The above related party transactions between the Group and companies controlled by the parent company, companies controlled by the ultimate holding party and jointly-controlled entities of the ultimate holding party also constituted connected transactions or continuing connected transactions under the provisions of Chapter 14A of the Listing Rules.

VII. CONTINGENCIES

As of the balance sheet date, the Group had no contingencies which should be disclosed.

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

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VIII. COMMITMENTS

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Capital commitments:		
Contracted, but not provided for	243,858,946	189,779,858
Authorised but not contracted for	413,843,614	698,465,576
	<u>657,702,560</u>	<u>888,245,434</u>
Investment commitments:		
Contracted, but not fulfilled	12,000,000	16,616,071
Authorised but not contracted for	91,100,000	—
	<u>103,100,000</u>	<u>16,616,071</u>

IX. POST BALANCE SHEET EVENTS

As of the approval date of these interim financial statements, the Group had no material post balance sheet events which should be disclosed.

NOTES TO FINANCIAL STATEMENTS (continued)

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X. OTHER SIGNIFICANT EVENTS

1. Segment reporting

Operating segments

For management purposes, the Group's operating activities are attributable to a single operating segment, focusing on provision of rolling stock and its extension products and services in the market. Therefore, no other operating segment is presented.

Group information

Products and services information

Revenue from external customers

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Rolling stock and its extension products and services	<u>2,624,390,170</u>	<u>3,199,737,292</u>

Geographical information

Revenue from external customers

	For the six months ended 30 June 2013 (Unaudited)	For the six months ended 30 June 2012 (Unaudited)
Mainland China	<u>2,479,870,582</u>	3,023,725,155
Other countries and regions	<u>144,519,588</u>	<u>176,012,137</u>
	<u>2,624,390,170</u>	<u>3,199,737,292</u>

Revenue from external customers is analysed by geographic locations where the customers are located.

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

X. OTHER SIGNIFICANT EVENTS (continued)

1. Segment reporting (continued)

Group information (continued)

Geographical information (continued)

Total non-current assets

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Mainland China	2,098,539,477	2,077,728,204
Other countries and regions	250,626,839	275,557,033
	<u>2,349,166,316</u>	<u>2,353,285,237</u>

Non-current assets are analysed by geographic locations where the assets are located, excluding financial assets and deferred tax assets.

Information of major customers

For the six months ended 30 June 2013, the Group's operating revenue (which accounted for more than 10% of the Group's total revenue) of RMB1,177,483,142 (unaudited) was derived from sales to a single customer (including sales to a group of entities which are known to be under the control of that customer) (six months ended 30 June 2012: RMB1,474,022,857 (unaudited) from a single customer).

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

Renminbi Yuan

X. OTHER SIGNIFICANT EVENTS (continued)

2. Fair value

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable and willing parties in an arm's length transaction. The following methods and assumptions were used to estimate the fair values.

The fair value of cash and bank balances, bills receivable, trade receivables, other receivables, bills payable, trade payables, dividend payable, other payables approximate to their carrying amounts due to their short maturity terms.

The fair value of non-current assets due within one year, long-term receivables, long-term borrowings, short-term borrowings are determined by discounted future cash flows using the market yield rates of other financial instruments with substantively similar contract terms and features as their discounting rates.

The fair value of listed financial instruments are determined based on the quoted market prices.

Financial Assets

	Carrying amount		Fair value	
	30 June 2013 (Unaudited)	31 December 2012 (Audited)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Cash and bank balances	1,582,982,464	2,318,915,451	1,582,982,464	2,318,915,451
Bills receivable	859,825,261	890,637,187	859,825,261	890,637,187
Trade receivables	3,386,156,611	2,737,063,058	3,386,156,611	2,737,063,058
Other receivables	60,173,263	54,126,114	60,173,263	54,126,114
Non-current assets due within one year	1,200,018	1,163,640	1,200,018	1,163,640
Long-term receivables	—	609,036	—	609,036
	<u>5,890,337,617</u>	<u>6,002,514,486</u>	<u>5,890,337,617</u>	<u>6,002,514,486</u>

NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2013

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X. OTHER SIGNIFICANT EVENTS (continued)

2. Fair value (continued)

Financial Liabilities

	Carrying amount		Fair value	
	30 June 2013 (Unaudited)	31 December 2012 (Audited)	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Short-term borrowings	15,798,592	—	15,798,592	—
Bills payable	651,345,989	713,768,911	651,345,989	713,768,911
Trade payables	1,565,929,401	1,273,648,373	1,565,929,401	1,273,648,373
Dividend payable	379,489,473	—	379,489,473	—
Other payables	148,100,209	129,848,739	148,100,209	129,848,739
Long-term borrowings (inclusive of long-term borrowings due within one year)	59,401,700	69,707,468	59,401,700	69,707,468
	2,820,065,364	2,186,973,491	2,820,065,364	2,186,973,491

3. Other financial information

	30 June 2013 (Unaudited)		31 December 2012 (Audited)	
	Group	Company	Group	Company
Net current assets	4,185,427,556	3,983,452,423	4,171,465,896	3,786,068,796
Total assets less current liabilities	6,627,657,577	6,426,828,748	6,618,139,310	6,211,668,646

XI. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The interim financial statements were unaudited.

The interim financial statements were reviewed by the audit committee of the Company, and approved by the board of directors on 21 August 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with the unaudited interim consolidated financial statements of the Group and the notes related thereon set out in the interim report.

REVENUE

	For the six months ended 30 June 2013 (RMB million)	For the six months ended 30 June 2012 (RMB million)
Train power converters, auxiliary power supply equipment and control systems	<u>1,545.7</u>	<u>1,938.7</u>
Including:		
Locomotives	810.7	352.2
Electric Multiple Units	313.6	1,104.2
Metropolitan rail transportation equipment	<u>421.4</u>	<u>482.3</u>
Train operation safety equipment	222.7	411.2
Railway maintenance vehicles related products	<u>448.8</u>	<u>347.7</u>
Train-borne electrical systems	<u>2,217.2</u>	<u>2,697.6</u>
Power semiconductor components	211.1	257.0
Sensors and related products	43.0	43.2
Other products	<u>153.1</u>	<u>201.9</u>
Electric components	<u>407.2</u>	<u>502.1</u>
Total revenue	<u>2,624.4</u>	<u>3,199.7</u>

The Group's revenue decreased by RMB575.3 million from RMB3,199.7 million for the six months ended 30 June 2012 to RMB2,624.4 million for the six months ended 30 June 2013.

The decrease in Group's revenue for the first half of 2013 was mainly due to the decrease in revenue from Electric Multiple Units by RMB790.6 million from RMB1,104.2 million for the six months ended 30 June 2012 to RMB313.6 million for the six months ended 30 June 2013.

COST OF SALES

The Group's cost of sales decreased by RMB442.0 million from RMB2,069.6 million for the six months ended 30 June 2012 to RMB1,627.6 million for the six months ended 30 June 2013. The decrease in the cost of sales was mainly due to the combined effects of the decrease in the Group's revenue and the change of sales mix.

GROSS PROFIT

Due to above factors, the Group's gross profit decreased by RMB133.3 million from RMB1,130.1 million for the six months ended 30 June 2012 to RMB996.8 million for the six months ended 30 June 2013. The Group's gross profit margin increased from 35.3% for the six months ended 30 June 2012 to 38.0% for the six months ended 30 June 2013. The change in gross profit margin was mainly due to the change of sales mix.

SELLING EXPENSES

The Group's selling expenses decreased by RMB11.3 million from RMB142.7 million for the six months ended 30 June 2012 to RMB131.4 million for the six months ended 30 June 2013. The selling expenses decreased with the decrease in business operations.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses decreased by RMB67.5 million from RMB433.8 million for the six months ended 30 June 2012 to RMB366.3 million for the six months ended 30 June 2013. The decrease in administrative expenses was mainly due to the Group's stringent cost control.

FINANCE COSTS/(INCOME)

The Group's finance costs decreased by RMB26.9 million from negative RMB0.9 million for the six months ended 30 June 2012 to negative RMB27.8 million for the six months ended 30 June 2013. The decrease in finance costs was mainly due to the increase of interest income.

ASSET IMPAIRMENT LOSSES/(REVERSAL OF LOSSES)

The Group's asset impairment losses increased by RMB35.4 million from negative RMB12.0 million for the six months ended 30 June 2012 to RMB23.4 million for the six months ended 30 June 2013. The increase in asset impairment losses of the Group was due to the increase in the provisions for bad debt of the Group as compared to the same period of last year.

NON-OPERATING INCOME

The Group's non-operating income decreased by RMB34.9 million from RMB44.8 million for the six months ended 30 June 2012 to RMB9.9 million for the six months ended 30 June 2013. The decrease in non-operating income was mainly due to a decrease in the one-off government subsidy during the current reporting period as compared to the same period of last year.

NON-OPERATING EXPENSES

The Group's non-operating expenses for the six months ended 30 June 2013 was RMB0.2 million, which is the same as for the six months ended 30 June 2012.

TOTAL PROFIT

The Group's total profit decreased by RMB142.9 million from RMB630.3 million for the six months ended 30 June 2012 to RMB487.4 million for the six months ended 30 June 2013. The decrease in total profit was mainly due to the decrease in revenue and investment income. The Group's sales profit margins for the six months ended 30 June 2012 and 2013 were 19.7% and 18.6% respectively.

INCOME TAX EXPENSE

The Group's income tax expense increased by RMB1.7 million from RMB92.3 million for the six months ended 30 June 2012 to RMB94.0 million for the six months ended 30 June 2013.

The Company, Ningbo Times, Times Equipment and Times Electronics were accredited as high-tech enterprises and received approval from the relevant government authority that they were subject to the preferential corporate income tax rate of 15%.

Times Information and Shenyang Times were subject to the corporate income tax rate of 25%. Baoji Times benefited from the preferential taxation policy under the Western Development initiative of the PRC and was subject to the preferential corporate income tax rate of 15%.

The effective income tax rates of the Group for the six months ended 30 June 2012 and 30 June 2013 were 14.6% and 19.3% respectively.

NET PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT

Net profit attributable to the shareholders of the Parent decreased by RMB145.9 million from RMB546.1 million for the six months ended 30 June 2012 to RMB400.2 million for the six months ended 30 June 2013. The Group's sales net profit margins for the six months ended 30 June 2012 and 2013 were 17.1% and 15.2% respectively.

MINORITY INTERESTS

Minority interests increased by RMB1.2 million from negative RMB8.0 million for the six months ended 30 June 2012 to negative RMB6.8 million for the six months ended 30 June 2013. The increase in minority interests was mainly due to the decrease in losses incurred by the Group's non-wholly owned subsidiaries during this reporting period as compared to the same period of last year.

EARNINGS PER SHARE

Earnings per share decreased by RMB0.13 from RMB0.50 for the six months ended 30 June 2012 to RMB0.37 for the six months ended 30 June 2013.

LIQUIDITY AND SOURCE OF CAPITAL

CASH FLOWS AND WORKING CAPITAL

The Group's needs for working capital were mainly satisfied by cash generated from operations. Compared with 31 December 2012, the cash and cash equivalents of the Group decreased RMB733.1 million for the six months ended 30 June 2013, which was mainly due to the increase in net cash outflows from operating activities of the Group for the first half of 2013.

NET CASH FLOWS USED IN OPERATING ACTIVITIES

The Group's net cash flows used in operating activities for the six months ended 30 June 2013 was RMB643.3 million, and the cash flows items used in operating activities was mainly for purchase of goods and services of RMB1,346.1 million.

NET CASH FLOWS USED IN INVESTING ACTIVITIES

For the six months ended 30 June 2013, the Group's net cash flows used in investing activities was approximately RMB99.9 million. Cash outflow items in investing activities was mainly for purchase of fixed assets, intangible assets and other long-term assets of RMB100.0 million.

NET CASH FLOWS FROM FINANCING ACTIVITIES

For the six months ended 30 June 2013, the Group's net cash flows from financing activities amounted to approximately RMB10.1 million. Cash inflow items in financing activities mainly represented the cash received from borrowings of RMB46.0 million.

LIQUIDITY

The Board agrees that the Group has sufficient liquidity to meet the Group's present requirements for liquid funds.

COMMITMENTS

The Group's commitments as at the dates indicated are set out as follows:

	30 June 2013 (RMB million)	31 December 2012 (RMB million)
Capital commitments:		
Contracted, but not provided for	243.9	189.8
Authorised but not contracted for	413.8	698.5
	657.7	888.3
Investment commitments:		
Contracted, but not fulfilled	12.0	16.6
Authorised but not contracted for	91.1	—
	103.1	16.6

INDEBTEDNESS

The Group's indebtedness as at the dates indicated are set out as follows:

	30 June 2013 (RMB million)	31 December 2012 (RMB million)
Short-term borrowings	15.8	—
Long-term borrowings (inclusive of amounts due within one year)	59.4	69.7
Total	75.2	69.7

GEARING RATIO

The Group monitors capital management by using the gearing ratio, which is net debt divided by equity attributable to shareholders of the Parent plus net debt. Net debt includes short-term borrowings, bills payable, trade payables, receipts in advance, employee benefits payable, taxes payable (excluding income tax payable), dividend payable, other payables and long-term borrowings (inclusive of amounts due within one year), less cash and cash equivalents. The Group's gearing ratio was 6.4% as at 31 December 2012 and 21.7% as at 30 June 2013.

CONTINGENT LIABILITIES

The Group is not involved in any material litigation, and to the best of the Group's knowledge, there is no pending or potential material litigation in which the Group will be involved.

MARKET RISKS

The Group is subject to various market risks, including foreign exchange risk and inflation risk in the ordinary course of business.

POLICY RISK

The Group is subject to risks arising from the change in policies in respect of railway market construction by the Chinese government.

OTHER INFORMATION

I. CORPORATE GOVERNANCE

1. Corporate Governance

The Company is committed to maintain a high level of superiority, stability and reasonability on corporate governance.

During the reporting period ended 30 June 2013, the Company has complied with all the code provisions of the Corporate Governance Code contained in Appendix 14 of the Listing Rules.

2. Securities transactions by Directors

The Company has adopted the Model Code as the code of conduct for Directors' securities transactions. Having made specific inquiries to all the Directors, all the Directors confirmed that they have complied with the relevant standards for securities transactions by directors as set out in the Model Code during the reporting period.

3. Board of Directors

The Board currently consists of nine Directors, among whom Mr. Ding Rongjun is the Chairman of the Board and an executive Director, Mr. Deng Huijin is the Vice Chairman and a non-executive Director; Mr. Li Donglin is an executive Director; Messrs. Yan Wu and Ma Yunkun are the other two non-executive Directors; and Messrs. Gao Yucai, Chan Kam Wing, Clement, Pao Ping Wing and Ms. Liu Chunru are the four independent non-executive Directors.

The number of members of the Board is one less than the number required by the Articles for the time being, the Company hopes to search for a suitable candidate to fill the vacancy as soon as possible.

The Directors have strictly complied with their undertakings, and have been honest, trust-worthy and diligent in the performance of their duties. The number of Directors and the composition of the Board complied with the requirements of relevant laws and regulations. There was no non-working relationship between the members of the Board (especially between the Chairman and the General Manager), including financial, business, family or any other material relevant relationship.

4. Supervisory Committee

The Supervisory Committee currently consists of four supervisors, among whom Mr. He Wencheng is the chairman of the Supervisory Committee, Messrs. Pang Yiming and Zhou Guifa are staff supervisors, and Mr. Geng Jianxin is an external independent supervisor.

The number of members of the Supervisory Committee of the Company is one less than the number required by the Articles for the time being, the Company hopes to search for a suitable candidate to fill the vacancy as soon as possible.

5. Audit committee

The Company's Audit Committee was established in October 2005. It currently consists of five Directors, four of whom are independent non-executive Directors. The members of the Audit Committee are Messrs. Chan Kam Wing, Clement, Pao Ping Wing, Gao Yucai, Ms. Liu Chunru and Mr. Ma Yunkun. Mr. Chan Kam Wing, Clement is the chairman of the Audit Committee.

The main responsibilities of the Audit Committee are to review and regulate the implementation of the financial reporting processes and internal control procedures of the Company, to guide and supervise internal audits, and to make suggestions about the appointment or change of external audit firm.

The Company's Audit Committee discussed the accounting principles adopted by the Group with the Company's management, and has reviewed the Group's unaudited financial report for the six months ended 30 June 2013 prepared based on the PRC Accounting Standards and was satisfied that the unaudited results complied with applicable accounting standards, the relevant regulatory and legal requirements and that adequate disclosure had been made.

II. INTERNAL CONTROL

The Company has a sound organization system of internal control. The Board is responsible for maintaining a reliable and effective internal control system. Guided by the Audit Committee and the Risk Management Committee of the Board, the audit and risk control division carry out inspection, supervision and evaluation for internal controls of the Company and its subsidiaries in respect of important control functions such as financial control, operational control, compliance control and risk management, supervise the timely rectification of internal control deficiencies and control risks.

During the reporting period, the Company's internal control system was proved to be stable and reliable and the Company continued to deepen its risk management. The activities conducted by the Company mainly included the following: conducting an inspection on the implementation of the internal control system among subsidiaries and branches to ensure its effectiveness in implementation; continuing to enhance risk management work, revising risk alert value and improving response measures to alert, effectively enhancing the capabilities in the management and control of prevention of risk. Such activities enabled the Company to respond to changes in business and external environment in financial, operational and risk management aspects in order to protect the safety of the Company's assets and interests of shareholders.

III. INTERESTS AND SHORT POSITIONS OF DIRECTORS AND SUPERVISORS IN THE SHARES OF THE COMPANY

As at 30 June 2013, none of the Directors, supervisors, the general manager of the Company or their respective associates had any personal, family, corporate or other interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Part XV of the SFO, or any interests or short positions in the shares required to be recorded in a register kept pursuant to section 352 of the SFO, or any personal, family, corporate or other interests or short positions required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

IV. STRUCTURE OF SHARE CAPITAL

The Company's share capital structure as at 30 June 2013 was as follows:

Shareholder	Type	Number of shares	% of issued share capital as at 30 June 2013
CSR ZELRI	Domestic shares	589,585,699	54.38%
Qishuyan Works	Domestic shares	9,380,769	0.87%
CSR Investment & Leasing	Domestic shares	9,380,769	0.87%
CSR Zhuzhou	Domestic shares	10,000,000	0.92%
Kunming China Railway	Domestic shares	9,800,000	0.90%
Shares in public circulation	H shares	456,108,400	42.06%
Total		<u>1,084,255,637</u>	<u>100%</u>

V. SUBSTANTIAL SHAREHOLDERS

Interests or short positions owned in the shares or underlying shares of the Company required to be disclosed pursuant to the requirements under Divisions 2 and 3 of Part XV of the SFO as at 30 June 2013 were as follows:

Name of substantial shareholder	Number of shares held	Capacity	% of Domestic Share share capital	% of H Share share capital	% of issued share capital
CSR ZELRI	589,585,699 (L)	Beneficial owner	93.86%	—	54.38%
CSR (note 1)	608,966,468 (L)	Interest in controlled entity	96.95%	—	56.16%
CSRG (note 2)	618,347,237 (L)	Interest in controlled entity	98.44%	—	57.03%
Schroders Plc (note 3)	50,173,073 (L)	Investment manager	—	11.00%	4.63%
JPMorgan Chase & Co (note 4)	608,000 (L)	Beneficial owner	—	0.13%	0.06%
	259,000 (L)	Investment manager	—	0.06%	0.02%
	40,290,081 (lending pool shares)	Custodian/ Approved lending agent	—	8.83%	3.72%
BlackRock, Inc. (note 5)	38,681,347(L)	Interest in controlled entity	—	8.48%	3.57%
	910,000 (S)	Interest in controlled entity	—	0.20%	0.08%
Lazard Asset Management LLC	28,081,000 (L)	Investment manager	—	6.16%	2.59%
The Capital Group Companies, Inc. (note 6)	27,572,000 (L)	Interest in controlled entity	—	6.05%	2.54%
Allianz SE (note 7)	27,042,700 (L)	Interest in controlled entity	—	5.93%	2.49%
Fortis Investment Management SA (note 8)	23,544,000 (L)	Investment manager	—	5.16%	2.17%

Notes:

(L) = Long position, (S) = Short position

- (1) CSR is interested in 100% of the registered capital of CSR ZELRI, CSR Investment & Leasing and CSR Zhuzhou. Accordingly, CSR is deemed under the SFO to be interested in the shares held by each of CSR ZELRI, CSR Investment & Leasing and CSR Zhuzhou.
- (2) CSRG is directly and indirectly interested in 57.13% of the shares of CSR, and is directly interested in 100% of the registered capital of Qishuyan Works. Accordingly, CSRG is deemed under the SFO to be interested in the interests held by each of CSR and Qishuyan Works.
- (3) As stated in the corporate substantial shareholders notification filed in by Schroders Plc., it held its interests in the shares of the Company through its wholly-owned corporations.
- (4) As stated in the corporate substantial shareholders notification filed in by JPMorgan Chase & Co., it held its interests in the shares of the Company through its wholly-owned corporations.
- (5) As stated in the corporate substantial shareholders notification filed in by BlackRock, Inc., 67,000 H Shares are long positions in, and 47,000 H Shares are short positions in, underlying shares under equity derivative interests. BlackRock, Inc. held its interests in the shares of the Company (including underlying shares under equity derivative interests) through its wholly-owned corporations.
- (6) As stated in the corporate substantial shareholders notification filed in by The Capital Group Companies, Inc., it held its interests in the shares of the Company through its wholly-owned corporations.
- (7) As stated in the corporate substantial shareholders notification filed in by Alliance SE, it held its interests in the shares of the Company through its wholly-owned corporations.
- (8) As stated in the corporate substantial shareholders notification filed in by Fortis Investment Management SA, it held its interests in the shares of the Company through its wholly-owned corporations.

VI. PURCHASE, REDEMPTION AND SALE OF LISTED SECURITIES OF THE COMPANY

During the reporting period, there was no purchase, redemption or sale of any listed securities of the Company by the Company or any of its subsidiaries.

VII. DISTRIBUTION OF DIVIDENDS

1. Distribution plan and implementation of 2012 final dividends

Having been considered and approved by shareholders of the Company at the 2012 annual general meeting, the Company has distributed a cash dividend of RMB0.350 per share (applicable taxes inclusive) as final dividend for 2012 to all shareholders based on the Company's total share capital of 1,084,255,637 shares as at the end of 2012, with a total amount of approximately RMB379.5 million. Implementation of the dividend distribution plan has been completed before the ended of July 2013.

2. 2013 interim profit distribution plan

The Board did not recommend the distribution of interim dividend for the six months ended 30 June 2013.

VIII. CONNECTED TRANSACTIONS

During the reporting period, the Company has strictly complied with the relevant requirements in respect of connected transactions under Chapter 14A of the Listing Rules, and has established a set of mechanism to protect non-controlling shareholders' interests. The auditor of the Company has provided quarterly reports to independent non-executive Directors on transactions conducted between the Group and the CSRG Group. In addition, the independent non-executive Directors have conducted quarterly reviews on the terms of the framework agreement for mutual supply of products and ancillary services entered into between the Company (on behalf of itself and/or its subsidiaries) and CSRG (on behalf of itself and/or its subsidiaries but excluding the Group), and the review opinions regarding such transactions would be disclosed to shareholders by way of announcements.

IX. EMPLOYEES AND TRAINING

As at 30 June 2013, the Company had 5,333 employees (including that of Dynex). The Group's remuneration policy for its employees takes into account the individuals' position, work performance, qualifications and competence. The Group offers salary increments and bonuses to employees with outstanding performance. The bonus scheme is discretionary and is determined by the Directors with reference to the performance of the staff and the Group's operation results. The Company has established channels for career development of employees. Employees have opportunities of promotion and development according to the orders of different positions within the Company. The Company has formulated a share appreciation right plan aiming at motivating core talents, so as to attract and retain key talents to work for the Company.

The Company has put much emphasis on competency development and talent fostering work. During the first half of 2013, the Company has conducted a series of relevant fostering works: development of internationalized talents and backup management personnel, improvement in the quality of staff of functional departments and construction of learning organizations, etc., all having achieved satisfactory results. In order to activate internal training resources, the Company has developed numerous internal training activities, such as happy learning class hall (樂學講堂) and expert forum. More than 300 persons were enrolled in the first session of the happy learning class hall, strongly triggering the enthusiasm of internal trainers to teach as well as the interest of staff on internal training. The expert forum is hosted by technical experts of the Company who transmitted experience and technologies, which enabled the inheritance of the Company's core technologies, thus laying a solid talent foundation for the Company to establish competitiveness in core technologies.

BASIC CORPORATE INFORMATION

1	Official name in Chinese	株洲南車時代電氣股份有限公司
	Official name in English	Zhuzhou CSR Times Electric Co., Ltd.
2	Authorised representatives	Ding Rongjun Tang Tuong Hock, Gabriel
3	Company secretary	Tang Tuong Hock, Gabriel
	Secretary of the Board	Yan Wu
	Registered office	Times Road, Shifeng District, Zhuzhou, Hunan Province, PRC, 412001
	Telephone	+86 731 2849 8028
	Facsimile	+86 731 2849 3447
	Website	http://www.timeselectric.cn
	Principal place of business in Hong Kong	Unit 1106, 11th Floor, Jubilee Centre, 18 Fenwick Street, Wanchai, Hong Kong
4	Listing information	H Share The Stock Exchange of Hong Kong Limited Stock Code : 3898 Stock Name: CSR Times Electric
5	H share registrar	Computershare Hong Kong Investor Services Limited 17M Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
6	Legal advisers	Minter Ellison Grandall Law Firm Hang Zhou Office
7	Auditor	Ernst & Young Hua Ming LLP

GLOSSARY

"Articles"	the Articles of Association of the Company
"Baoji Times"	寶雞南車時代工程機械有限公司(Baoji CSR Times Engineering Machinery Co., Ltd.), a 80% owned subsidiary of the Company
"Board" or "Board of Directors"	the board of Directors of the Company
"Company"	株洲南車時代電氣股份有限公司 (Zhuzhou CSR Times Electric Co., Ltd.)
"CSR"	中國南車股份有限公司 (CSR Corporation Limited), a joint stock limited liability company incorporated in the PRC whose A shares and H shares are listed on the Main Board of Shanghai Stock Exchange and the Hong Kong Stock Exchange, respectively. CSR is directly and indirectly owned as to 57.13% by CSRG and holds the entire equity interest in the Parent Company
"CSRG"	中國南車集團公司 (CSR Group), a PRC state-owned enterprise and the ultimate controlling shareholder of the Company
"CSRG Group"	CSRG and its subsidiaries (excluding the Group)
"CSR Investment & Leasing"	南車投資租賃有限公司 (CSR Investment & Leasing Co., Ltd.), a wholly-owned subsidiary of CSR and one of the Promoters
"CSR Zhuzhou"	南車株洲電力機車有限公司 (CSR Zhuzhou Electric Locomotive Co., Ltd.), a wholly-owned subsidiary of CSR, one of the Promoters
"Director(s)"	the director(s) of the Company
"Dynex"	Dynex Power Inc., a joint stock company established pursuant to the laws of Canada and listed on the TSX Venture Exchange, Toronto, Canada (stock code: DNX) whose 75% equity interest was acquired by the Company in October 2008. Dynex Semiconductor Limited is its only operating subsidiary and its headquarters is located in Lincoln, England
"Group"	the Company and its subsidiaries
"Guangzhou Times"	廣州南車時代電氣技術有限公司 (Guangzhou CSR Times Electric Technology Co., Ltd.), a 60% owned subsidiary of the Company
"Hangzhou Electrics"	杭州南車電氣設備有限公司 (Hangzhou CSR Electric Equipment Co., Ltd.), a 60% owned subsidiary of the Company

“HK Electric”	南車時代電氣（香港）有限公司 (CSR Times Electric (Hong Kong) Co., Ltd.), a wholly-owned subsidiary of the Company
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Kunming China Railway”	昆明中鐵大型養路機械集團有限公司 (China Railway Large Maintenance Machinery Co., Ltd. Kunming), one of the Promoters of the Company, a subsidiary wholly owned by 中國鐵建股份有限公司 (China Railway Construction Corporation Limited), whose A shares and H shares are listed on the Main Board of Shanghai Stock Exchange and the Hong Kong Stock Exchange, respectively
“Kunming Electrics”	昆明南車電氣設備有限公司(Kunming CSR Electric Equipment Co., Ltd.), a wholly-owned subsidiary of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers sets out in Appendix 14 to the Listing Rules
“Ningbo Times”	寧波南車時代傳感技術有限公司 (Ningbo CSR Times Sensor Technology Co., Ltd.), a wholly-owned subsidiary of the Company
“Parent Company” or “CSR ZELRI”	南車株洲電力機車研究所有限公司 (CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.), a wholly-owned subsidiary of CSR, one of the Promoters and also the controlling shareholder of the Company
“PRC”	the People’s Republic of China
“PRC Accounting Standards”	Accounting Standards for Business Enterprises and relevant regulations issued by the PRC Ministry of Finance
“Promoters”	promoters of the Company, being CSR ZELRI, CSR Zhuzhou, CSR Investment & Leasing, Qishuyan Works and Kunming China Railway
“Qishuyan Works”	中國南車集團戚墅堰機車車輛廠 (CSR Qishuyan Locomotive & Rolling Stock Works), a wholly-owned subsidiary of CSRG and one of the Promoters
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council
“SFO”	Securities and Futures Ordinance
“Shenyang Times”	瀋陽南車時代交通設備有限公司 (Shenyang CSR Times Transportation Equipment Co., Ltd.), a wholly-owned subsidiary of the Company
“Shiling”	株洲時菱交通設備有限公司 (Zhuzhou Shiling Transportation Equipment Company, Ltd.), held as to 50% by the Company, as to 40% by Mitsubishi Electric Corporation and as to 10% by Mitsubishi Electric (China) Ltd.

"the reporting period"	the six-month period ended 30 June 2013
"Times Electronics"	株洲時代電子技術有限公司 (Zhuzhou Times Electronics Technology Co., Ltd.), a wholly-owned subsidiary of the Company
"Times Equipment"	株洲時代裝備技術有限責任公司 (Zhuzhou Times Equipment Technology Co., Ltd.), a wholly-owned subsidiary of the Company
"Times Information"	北京南車時代信息技術有限公司 (Beijing CSR Times Information Technology Co., Ltd.), a wholly-owned subsidiary of the Company
"Times USA"	Times Electric USA, LLC, a wholly-owned subsidiary of the Company
"Zhuzhou Siemens"	株洲西門子牽引設備有限公司 (Siemens Traction Equipment Ltd, Zhuzhou), held as to 30% by the Company, as to 20% by CSR Zhuzhou and as to 50% by Siemens Ltd., China