



中国南车

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*

2014

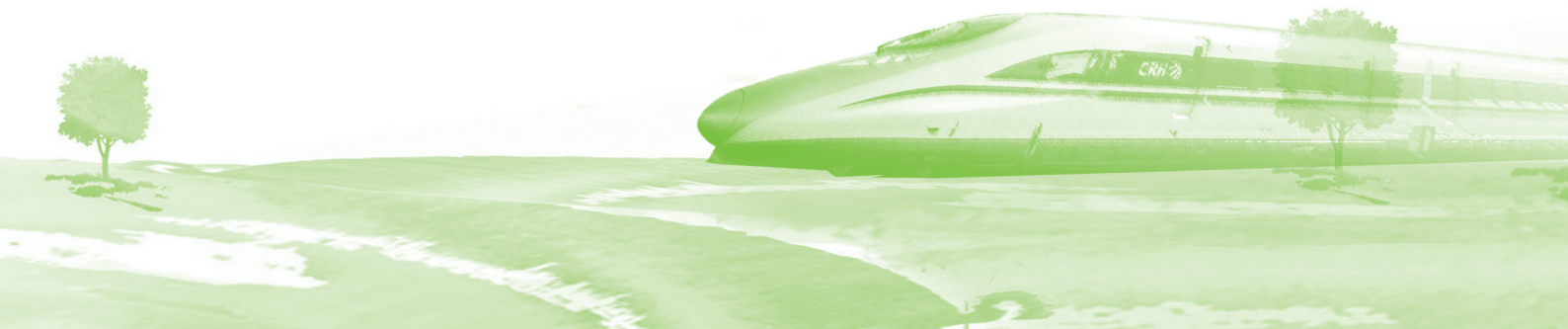
INTERIM REPORT

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### Notes:

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 the Chinese version and the English version, the Chinese version shall prevail.





## RESULTS IN BRIEF

The Board of the Company is pleased to announce the unaudited operating results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2014 which have been prepared in accordance with PRC Accounting Standards. The interim financial statements in this interim report are unaudited, but have been reviewed by the Audit Committee of the Company.

The revenue of the Group for the six months ended 30 June 2014 amounted to RMB5,180,417,557 (for the six months ended 30 June 2013: RMB2,624,390,170), representing an increase of 97% over the same period of last year. Total profit amounted to RMB1,051,863,210 (for the six months ended 30 June 2013: RMB487,419,455), representing an increase of 116% over the same period of last year. Net profit attributable to shareholders of the Parent amounted to RMB857,455,315 (for the six months ended 30 June 2013: RMB400,178,418), representing an increase of 114% over the same period of last year. Basic earnings per share amounted to RMB0.73 (for the six months ended 30 June 2013: RMB0.37).

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



## BUSINESS REVIEW AND OUTLOOK

In the first half of 2014, railway operating mechanism has gradually entered into a new stage, railway investment regained momentums, while the China Railway Corporation conducted tender of equipments such as electric locomotives and coaches, and the urban railway market became active.

In respect of traction systems for locomotives, 9600kW electric locomotives with 8 axles, passenger electric locomotives with a speed of 160 km/h and electric locomotives for South Africa were all delivered in batches.

In respect of traction systems for electric multiple units, the orders obtained in the end of 2013 were delivered on schedule and were progressed smoothly.

In respect of urban railway and metro, existing contracts were executed and delivered smoothly. In respect of new projects bidding, the Group continued to lead the market, consolidated its brand influence in the industry, and therefore created synergy to promote the expansion in the international market.

In the first quarter of 2014, the Group entered into the memorandum with the Parent Company in respect of IGBT production line, the Company has launched the testing of 8-inches IGBT production line, and the sample of 1700V IGBT chip was tape-out in June.

In respect of railway engineering machinery, the Group promoted the market expansion while strengthened the research and development of new products and new technologies at the same time; and the research and development of new generation safety monitoring devices was progressed smoothly.

Entering the second half of 2014, in the field of locomotives, executed orders will be delivered properly, and the Group will promote 4400hp diesel locomotive project; in the field of electric multiple units, the Group will complete orders on-hand on schedule, step up our efforts in new market opportunities, and expand inter-city electric multiple unit market; in the field of urban railway and metro, the Group will enhance project management and execution, as well as make full efforts to strive for a larger market share, and coordinate to promote related products market; the Group will improve the delivery capability of railway engineering machinery products, and enhance the synergy of technology and market; the Group will plan systematically and coordinate to promote the industrialization of IGBT, as well as promote product seriation and expedite the promotion of application.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2014  
Renminbi Yuan

<b>ASSETS</b>	Note V	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
<b>CURRENT ASSETS</b>			
Cash and bank balances	1	<b>2,729,310,261</b>	3,136,090,686
Bills receivable	2	<b>1,285,098,545</b>	2,213,628,831
Trade receivables	3	<b>4,066,789,988</b>	2,693,866,426
Prepayments	4	<b>141,053,467</b>	98,175,195
Other receivables	5	<b>84,019,084</b>	58,087,799
Inventories	6	<b>2,731,255,625</b>	1,428,041,311
Held-to-maturity investments	7	<b>1,609,786,027</b>	1,100,000,000
Current portion of non-current assets	8	<b>609,036</b>	609,036
Other current assets	9	<b>139,775,148</b>	84,179,832
<b>Total current assets</b>		<b><u>12,787,697,181</u></b>	<u>10,812,679,116</u>
<b>NON-CURRENT ASSETS</b>			
Available-for-sale financial assets		<b>900,000</b>	900,000
Long-term receivables	8	<b>26,298,730</b>	31,660,131
Long-term equity investments	10	<b>231,759,326</b>	232,953,448
Fixed assets	11	<b>1,654,735,893</b>	1,595,275,624
Construction in progress	12	<b>208,998,814</b>	235,123,615
Intangible assets	13	<b>227,323,934</b>	233,054,144
Development expenditure		<b>61,197,186</b>	60,690,061
Goodwill		<b>13,770,533</b>	13,770,533
Deferred tax assets	14	<b>156,824,248</b>	129,399,467
Other non-current assets	15	<b>55,801,549</b>	52,976,184
<b>Total non-current assets</b>		<b><u>2,637,610,213</u></b>	<u>2,585,803,207</u>
<b>TOTAL ASSETS</b>		<b><u><u>15,425,307,394</u></u></b>	<u><u>13,398,482,323</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

30 June 2014  
Renminbi Yuan

LIABILITIES AND SHAREHOLDERS' EQUITY	Note V	30 June 2014 (Unaudited)	31 December 2013 (Audited)
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	16	26,253,751	31,172,421
Bills payable	17	1,050,511,200	928,918,770
Trade payables	18	2,480,028,845	1,749,671,703
Advances from customers	19	410,427,618	388,087,463
Employee benefits payable		200,293,312	88,860,161
Taxes payable		180,004,384	199,377,520
Dividends payable	20	411,416,823	—
Other payables	21	217,467,209	200,627,465
Current portion of non-current liabilities	22	259,938,730	233,800,674
<b>Total current liabilities</b>		<b>5,236,341,872</b>	3,820,516,177
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	23	33,596,111	52,179,757
Deferred tax liabilities	14	15,462,018	15,383,539
Provisions	24	345,295,735	209,494,751
Other non-current liabilities	25	138,809,395	150,787,851
<b>Total non-current liabilities</b>		<b>533,163,259</b>	427,845,898
<b>Total liabilities</b>		<b>5,769,505,131</b>	4,248,362,075
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		1,175,476,637	1,175,476,637
Capital reserve		3,353,692,140	3,354,300,202
Special reserve		3,567,998	1,148,151
Surplus reserve		719,661,828	624,621,343
Retained earnings	26	4,233,346,401	3,882,348,394
Exchange fluctuation reserve		(14,120,121)	(21,995,965)
<b>Total equity attributable to shareholders of the Parent</b>		<b>9,471,624,883</b>	9,015,898,762
<b>Non-controlling interests</b>		<b>184,177,380</b>	134,221,486
<b>Total shareholders' equity</b>		<b>9,655,802,263</b>	9,150,120,248
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>15,425,307,394</b>	13,398,482,323

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2014

Renminbi Yuan

	Note V	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)
Revenue	27	<b>5,180,417,557</b>	2,624,390,170
Less: Cost of sales	27	<b>3,323,807,389</b>	1,627,642,424
Business taxes and surcharges		<b>30,092,963</b>	20,992,015
Selling expenses		<b>274,798,214</b>	131,443,570
Administrative expenses		<b>494,247,703</b>	366,290,455
Finance costs	28	<b>(9,945,580)</b>	(27,759,130)
Asset impairment losses	29	<b>166,778,816</b>	23,404,551
Add: Investment income	30	<b>71,788,935</b>	(4,704,781)
including: share of profits and losses of associates and a joint venture	30	<b>32,016,196</b>	(4,704,781)
Operating profit		<b>972,426,987</b>	477,671,504
Add: Non-operating income	31	<b>80,603,880</b>	9,933,606
Less: Non-operating expenses	32	<b>1,167,657</b>	185,655
including: loss on disposal of non-current assets	32	<b>509,143</b>	115,551
Total profit		<b>1,051,863,210</b>	487,419,455
Less: Income tax expense	33	<b>196,930,626</b>	94,024,145
Net profit		<b>854,932,584</b>	393,395,310
Net profit attributable to shareholders of the Parent		<b>857,455,315</b>	400,178,418
Non-controlling interests		<b>(2,522,731)</b>	(6,783,108)
Earnings per share (Yuan/Share)	34		
Basic		<b>0.73</b>	0.37
Diluted		<b>0.73</b>	0.37
Other comprehensive income/(losses)	35		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange fluctuation reserve		<b>10,255,131</b>	(21,176,463)
Total comprehensive income		<b>865,187,715</b>	372,218,847
Including:			
Total comprehensive income attributable to shareholders of the Parent		<b>865,331,159</b>	383,223,289
Total comprehensive losses attributable to non-controlling interests		<b>(143,444)</b>	(11,004,442)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

Renminbi Yuan

	Attributable to shareholders of the Parent							Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Exchange fluctuation reserve	Sub-total		
I. 1 January 2014 (audited)	1,175,476,637	3,354,300,202	1,148,151	624,621,343	3,882,348,394	(21,995,965)	9,015,898,762	134,221,486	9,150,120,248
II. Movements during the period									
(i) Net profit (unaudited)	—	—	—	—	857,455,315	—	857,455,315	(2,522,731)	854,932,584
(ii) Other comprehensive income									
1. Exchange differences on translation of foreign operations (unaudited)	—	—	—	—	—	7,875,844	7,875,844	2,379,287	10,255,131
Total comprehensive income	—	—	—	—	857,455,315	7,875,844	865,331,159	(143,444)	865,187,715
(iii) Capital contribution and withdrawal by shareholders									
1. Capital contribution by non-controlling shareholders (unaudited)	—	—	—	—	—	—	—	52,000,000	52,000,000
2. Capital withdrawal by non-controlling shareholders (unaudited)	—	—	—	—	—	—	—	(43,259)	(43,259)
3. Difference arising from acquisition of non-controlling shareholders in subsidiary, net (unaudited)	—	(13,535)	—	—	—	—	(13,535)	13,535	—
4. Others (unaudited)	—	(594,527)	—	—	—	—	(594,527)	594,527	—
(iv) Profit appropriation									
1. Transfer to surplus reserve (unaudited)	—	—	—	95,040,485	(95,040,485)	—	—	—	—
2. Dividends paid (unaudited)	—	—	—	—	(411,416,823)	—	(411,416,823)	(2,691,236)	(414,108,059)
(v) Special reserve									
1. Accrued during the period (unaudited)	—	—	7,899,744	—	—	—	7,899,744	387,031	8,286,775
2. Paid during the period (unaudited)	—	—	(5,479,897)	—	—	—	(5,479,897)	(161,260)	(5,641,157)
III. 30 June 2014 (unaudited)	<u>1,175,476,637</u>	<u>3,353,692,140</u>	<u>3,567,998</u>	<u>719,661,828</u>	<u>4,233,346,401</u>	<u>(14,120,121)</u>	<u>9,471,624,883</u>	<u>184,177,380</u>	<u>9,655,802,263</u>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

Renminbi Yuan

	Attributable to shareholders of the Parent							Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Exchange fluctuation reserve	Sub-total		
I. 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 non-controlling shareholders (unaudited)	—	—	—	—	—	—	—	41,037	41,037
(iv) Profit appropriation									
1. Transfer to surplus reserve (unaudited)	—	—	—	59,712,475	(59,712,475)	—	—	—	—
2. Dividends 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. 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 CASH FLOWS

For the six months ended 30 June 2014

Renminbi Yuan

	Note V	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)
1. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		<b>3,990,890,674</b>	1,794,471,207
Refunds of taxes		<b>76,048,193</b>	38,487,009
Cash received relating to other operating activities		<b>89,153,600</b>	29,542,669
Sub-total of cash inflows from operating activities		<b>4,156,092,467</b>	1,862,500,885
Cash paid for goods and services		<b>(2,630,493,625)</b>	(1,346,052,143)
Cash paid to and on behalf of employees		<b>(357,843,267)</b>	(320,263,922)
Cash paid for all types of taxes		<b>(538,521,044)</b>	(543,245,647)
Cash paid relating to other operating activities		<b>(460,815,697)</b>	(296,285,965)
Sub-total of cash outflows from operating activities		<b>(3,987,673,633)</b>	(2,505,847,677)
Net cash flows from/(used in) operating activities	36	<b>168,418,834</b>	(643,346,792)
2. Cash flows from investing activities:			
Cash received from disposal or returns of investments		<b>1,000,000,000</b>	400,000
Cash received from returns on investments		<b>29,986,712</b>	—
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>532,925</b>	604,478
Cash received relating to other investing activities		<b>1,600,000</b>	—
Sub-total of cash inflows from investing activities		<b>1,032,119,637</b>	1,004,478
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		<b>(153,266,174)</b>	(100,022,581)
Cash paid for acquisition of investments		<b>(1,550,000,000)</b>	(900,000)
Sub-total of cash outflows from investing activities		<b>(1,703,266,174)</b>	(100,922,581)
Net cash flows used in investing activities		<b>(671,146,537)</b>	(99,918,103)

## CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the six months ended 30 June 2014

Renminbi Yuan

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)
	Note V	
3. Cash flows from financing activities:		
Cash received from capital contribution	51,956,741	41,037
including: cash received from non-controlling shareholders		
of subsidiaries	51,956,741	41,037
Cash received from borrowings	<u>26,287,582</u>	<u>46,000,689</u>
Sub-total of cash inflows from financing activities	<u>78,244,323</u>	<u>46,041,726</u>
Cash repayment of borrowings	(36,626,380)	(34,812,449)
Cash paid for distribution of dividends or profits and		
for interest expenses	<u>(4,694,163)</u>	<u>(1,089,532)</u>
Sub-total of cash outflows from financing activities	<u>(41,320,543)</u>	<u>(35,901,981)</u>
Net cash flows from financing activities	<u>36,923,780</u>	<u>10,139,745</u>
4. Net decrease in cash and cash equivalents	(465,803,923)	(733,125,150)
Add: cash and cash equivalents at beginning of period	<u>3,118,401,874</u>	<u>2,297,286,786</u>
5. Cash and cash equivalents at end of period	36 <u>2,652,597,951</u>	<u>1,564,161,636</u>

## STATEMENT OF FINANCIAL POSITION

30 June 2014  
Renminbi Yuan

<b>ASSETS</b>	Note XI	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
<b>CURRENT ASSETS</b>			
Cash and bank balances		<b>2,241,763,877</b>	2,763,730,041
Bills receivable		<b>1,151,742,917</b>	2,087,270,773
Trade receivables	1	<b>3,783,703,837</b>	2,391,641,239
Dividends receivable		<b>144,792,313</b>	50,000,000
Prepayments		<b>172,132,177</b>	92,290,607
Other receivables	2	<b>367,596,302</b>	385,001,431
Inventories		<b>2,294,345,395</b>	1,095,465,119
Held-to-maturity investments		<b>1,609,786,027</b>	1,100,000,000
Current portion of non-current assets		<b>609,036</b>	609,036
Other current assets		<b>123,926,076</b>	73,832,214
<b>Total current assets</b>		<b>11,890,397,957</b>	10,039,840,460
<b>NON-CURRENT ASSETS</b>			
Available-for-sale financial assets		<b>900,000</b>	900,000
Held-to-maturity investments		<b>31,000,000</b>	—
Long-term receivables	1	<b>15,686,905</b>	22,720,364
Long-term equity investments	3	<b>1,169,018,373</b>	1,024,002,177
Fixed assets		<b>1,111,198,379</b>	1,037,731,897
Construction in progress		<b>171,949,789</b>	225,999,737
Intangible assets		<b>90,248,371</b>	96,437,118
Development expenditure		<b>29,168,909</b>	28,661,784
Deferred tax assets		<b>137,739,255</b>	111,268,479
Other non-current assets		<b>49,593,732</b>	49,088,132
<b>Total non-current assets</b>		<b>2,806,503,713</b>	2,596,809,688
<b>TOTAL ASSETS</b>		<b>14,696,901,670</b>	12,636,650,148

## STATEMENT OF FINANCIAL POSITION (continued)

30 June 2014  
Renminbi Yuan

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Short-term borrowings	20,000,000	1,000,000
Bills payable	939,590,689	774,594,970
Trade payables	2,327,524,828	1,604,616,077
Advance from customers	339,762,752	364,389,524
Employee benefits payable	166,219,003	70,916,602
Taxes payable	171,161,031	172,621,594
Dividends payable	411,416,823	—
Other payables	175,493,195	176,079,484
Current portion of non-current liabilities	225,359,726	214,526,374
<b>Total current liabilities</b>	<b>4,776,528,047</b>	3,378,744,625
<b>NON-CURRENT LIABILITIES</b>		
Provisions	337,872,337	202,617,269
Other non-current liabilities	119,817,967	131,592,967
<b>Total non-current liabilities</b>	<b>457,690,304</b>	334,210,236
<b>Total liabilities</b>	<b>5,234,218,351</b>	3,712,954,861
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	1,175,476,637	1,175,476,637
Capital reserve	3,378,010,293	3,378,010,293
Surplus reserve	719,661,828	624,621,343
Retained earnings	4,189,534,561	3,745,587,014
<b>Total shareholders' equity</b>	<b>9,462,683,319</b>	8,923,695,287
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>14,696,901,670</b>	12,636,650,148

## STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2014

Renminbi Yuan

	Note XI	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)
Revenue	4	<b>4,718,626,312</b>	2,213,272,782
Less: Cost of sales	4	<b>3,099,539,460</b>	1,350,556,788
Business taxes and surcharges		<b>25,342,221</b>	18,244,180
Selling expenses		<b>247,291,632</b>	104,438,423
Administrative expenses		<b>371,032,825</b>	266,179,092
Finance costs		<b>(9,132,357)</b>	(27,015,501)
Asset impairment losses		<b>154,200,918</b>	20,366,418
Add: Investment income	5	<b>226,581,248</b>	197,295,220
including: share of profits and losses of associates and a joint venture		<b>32,016,196</b>	(4,704,781)
Operating profit		<b>1,056,932,861</b>	677,798,602
Add: Non-operating income		<b>76,038,092</b>	5,398,894
Less: Non-operating expenses		<b>505,862</b>	168,555
including: loss on disposal of non-current assets		<b>501,362</b>	98,755
Total profit		<b>1,132,465,091</b>	683,028,941
Less: Income tax expense		<b>182,060,236</b>	85,904,186
Net profit		<b>950,404,855</b>	597,124,755
Other comprehensive income		—	—
Total comprehensive income		<b>950,404,855</b>	597,124,755

## STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

Renminbi Yuan

	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. 1 January 2014 (audited)	1,175,476,637	3,378,010,293	—	624,621,343	3,745,587,014	8,923,695,287
II. Movements during the period						
(i) Net profit (unaudited)	—	—	—	—	950,404,855	950,404,855
(ii) Other comprehensive income (unaudited)	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	950,404,855	950,404,855
(iii) Profit appropriation						
1. Transfer to surplus reserve (unaudited)	—	—	—	95,040,485	(95,040,485)	—
2. Dividends paid (unaudited)	—	—	—	—	(411,416,823)	(411,416,823)
(iv) Special reserve						
1. Accrued during the period (unaudited)	—	—	5,388,683	—	—	5,388,683
2. Paid during the period (unaudited)	—	—	(5,388,683)	—	—	(5,388,683)
III. 30 June 2014 (unaudited)	<u>1,175,476,637</u>	<u>3,378,010,293</u>	<u>—</u>	<u>719,661,828</u>	<u>4,189,534,561</u>	<u>9,462,683,319</u>

For the six months ended 30 June 2013

Renminbi Yuan

	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
I. 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. Dividends 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. 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>

## STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

Renminbi Yuan

	Note XI	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)
1. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		3,536,939,704	1,463,909,213
Refunds of taxes		76,048,193	22,955,961
Cash received relating to other operating activities		40,345,511	24,104,884
Sub-total of cash inflows from operating activities		3,653,333,408	1,510,970,058
Cash paid for goods and services		(2,523,967,194)	(1,225,174,958)
Cash paid to and on behalf of employees		(227,011,501)	(197,254,674)
Cash paid for all types of taxes		(442,939,717)	(485,582,946)
Cash paid relating to other operating activities		(365,612,298)	(242,371,473)
Sub-total of cash outflows from operating activities		(3,559,530,710)	(2,150,384,051)
Net cash flows from/(used in) operating activities	6	93,802,698	(639,413,993)
2. Cash flows from investing activities:			
Cash received from disposal or returns of investments		1,000,000,000	—
Cash received from returns on investments		89,986,712	80,000,000
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		353,450	272,477
Sub-total of cash inflows from investing activities		1,090,340,162	80,272,477
Cash paid for acquisitions of fixed assets, intangible assets and other long-term assets		(82,109,024)	(68,708,867)
Cash paid for acquisition of investments		(1,694,000,000)	(4,962,679)
Sub-total of cash outflows from investing activities		(1,776,109,024)	(73,671,546)
Net cash flows (used in)/from investing activities		(685,768,862)	6,600,931
3. Cash flows from financing activities:			
Cash received from borrowings		20,000,000	—
Sub-total of cash inflows from financing activities		20,000,000	—
Net cash flows from financing activities		20,000,000	—
4. Net decrease in cash and cash equivalents		(571,966,164)	(632,813,062)
Add: Cash and cash equivalents at beginning of period		2,763,730,041	1,956,420,369
5. Cash and cash equivalents at end of period		2,191,763,877	1,323,607,307





## NOTES TO FINANCIAL STATEMENTS

30 June 2014

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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. (formerly known as CSR Group Zhuzhou Electric Locomotive Research Institute), CSR Qishuyan Locomotive & Rolling Stock Works, CSR Zhuzhou Electric Locomotive Co., Ltd. (formerly known as CSR Group Zhuzhou Electric Locomotive Co., Ltd.), CSR Investment & Leasing Co., Ltd. (formerly known as New Leap Transportation Equipment Investment & Leasing Co., Ltd.) and China Railway Large Maintenance Machinery Co., Ltd. Kunming 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 code 430000000009725. The H shares of the Company were 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 HKD5.3 per share. The total proceeds before deducting issuing expenses amounted to HKD2,197,613,000 (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.

In October 2013, the Company issued 91,221,000 H Shares with a nominal value of RMB1 each through the Hong Kong Stock Exchange. The issue price was HKD25 per share. The total proceeds before deducting issuing expenses amounted to HKD2,280,525,000 (equivalent to approximately RMB1,803,872,470). These H shares were listed and traded on the Main Board of the Hong Kong Stock Exchange in October 2013. Consequently upon the issue of the H Shares, the registered capital and paid-in capital of the Company was increased to RMB1,175,476,637.

As at 30 June 2014, the Company had issued an aggregate of 1,175,476,637 shares as share capital.

The Group’s parent and ultimate holding company are CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd. and CSR Group respectively, both established in the PRC.



## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014

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### II BASIS OF PREPARATION, ADOPTION OF REVISED ACCOUNTING STANDARDS AND STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

#### 1. Basis of preparation

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises – Basic Standard issued by the China Ministry of Finance in February 2006, together with specific accounting standards, application guidance, interpretations and other related regulations issued and revised thereafter (“Accounting Standards for Business Enterprises”, collectively).

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises No. 32 Interim Financial Reporting issued by the China Ministry of Finance. The accounting policies and estimates adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2013. The 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 2013.

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

These 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. Adoption of revised Accounting Standards

The Ministry of Finance issued Accounting Standards for Business Enterprises No. 39 Fair Value Measurement, Accounting Standards for Business Enterprises No. 40 Joint Arrangements and revised Accounting Standards for Business Enterprises No. 30 Presentation of Financial Statements, Accounting Standards for Business Enterprises No. 9 Employee Benefits, Accounting Standards for Business Enterprises No. 33 Consolidated Financial Statements and Accounting Standards for Business Enterprises No. 2 Long-term equity investments during the period from 1 January to 19 March 2014. The above six Accounting Standards for Business Enterprises will be effective from 1 July 2014, and entities listed overseas are encouraged to adopt the above six Accounting Standards for Business Enterprises in advance. As a Hong Kong listed company, the Company has adopted the above six Accounting Standards for Business Enterprises in the preparation of the financial statements for the year ended 31 December 2013 in accordance with the regulation in the transition period.



## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014

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### II BASIS OF PREPARATION, ADOPTION OF REVISED ACCOUNTING STANDARDS AND STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES (continued)

#### 2. Adoption of revised Accounting Standards (continued)

On 27 March 2014, the Ministry of Finance issued Accounting Standards for Business Enterprises No. 41 Disclosure of Interests in Other Entities which will be effective from 1 July 2014, and entities listed overseas are encouraged to adopt it in advance. The Company has adopted this accounting standard in the preparation of the financial statements for the six months ended 30 June 2014.

On 11 July 2014, the Ministry of Finance issued revised Accounting Standards for Business Enterprises No. 37 Presentation of Financial Instruments. In accordance with this accounting standard, the enterprises which have adopted the accounting standard for the preparation of the financial statements are enforced to adopt this accounting standard from year 2014 and the subsequent periods. Therefore, the Company has adopted this accounting standard for the preparation of the financial statements for the six months ended 30 June 2014.

The change of accounting policies by reason of the adoption of the above two accounting standards has been applied to the Company for the current period's financial statements and no retrospective adjustments have been made to the comparative financial information.

On 23 July 2014, the Ministry of Finance issued revised Accounting Standards for Business Enterprises - Basic Standards. This accounting standard will be effective from the issuance date. The Company has not adopted this accounting standard in the preparation of the financial statements for the six months ended 30 June 2014.

#### 3. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present fairly and completely, the financial position of the Group and the Company as at 30 June 2014 and the financial performance and the cash flows for the six months period then ended in accordance with Accounting Standards for Business Enterprises.



## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014

Renminbi Yuan

### 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	–	Output value-added tax is calculated by applying 17% to the taxable sales, less deductible input value-added tax 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.

#### 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, the 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. The above certificates of high-tech enterprise had expired in 2013, the management of the company has made a self-assessment according to the standards of high-tech enterprise and believes that the Company and Times Electronics conform to the standards of high-tech enterprise. In the current period, the Company and Times Electronics are still subject to corporate income tax at the rate of 15%.

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, the 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.

## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014

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### III TAXES (continued)

#### 2. Tax benefits and official approval (continued)

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 [2011] No. 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 their revenue from principal activities represents more than 70% of total revenue of the enterprise.” The consultation draft of “Category of Encouraged Industries in the Western Region” has been published on April 2014. 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 and consultation draft of “Category of Encouraged Industries in the Western Region” in past years, and fulfilled the conditions of enjoyment of the preferential tax of West Region, therefore, the corporate income tax is still calculated based on the preferential tax rate of West Region in the current period. Pursuant to the document of Yun Fa Gai Ban Xi [2013] No.397 (雲發改辦西[2013]397號), Kunming CSR Electric Equipment Co., Ltd. (“Kunming Electric”), 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 and consultation draft of “Category of Encouraged Industries in the Western Region”, and fulfilled the conditions of enjoyment of the preferential tax of the Western Region.

## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014  
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### IV SCOPE OF CONSOLIDATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Particulars of subsidiaries

Particulars of subsidiaries of the Company are as follows:

Names of companies	Types of subsidiaries	Place of registration/ Principal place of business	Registered Capital	Nature of business	Scope of business	Proportion of shareholding		Proportion of votes	Consolidated or not	Note
						direct	indirect			
Ningbo CSR Times Sensor Technology Co., Ltd ("Ningbo Times")	Limited liability company	Ningbo Zhejiang	RMB 148,826,200	Manufacture industry	Manufacture and sale of sensors and vacuum sanitary units	100%	—	100%	Yes	
Times Electronics	Limited liability company	Zhuzhou Hunan	RMB 80,000,000	Manufacture industry	Manufacture and sale of electrical control systems for large railway maintenance vehicles	100%	—	100%	Yes	
Times Equipment	Limited liability company	Zhuzhou Hunan	RMB 101,000,000	Manufacture industry	Manufacture and sale of vibration absorbers and testing equipment	100%	—	100%	Yes	Note 1
Beijing CSR Times Information Technology Co., Ltd. ("Times Information")	Limited liability company	Beijing	RMB 29,000,000	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	RMB 3,000,000	Manufacture industry	Manufacture and sale of electrical components for rail transit vehicles	100%	—	100%	Yes	
Baoji Times	Limited liability company	Baoji Shaanxi	RMB 200,000,000	Manufacture industry	Manufacture and sale of large railway and urban rail work machines and vehicles	80%	—	80%	Yes	
Kunming Electric	Limited liability company	Kunming Yunnan	RMB 3,000,000	Manufacture industry	Manufacture and sale of train-borne electrical systems	100%	—	100%	Yes	
Hangzhou CSR Electric Equipment Co., Ltd. ("Hangzhou Electric")	Limited liability company	Hangzhou Zhejiang	RMB 75,000,000	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	RMB 30,000,000	Manufacture industry	Manufacture and sale of train-borne electrical systems	60%	—	60%	Yes	

## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014  
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### IV SCOPE OF CONSOLIDATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 1. Particulars of subsidiaries (continued)

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

Names of companies	Types of subsidiaries	Place of registration/ Principal place of business	Registered Capital	Nature of business	Scope of business	Proportion of shareholding		Proportion of votes	Consolidated or not	Note
						direct	indirect			
CSR Times Electric (Hong Kong) Co., Limited ("HK Electric")	Limited liability company	Hong Kong	HKD 10,000,000	Trading	Overseas Trading and related business	100%	—	100%	Yes	
Ningbo CSR Electrical Equipment Co., Ltd. ("Ningbo Electric")	Limited liability company	Ningbo Zhejiang	RMB 10,000,000	Manufacture industry	Manufacture and sale of traction, signal, electrical supply and track system	100%	—	100%	Yes	
Qingdao CSR Electrical Equipment Co., Ltd. ("Qingdao Electric")	Limited liability company	Qingdao Shandong	RMB 100,000,000	Manufacture industry	Design, manufacture and sale of electrical system, equipments and fittings for railway transportation	45%	—	45%	Yes	Note 2
Shanghai CSR Railway Transportation Technology Co., Ltd. ("Shanghai Railway Transportation")	Limited liability company	Shanghai	RMB 50,000,000	Manufacture industry	Design, manufacture and sale of equipments and fittings for railway transportation	51%	—	51%	Yes	Note 3
CSR Times Electric Australia Pty. Ltd. ("Times Australia")	Limited liability company	Australia	AUD 290,000	Trading	Sale of related products for railway vehicles	100%	—	100%	Yes	
Times Electric USA, LLC ("Times USA")	Limited liability company	USA	USD 430,000	Trading	Sale of power semi-conductor and integrated circuit products	100%	—	100%	Yes	
Dynex Power Inc. ("Dynex")	Stock limited company	Canada	CAD 37,096,192	Investment holding	Investment holding	75%	—	75%	Yes	
Dynex Semiconductor Limited ("Dynex Semiconductor")	Limited liability company	United Kingdom	GBP 15,000,000	Manufacture industry	Manufacture and sale of power semi-conductor and integrated circuit products	—	75%	75%	Yes	
CSR Times Electric Brasil Ltda. ("Times Brasil")	Limited liability company	Brasil	USD 741,820	Trading	Sale of related products for railway vehicles	99%	1%	100%	Yes	Note 4



## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014

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

#### 1. Particulars of subsidiaries (continued)

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

Note 1: In 2014 the Company injected the capital of RMB65,000,000 to Times Equipment. After the injection, Times Equipment increased the registered capital to RMB101,000,000.

Note 2: In May 2014, Qingdao Electric was jointly established by the Company, CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd. and Qingdao Hongda Schnell Science & Technology Co., Ltd. The registered capital of Qingdao Electric is RMB100,000,000. The Company, CSR Qingdao Sifang Locomotive Co., Ltd. and Qingdao Hongda Schnell Science & Technology Co., Ltd. respectively injected the capital of RMB22,500,000, RMB19,000,000 and RMB8,500,000 and the equity interests held are 45%, 38% and 17% respectively. After the initial investment, the paid-up capital of Qingdao Electric is RMB50,000,000. The relevant procedure for industrial and commercial registration was completed on 30 May 2014.

Even though the Company owns Qingdao Electric 45% equity interest, the Company has exposure and rights to variable returns from its involvement with Qingdao Electric's relative activities, and the ability to use its power over the Qingdao Electric to affect the amount of the Company's returns. Pursuant to articles of Qingdao Electric, for resolutions of the shareholder's meeting affecting relative operating activities of Qingdao Electric, CSR Qingdao Sifang Locomotive Co., Ltd., a related party of the Company, which owns Qingdao Electric 38% equity interest, commits to comply with the Company in the exercise of the proposal rights and voting rights. The Company recommends four of the seven directors in Board of Qingdao Electric and the resolutions of Board are deemed as valid when more than half of all directors approved.

Note 3: In May 2014, Shanghai Railway Transportation was jointly established by the Company and Shanghai Railway Bureau. The registered capital of Shanghai Railway Transportation is RMB50,000,000. The Company and Shanghai Railway Bureau injected the capital of RMB25,500,000 and RMB24,500,000 respectively and the equity interests held are 51% and 49% respectively. The relevant procedure for industrial and commercial registration was completed on 16 May 2014.

Note 4: In May 2014, HK Electric purchased 1% shares of the equity of Times Brasil. Therefore, Times Brasil is a wholly owned subsidiary of the Company.

#### 2. Changes in scope of consolidation

Except for the subsidiaries newly established in the current period, the scope of the consolidated financial statements is the same as that of the previous year.



## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014  
Renminbi Yuan

### V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Cash and bank balances

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Cash	<b>18,921</b>	18,163
Cash in bank	<b>2,702,579,030</b>	3,106,611,005
Other cash and bank balances	<b>26,712,310</b>	29,461,518
	<b><u>2,729,310,261</u></b>	<u>3,136,090,686</u>
	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Restricted cash and bank balances:		
Security deposits for acceptance bills	<b>15,656,554</b>	21,535,606
Security deposits for letters of guarantee	<b>11,055,756</b>	7,925,912
	<b><u>26,712,310</u></b>	<u>29,461,518</u>

The restricted time period for using the above restricted cash and bank balances is within one year.

As at 30 June 2014, the cash and bank balances deposited overseas by the Group were equivalent to RMB29,534,922 (unaudited) (31 December 2013: RMB12,719,813 (audited)).

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 6 months depending on the cash requirements of the Group and earn interest at the respective deposit rates.

## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014  
Renminbi Yuan

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

#### 2. Bills receivable

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Bank acceptance bills	<b>608,909,427</b>	892,631,600
Commercial acceptance bills	<b>676,189,118</b>	1,320,997,231
	<b><u>1,285,098,545</u></b>	<b><u>2,213,628,831</u></b>

As at 30 June 2014, the title of bills receivable with a carrying amount of RMB20,000,000 (unaudited) (31 December 2013: RMB1,000,000 (audited)) was restricted.

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:

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Within 6 months	<b>3,180,250,445</b>	2,359,481,905
6 months to 1 year	<b>836,066,465</b>	232,133,840
1 to 2 years	<b>150,219,946</b>	167,177,563
2 to 3 years	<b>38,136,278</b>	6,688,434
Over 3 years	<b>12,641,615</b>	12,921,980
	<b><u>4,217,314,749</u></b>	<u>2,778,403,722</u>
Less: provision for bad debt	<b>124,226,031</b>	52,877,165
	<b><u>4,093,088,718</u></b>	<u>2,725,526,557</u>
Less: classified as non-current assets (Note V.8)	<b>26,298,730</b>	31,660,131
	<b><u>4,066,789,988</u></b>	<b><u>2,693,866,426</u></b>

## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014  
Renminbi Yuan

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

#### 3. Trade receivables (continued)

The analysis of the net value of trade receivables (including long-term receivables) by category is as follows:

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Due from related parties	<b>1,941,051,177</b>	890,774,578
Due from other customers	<b>2,152,037,541</b>	1,834,751,979
	<b><u>4,093,088,718</u></b>	<u>2,725,526,557</u>

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

The movements of provision for bad debt are as follows:

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	2013 (Audited)
Opening balance	<b>52,877,165</b>	42,917,850
Provision in the current period/year	<b>72,863,760</b>	13,611,556
Reversal in the current period/year	<b>(723,727)</b>	(3,062,647)
Write-off in the current period/year	<b>(837,251)</b>	(568,834)
Exchange realignment	<b>46,084</b>	(20,760)
Closing balance	<b><u>124,226,031</u></b>	<u>52,877,165</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014  
Renminbi Yuan

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

#### 4. Prepayments

The aging analysis of prepayments is as follows:

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Within 1 year	<b>128,392,918</b>	93,995,875
1 to 2 years	<b>10,188,736</b>	1,422,072
2 to 3 years	<b>242,917</b>	511,028
Over 3 years	<b>2,228,896</b>	2,246,220
	<b><u>141,053,467</u></b>	<b><u>98,175,195</u></b>

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

#### 5. Other receivables

The aging analysis of other receivables is as follows:

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Within 1 year	<b>81,716,315</b>	53,947,460
1 to 2 years	<b>1,724,108</b>	2,729,540
2 to 3 years	<b>1,566,781</b>	1,472,297
Over 3 years	<b>2,555,164</b>	2,775,765
	<b><u>87,562,368</u></b>	<b><u>60,925,062</u></b>
Less: provision for bad debt	<b><u>3,543,284</u></b>	<b><u>2,837,263</u></b>
	<b><u>84,019,084</u></b>	<b><u>58,087,799</u></b>

## NOTES TO FINANCIAL STATEMENTS (continued)

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

#### 5. Other receivables (continued)

The analysis of the net value of other receivables by category is as follows:

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Due from related parties	<b>1,661,069</b>	1,694,157
Due from others	<b>82,358,015</b>	56,393,642
	<b><u>84,019,084</u></b>	<u>58,087,799</u>

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

The analysis of the net value of other receivables by nature is as follows:

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Customs deposit	<b>37,015,000</b>	31,546,168
Others	<b>47,004,084</b>	26,541,631
	<b><u>84,019,084</u></b>	<u>58,087,799</u>

The movements of provision for bad debt are as follows:

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	2013 (Audited)
Opening balance	<b>2,837,263</b>	2,831,876
Provision in the current period/year	<b>1,023,417</b>	30,893
Reversal in the current period/year	<b>(317,396)</b>	(25,506)
Closing balance	<b><u>3,543,284</u></b>	<u>2,837,263</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

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

#### 6. Inventories

	30 June 2014 (Unaudited)		
	Gross carrying amount	Impairment provision	Carrying amount
Raw materials	784,330,556	54,588,509	729,742,047
Work in progress	750,905,922	92,994,804	657,911,118
Finished goods	1,374,596,225	37,005,849	1,337,590,376
Turnover materials	6,748,392	736,308	6,012,084
	<b>2,916,581,095</b>	<b>185,325,470</b>	<b>2,731,255,625</b>

	31 December 2013 (Audited)		
	Gross carrying amount	Impairment provision	Carrying amount
Raw materials	486,138,378	43,421,802	442,716,576
Work in progress	401,127,443	27,459,854	373,667,589
Finished goods	626,594,941	19,965,536	606,629,405
Turnover materials	5,943,605	915,864	5,027,741
	<b>1,519,804,367</b>	<b>91,763,056</b>	<b>1,428,041,311</b>

The movements of provision for inventories impairment are as follows:

#### For the six months ended 30 June 2014

	Opening balance (Audited)	Provision (Unaudited)	Reversal (Note 1) (Unaudited)	Exchange realignment (Unaudited)	Closing balance (Unaudited)
Raw materials	43,421,802	12,193,271	1,378,467	351,903	54,588,509
Work in progress	27,459,854	64,686,972	—	847,978	92,994,804
Finished goods	19,965,536	16,744,852	—	295,461	37,005,849
Turnover materials	915,864	152,036	331,592	—	736,308
	<b>91,763,056</b>	<b>93,777,131</b>	<b>1,710,059</b>	<b>1,495,342</b>	<b>185,325,470</b>

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

## NOTES TO FINANCIAL STATEMENTS (continued)

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

#### 6. Inventories (continued)

2013

	Opening balance (Audited)	Provision (Audited)	Decrease			Closing balance (Audited)
			Reversal (Note 1) (Audited)	Write-off (Note 2) (Audited)	Exchange realignment (Audited)	
Raw materials	57,633,748	9,608,289	(23,736,347)	(49,165)	(34,723)	43,421,802
Work in progress	21,523,807	12,782,580	(6,665,379)	(146,172)	(34,982)	27,459,854
Finished goods	60,778,709	6,935,979	(47,698,204)	(32,008)	(18,940)	19,965,536
Turnover materials	1,065,557	165,847	(315,540)	—	—	915,864
	<u>141,001,821</u>	<u>29,492,695</u>	<u>(78,415,470)</u>	<u>(227,345)</u>	<u>(88,645)</u>	<u>91,763,056</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 2014, no inventory of the Group was restricted (31 December 2013: Nil).

#### 7. Held-to-maturity Investments

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Bank financial products	<b>1,109,786,027</b>	600,000,000
Entrusted loan	<b>500,000,000</b>	500,000,000
	<b>1,609,786,027</b>	1,100,000,000
Less: Provision for impairment loss	—	—
	<b><u>1,609,786,027</u></b>	<b><u>1,100,000,000</u></b>

Details of the amounts due from related parties in the balance of held-to-maturity investments are disclosed in Note VI. Related party relationships and transactions.

## NOTES TO FINANCIAL STATEMENTS (continued)

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

#### 8. Long-term receivables

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Trade receivables (Note V. 3)	<b>26,298,730</b>	31,660,131
Long-term financing lease receivables	<b>609,036</b>	609,036
	<b>26,907,766</b>	32,269,167
Less: Long-term receivables due within one year	<b>609,036</b>	609,036
	<b>26,298,730</b>	31,660,131

#### 9. Other current assets

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Prepaid corporation income tax	<b>1,303,485</b>	7,503,645
Prepaid Value-added tax	<b>130,539,184</b>	53,740,346
Prepaid housing property tax	<b>2,171,047</b>	4,905,053
Prepaid land usage tax	<b>1,468,797</b>	2,000,000
Prepaid stamp duty	<b>2,713,763</b>	4,266,433
Others	<b>1,578,872</b>	11,764,355
	<b>139,775,148</b>	84,179,832



## NOTES TO FINANCIAL STATEMENTS (continued)

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

#### 10. Long-term equity investments

##### For the six months ended 30 June 2014

	Opening balance (Audited)	Increase (Unaudited)	Decrease (Unaudited)	Closing balance (Unaudited)	Impairment provision (Unaudited)	Net value at end of period (Unaudited)	Cash dividends received (Unaudited)
Non-listed investments:							
Equity method:							
<b>A joint venture</b>							
Zhuzhou Shiling Transportation Equipment Company, Ltd.							
	176,232,966	33,800,372	(33,210,318)	176,823,020	—	176,823,020	—
<b>Associates</b>							
Siemens Traction Equipment Ltd., Zhuzhou							
	47,029,031	48,943	—	47,077,974	—	47,077,974	—
Hunan CSR Webtec Railway Transportation Technology Co., Ltd.							
	9,691,451	—	(1,833,119)	7,858,332	—	7,858,332	—
	<u>56,720,482</u>	<u>48,943</u>	<u>(1,833,119)</u>	<u>54,936,306</u>	<u>—</u>	<u>54,936,306</u>	<u>—</u>
	<u>232,953,448</u>	<u>33,849,315</u>	<u>(35,043,437)</u>	<u>231,759,326</u>	<u>—</u>	<u>231,759,326</u>	<u>—</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

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

#### 10. Long-term equity investments (continued)

2013

	Opening balance (Audited)	Increase (Audited)	Closing balance (Audited)	Impairment provision (Audited)	Net value at end of year (Audited)	Cash dividends received (Audited)
Non-listed investments:						
Equity method:						
<b>A joint venture</b>						
Zhuzhou Shiling Transportation Equipment Company, Ltd.						
	169,050,112	7,182,854	176,232,966	—	176,232,966	9,000,000
<b>Associates</b>						
Siemens Traction Equipment Ltd., Zhuzhou						
	72,803,665	(25,774,634)	47,029,031	—	47,029,031	25,649,639
Hunan CSR Webtec Railway Transportation Technology Co., Ltd.						
	13,171,076	(3,479,625)	9,691,451	—	9,691,451	—
	<u>85,974,741</u>	<u>(29,254,259)</u>	<u>56,720,482</u>	<u>—</u>	<u>56,720,482</u>	<u>25,649,639</u>
	<u>255,024,853</u>	<u>(22,071,405)</u>	<u>232,953,448</u>	<u>—</u>	<u>232,953,448</u>	<u>34,649,639</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014  
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### V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 11. Fixed assets

##### For the six months ended 30 June 2014

	Opening balance (Audited)	Increase (Unaudited)	Decrease (Unaudited)	Exchange realignment (Unaudited)	Closing balance (Unaudited)
Cost:					
Buildings	1,120,205,426	7,967,500	—	1,235,308	1,129,408,234
Machinery	1,032,467,691	116,546,207	(9,844,291)	6,595,693	1,145,765,300
Vehicles	36,006,915	864,181	(509,000)	7,188	36,369,284
Office facilities and others	171,409,609	10,983,058	(1,413,745)	1,328	180,980,250
	<u>2,360,089,641</u>	<u>136,360,946</u>	<u>(11,767,036)</u>	<u>7,839,517</u>	<u>2,492,523,068</u>
Accumulated depreciation:					
Buildings	171,201,126	19,893,108	—	118,590	191,212,824
Machinery	423,967,504	45,748,764	(8,649,435)	4,089,467	465,156,300
Vehicles	21,849,828	2,369,822	(415,293)	1,325	23,805,682
Office facilities and others	102,717,954	9,898,153	(1,292,208)	725	111,324,624
	<u>719,736,412</u>	<u>77,909,847</u>	<u>(10,356,936)</u>	<u>4,210,107</u>	<u>791,499,430</u>
Carrying amount:					
Buildings	949,004,300	(11,925,608)	—	1,116,718	938,195,410
Machinery	608,500,187	70,797,443	(1,194,856)	2,506,226	680,609,000
Vehicles	14,157,087	(1,505,641)	(93,707)	5,863	12,563,602
Office facilities and others	68,691,655	1,084,905	(121,537)	603	69,655,626
	<u>1,640,353,229</u>	<u>58,451,099</u>	<u>(1,410,100)</u>	<u>3,629,410</u>	<u>1,701,023,638</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014  
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### V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 11. Fixed assets (continued)

##### For the six months ended 30 June 2014 (continued)

	Opening balance (Audited)	Increase (Unaudited)	Decrease (Unaudited)	Exchange realignment (Unaudited)	Closing balance (Unaudited)
Impairment provision:					
Buildings	9,411,739	—	—	—	9,411,739
Machinery	34,780,638	1,865,690	(655,550)	—	35,990,778
Vehicles	—	—	—	—	—
Office facilities and others	885,228	—	—	—	885,228
	<u>45,077,605</u>	<u>1,865,690</u>	<u>(655,550)</u>	<u>—</u>	<u>46,287,745</u>
Net carrying amount:					
Buildings	939,592,561	(11,925,608)	—	1,116,718	928,783,671
Machinery	573,719,549	68,931,753	(539,306)	2,506,226	644,618,222
Vehicles	14,157,087	(1,505,641)	(93,707)	5,863	12,563,602
Office facilities and others	67,806,427	1,084,905	(121,537)	603	68,770,398
	<u>1,595,275,624</u>	<u>56,585,409</u>	<u>(754,550)</u>	<u>3,629,410</u>	<u>1,654,735,893</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

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

#### 11. Fixed assets (continued)

2013

	Opening balance (Audited)	Increase (Audited)	Decrease (Audited)	Exchange realignment (Audited)	Closing balance (Audited)
Cost:					
Buildings	951,506,557	168,936,593	—	(237,724)	1,120,205,426
Machinery	951,127,389	92,549,682	(9,924,635)	(1,284,745)	1,032,467,691
Vehicles	35,070,906	1,727,011	(742,020)	(48,982)	36,006,915
Office facilities and others	151,249,966	22,918,375	(2,755,682)	(3,050)	171,409,609
	<u>2,088,954,818</u>	<u>286,131,661</u>	<u>(13,422,337)</u>	<u>(1,574,501)</u>	<u>2,360,089,641</u>
Accumulated depreciation:					
Buildings	138,674,481	32,502,288	—	24,357	171,201,126
Machinery	346,284,872	81,230,836	(3,685,203)	136,999	423,967,504
Vehicles	17,509,322	5,048,596	(706,024)	(2,066)	21,849,828
Office facilities and others	85,321,191	19,680,339	(2,282,115)	(1,461)	102,717,954
	<u>587,789,866</u>	<u>138,462,059</u>	<u>(6,673,342)</u>	<u>157,829</u>	<u>719,736,412</u>
Carrying amount:					
Buildings	812,832,076	136,434,305	—	(262,081)	949,004,300
Machinery	604,842,517	11,318,846	(6,239,432)	(1,421,744)	608,500,187
Vehicles	17,561,584	(3,321,585)	(35,996)	(46,916)	14,157,087
Office facilities and others	65,928,775	3,238,036	(473,567)	(1,589)	68,691,655
	<u>1,501,164,952</u>	<u>147,669,602</u>	<u>(6,748,995)</u>	<u>(1,732,330)</u>	<u>1,640,353,229</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

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

#### 11. Fixed assets (continued)

2013 (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	—	(1,615,890)	—	34,780,638
Vehicles	—	—	—	—	—
Office facilities and others	885,228	—	—	—	885,228
	<u>46,693,495</u>	<u>—</u>	<u>(1,615,890)</u>	<u>—</u>	<u>45,077,605</u>
Net carrying amount:					
Buildings	803,420,337	136,434,305	—	(262,081)	939,592,561
Machinery	568,445,989	11,318,846	(4,623,542)	(1,421,744)	573,719,549
Vehicles	17,561,584	(3,321,585)	(35,996)	(46,916)	14,157,087
Office facilities and others	65,043,547	3,238,036	(473,567)	(1,589)	67,806,427
	<u>1,454,471,457</u>	<u>147,669,602</u>	<u>(5,133,105)</u>	<u>(1,732,330)</u>	<u>1,595,275,624</u>

The amount of depreciation provided for the six months ended 30 June 2014 was RMB77,909,847 (unaudited) (six months ended 30 June 2013: RMB68,509,108 (unaudited)). For the six months ended 30 June 2014, the cost of fixed assets transferred from constructions in progress was RMB82,301,524 (unaudited) (six months ended 30 June 2013: RMB26,131,726 (unaudited)).

## NOTES TO FINANCIAL STATEMENTS (continued)

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

#### 12. Construction in Progress

	30 June 2014 (Unaudited)			31 December 2013 (Audited)		
	Gross carrying amount	Impairment provision	Carrying amount	Gross carrying amount	Impairment provision	Carrying amount
Buildings	108,172,895	—	108,172,895	95,264,510	—	95,264,510
Machinery	100,825,919	—	100,825,919	139,859,105	—	139,859,105
	<b>208,998,814</b>	<b>—</b>	<b>208,998,814</b>	<b>235,123,615</b>	<b>—</b>	<b>235,123,615</b>

#### For the six months ended 30 June 2014

	Opening Balance (Audited)	Increase (Unaudited)	Transferred to Fixed assets (Unaudited)	Exchange realignment (Unaudited)	Closing Balance (Unaudited)
Buildings	95,264,510	20,393,480	(7,485,095)	—	108,172,895
Machinery	139,859,105	30,788,799	(74,816,429)	4,994,444	100,825,919
	<b>235,123,615</b>	<b>51,182,279</b>	<b>(82,301,524)</b>	<b>4,994,444</b>	<b>208,998,814</b>

#### 2013

	Opening Balance (Audited)	Increase (Audited)	Transferred to Fixed assets (Audited)	Exchange realignment (Audited)	Closing Balance (Audited)
Buildings	133,568,060	130,633,043	(168,936,593)	—	95,264,510
Machinery	114,939,524	89,614,220	(64,811,767)	117,128	139,859,105
	<b>248,507,584</b>	<b>220,247,263</b>	<b>(233,748,360)</b>	<b>117,128</b>	<b>235,123,615</b>

## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014  
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### V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 13. Intangible assets

The amount of amortisation for the six months ended 30 June 2014 was RMB10,885,996 (unaudited) (six months ended 30 June 2013: RMB10,306,722 (unaudited)).

#### 14. Deferred tax assets/liabilities

The deferred tax assets and deferred tax liabilities are not stated at net amount after offsetting:

Recognised deferred tax assets and liabilities:

Deferred tax assets

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Provision for impairment of assets	<b>20,232,852</b>	20,982,082
Provision for product quality warranties	<b>71,704,433</b>	51,014,721
Government grants	<b>36,221,474</b>	36,737,248
Payroll payable	<b>15,696,046</b>	9,027,096
Deductible losses	<b>8,956,323</b>	7,449,739
Others	<b>4,013,120</b>	4,188,581
	<b><u>156,824,248</u></b>	<u>129,399,467</u>

Deferred tax liabilities

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Fair value adjustments arising from acquisition of subsidiaries	<b>708,783</b>	936,034
Depreciation differences arising from different depreciation terms in tax laws and accounting	<b>14,753,235</b>	14,447,505
	<b><u>15,462,018</u></b>	<u>15,383,539</u>



## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014  
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### V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 15. Other non-current assets

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Prepayments for acquisition of land use rights	<b>42,831,600</b>	42,831,600
Prepayments for construction in progress	<b>5,122,203</b>	3,110,801
Prepayments for purchase of machinery and equipment	<b>7,847,746</b>	7,033,783
	<b><u>55,801,549</u></b>	<u>52,976,184</u>

#### 16. Short-term borrowings

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Credit loans	<b>1,507,808</b>	2,799,996
Mortgaged loans	<b>1,085,106</b>	2,195,132
Pledged loans	<b>20,000,000</b>	1,000,000
Other loans	<b>3,660,837</b>	25,177,293
	<b><u>26,253,751</u></b>	<u>31,172,421</u>

#### 17. Bills payable

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Bank acceptance bills	<b>930,511,200</b>	837,077,770
Commercial acceptance bills	<b>120,000,000</b>	91,841,000
	<b><u>1,050,511,200</u></b>	<u>928,918,770</u>

Bills with an amount of RMB1,050,511,200 (unaudited) (31 December 2013: RMB928,918,770 (audited)) will be due within one year as of the balance sheet date.

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

## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014  
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### V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 18. Trade payables

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

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Within 3 months	<b>2,125,923,777</b>	1,288,551,535
3 months to 1 year	<b>149,325,647</b>	303,215,820
1 to 2 years	<b>89,641,307</b>	55,258,225
2 to 3 years	<b>29,069,943</b>	91,891,313
Over 3 years	<b>86,068,171</b>	10,754,810
	<b><u>2,480,028,845</u></b>	<b><u>1,749,671,703</u></b>

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

#### 19. Advances from customers

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Within 1 year	<b>340,713,766</b>	359,736,136
1 to 2 years	<b>53,951,841</b>	25,510,507
2 to 3 years	<b>13,720,291</b>	1,047,475
Over 3 years	<b>2,041,720</b>	1,793,345
	<b><u>410,427,618</u></b>	<b><u>388,087,463</u></b>

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

## NOTES TO FINANCIAL STATEMENTS (continued)

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

#### 20. Dividends payable

Pursuant to the board of directors' meeting held on 25 March 2014, a proposed final dividends of RMB0.350 (including tax) was paid on each of the 1,175,476,637 shares in issue, amounting to a total cash dividends of RMB411,416,823. The above proposal was approved in the Company's Annual General Meeting held on 27 June 2014. As of the approval date of the financial statements, the Company has fully distributed the above cash dividends.

#### 21. Other payables

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Within 1 year	<b>143,445,824</b>	148,069,030
1 to 2 years	<b>54,949,562</b>	33,877,862
2 to 3 years	<b>14,089,069</b>	16,249,297
Over 3 years	<b>4,982,754</b>	2,431,276
	<b><u>217,467,209</u></b>	<u>200,627,465</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.

#### 22. Current portion of non-current liabilities

		<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Long-term borrowings due within one year	23	<b>27,152,754</b>	12,189,906
Provisions due within one year	24	<b>133,411,364</b>	129,761,156
Deferred income due within one year	25	<b>99,374,612</b>	91,849,612
		<b><u>259,938,730</u></b>	<u>233,800,674</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

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

#### 22. Current portion of non-current liabilities (continued)

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

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Mortgaged loans	<b>26,354,636</b>	11,391,788
Other loans	<b>798,118</b>	798,118
	<b><u>27,152,754</u></b>	<u>12,189,906</u>

#### 23. Long-term borrowings

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Mortgaged loans	<b>27,341,421</b>	31,907,716
Other loans	<b>33,407,444</b>	32,461,947
	<b>60,748,865</b>	64,369,663
Less: Long-term borrowings due within one year	<b>27,152,754</b>	12,189,906
	<b><u>33,596,111</u></b>	<u>52,179,757</u>

Maturity analysis

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Due within 1 year	<b>27,152,754</b>	12,189,906
Due within 2 years	<b>33,321,240</b>	11,982,095
Due within 3 to 5 years	<b>274,871</b>	40,197,662
	<b><u>60,748,865</u></b>	<u>64,369,663</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

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

#### 24. Provisions

##### For the six months ended 30 June 2014

	Opening balance (Audited)	Increase (Unaudited)	Decrease (Unaudited)	Closing balance (Unaudited)
Provision for product quality warranties	<u>339,255,907</u>	<u>205,687,469</u>	<u>66,236,277</u>	<u>478,707,099</u>
Less: Provisions due within one year (Note V.22)				<u>133,411,364</u>
				<u>345,295,735</u>

2013

	Opening balance (Audited)	Increase (Audited)	Decrease (Audited)	Closing balance (Audited)
Provision for product quality warranties	<u>217,430,039</u>	<u>285,542,903</u>	<u>163,717,035</u>	339,255,907
Less: Provisions due within one year (Note V.22)				<u>129,761,156</u>
				<u>209,494,751</u>

#### 25. Other non-current liabilities

	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Deferred income	<u>138,809,395</u>	<u>150,787,851</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

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

#### 25. Other non-current liabilities (continued)

Details of deferred income are presented as follows:

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Government grants related to assets	<b>146,811,307</b>	149,647,463
Government grants related to income	<b>91,372,700</b>	92,990,000
	<b>238,184,007</b>	242,637,463
Less: Deferred income due within one year (Note V.22)	<b>99,374,612</b>	91,849,612
	<b>138,809,395</b>	150,787,851

#### 26. Retained earnings

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	2013 (Audited)
Retained earnings at the end of last year	<b>3,882,348,394</b>	2,952,057,924
Add: A business combination involving an enterprise under common control	—	5,866,554
Retained earnings at the end of last year	<b>3,882,348,394</b>	2,957,924,478
Add: Net profit attributable to shareholders of the Parent A business combination involving an enterprise under common control	<b>857,455,315</b>	1,467,020,759
	—	(7,548,969)
Less: Appropriation to statutory surplus reserve	<b>95,040,485</b>	155,558,401
Cash dividends	<b>411,416,823</b>	379,489,473
Retained earnings at the end of the period/year	<b>4,233,346,401</b>	3,882,348,394

The 2013 scheme of profit distribution of the Company has been reviewed and approved in the 2013 Annual General Meeting held on 27 June 2014, pursuant to which a final dividend of RMB0.350 (including tax) was paid on each of the 1,175,476,637 shares in issue, amounting to a total cash dividend of RMB411,416,823.

The board of directors do not recommend the payment of an interim dividends (six months ended 30 June 2013: nil).

## NOTES TO FINANCIAL STATEMENTS (continued)

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

#### 27. 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:

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Revenue from principal operations	<b>5,112,414,604</b>	2,591,609,757
Other operating income	<b>68,002,953</b>	32,780,413
	<b><u>5,180,417,557</u></b>	<u>2,624,390,170</u>

Cost of sales is stated as follows:

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Cost of sales from principal operations	<b>3,272,597,274</b>	1,608,015,372
Other operating costs	<b>51,210,115</b>	19,627,052
	<b><u>3,323,807,389</u></b>	<u>1,627,642,424</u>

Details of revenue are listed as follows:

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Sale of goods and materials	<b>5,173,643,592</b>	2,617,472,600
Rental income	<b>2,789,804</b>	3,744,575
Others	<b>3,984,161</b>	3,172,995
	<b><u>5,180,417,557</u></b>	<u>2,624,390,170</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

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

#### 28. Finance costs

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Interest expenses		
– Interest on bank loans due for full repayment within 5 years	<b>2,002,927</b>	1,089,532
Less: Interest income	<b>20,579,012</b>	13,769,174
Exchange losses/(gains)	<b>7,283,524</b>	(17,524,452)
Others	<b>1,346,981</b>	2,444,964
	<b><u>(9,945,580)</u></b>	<b><u>(27,759,130)</u></b>

#### 29. Asset impairment losses

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Bad debt loss	<b>72,846,054</b>	37,255,762
Impairment losses/(reversal) of inventories	<b>92,067,072</b>	(13,851,211)
Impairment losses of fixed assets	<b>1,865,690</b>	—
	<b><u>166,778,816</u></b>	<b><u>23,404,551</u></b>



## NOTES TO FINANCIAL STATEMENTS (continued)

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

#### 30. Investment income

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Income from non-listed investments:		
Long-term equity investments income/(losses) under the equity method		
– associates	<b>(1,784,176)</b>	(2,443,329)
– a joint venture	<b>33,800,372</b>	(2,261,452)
Bank financial products income	<b>39,772,739</b>	—
	<b>71,788,935</b>	(4,704,781)

As at 30 June 2014, the repatriation of the Group's investment income was not subject to significant restriction.

#### 31. Non-operating income

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Gain on disposal of non-current assets	<b>287,517</b>	172,721
Refunds of value-added tax	<b>71,829,916</b>	3,071,175
Government grants	<b>6,191,956</b>	5,136,957
Unsettled payment	<b>299,678</b>	—
Penalty income and default compensation income	<b>105,421</b>	833,758
Others	<b>1,889,392</b>	718,995
	<b>80,603,880</b>	9,933,606

## NOTES TO FINANCIAL STATEMENTS (continued)

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

#### 31. Non-operating income (continued)

Government grants recognised in the statement of profit or loss for the current period are as follows:

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Import discount	2,088,700	—
Technology projects funding	306,000	1,619,000
Others	3,797,256	3,517,957
	<u>6,191,956</u>	<u>5,136,957</u>

#### 32. Non-operating expenses

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Loss on disposal of non-current assets	509,143	115,551
Loss on penalties and compensation	652,060	70,104
Others	6,454	—
	<u>1,167,657</u>	<u>185,655</u>

#### 33. Income tax expense

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Current income tax expense		
– Mainland China	227,332,524	96,225,227
– Other countries and regions	19,051	6,013
	<u>227,351,575</u>	<u>96,231,240</u>
Deferred tax expense	(30,420,949)	(2,207,095)
	<u>196,930,626</u>	<u>94,024,145</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

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

#### 34. 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:

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Earnings		
Net profit for the period attributable to ordinary shareholders of the Company	<u><b>857,455,315</b></u>	<u>400,178,418</u>
Shares		
Weighted average number of ordinary shares in issue of the Company	<u><b>1,175,476,637</b></u>	<u>1,084,255,637</u>
Basic earnings per share (Yuan/share)	<u><b>0.73</b></u>	<u>0.37</u>
Diluted earnings per share (Yuan/share)	<u><b>0.73</b></u>	<u>0.37</u>

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

#### 35. Other comprehensive income/(loss)

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Exchange differences on translation of foreign operations	<u><b>10,255,131</b></u>	<u>(21,176,463)</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

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

#### 36. Supplementary information to cash flow statement

##### (1) Supplementary information to cash flow statement

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Adjustment of net profit to cash flows from operating activities:		
Net profit	<b>854,932,584</b>	393,395,310
Add: Provision for impairment of assets	<b>166,778,816</b>	23,404,551
Depreciation	<b>77,909,847</b>	68,509,108
Amortisation of intangible assets	<b>10,885,996</b>	10,306,722
Provision of special reserve	<b>2,645,618</b>	1,666,766
Losses/(Gains) from disposal of fixed assets, intangible assets and other long-term assets	<b>221,626</b>	(57,170)
Offset of unrealized profit for inventory from downstream transactions	<b>33,210,318</b>	—
Finance costs	<b>2,002,927</b>	1,089,532
Investment (income)/losses	<b>(71,788,935)</b>	4,704,781
Increase in deferred tax assets	<b>(27,424,781)</b>	(284,564)
Increase/(decrease) in deferred tax liabilities	<b>78,479</b>	(4,172,425)
Increase in inventories	<b>(1,396,776,728)</b>	(456,611,421)
Increase in operating receivables	<b>(642,883,906)</b>	(737,300,973)
Increase in operating payables	<b>1,158,626,973</b>	52,002,991
Net cash flows from/(used in) operating activities	<b>168,418,834</b>	(643,346,792)

## NOTES TO FINANCIAL STATEMENTS (continued)

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

#### 36. Supplementary information to cash flow statement (continued)

##### (2) Cash and cash equivalents

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Cash		
Including: cash on hand	<b>18,921</b>	18,163
Bank deposits on demand	<b><u>2,652,579,030</u></b>	<u>3,118,383,711</u>
Closing balance of cash and cash equivalents	<b><u><u>2,652,597,951</u></u></b>	<u><u>3,118,401,874</u></u>

### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

#### 1. Parent company

<b>Name of the parent company</b>	<b>Place of registration</b>	<b>Nature of business</b>	<b>Registered capital</b>	<b>Proportion of shareholding (%)</b>	<b>Proportion of votes (%)</b>
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	Zhuzhou Hunan	Manufacturing	4,032,900,000	50.29	50.29

The parent company of CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd. 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.

## NOTES TO FINANCIAL STATEMENTS (continued)

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### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

#### 2. Subsidiaries

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

#### 3. A joint venture and associates

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



## NOTES TO FINANCIAL STATEMENTS (continued)

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### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

#### 4. Other related parties (continued)

<b>Name of the companies</b>	<b>Related party relationships</b>
CSR Ziyang Transmission Co., Ltd.	Corporation controlled by the ultimate holding party
Ningbo CSR Urban Rail Transit Equipment Co., Ltd.	Corporation controlled by the ultimate holding party
Ziyang Chenfeng Electric Co., Ltd.	Corporation controlled by the ultimate holding party
CSR Finance Co., Ltd.	Corporation controlled by the ultimate holding party
CSR Qishuyan Locomotive & Rolling Works	Corporation controlled by the ultimate holding party
CSR Investment&Leasing Co., Ltd.	Corporation controlled by the ultimate holding party
Xiangyang China Railway Hongji Engineering Co., Ltd.	Corporation controlled by the parent company
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 Development 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
CSR Zhuzhou Electric Locomotive Research Institute (Hong Kong) Co., Limited	Corporation controlled by the parent company
Zhuzhou CSR Times Hi-tech Investment & Trusting Co., Ltd.	Joint venture of the parent company
Zhuzhou Electric Vehicle Demonstration Co., Ltd.	Associate of the parent company
Bombardier Sifang (Qingdao) Transportation Ltd.	Joint venture of the ultimate holding party
Changzhou Ruiyang Transmission Technology Co., Ltd.	Joint venture of the ultimate holding party
Zhuzhou Shiling Transportation Equipment Company, Ltd. ("Shiling")	Joint venture of the Company
Siemens Traction Equipment Ltd., Zhuzhou ("Zhuzhou Siemens")	Associate of the Company
Hunan CSR Webtec Railway Transportation Technology Co., Ltd. ("Xiwu")	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

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	<b>2,345,574,015</b>	178,452,848
Shiling	<b>518,789,234</b>	41,393,418
CSR Zhuzhou Electric Locomotive Co., Ltd.	<b>387,329,964</b>	726,066,334
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	<b>83,963,771</b>	45,085,889
Nanjing CSR Puzhen Rapid Transit Vehicles Co., Ltd.	<b>62,922,376</b>	7,009
CSR Sifang Rolling Stock Co., Ltd.	<b>38,796,652</b>	15,119
CSR Nanjing Puzhen Rolling Stock Co., Ltd.	<b>31,336,521</b>	71,251,101
CSR Luoyang Locomotive Co., Ltd.	<b>19,118,925</b>	5,242,735
Xiangyang CSR Electric Machinery Co., Ltd.	<b>12,931,624</b>	2,393,162
Guangzhou Electrical Locomotive Co., Ltd.	<b>12,595,567</b>	4,338,034
CSR Zhuzhou Electric Co., Ltd.	<b>11,118,485</b>	2,314,570
Shijiazhuang King Transportation Equipment Co., Ltd.	<b>9,259,402</b>	—
Hunan CSR Times Electric Vehicle Co., Ltd.	<b>8,725,199</b>	9,935,891
Beijing North Gofront Science Business Co., Ltd.	<b>5,864,621</b>	4,087,066
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>5,168,920</b>	27,760,837
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	<b>1,680,171</b>	4,299,897
Qingdao CSR Sifang Sales Co., Ltd.	<b>1,465,911</b>	9,599,619
Zhuzhou Electromechanical Technology Co., Ltd.	<b>847,463</b>	1,369,504
Beijing CSR Times Locomotive & Rolling Stock Mechanics Co., Ltd.	<b>615,385</b>	239,316
CSR Ziyang Locomotive Co., Ltd.	<b>565,532</b>	1,346,963
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	<b>138,800</b>	52,163
Bombardier Sifang (Qingdao) Transportation Ltd.	<b>25,846</b>	—
CSR Hangzhou Rail Transit Co., Ltd.	—	5,623,932
Kunming CSR Urban Rail Vehicle Co., Ltd.	—	1,270
CSR Qishuyan Locomotive Co., Ltd.	—	1,844,271
CSR Shijiazhuang Rolling Stock Co., Ltd.	—	72,637,265
Shanghai CSR Hange Shipping Engineering Co., Ltd.	—	1,173,077
Ziyang CSR Electric Locomotive Co., Ltd.	—	2,282
	<b><u>3,558,834,384</u></b>	<b><u>1,216,533,572</u></b>

## 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 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)
Shiling	736,477,226	80,666,702
CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	513,783,033	—
CSR Zhuzhou Electric Co., Ltd.	115,246,707	45,263,655
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	57,319,596	36,432,428
Zhuzhou Electromechanical Technology Co., Ltd.	57,205,783	39,575,583
Ningbo Jiangbei Gofront Herong Electric Co., Ltd.	48,582,117	27,453,735
CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	36,600,984	11,638,627
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	8,799,287	24,870,639
CSR Luoyang Locomotive Co., Ltd.	8,005,726	2,107,231
CSR Zhuzhou Electric Locomotive Works	4,621,909	—
Changzhou Ruitai Engineering Machinery Co., Ltd.	3,544,273	3,037,949
Zhuzhou Times New Material Technology Co., Ltd.	3,345,184	1,793,918
CSR Yangtze Co., Ltd.	1,597,091	—
Zhuzhou Gofront Braking Equipment Co., Ltd.	846,274	1,381,085
CSR Qishuyan Locomotive Co., Ltd.	488,406	32,613,231
Xiangyang CSR Electric Machinery Co., Ltd.	226,196	81,453
CSR Yangtze Tongling Rolling Stock Co., Ltd.	145,299	461,538
Sichuan Brake Technology Co., Ltd.	141,197	167,350
Meishan CSR Fastener Science & Technology Co., Ltd.	105,795	—
Zhuzhou Times Electric Insulation Co., Ltd.	39,203	18,720
CSR Sifang Rolling Stock Co., Ltd.	25,641	12,821
Zhuzhou Times Rubber and Plastics Components Development Co., Ltd.	22,681	39,000
CSR Ziyang Transmission Co., Ltd.	14,103	—
Hunan CSR Times Electric Vehicle Co., Ltd.	1,050	1,942,396
Changzhou Ruiyang Transmission Technology Co., Ltd.	—	16,175,043
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	—	50,814
CSR Zhuzhou Electric Locomotive Co., Ltd.	—	2,577,928
Shijiazhuang King Transportation Equipment Co., Ltd.	—	85,470
	<b>1,597,184,761</b>	<b>328,447,316</b>

## 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

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>225,726</b>	345,028
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	<b>149,142</b>	326,117
Zhuzhou Siemens	<b>146,333</b>	257,092
	<b>521,201</b>	928,237

##### (4) Purchases of electricity from related party

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
CSR Zhuzhou Electric Locomotive Co., Ltd.	<b>178,881</b>	59,851

##### (5) Sales of fixed assets to related parties

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>—</b>	5,695

## 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)

##### (6) Purchases of fixed assets from related party

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Zhuzhou Electromechanical Technology Co., Ltd.	—	2,682,168

##### (7) Income from assets leased to related parties

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>1,626,972</b>	1,399,083
Zhuzhou Siemens	<b>1,217,886</b>	2,319,732
	<b>2,844,858</b>	3,718,815

##### (8) Expenses incurred from assets leased by related parties

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Zhuzhou Electric Vehicle Demonstration Co., Ltd.	<b>256,672</b>	—
CSR Zhuzhou Electric Locomotive Works	<b>8,900</b>	471,863
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	—	326,120
	<b>265,572</b>	797,983

## 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)

##### (9) Technical service income from related parties

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	<b>3,487,179</b>	—
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	<b>1,784,615</b>	138,960
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>596,387</b>	—
Beijing CSR Times Locomotive & Rolling Stock Mechanics Co., Ltd.	<b>292,983</b>	—
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	<b>288,915</b>	—
Xiangyang CSR Electric Machinery Co., Ltd.	<b>123,651</b>	—
CSR Zhuzhou Electric Locomotive Co., Ltd.	<b>88,679</b>	—
Hunan CSR Times Electric Vehicle Co., Ltd.	<b>62,264</b>	—
Zhuzhou Times New Material Technology Co., Ltd.	<b>18,491</b>	15,600
Shijiazhuang King Transportation Equipment Co., Ltd.	<b>15,094</b>	107,000
Zhuzhou Electromechanical Technology Co., Ltd.	<b>2,453</b>	—
CSR Zhuzhou Electric Co., Ltd.	—	11,200
	<b>6,760,711</b>	<b>272,760</b>

##### (10) Technical service fees paid to related parties

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>50,293,521</b>	39,365,700
Zhuzhou Times Rubber and Plastics Components Development Co., Ltd.	<b>3,962</b>	14,700
CSR Zhuzhou Electric Locomotive Co., Ltd.	—	10,000,000
	<b>50,297,483</b>	<b>49,380,400</b>

## 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)

##### (11) Interest income from entrusted Loan

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>12,900,000</b>	—

##### (12) Remuneration of key management

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Remuneration of key management	<b>2,049,153</b>	1,292,641

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.

#### 6. Commitments between the Group and related parties

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

	<b>For the second half of 2014 (Unaudited)</b>
CSR Zhuzhou Electric Locomotive Co., Ltd.	<b>450,112,490</b>
Nanjing CSR Puzhen Rapid Transit Vehicles Co., Ltd.	<b>109,472,744</b>
CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	<b>88,018,674</b>
CSR Nanjing Puzhen Rolling Stock Co., Ltd.	<b>73,606,370</b>
CSR Qishuyan Locomotive Co., Ltd.	<b>232,822</b>
CSR Ziyang Locomotive Co., Ltd.	<b>27,500</b>
	<b>721,470,600</b>

## NOTES TO FINANCIAL STATEMENTS (continued)

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### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

#### 6. Commitments between the Group and related parties (continued)

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

	<b>For the second half of 2014 (Unaudited)</b>
CSR Zhuzhou Electric Co., Ltd.	<b>137,810,506</b>
Ningbo Jiangbei Gofront Herong Electric Co., Ltd.	<b>53,455,162</b>
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>49,682,200</b>
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	<b>37,247,618</b>
CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	<b>35,049,369</b>
Zhuzhou Electromechanical Technology Co., Ltd.	<b>30,825,645</b>
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	<b>10,666,667</b>
Changzhou Ruiyang Transmission Technology Co., Ltd.	<b>2,174,924</b>
Hunan CSR Times Electric Vehicle Co., Ltd.	<b>112,588</b>
Ziyang Chenfeng Electric Co., Ltd.	<b>103,200</b>
	<hr/> <b>357,127,879</b> <hr/>

## NOTES TO FINANCIAL STATEMENTS (continued)

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### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

#### 7. Amounts due from and due to related parties

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Trade receivables:		
CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	<b>907,011,790</b>	310,865,702
CSR Zhuzhou Electric Locomotive Co., Ltd.	<b>512,632,089</b>	123,357,520
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	<b>161,207,169</b>	124,684,775
CSR Sifang Rolling Stock Co., Ltd.	<b>60,786,004</b>	29,289,558
CSR Nanjing Puzhen Rolling Stock Co., Ltd.	<b>60,338,332</b>	81,589,680
Nanjing CSR Puzhen Rapid Transit Vehicles Co., Ltd.	<b>43,347,256</b>	52,300
Shiling	<b>34,197,408</b>	7,276,258
Xiangyang CSR Electric Machinery Co., Ltd.	<b>24,674,378</b>	9,358,954
CSR Luoyang Locomotive Co., Ltd.	<b>19,795,901</b>	7,404,188
CSR Zhuzhou Electric Co., Ltd.	<b>18,765,645</b>	6,209,386
CSR Guangdong Rolling Stock Co., Ltd.	<b>18,424,015</b>	19,393,700
CSR Ziyang Locomotive Co., Ltd.	<b>17,262,742</b>	17,820,398
Shijiazhuang King Transportation Equipment Co., Ltd.	<b>15,060,541</b>	6,472,675
Hunan CSR Times Electric Vehicle Co., Ltd.	<b>13,983,933</b>	11,538,169
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>9,043,804</b>	57,991,221
Qingdao CSR Sifang Sales Co., Ltd.	<b>6,887,686</b>	1,224,500
CSR Qishuyan Locomotive Co., Ltd.	<b>4,751,100</b>	26,316,177
CSR Shijiazhuang Rolling Stock Co., Ltd.	<b>4,136,011</b>	4,622,600
Beijing CSR Times Locomotive & Rolling Stock Mechanics Co., Ltd.	<b>2,407,702</b>	1,659,000
Beijing North Gofront Science Business Co., Ltd.	<b>2,006,656</b>	594,076
Zhuzhou Times New Material Technology Co., Ltd.	<b>1,028,172</b>	1,061,655
CSR Hangzhou Rail Transit Co., Ltd.	<b>793,602</b>	2,362,970
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	<b>784,236</b>	11,255,935
Ningbo CSR Urban Rail Transit Equipment Co., Ltd.	<b>503,500</b>	4,770,000
Shanghai CSR Hange Shipping Engineering Co., Ltd.	<b>494,948</b>	1,790,673



## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014  
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### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

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

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Trade receivables: (continued)		
CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	<b>310,359</b>	—
Zhuzhou Electromechanical Technology Co., Ltd.	<b>194,130</b>	—
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	<b>147,178</b>	—
Guangzhou Rapid Transit Vehicles Equipment Co., Ltd.	<b>38,950</b>	288,950
Bombardier Sifang (Qingdao) Transportation Ltd.	<b>30,240</b>	—
Ziyang CSR Electric Locomotive Co., Ltd.	<b>5,700</b>	82,800
Guangzhou Electrical Locomotive Co., Ltd.	—	17,390,623
Xiwu	—	3,986,700
Zhuzhou CSR Times Hi-tech Investment & Trusting Co., Ltd.	—	55,090
Xiangyang China Railway Hongji Engineering Co., Ltd.	—	8,345
	<b><u>1,941,051,177</u></b>	<b><u>890,774,578</u></b>

## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014  
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### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

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

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Bills receivable:		
CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	<b>717,729,200</b>	203,400,000
CSR Zhuzhou Electric Locomotive Co., Ltd.	<b>22,959,918</b>	812,536,231
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	<b>10,000,000</b>	30,000,000
CSR Ziyang Locomotive Co., Ltd.	<b>7,600,000</b>	20,500,000
Hunan CSR Times Electric Vehicle Co., Ltd.	<b>5,000,000</b>	780,000
CSR Nanjing Puzhen Rolling Stock Co., Ltd.	<b>2,400,000</b>	27,600,000
CSR Luoyang Locomotive Co., Ltd.	<b>1,450,000</b>	3,900,000
CSR Changzhou Tech-mark Industrial Co., Ltd.	<b>1,200,000</b>	—
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	<b>800,000</b>	800,000
Shanghai CSR Hange Shipping Engineering Co., Ltd.	<b>534,375</b>	—
CSR Sifang Rolling Stock Co., Ltd.	—	226,000,000
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	—	30,382,962
CSR Hangzhou Rail Transit Co., Ltd.	—	2,632,000
CSR Qishuyan Locomotive Co., Ltd.	—	1,000,000
CSR Yangtze Co., Ltd.	—	100,000
CSR Zhuzhou Electric Co., Ltd.	—	70,000
Zhuzhou Electromechanical Technology Co., Ltd.	—	31,000
	<b>769,673,493</b>	<b>1,359,732,193</b>

## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014  
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### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

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

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Prepayments:		
CSR Zhuzhou Electric Co., Ltd.	<b>835,800</b>	—
CSR Zhuzhou Electric Locomotive Co., Ltd.	<b>133,130</b>	157,776
Xiangyang CSR Electric Machinery Co., Ltd.	<b>105,965</b>	—
CSR Corporation Limited	<b>40,000</b>	40,000
CSR Qishuyan Locomotive Co., Ltd.	<b>12,000</b>	12,000
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	—	866,250
CSR Yangtze Co., Ltd.	—	860,907
Ningbo Jiangbei Gofront Herong Electric Co., Ltd.	—	166,398
	<b><u>1,126,895</u></b>	<b><u>2,103,331</u></b>
	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Other receivables:		
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>1,641,069</b>	1,633,918
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	<b>20,000</b>	20,000
Zhuzhou Siemens	—	40,239
	<b><u>1,661,069</u></b>	<b><u>1,694,157</u></b>

## NOTES TO FINANCIAL STATEMENTS (continued)

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### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

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

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Held-to-maturity investments:		
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>500,000,000</b>	500,000,000

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Monetary deposits:		
CSR Finance Co., Ltd. (Note)	<b>336,536,231</b>	—

Note: As at 30 June 2014, the Company's current deposit with CSR Finance Co., Ltd. is amounted to RMB336,536,231 (unaudited). Pursuant to Financial Services Framework Agreement, the maximum daily deposit balance with CSR Finance Co., Ltd. is no more than RMB350,000,000. The interest rate is no less than the interest rate payable by the principal commercial banks in the PRC for comparable deposits and by CSR Finance Co., Ltd. to other members of the CSR Group for comparable deposits.

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Trade payables:		
Shiling	<b>204,172,320</b>	81,603,862
CSR Zhuzhou Electric Co., Ltd.	<b>121,048,531</b>	85,141,692
Zhuzhou Electromechanical Technology Co., Ltd.	<b>37,603,993</b>	4,059,999
CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	<b>37,590,405</b>	16,471,893
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	<b>32,187,124</b>	13,041,384
CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	<b>24,088,506</b>	—

## NOTES TO FINANCIAL STATEMENTS (continued)

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### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

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

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Trade payables: (continued)		
Ningbo Jiangbei Gofront Herong Electric Co., Ltd.	<b>4,295,846</b>	166,974
CSR Zhuzhou Electric Locomotive Co., Ltd.	<b>3,538,058</b>	2,504,153
CSR Qishuyan Locomotive Co., Ltd.	<b>2,468,743</b>	2,418,798
CSR Luoyang Locomotive Co., Ltd.	<b>1,076,529</b>	762,130
Zhuzhou Times New Material Technology Co., Ltd.	<b>1,055,511</b>	1,786,406
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>804,745</b>	5,110
Xiangyang CSR Electric Machinery Co., Ltd.	<b>696,828</b>	871,550
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	<b>311,925</b>	7,365,085
Beijing CSR Electric Sales Co., Ltd.	<b>284,000</b>	484,000
CSR Ziyang Transmission Co., Ltd.	<b>216,500</b>	386,322
Sichuan Brake Technology Co., Ltd.	<b>119,800</b>	109,927
CSR Sifang Rolling Stock Co., Ltd.	<b>30,000</b>	769,231
Beijing CSR Times Locomotive & Rolling Stock Mechanics Co., Ltd.	<b>17,208</b>	17,208
Shijiazhuang King Transportation Equipment Co., Ltd.	<b>5,000</b>	39,188
Changzhou Ruiyang Transmission Technology Co., Ltd.	—	5,772,948
Changzhou Ruitai Engineering Machinery Co., Ltd.	—	3,897,460
Xiwu	—	1,133,226
Hunan CSR Times Electric Vehicle Co., Ltd.	—	956,676
Zhuzhou Gofront Braking Equipment Co., Ltd.	—	900,098
CSR Yangtze Tongling Rolling Stock Co., Ltd.	—	450,000
Zhuzhou Times Rubber and Plastics Components Development Co., Ltd.	—	15,107
Zhuzhou Times Electric Insulation Co., Ltd.	—	3,065
	<b>471,611,572</b>	<b>231,133,492</b>

## NOTES TO FINANCIAL STATEMENTS (continued)

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### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

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

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Bills payable:		
Shiling	<b>140,000,000</b>	75,000,000
CSR Zhuzhou Electric Co., Ltd.	<b>20,000,000</b>	—
Zhuzhou Electromechanical Technology Co., Ltd.	<b>18,000,000</b>	4,000,000
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	<b>10,721,200</b>	7,000,000
CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	<b>8,133,664</b>	558,861
Zhuzhou Times Electric Insulation Co., Ltd.	<b>3,000,000</b>	1,200,000
Zhuzhou Times New Material Technology Co., Ltd.	<b>2,661,700</b>	340,327
Xiangyang CSR Electric Machinery Co., Ltd.	<b>250,000</b>	100,000
CSR Zhuzhou Electric Locomotive Co., Ltd.	<b>201,000</b>	657,001
Changzhou Ruiyang Transmission Technology Co., Ltd.	—	2,000,000
CSR Luoyang Locomotive Co., Ltd.	—	750,000
Zhuzhou Gofront Braking Equipment Co., Ltd.	—	500,000
CSR Yangtze Tongling Rolling Stock Co., Ltd.	—	450,000
Sichuan Brake Technology Co., Ltd.	—	150,000
Shijiazhuang King Transportation Equipment Co., Ltd.	—	95,000
	<b><u>202,967,564</u></b>	<b><u>92,801,189</u></b>

## NOTES TO FINANCIAL STATEMENTS (continued)

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### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

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

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Advances from customers:		
CSR Zhuzhou Electric Locomotive Co., Ltd.	<b>28,718,897</b>	13,939,950
CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	<b>2,136,000</b>	—
Hunan CSR Times Electric Vehicle Co., Ltd.	<b>954,000</b>	954,000
CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	<b>240,000</b>	—
CSR Sifang Rolling Stock Co., Ltd.	<b>3,068</b>	15,200
Nanjing CSR Puzhen Rapid Transit Vehicles Co., Ltd.	—	12,247,824
Shijiazhuang King Transportation Equipment Co., Ltd.	—	40,000
	<b><u>32,051,965</u></b>	<b><u>27,196,974</u></b>
	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Dividends payables:		
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>206,354,995</b>	—
CSR Zhuzhou Electric Locomotive Co., Ltd.	<b>3,500,000</b>	—
CSR Qishuyan Locomotive & Rolling Works	<b>3,283,269</b>	—
CSR Investment & Leasing Co., Ltd.	<b>3,283,269</b>	—
CSR Zhuzhou Electric Locomotive Research Institute (Hong Kong) Co., Limited	<b>564,375</b>	—
	<b><u>216,985,908</u></b>	<b><u>—</u></b>

## NOTES TO FINANCIAL STATEMENTS (continued)

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### VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

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

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Other payables:		
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>52,394,800</b>	31,566,728
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	<b>930,000</b>	930,000
Zhuzhou Electromechanical Technology Co., Ltd.	<b>715,194</b>	509,469
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	<b>604,854</b>	36,614,981
CSR Qishuyan Locomotive Co., Ltd.	<b>500,000</b>	—
CSR Zhuzhou Electric Locomotive Co., Ltd.	<b>200,000</b>	—
CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	—	500,000
	<b><u>55,344,848</u></b>	<b><u>70,121,178</u></b>

The Group's bills receivable from and bills payable to related parties are non-interest-bearing, unsecured and have fixed terms of repayment; its held-to-maturity investments are interest-bearing, unsecured and have fixed terms of repayment; and its deposits in related parties are interest-bearing, unsecured and have no 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 the companies controlled by the ultimate holding party (including the companies controlled by the parent), joint ventures and associates of the ultimate holding party (including the joint ventures and associates of the parent) also constituted connected transactions or continuing connected transactions under the provisions of Chapter 14A of the Hong Kong Listing Rules.



## NOTES TO FINANCIAL STATEMENTS (continued)

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### VII. CONTINGENCIES

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

### VIII. COMMITMENTS

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Capital commitments:		
Contracted but not provided for	<b>150,205,103</b>	214,025,586
Authorised but not contracted for	<b>500,442,792</b>	315,714,517
	<b>650,647,895</b>	529,740,103
Investment commitments:		
Contracted but not fulfilled	<b>22,500,000</b>	—
Authorised but not contracted for	<b>60,500,000</b>	91,100,000
	<b>83,000,000</b>	91,100,000

### IX. POST BALANCE SHEET EVENTS

As of the approval date of these financial statements, the Group had no 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 the 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*

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Rolling stock and its extension products and services	<b><u>5,180,417,557</u></b>	<u>2,624,390,170</u>

##### Geographical information

*Revenue from external customers*

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Mainland China	<b>5,047,787,556</b>	2,479,870,582
Other countries and regions	<b><u>132,630,001</u></b>	<u>144,519,588</u>
	<b><u>5,180,417,557</u></b>	<u>2,624,390,170</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

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### X. OTHER SIGNIFICANT EVENTS (continued)

#### 1. Segment reporting (continued)

##### Group information (continued)

-

##### Geographical information (continued)

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

##### *Total non-current assets*

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Mainland China	<b>2,209,636,294</b>	2,230,244,200
Other countries and regions	<b>243,950,941</b>	193,599,409
	<b><u>2,453,587,235</u></b>	<u>2,423,843,609</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 2014, the Group's operating revenue (which accounted for more than 10% of the Group's total revenue) of RMB3,567,596,935 (unaudited) was derived from sales to two customers (including sales to a group of entities which are known to be under the control of that customer) (six months ended 30 June 2013: RMB1,177,483,142 (unaudited) from a single customer).

#### 2. Fair value

The carrying amounts and the fair values of financial instruments of the Group other than short-term financial instruments with carrying amounts that reasonably approximate to fair values, are as follows:

## NOTES TO FINANCIAL STATEMENTS (continued)

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### X. OTHER SIGNIFICANT EVENTS (continued)

#### 2. Fair value (continued)

##### Financial assets

	Carrying amount		Fair value	
	30 June 2014 (Unaudited)	31 December 2013 (Audited)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Available-for-sale financial assets	900,000	900,000	900,000	900,000
Long-term receivables	26,298,730	31,660,131	26,298,730	31,660,131
	<u>27,198,730</u>	<u>32,560,131</u>	<u>27,198,730</u>	<u>32,560,131</u>

##### Financial liabilities

	Carrying amount		Fair value	
	30 June 2014 (Unaudited)	31 December 2013 (Audited)	30 June 2014 (Unaudited)	31 December 2013 (Audited)
Long-term borrowings	33,596,111	52,179,757	33,596,111	52,179,757

Management has assessed that the fair values of cash and bank balances, bills receivable, trade receivables, other receivables, current portion of non-current assets, held-to-maturity investments, short-term borrowings, bills payable, trade payables, other payables, dividends payable approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the audit committee.

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

The fair values of long-term receivables, long-term borrowings, etc. have been calculated by discounting the expected future cash flows using yield rates currently available for instruments with similar contract terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2014 was assessed to be insignificant.

## NOTES TO FINANCIAL STATEMENTS (continued)

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### X. OTHER SIGNIFICANT EVENTS (continued)

#### 3. Other financial information

	30 June 2014 (Unaudited)		31 December 2013 (Audited)	
	Group	Company	Group	Company
Net current assets	<b>7,551,355,309</b>	<b>7,113,869,910</b>	6,992,162,939	6,661,095,835
Total assets less current liabilities	<b><u>10,188,965,522</u></b>	<b><u>9,920,373,623</u></b>	<u>9,577,966,146</u>	<u>9,257,905,523</u>

### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

#### 1. 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 2014 (Unaudited)	31 December 2013 (Audited)
Within 6 months	<b>2,754,746,678</b>	2,096,539,400
6 months to 1 year	<b>971,233,407</b>	196,890,588
1 to 2 years	<b>134,932,268</b>	146,912,446
2 to 3 years	<b>32,862,287</b>	3,631,010
Over 3 years	<b>9,275,783</b>	8,983,840
	<b><u>3,903,050,423</u></b>	2,452,957,284
Less: provision for bad debt	<b><u>103,659,681</u></b>	38,595,681
	<b>3,799,390,742</b>	2,414,361,603
Less: classified as non-current assets	<b>15,686,905</b>	22,720,364
	<b><u>3,783,703,837</u></b>	<u>2,391,641,239</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

#### 1. Trade receivables (continued)

The analysis of the net value of trade receivables (including long-term receivables) by category is as follows:

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Due from related parties	<b>2,381,934,137</b>	1,262,690,559
Due from other customers	<b>1,417,456,605</b>	1,151,671,044
	<b><u>3,799,390,742</u></b>	<b><u>2,414,361,603</u></b>

Details of the amounts due from related parties in the balance of the trade receivables are disclosed in Note XI.8. Amounts due from and due to related parties.

The movements of provision for bad debt are as follows:

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	2013 (Audited)
Opening balance	<b>38,595,681</b>	34,882,598
Provision in the current period/year	<b>65,075,624</b>	5,684,887
Reversal in the current period/year	—	(1,480,192)
Write-off in the current period/year	<b>(11,624)</b>	(491,612)
Closing balance	<b><u>103,659,681</u></b>	<b><u>38,595,681</u></b>

## NOTES TO FINANCIAL STATEMENTS (continued)

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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 2. Other receivables

The aging analysis of the other receivables is as follows:

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Within 1 year	<b>144,286,107</b>	146,823,184
1 to 2 years	<b>26,574,564</b>	82,882,183
2 to 3 years	<b>126,789,201</b>	89,562,297
Over 3 years	<b>73,475,465</b>	68,239,635
	<b>371,125,337</b>	387,507,299
Less: provision for bad debt	<b>3,529,035</b>	2,505,868
	<b>367,596,302</b>	385,001,431

The analysis of the net value of other receivables by category is as follows:

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Due from related parties	<b>306,204,405</b>	342,469,005
Due from others	<b>61,391,897</b>	42,532,426
	<b>367,596,302</b>	385,001,431

Details of the amounts due from related parties in the balance of other receivables are disclosed in Note XI.8. Amounts due from and due to related parties.

## NOTES TO FINANCIAL STATEMENTS (continued)

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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 2. Other receivables (continued)

The analysis of the net value of other receivables by nature is as follows:

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Customs deposit	<b>37,015,000</b>	31,546,168
Others	<b>330,581,302</b>	353,455,263
	<b><u>367,596,302</u></b>	<b><u>385,001,431</u></b>

The movements of provision for bad debt are as follows:

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	2013 (Audited)
Opening balance	<b>2,505,868</b>	2,474,975
Provision in the current period/year	<b>1,023,167</b>	30,893
Closing balance	<b><u>3,529,035</u></b>	<b><u>2,505,868</u></b>



## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014  
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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 3. Long-term equity investments

##### For the six months ended 30 June 2014

	Original value of investment			Impairment provision			Net value of investment		Cash dividends
	Opening balance (Audited)	Increase (Unaudited)	Closing balance (Unaudited)	Opening balance (Audited)	Increase (Unaudited)	Closing balance (Unaudited)	Opening balance (Audited)	Closing balance (Unaudited)	(Unaudited)
Non-listed investments:									
Equity method:									
<b>A joint venture</b>									
Shiling	176,232,966	33,800,372	210,033,338	—	—	—	176,232,966	210,033,338	—
<b>Associates</b>									
Zhuzhou Siemens	47,029,031	48,943	47,077,974	—	—	—	47,029,031	47,077,974	—
Xiwu	9,691,451	(1,833,119)	7,858,332	—	—	—	9,691,451	7,858,332	—
	56,720,482	(1,784,176)	54,936,306	—	—	—	56,720,482	54,936,306	—

## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014  
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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 3. Long-term equity investments (continued)

##### For the six months ended 30 June 2014 (continued)

	Original value of investment			Impairment provision			Net value of investment		Cash dividends
	Opening balance (Audited)	Increase (Unaudited)	Closing balance (Unaudited)	Opening balance (Audited)	Increase (Unaudited)	Closing balance (Unaudited)	Opening balance (Audited)	Closing balance (Unaudited)	(Unaudited)
Cost method:									
Times Electronics	182,977,618	—	182,977,618	—	—	—	182,977,618	182,977,618	120,000,000
Ningbo Times	133,507,255	—	133,507,255	—	—	—	133,507,255	133,507,255	27,000,000
Times Information	29,000,000	—	29,000,000	—	—	—	29,000,000	29,000,000	—
Times USA	3,187,516	—	3,187,516	—	—	—	3,187,516	3,187,516	—
Times Equipment	34,561,157	65,000,000	99,561,157	—	—	—	34,561,157	99,561,157	—
Shenyang Times	3,000,000	—	3,000,000	—	—	—	3,000,000	3,000,000	—
Baoji Times	160,000,000	—	160,000,000	—	—	—	160,000,000	160,000,000	7,792,313
Kunming Electric	3,000,000	—	3,000,000	—	—	—	3,000,000	3,000,000	—
Hangzhou Electric	33,000,000	—	33,000,000	—	—	—	33,000,000	33,000,000	—
Dynex	216,539,728	—	216,539,728	49,699,261	—	49,699,261	166,840,467	166,840,467	—
Guangzhou Times	18,000,000	—	18,000,000	—	—	—	18,000,000	18,000,000	—
HK Electric	8,098,000	—	8,098,000	—	—	—	8,098,000	8,098,000	—
Times Australia	1,814,037	—	1,814,037	—	—	—	1,814,037	1,814,037	—
Ningbo Electric	10,000,000	—	10,000,000	—	—	—	10,000,000	10,000,000	—
Times Brasil	4,062,679	—	4,062,679	—	—	—	4,062,679	4,062,679	—
Qingdao Electric	—	22,500,000	22,500,000	—	—	—	—	22,500,000	—
Shanghai Railway Transportation	—	25,500,000	25,500,000	—	—	—	—	25,500,000	—
	<u>840,747,990</u>	<u>113,000,000</u>	<u>953,747,990</u>	<u>49,699,261</u>	<u>—</u>	<u>49,699,261</u>	<u>791,048,729</u>	<u>904,048,729</u>	<u>154,792,313</u>
	<u>1,073,701,438</u>	<u>145,016,196</u>	<u>1,218,717,634</u>	<u>49,699,261</u>	<u>—</u>	<u>49,699,261</u>	<u>1,024,002,177</u>	<u>1,169,018,373</u>	<u>154,792,313</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 3. Long-term equity investments (continued)

2013

	Original value of investment			Impairment provision			Net value of investment		Cash dividends (Audited)
	Opening balance (Audited)	Increase (Audited)	Closing balance (Audited)	Opening balance (Audited)	Increase (Audited)	Closing balance (Audited)	Opening balance (Audited)	Closing balance (Audited)	
Non-listed investments:									
Equity method:									
<b>A joint venture</b>									
Shiling	169,050,112	7,182,854	176,232,966	—	—	—	169,050,112	176,232,966	9,000,000
<b>Associates</b>									
Zhuzhou Siemens	72,803,665	(25,774,634)	47,029,031	—	—	—	72,803,665	47,029,031	25,649,639
Xiwu	13,171,076	(3,479,625)	9,691,451	—	—	—	13,171,076	9,691,451	—
	85,974,741	(29,254,259)	56,720,482	—	—	—	85,974,741	56,720,482	25,649,639
Cost method:									
Times Electronics	182,977,618	—	182,977,618	—	—	—	182,977,618	182,977,618	180,000,000
Ningbo Times	33,507,255	100,000,000	133,507,255	—	—	—	33,507,255	133,507,255	22,000,000
Times Information	29,000,000	—	29,000,000	—	—	—	29,000,000	29,000,000	—
Times USA	3,187,516	—	3,187,516	—	—	—	3,187,516	3,187,516	—
Times Equipment	34,561,157	—	34,561,157	—	—	—	34,561,157	34,561,157	—
Shenyang Times	3,000,000	—	3,000,000	—	—	—	3,000,000	3,000,000	—
Baoji Times	160,000,000	—	160,000,000	—	—	—	160,000,000	160,000,000	—
Kunming Electric	3,000,000	—	3,000,000	—	—	—	3,000,000	3,000,000	—
Hangzhou Electric	33,000,000	—	33,000,000	—	—	—	33,000,000	33,000,000	—
Dynex	216,539,728	—	216,539,728	—	49,699,261	49,699,261	216,539,728	166,840,467	—
Guangzhou Times	18,000,000	—	18,000,000	—	—	—	18,000,000	18,000,000	—
HK Electric	8,098,000	—	8,098,000	—	—	—	8,098,000	8,098,000	—
Times Australia	1,814,037	—	1,814,037	—	—	—	1,814,037	1,814,037	—
Ningbo Electric	10,000,000	—	10,000,000	—	—	—	10,000,000	10,000,000	—
Times Brasil	—	4,062,679	4,062,679	—	—	—	—	4,062,679	—
	736,685,311	104,062,679	840,747,990	—	49,699,261	49,699,261	736,685,311	791,048,729	202,000,000
	991,710,164	81,991,274	1,073,701,438	—	49,699,261	49,699,261	991,710,164	1,024,002,177	236,649,639

## NOTES TO FINANCIAL STATEMENTS (continued)

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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 4. Revenue and cost of sales

Revenue is also the turnover of the Company and represents the net invoice 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:

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Revenue from principal operations	<b>4,635,379,113</b>	2,105,609,866
Other operating income	<b>83,247,199</b>	107,662,916
	<b><u>4,718,626,312</u></b>	<u>2,213,272,782</u>

Cost of sales is stated as follows:

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Cost of sales from principal operations	<b>3,029,934,119</b>	1,254,392,302
Other operating costs	<b>69,605,341</b>	96,164,486
	<b><u>3,099,539,460</u></b>	<u>1,350,556,788</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 5. Investment income

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Income from non-listed investments:		
Long-term equity investment income under the cost method	<b>154,792,313</b>	202,000,000
Long-term equity investment income/(loss) under the equity method	<b>32,016,196</b>	(4,704,780)
Bank financial product income	<b>39,772,739</b>	—
	<b><u>226,581,248</u></b>	<b><u>197,295,220</u></b>

#### 6. Supplementary information to the statement of cash flows

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Adjustment of net profit to cash flows from operating activities:		
Net profit	<b>950,404,855</b>	597,124,755
Add: Provision for impairment of assets	<b>154,200,918</b>	20,366,418
Depreciation	<b>48,043,581</b>	43,698,027
Amortisation of intangible assets	<b>6,877,544</b>	6,840,755
Provision of special reserve	—	138,478
Losses from disposal of fixed assets, intangible assets and other long-term assets	<b>312,920</b>	80,426
Investment income	<b>(226,581,248)</b>	(197,295,220)
Increase in deferred tax assets	<b>(26,470,776)</b>	(310,428)
Increase in inventories	<b>(1,284,291,089)</b>	(354,527,217)
Increase in operating receivables	<b>(629,956,003)</b>	(758,702,325)
Increase in operating payables	<b>1,101,261,996</b>	3,172,338
Net cash flows from/(used in) operating activities	<b><u>93,802,698</u></b>	<b><u>(639,413,993)</u></b>

## NOTES TO FINANCIAL STATEMENTS (continued)

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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 7. Major transactions between the Company and its related parties

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

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Times Electronics	<b>94,045,756</b>	30,540,628
Shenyang Times	<b>13,771,148</b>	3,161,200
Baoji Times	<b>11,611,676</b>	11,352,248
Times Equipment	<b>8,612,589</b>	421,274
Times USA	<b>8,422,104</b>	7,831,872
Dynex	<b>5,834,926</b>	8,562,588
Hangzhou Electric	<b>2,930,001</b>	—
Kunming Electric	<b>2,112,157</b>	12,948,065
Ningbo Times	<b>1,404,892</b>	888,698
Times Information	<b>104,142</b>	14,742,602
Guangzhou Times	—	9,878,400
CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	<b>2,345,574,015</b>	178,452,848
Shiling	<b>518,789,234</b>	41,394,418
CSR Zhuzhou Electric Locomotive Co., Ltd.	<b>386,239,065</b>	724,763,618
Nanjing CSR Puzhen Rapid Transit Vehicles Co., Ltd.	<b>62,901,778</b>	—
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	<b>50,635,128</b>	44,201,527
CSR Sifang Rolling Stock Co., Ltd.	<b>38,727,285</b>	—
CSR Nanjing Puzhen Rolling Stock Co., Ltd.	<b>31,336,521</b>	71,236,597
CSR Luoyang Locomotive Co., Ltd.	<b>17,745,641</b>	7,692,308
Xiangyang CSR Electric Machinery Co., Ltd.	<b>12,931,624</b>	—
Guangzhou Electrical Locomotive Co., Ltd.	<b>12,580,854</b>	4,319,504
CSR Zhuzhou Electric Co., Ltd.	<b>11,118,485</b>	2,301,579
Shijiazhuang King Transportation Equipment Co., Ltd.	<b>9,259,402</b>	—
Hunan CSR Times Electric Vehicle Co., Ltd.	<b>7,771,836</b>	8,783,518
Beijing North Gofront Science Business Co., Ltd.	<b>5,759,535</b>	4,080,502

## NOTES TO FINANCIAL STATEMENTS (continued)

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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 7. Major transactions between the Company and its related parties (continued)

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

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>5,162,253</b>	8,607,174
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	<b>1,480,342</b>	3,477,436
Qingdao CSR Sifang Sales Co., Ltd.	<b>1,465,911</b>	9,599,619
CSR Ziyang Locomotive Co., Ltd.	<b>565,532</b>	1,346,963
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	<b>125,793</b>	30,303
Zhuzhou Electromechanical Technology Co., Ltd.	<b>122,059</b>	1,274,632
Ziyang CSR Electric Locomotive Co., Ltd.	—	2,282
CSR Qishuyan Locomotive Co., Ltd.	—	1,843,489
	<b><u>3,669,141,684</u></b>	<b><u>1,213,735,892</u></b>

## NOTES TO FINANCIAL STATEMENTS (continued)

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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 7. Major transactions between the Company and its related parties (continued)

##### (2) Purchases of goods from related parties

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Ningbo Times	<b>69,120,288</b>	35,471,592
Shenyang Times	<b>36,704,202</b>	3,336,746
Dynex	<b>31,869,330</b>	14,456,273
Baoji Times	<b>21,316,359</b>	27,329,658
Times Electronics	<b>15,703,234</b>	14,029,425
Times Information	<b>10,080,228</b>	—
Times Equipment	<b>9,829,948</b>	3,606,060
Ningbo Electric	<b>5,331,717</b>	—
Hangzhou Electric	<b>2,044,999</b>	—
Kunming Electric	<b>600,000</b>	36,274,668
Times Australia	<b>393,312</b>	—
Guangzhou Times	<b>240,900</b>	13,518,000
Shiling	<b>736,477,226</b>	80,666,702
CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	<b>513,783,033</b>	—
CSR Zhuzhou Electric Co., Ltd.	<b>115,246,707</b>	45,263,655
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	<b>56,195,152</b>	33,572,566
Ningbo Jiangbei Gofront Herong Electric Co., Ltd.	<b>48,011,609</b>	27,453,735
Zhuzhou Electromechanical Technology Co., Ltd.	<b>47,777,916</b>	35,316,511
CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	<b>36,600,984</b>	11,638,627
CSR Zhuzhou Electric Locomotive Works	<b>4,621,909</b>	—
Zhuzhou Times New Material Technology Co., Ltd.	<b>1,592,731</b>	326,727



## NOTES TO FINANCIAL STATEMENTS (continued)

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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 7. Major transactions between the Company and its related parties (continued)

##### (2) Purchases of goods from related parties (continued)

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	<b>746,296</b>	22,844,998
CSR Qishuyan Locomotive Co., Ltd.	<b>488,406</b>	32,613,231
Xiangyang CSR Electric Machinery Co., Ltd.	<b>226,196</b>	—
Zhuzhou Times Rubber and Plastics Components Development Co., Ltd.	<b>22,681</b>	—
Zhuzhou Gofront Braking Equipment Co., Ltd.	<b>5,043</b>	—
Hunan CSR Times Electric Vehicle Co., Ltd.	<b>1,050</b>	1,942,396
CSR Zhuzhou Electric Locomotive Co., Ltd.	—	2,577,928
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	—	50,814
Zhuzhou Times Electric Insulation Co., Ltd.	—	7,431
Changzhou Ruiyang Transmission Technology Co., Ltd.	—	16,175,043
	<b><u>1,765,031,456</u></b>	<b><u>458,472,786</u></b>

##### (3) Sales of electricity to related parties

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Times Equipment	<b>183,425</b>	—
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>150,139</b>	228,745
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	<b>149,142</b>	200,736
Zhuzhou Siemens	<b>97,191</b>	—
	<b><u>579,897</u></b>	<b><u>429,481</u></b>

## NOTES TO FINANCIAL STATEMENTS (continued)

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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 7. Major transactions between the Company and its related parties (continued)

##### (4) Purchases of electricity from related parties

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
CSR Zhuzhou Electric Locomotive Co., Ltd.	<b><u>75,588</u></b>	<u>59,851</u>

##### (5) Purchases of fixed assets from related parties

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Zhuzhou Electromechanical Technology Co., Ltd.	<b><u>—</u></b>	<u>2,682,168</u>

##### (6) Income from assets leased to related parties

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b><u>1,626,972</u></b>	<u>1,399,083</u>
Zhuzhou Siemens	<b><u>1,217,886</u></b>	<u>2,319,732</u>
	<b><u>2,844,858</u></b>	<u>3,718,815</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014  
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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 7. Major transactions between the Company and its related parties (continued)

##### (7) Expenses incurred from assets leased by related parties

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
Zhuzhou Electric Vehicle Demonstration Co., Ltd.	<b>256,672</b>	—
CSR Zhuzhou Electric Locomotive Works	<b>8,900</b>	471,863
	<b>265,572</b>	471,863

##### (8) Technical service income from related parties

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	<b>3,487,179</b>	—
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	<b>1,784,615</b>	138,960
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>596,387</b>	—
Beijing CSR Times Locomotive & Rolling Stock Mechanics Co., Ltd.	<b>292,983</b>	—
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	<b>288,915</b>	—
Xiangyang CSR Electric Machinery Co., Ltd.	<b>123,651</b>	—
CSR Zhuzhou Electric Locomotive Co., Ltd.	<b>88,679</b>	—
Hunan CSR Times Electric Vehicle Co., Ltd.	<b>62,264</b>	—
Zhuzhou Times New Material Technology Co., Ltd.	<b>18,491</b>	15,600
Shijiazhuang King Transportation Equipment Co., Ltd.	<b>15,094</b>	107,000
Zhuzhou Electromechanical Technology Co., Ltd.	<b>2,453</b>	—
CSR Zhuzhou Electric Co., Ltd.	—	11,200
	<b>6,760,711</b>	272,760

## NOTES TO FINANCIAL STATEMENTS (continued)

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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 7. Major transactions between the Company and its related parties (continued)

##### (9) Technical service fees paid to related parties

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>50,293,521</b>	39,365,700
Zhuzhou Times Rubber and Plastics Components Development Co., Ltd.	<b>3,962</b>	14,700
CSR Zhuzhou Electric Locomotive Co., Ltd.	<b>—</b>	10,000,000
	<b><u>50,297,483</u></b>	<b><u>49,380,400</u></b>

##### (10) Interest income from entrusted Loan

	<b>For the six months ended 30 June 2014 (Unaudited)</b>	For the six months ended 30 June 2013 (Unaudited)
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b><u>12,900,000</u></b>	<u>—</u>

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

## NOTES TO FINANCIAL STATEMENTS (continued)

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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 8. Amounts due from and due to related parties

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Trade receivables:		
Times Electronics	<b>285,468,159</b>	190,015,329
Times Information	<b>98,315,494</b>	94,614,177
Baoji Times	<b>42,548,396</b>	21,918,521
Shenyang Times	<b>25,278,957</b>	6,130,980
Times USA	<b>11,762,479</b>	8,266,274
Times Equipment	<b>6,749,918</b>	3,068,084
Kunming Electric	<b>4,520,589</b>	2,832
Hangzhou Electric	<b>3,561,712</b>	57,791,211
Dynex	<b>2,175,892</b>	9,300,179
Ningbo Times	<b>1,650,297</b>	377,844
Guangzhou Times	—	12,658,252
CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	<b>906,524,091</b>	310,700,702
CSR Zhuzhou Electric Locomotive Co., Ltd.	<b>512,594,089</b>	123,317,520
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	<b>140,301,119</b>	124,681,575
CSR Sifang Rolling Stock Co., Ltd.	<b>60,786,004</b>	29,289,558
CSR Nanjing Puzhen Rolling Stock Co., Ltd.	<b>60,338,332</b>	81,589,680
Nanjing CSR Puzhen Rapid Transit Vehicles Co., Ltd.	<b>43,347,256</b>	—
Shiling	<b>34,197,408</b>	7,276,258
CSR Zhuzhou Electric Co., Ltd.	<b>18,757,145</b>	6,199,886
Xiangyang CSR Electric Machinery Co., Ltd.	<b>18,702,378</b>	3,823,850
CSR Guangdong Rolling Stock Co., Ltd.	<b>18,424,015</b>	19,393,700

## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014  
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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 8. Amounts due from and due to related parties (continued)

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Trade receivables: (continued)		
CSR Ziyang Locomotive Co., Ltd.	<b>17,262,742</b>	17,820,398
CSR Luoyang Locomotive Co., Ltd.	<b>16,877,400</b>	4,000,000
Shijiazhuang King Transportation Equipment Co., Ltd.	<b>15,060,541</b>	6,472,675
Hunan CSR Times Electric Vehicle Co., Ltd.	<b>13,668,481</b>	11,538,152
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>7,748,222</b>	50,929,167
Qingdao CSR Sifang Sales Co., Ltd.	<b>6,887,686</b>	1,224,500
CSR Qishuyan Locomotive Co., Ltd.	<b>4,751,100</b>	26,316,177
Beijing North Gofront Science Business Co., Ltd.	<b>1,958,506</b>	594,076
Zhuzhou Times New Material Technology Co., Ltd.	<b>1,028,172</b>	1,061,655
Beijing CSR Times Locomotive & Rolling Stock Mechanics Co., Ltd.	<b>310,562</b>	255,000
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	<b>154,147</b>	10,538,789
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	<b>147,178</b>	—
Zhuzhou Electromechanical Technology Co., Ltd.	<b>69,970</b>	—
Ziyang CSR Electric Locomotive Co., Ltd.	<b>5,700</b>	82,800
Guangzhou Electrical Locomotive Co., Ltd.	—	17,390,623
Xiwu	—	3,986,700
Zhuzhou CSR Times Hi-tech Investment & Trusting Co., Ltd.	—	55,090
Xiangyang China Railway Hongji Engineering Co., Ltd.	—	8,345
	<b><u>2,381,934,137</u></b>	<b><u>1,262,690,559</u></b>

## NOTES TO FINANCIAL STATEMENTS (continued)

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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 8. Amounts due from and due to related parties (continued)

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Bills receivable:		
CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	<b>717,729,200</b>	201,000,000
CSR Zhuzhou Electric Locomotive Co., Ltd. Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	<b>22,959,918</b> <b>10,000,000</b>	812,536,231 30,000,000
CSR Ziyang Locomotive Co., Ltd.	<b>7,100,000</b>	20,500,000
CSR Nanjing Puzhen Rolling Stock Co., Ltd.	<b>2,400,000</b>	27,600,000
CSR Luoyang Locomotive Co., Ltd.	<b>1,000,000</b>	3,600,000
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	<b>200,000</b>	300,000
CSR Sifang Rolling Stock Co., Ltd.	—	226,000,000
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	—	30,382,962
CSR Hangzhou Rail Transit Co., Ltd.	—	2,632,000
CSR Qishuyan Locomotive Co., Ltd.	—	1,000,000
Hunan CSR Times Electric Vehicle Co., Ltd.	—	250,000
CSR Yangtze Co., Ltd.	—	100,000
CSR Zhuzhou Electric Co., Ltd.	—	70,000
	<b>761,389,118</b>	1,355,971,193

## NOTES TO FINANCIAL STATEMENTS (continued)

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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 8. Amounts due from and due to related parties (continued)

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Dividends receivables:		
Times Electronics	<b>110,000,000</b>	50,000,000
Ningbo Times	<b>27,000,000</b>	—
Baoji Times	<b>7,792,313</b>	—
	<b><u>144,792,313</u></b>	<b><u>50,000,000</u></b>
	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Prepayments:		
Times Equipment	<b>45,713,871</b>	—
Dynex	<b>38,540,246</b>	14,692,105
Baoji Times	<b>19,894,160</b>	27,948,800
Guangzhou Times	—	120,450
CSR Zhuzhou Electric Locomotive Co., Ltd.	<b>133,130</b>	157,776
CSR Corporation Limited	<b>40,000</b>	40,000
CSR Qishuyan Locomotive Co., Ltd.	<b>12,000</b>	12,000
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	—	866,250
	<b><u>104,333,407</u></b>	<b><u>43,837,381</u></b>



## NOTES TO FINANCIAL STATEMENTS (continued)

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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 8. Amounts due from and due to related parties (continued)

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Other receivables:		
Baoji Times	<b>115,229,780</b>	135,229,780
Times Information	<b>62,853,372</b>	62,220,892
Shenyang Times	<b>53,286,842</b>	53,271,860
Kunming Electric	<b>45,960,922</b>	45,660,961
Ningbo Electric	<b>15,000,000</b>	15,000,000
Hangzhou Electric	<b>12,000,000</b>	12,000,000
Times Equipment	<b>185,000</b>	14,368,000
Times USA	<b>27,420</b>	27,420
Guangzhou Times	—	1,981,163
Ningbo Times	—	1,014,772
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>1,641,069</b>	1,633,918
CSR Chengdu Locomotive & Rolling Stock Co., Ltd.	<b>20,000</b>	20,000
Zhuzhou Siemens	—	40,239
	<b><u>306,204,405</u></b>	<u>342,469,005</u>

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Held-to-maturity investments:		
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>500,000,000</b>	500,000,000
Dynex	<b>31,000,000</b>	—
	<b><u>531,000,000</u></b>	<u>500,000,000</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 8. Amounts due from and due to related parties (continued)

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Monetary deposits:		
CSR Finance Co., Ltd.(Note)	<b><u>336,536,231</u></b>	<u>—</u>

Note: As at 30 June 2014, the Company's current deposit with CSR Finance Co., Ltd. is amounted to RMB336,536,231(unaudited). Pursuant to Financial Services Framework Agreement, the maximum daily deposit balance with CSR Finance Co., Ltd. is no more than RMB350,000,000. The interest rate is no less than the interest rate payable by the principal commercial banks in the PRC for comparable deposits and by CSR Finance Co., Ltd. to other members of the CSR Group for comparable deposits.

## NOTES TO FINANCIAL STATEMENTS (continued)

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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 8. Amounts due from and due to related parties (continued)

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Trade payables:		
Ningbo Times	<b>73,718,858</b>	34,049,267
Times Information	<b>65,411,527</b>	65,331,300
Times Equipment	<b>43,009,752</b>	32,052,166
Shenyang Times	<b>27,447,862</b>	7,071,192
Baoji Times	<b>14,432,051</b>	—
Hangzhou Electric	<b>12,542,400</b>	52,650,000
Kunming Electric	<b>4,003,511</b>	8,003,511
Dynex	<b>2,652,092</b>	5,662,122
Times Electronics	<b>2,332,681</b>	23,761
Ningbo Electric	<b>120,291</b>	30,590,748
Guangzhou Times	—	9,710,415
Shiling	<b>204,172,320</b>	81,603,862
CSR Zhuzhou Electric Co., Ltd.	<b>121,048,531</b>	85,141,692
CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	<b>37,590,405</b>	16,471,893
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	<b>32,184,805</b>	11,953,699
Zhuzhou Electromechanical Technology Co., Ltd.	<b>29,876,578</b>	1,283,691
CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd.	<b>24,088,506</b>	—
Ningbo Jiangbei Gofront Herong Electric Co., Ltd.	<b>4,085,612</b>	11,420
CSR Zhuzhou Electric Locomotive Co., Ltd.	<b>3,538,058</b>	2,504,153
CSR Qishuyan Locomotive Co., Ltd.	<b>2,468,743</b>	2,418,798
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>804,745</b>	5,110
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	<b>311,925</b>	240,609
Xiangyang CSR Electric Machinery Co., Ltd.	<b>72,052</b>	239,790
Beijing CSR Times Locomotive & Rolling Stock Mechanics Co., Ltd.	<b>17,208</b>	17,208
Zhuzhou Times New Material Technology Co., Ltd.	<b>1,641</b>	1,403,312

## NOTES TO FINANCIAL STATEMENTS (continued)

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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 8. Amounts due from and due to related parties (continued)

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Trade payables: (continued)		
Changzhou Ruiyang Transmission Technology Co., Ltd.	—	5,772,948
Xiwu	—	1,133,226
Hunan CSR Times Electric Vehicle Co., Ltd.	—	956,676
Shijiazhuang King Transportation Equipment Co., Ltd.	—	34,188
Zhuzhou Gofront Braking Equipment Co., Ltd.	—	24,957
Zhuzhou Times Rubber and Plastics Components Development Co., Ltd.	—	15,107
Zhuzhou Times Electric Insulation Co., Ltd.	—	3,065
	<b>705,932,154</b>	<b>456,379,886</b>
	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Bills payable:		
Ningbo Times	<b>26,000,000</b>	11,000,000
Times Equipment	<b>7,000,000</b>	10,500,000
Baoji Times	—	3,000,000
Shiling	<b>140,000,000</b>	75,000,000
CSR Zhuzhou Electric Co., Ltd.	<b>20,000,000</b>	—
Zhuzhou Electromechanical Technology Co., Ltd.	<b>18,000,000</b>	4,000,000
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	<b>10,721,200</b>	7,000,000
CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	<b>8,133,664</b>	558,861
Zhuzhou Times Electric Insulation Co., Ltd.	<b>3,000,000</b>	1,200,000
Zhuzhou Times New Material Technology Co., Ltd.	<b>2,061,700</b>	340,327
CSR Zhuzhou Electric Locomotive Co., Ltd.	<b>201,000</b>	657,001
Changzhou Ruiyang Transmission Technology Co., Ltd.	—	2,000,000
	<b>235,117,564</b>	<b>115,256,189</b>

## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014  
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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 8. Amounts due from and due to related parties (continued)

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Advances from customers:		
CSR Zhuzhou Electric Locomotive Co., Ltd.	<b>28,718,897</b>	13,939,950
Dynex	<b>697,288</b>	42,576
Nanjing CSR Puzhen Rapid Transit Vehicles Co., Ltd.	—	12,247,824
Shijiazhuang King Transportation Equipment Co., Ltd.	—	40,000
	<b>29,416,185</b>	26,270,350
	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Dividends payable:		
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>206,354,995</b>	—
CSR Zhuzhou Electric Locomotive Co., Ltd.	<b>3,500,000</b>	—
CSR Qishuyan Locomotive & Rolling Works	<b>3,283,269</b>	—
CSR Investment & Leasing Co., Ltd.	<b>3,283,269</b>	—
CSR Zhuzhou Electric Locomotive Research Institute (Hong Kong) Co., Limited	<b>564,375</b>	—
	<b>216,985,908</b>	—

## NOTES TO FINANCIAL STATEMENTS (continued)

30 June 2014  
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### XI. NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

#### 8. Amounts due from and due to related parties (continued)

	<b>30 June 2014 (Unaudited)</b>	31 December 2013 (Audited)
Other payables:		
Dynex	<b>10,282,936</b>	22,313,303
Times Equipment	<b>4,769,088</b>	22,828,945
Kunming Electric	<b>773,519</b>	3,360,448
Times Electronics	<b>55,000</b>	40,000
Ningbo Times	<b>50,000</b>	60,000
Baoji Times	<b>25,000</b>	20,000
CSR Zhuzhou Electric Locomotive Research Institute Co., Ltd.	<b>52,394,800</b>	31,566,728
CSR-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	<b>930,000</b>	930,000
Zhuzhou Electromechanical Technology Co., Ltd.	<b>715,194</b>	509,469
Zhuzhou National Engineering Research Centre of Converters Co., Ltd.	<b>604,854</b>	604,854
CSR Qishuyan Locomotive Co., Ltd.	<b>500,000</b>	—
CSR Zhuzhou Electric Locomotive Co., Ltd.	<b>200,000</b>	—
CSR Qishuyan Locomotive & Rolling Stock Technology Research Institute Co., Ltd.	—	500,000
	<b>71,300,391</b>	82,733,747

The Company's bills receivable from and bills payable to related parties are non-interest-bearing, unsecured and have fixed terms of repayment, and its held-to-maturity investments are interest-bearing, unsecured and have fixed terms of repayment, and its deposits in related parties are interest-bearing, unsecured and have no fixed terms of repayment. Other amounts due from and due to related parties are non-interest-bearing and unsecured. The repayment period of the trading amounts is determined by the provisions of the trading terms, whereas non-trading amounts are not subject to any fixed repayment period.

### XII. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were unaudited.

The financial statements were reviewed by the audit committee of the Company, and approved by the board of directors of the Company on 12 August 2014.

## 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	
	2014 (RMB million)	2013 (RMB million)
Locomotives	715.5	810.7
Electric Multiple Units	2,830.2	313.6
Urban rail transportation equipment	503.7	421.4
Railway maintenance vehicles related products	529.4	448.8
Train operation safety equipment	209.8	222.7
Power semiconductor modules	168.8	211.1
Other products	223.0	196.1
Total revenue	<u>5,180.4</u>	<u>2,624.4</u>

The Group's revenue increased by RMB2,556.0 million from RMB2,624.4 million for the six months ended 30 June 2013 to RMB5,180.4 million for the six months ended 30 June 2014.

The increase in the Group's revenue for the first half of 2014 was mainly due to the increase in revenue from Electric Multiple Units by RMB2,516.6 million from RMB313.6 million for the six months ended 30 June 2013 to RMB2,830.2 million for the six months ended 30 June 2014.

### COST OF SALES

The Group's cost of sales increased by RMB1,696.2 million from RMB1,627.6 million for the six months ended 30 June 2013 to RMB3,323.8 million for the six months ended 30 June 2014. The increase in cost of sales was mainly due to the combined effects of the increase in the Group's revenue and the change of product sales mix.

### GROSS PROFIT

As a result of the above factors, the Group's gross profit increased by RMB859.8 million from RMB996.8 million for the six months ended 30 June 2013 to RMB1,856.6 million for the six months ended 30 June 2014. The Group's gross profit margin decreased from 38.0% for the six months ended 30 June 2013 to 35.8% for the six months ended 30 June 2014. The change in gross profit margin was mainly due to the change of product sales mix.



## SELLING EXPENSES

The Group's selling expenses increased by RMB143.4 million from RMB131.4 million for the six months ended 30 June 2013 to RMB274.8 million for the six months ended 30 June 2014. The selling expenses increased with the increase in business operations.

## ADMINISTRATIVE EXPENSES

The Group's administrative expenses increased by RMB127.9 million from RMB366.3 million (representing 14.0% of the Group's revenue for the interim period) for the six months ended 30 June 2013 to RMB494.2 million for the six months ended 30 June 2014 (representing 9.5% of the Group's revenue for the interim period). The increase in administrative expenses was mainly due to the increase in business operations and in research and development costs of the Group in the first half of 2014. However, as strict control was exercised over expenses by the Group in the first half of 2014, the share of the Group's administrative expenses for the first half year revenue decreased by 4.5 percentage points as compared to the same period of last year.

## FINANCE COSTS

The Group's finance costs increased by RMB17.9 million from negative RMB27.8 million for the six months ended 30 June 2013 to negative RMB9.9 million for the six months ended 30 June 2014. The increase in finance costs was mainly due to the volatility of exchange rates.

## ASSET IMPAIRMENT LOSSES

The Group's asset impairment losses increased by RMB143.4 million from RMB23.4 million for the six months ended 30 June 2013 to RMB166.8 million for the six months ended 30 June 2014. The increase in asset impairment losses of the Group was due to an increased amount of impairment losses of inventories made by the Group as compared to the same period of last year.

## INVESTMENT INCOME

The Group's investment income increased by RMB76.5 million from negative RMB4.7 million for the six months ended 30 June 2013 to RMB71.8 million for the six months ended 30 June 2014. The increase in investment income was mainly due to an increase in the share of profits of the Group's joint venture, Shiling, and an increase in the Group's bank financial products income.

## NON-OPERATING INCOME

The Group's non-operating income increased by RMB70.7 million from RMB9.9 million for the six months ended 30 June 2013 to RMB80.6 million for the six months ended 30 June 2014. The increase in non-operating income was mainly due to an increase in the refunds of value-added tax as compared to the same period of last year.

## NON-OPERATING EXPENSES

The Group's non-operating expenses increased by RMB1.0 million from RMB0.2 million for the six months ended 30 June 2013 to RMB1.2 million for the six months ended 30 June 2014. The increase in non-operating expenses was mainly due to an increase in the expenses of damages as compared to the same period of last year.





## TOTAL PROFIT

The Group's total profit increased by RMB564.5 million from RMB487.4 million for the six months ended 30 June 2013 to RMB1,051.9 million for the six months ended 30 June 2014. The increase in total profit was mainly due to an increase in revenue and investment income. The Group's sales profit margins for the six months ended 30 June 2013 and for the six months ended 30 June 2014 were 18.6% and 20.3% respectively.

## INCOME TAX EXPENSE

The Group's income tax expense increased by RMB102.9 million from RMB94.0 million for the six months ended 30 June 2013 to RMB196.9 million for the six months ended 30 June 2014.

The Company, 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%.

Baoji Times and Kunming Electric were subject to the preferential tax policy of the Development of West Region, and they were entitled to be taxed at the preferential corporate income tax rate of 15%.

Shenyang Times and Guangzhou Times were subject to the corporate income tax rate of 25%.

The effective income tax rates of the Group for the six months ended 30 June 2013 and six months ended 30 June 2014 were 19.3% and 18.7% respectively.

## NET PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT

Net profit attributable to the shareholders of the Parent increased by RMB457.3 million from RMB400.2 million for the six months ended 30 June 2013 to RMB857.5 million for the six months ended 30 June 2014. The Group's sales net profit margins for the six months ended 30 June 2013 and for the six months ended 30 June 2014 were 15.2% and 16.6% respectively.

## NON-CONTROLLING INTERESTS

Non-controlling interests increased by RMB4.3 million from negative RMB6.8 million for the six months ended 30 June 2013 to negative RMB2.5 million for the six months ended 30 June 2014. The increase in non-controlling 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 increased by RMB0.36 from RMB0.37 for the six months ended 30 June 2013 to RMB0.73 for the six months ended 30 June 2014.

## LIQUIDITY AND SOURCE OF CAPITAL

### Cash flow and working capital

The Group's needs for working capital were mainly satisfied by cash generated from operations. For the six months ended 30 June 2014, the net cash and cash equivalents of the Group decreased by RMB465.8 million, which was mainly due to an increase in net cash outflows from investing activities of the Group in the first half of 2014.

### Net cash inflow from operating activities

For the six months ended 30 June 2014, the Group's net cash inflow from operating activities was approximately RMB168.4 million, and cash inflow items of operating activities were mainly cash receipts of RMB3,990.9 million from cash received from sale of goods or rendering of services.

### Net cash outflow from investing activities

For the six months ended 30 June 2014, the Group's net cash outflow from investing activities was approximately RMB671.1 million. Cash outflow items of investing activities were mainly cash payments of RMB1,550.0 million for cash paid for acquisition investments.

### Net cash inflow from financing activities

For the six months ended 30 June 2014, the Group's net cash inflow from financing activities was approximately RMB36.9 million. Cash inflow items of financing activities were mainly cash received from capital contribution of RMB52.0 million.

### Liquidity

The Board considers 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:

	<b>2014</b> <b>30 June</b> <b>(RMB million)</b>	2013 31 December (RMB million)
Capital commitments:		
Contracted but not provided for	<b>150.2</b>	214.0
Authorised but not contracted for	<b>500.4</b>	315.7
	<b>650.6</b>	529.7
Investment commitments:		
Contracted but not fulfilled	<b>22.5</b>	—
Authorised but not contracted for	<b>60.5</b>	91.1
	<b>83.0</b>	91.1

## Indebtedness

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

	<b>2014</b>	2013
	<b>30 June</b>	31 December
	<b>(RMB million)</b>	(RMB million)
Short-term borrowings	<b>26.3</b>	31.2
Long-term borrowings (inclusive of amounts due within one year)	<b>60.7</b>	64.4
Total	<b>87.0</b>	95.6

## Pledge

As at 30 June 2014, the Group pledged its fixed assets with a net carrying amount of RMB34.0 million (31 December 2013: RMB34.9 million) to obtain bank borrowings.

As at 30 June 2014, the Group pledged its intangible assets with a net carrying amount of RMB18.5 million (31 December 2013: RMB17.8 million) to obtain bank borrowings.

## Gearing ratio

The Group monitors capital management by using the gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes all borrowings, bills payable, trade payables, advances from customers, employee benefits payable, taxes payable (excluding income tax payable), dividends payable and other payables less cash and cash equivalents. The Group's gearing ratio was 4.0% as at 31 December 2013 and 19.7% as at 30 June 2014.

## 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 changes in policies in respect of the railway market by the Chinese government.



## OTHER INFORMATION

### I. CORPORATE GOVERNANCE

#### 1. Corporate Governance

The Company places great emphasis on the superiority, stability and reasonability of its corporate governance.

During the Reporting Period ended 30 June 2014, the Company has complied with all the code provisions of the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules, except for code provision E.1.2 as set out below.

Mr. Ding Rongjun, the Chairman of the Company, did not attend the Annual General Meeting due to his other important commitments and therefore deviated from the requirement of code provision E.1.2.

#### 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 an executive Director; Mr. Li Donglin and Mr. Yan Wu are executive Directors; Mr. Ma Yunkun is a non-executive Director; and Messrs. Gao Yucai, Chan Kam Wing, Clement, Pao Ping Wing and Ms. Liu Chunru are 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 the 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. Xiong Ruihua is the chairman of the Supervisory Committee, Messrs. Pang Yiming and Zhou Guifa are employee 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.

#### 4. Supervisory Committee (continued)

The term of office of Mr. He Wencheng as chairman of Supervisory Committee and Shareholders' representative supervisor expired at the conclusion of the AGM and Mr. He did not seek for re-election at the AGM. Mr. Xiong Ruihua was elected as a Shareholders' representative supervisor at the AGM. The particulars of Mr. Xiong are set out below:

Xiong Ruihua, aged 45, a senior economist. He joined CSR ZELRI in 1993 and has held various positions as Secretary of the Communist Youth League, deputy head, acting head of the Audit Department of CSR ZELRI. He served as the chief financial officer and secretary of the board of Times New Materials from February 2004 to November 2007, deputy secretary and director of the audit and supervision committee of CSR ZELRI from December 2007 to November 2008, deputy vice secretary of CSR ZELRI from December 2008 to December 2009, deputy officer and head of the Audit and Risk Department at CSR from January 2010 to December 2011, Party secretary and deputy general manager at Times New Materials from January 2012 to November 2013 and the chief financial officer and vice general manager of CSR ZELRI since December 2013. Mr. Xiong is a director of Times New Materials since April 2014. Mr. Xiong graduated with a degree in Accounting from Hunan University, and obtained his masters degree in Enterprise Management and Information Systems from Wuhan University in May 2009.

#### 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 Mr. Chan Kam Wing, Clement, Mr. Pao Ping Wing, Mr. 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 2014 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 Control Committee of the Board, the Audit and Risk Control Department 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.

## II. INTERNAL CONTROL (continued)

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. During the first half of the year, efforts were focused on the close-circuit management of internal controls and full implementation of rectifications for deficiencies to ensure internal control deficiencies were rectified; risk management was deepened, measures for tackling and avoiding high risks were put in place for material risk events to control high risk events of the Company effectively. Such activities enabled the Company to respond to changes in the business and external environments regarding financial, operational and risk management aspects in order to safeguard the Company's assets and protect the interests of shareholders.

## III. INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND THE GENERAL MANAGER IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2014, 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 were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Part XV of the SFO, or were required to be recorded in a register kept pursuant to section 352 of the SFO, or were 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 2014 was as follows:

Shareholder	Type	Number of shares	Approximate % of issued share capital as at 30 June 2014
CSR ZELRI	Domestic shares	589,585,699	50.16%
CSR ZELRI (Hong Kong)	H shares	1,612,500	0.13%
Qishuyan Works	Domestic shares	9,380,769	0.80%
CSR Investment & Leasing	Domestic shares	9,380,769	0.80%
CSR Zhuzhou	Domestic shares	10,000,000	0.85%
Kunming China Railway	Domestic shares	9,800,000	0.83%
Shares in public circulation	H shares	545,716,900	46.43%
Total		<u>1,175,476,637</u>	<u>100%</u>

## V. SUBSTANTIAL SHAREHOLDERS

Interests or short positions owned by the following parties 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 2014 were as follows:

Name of substantial shareholder	Number of shares held	Capacity	Approximate % of Domestic share share capital	Approximate % of H share share capital	Approximate % of issued share capital
CSR ZELRI (note 1)	589,585,699 (L)	Beneficial owner	93.86%	—	50.16%
	1,612,500 (L)	Interest in controlled entity	—	0.29%	0.13%
CSR (note 2)	608,966,468 (L)	Interest in controlled entity	96.95%	—	51.81%
	1,612,500(L)	Interest in controlled entity	—	0.29%	0.13%
CSRG (note 3)	618,347,237 (L)	Interest in controlled entity	98.44%	—	52.60%
	1,612,500(L)	Interest in controlled entity	—	0.29%	0.13%
BlackRock, Inc. (note 4)	59,657,692 (L)	Interest in controlled entity	—	10.90%	5.08%
	21,000 (S)	Interest in controlled entity	—	0.00%	0.00%
Schroders Plc	38,948,073 (L)	Investment manager	—	7.12%	3.31%
The Capital Group Companies, Inc. (note 5)	33,373,500 (L)	Interest in controlled entity	—	6.10%	2.84%
JPMorgan Chase & Co. (note 6)	1,148,607 (L)	Beneficial owner	—	0.21%	0.10%
	55,100 (S)	Beneficial owner	—	0.01%	0.00%
	2,422,500 (L)	Investment manager	—	0.44%	0.21%
	28,805,239 (L) (lending pool shares)	Custodian corporation/ Approved lending agent	—	5.26%	2.45%
GIC Private Limited	31,517,000 (L)	Investment manager	—	5.76%	2.68%
Lazard Asset Management LLC	27,471,000 (L)	Investment manager	—	5.02%	2.34%

## V. SUBSTANTIAL SHAREHOLDERS (continued)

Notes:

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

- (1) CSR ZELRI held its interests in the 1,612,500 H shares of the Company through its wholly-owned subsidiary CSR ZELRI (Hong Kong).
- (2) CSR is interested in 100% of the registered capital of CSR ZELRI, CSR Zhuzhou and CSR Investment & Leasing. Accordingly, CSR is deemed under the SFO to be interested in the shares held by each of CSR ZELRI, CSR Zhuzhou and CSR Investment & Leasing.
- (3) CSRG is directly and indirectly interested in 57.16% 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 shares held by each of CSR and Qishuyan Works.
- (4) As stated in the corporate substantial shareholder notice filed by BlackRock, Inc., 1,906,000 H shares are long positions in, and 21,000 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.
- (5) As stated in the corporate substantial shareholder notice filed by The Capital Group Companies, Inc., it held its interests in the shares of the Company through its wholly-owned corporations.
- (6) As stated in the corporate substantial shareholder notice filed by JPMorgan Chase & Co, 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 2013 final dividends

Having been considered and approved by shareholders of the Company at the Annual General Meeting, the Company has distributed a cash dividend of RMB0.350 per share (applicable taxes inclusive) as final dividend for 2013 to all shareholders whose names appeared on the register of members of the Company on 9 July 2014. Based on the Company's total share capital of 1,175,476,637 shares in issue, a total amount of approximately RMB411.4 million was paid. Implementation of the dividend distribution plan was completed before the issue of this interim report.

### 2. 2014 interim profit distribution plan

The Board did not recommend the distribution of interim dividend for the six months ended 30 June 2014.





## 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 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) on 12 August 2013 for a term of three years commencing from 1 January 2014 to 31 December 2016, and the review opinions regarding such transactions would be disclosed to shareholders by way of announcements.

On 2 April 2014, the Company and CSR Finance Co., Ltd. ("CSR Finance") entered into a financial services framework agreement, pursuant to which, CSR Finance has agreed to provide the Group with deposit services, loan services and other financial services. In addition, on 2 April 2014, the Company, CSR Qingdao Sifang Locomotive & Rolling Stock Co., Ltd. and Qingdao Hongda Schnell Science & Technology Co., Ltd. (an independent third party) entered into a joint venture agreement for the establishment of the joint venture, namely, Qingdao Electric in Qingdao City, Shandong Province, the PRC and the Company and Qingdao Electric subsequently entered into a framework agreement on mutual supply of products and ancillary services on 2 July 2014 for a term commencing from 30 May 2014 (being the date of establishment of Qingdao Electric) to 31 December 2016. For details, please refer to the announcements of the Company dated 2 April 2014 and 2 July 2014.

## IX. EMPLOYEES AND TRAINING

As at 30 June 2014, the Company had 5,851 employees, and the total amount of remuneration for employees for the six months ended 30 June 2014 was approximately RMB474.2 million. 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 approved the share appreciation rights scheme (the "Scheme") at the annual general meeting of 2012, and approved an aggregate of approximately 9,868,000 units of share appreciation rights ("SARs") to a total of up to 262 eligible recipients, subject to the satisfaction of the granting conditions. During the Reporting Period, no SARs were granted by the Company to the eligible recipients under the Scheme.


During the Reporting Period, the Company has emphasized on nurturing a team of talents. Leadership tests and appraisals were conducted on middle to senior management members of the Company, a series of leadership enhancement training sessions were designed, organized and developed according to the outcome of the tests and appraisals and received warm response from participants of the training sessions. A variety of training sessions, in the form of on-the-job training, project training and classroom training, were developed for trainees of international talents of the Company to ensure the enhancement of performance capabilities of the international talents in a practical manner. Training series for marketing officers, mainly in the form of internal training with professional knowledge as the main content, were developed. New achievements were made in the first half of 2014 in the establishment of a learning organization within the Company: concept training for a learning organization was fully introduced, the development of a series of activities, including training for action learning of facilitators, implementation of a new round of action learning and setting benchmarks for learning classes and groups, had driven the establishment of a learning organization to a new climax.

## BASIC CORPORATE INFORMATION

1	Official name in Chinese Official name in English	株洲南車時代電氣股份有限公司 Zhuzhou CSR Times Electric Co., Ltd.
2	Authorised representatives	Ding Rongjun Tang Tuong Hock, Gabriel
3	Company secretary  Secretary of the Board  Registered office	Tang Tuong Hock, Gabriel  Yan Wu  Times Road, Shifeng District, Zhuzhou, Hunan Province, PRC, 412001
	Telephone Facsimile Website	+86 731 2849 8028 +86 731 2849 3447 <a href="http://www.timeselectric.cn">http://www.timeselectric.cn</a>
	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 (Hangzhou)
7	Auditor	Ernst & Young Hua Ming LLP Level 16, Ernst & Young Tower Oriental Plaza, No. 1 East Chang An Avenue Dong Cheng District, Beijing China 100738

## GLOSSARY

“AGM” or “Annual General Meeting”	the annual general meeting for year 2013 of the Company held on Friday, 27 June 2014
“Articles”	the Articles of Association of the Company
“Baoji Times”	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”	Zhuzhou CSR Times Electric Co., Ltd.
“CSR”	CSR Corporation Limited, a joint stock limited liability company incorporated in the PRC whose A shares and H shares are listed on the Shanghai Stock Exchange and the Main Board of the Hong Kong Stock Exchange, respectively. CSR is directly and indirectly owned as to 57.16% by CSRG and holds the entire equity interest in the Parent Company
“CSR Investment & Leasing”	CSR Investment & Leasing Co., Ltd., a wholly-owned subsidiary of CSR and one of the Promoters
“CSR ZELRI (Hong Kong)”	CSR Zhuzhou Electric Locomotive Research Institute (Hong Kong) Co., Limited, a wholly-owned subsidiary of CSR ZELRI
“CSR Zhuzhou”	CSR Zhuzhou Electric Locomotive Co., Ltd., a wholly-owned subsidiary of CSR, one of the Promoters
“CSRG”	CSR Group, a PRC state-owned enterprise and the ultimate controlling shareholder of the Company
“CSRG Group”	CSRG and its subsidiaries (excluding the Group)
“Director(s)”	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
“Electric Multiple Units”	Electric Multiple Units power converters auxiliary power supply equipment and control systems
“Group”	The Company and its subsidiaries



“Guangzhou Times”	Guangzhou CSR Times Electric Technology Co., Ltd., a 60% owned subsidiary of the Company
“Hangzhou Electric”	Hangzhou CSR Electric Equipment Co., Ltd., a 60% owned subsidiary of the Company
“HK Electric”	CSR Times Electric (Hong Kong) Co., Limited, a wholly-owned subsidiary of the Company
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Kunming China Railway”	China Railway Large Maintenance Machinery Co., Ltd. Kunming, one of the Promoters of the Company, a subsidiary wholly owned by China Railway Construction Corporation Limited, whose A shares and H shares are listed on the Shanghai Stock Exchange and the Main Board of the Hong Kong Stock Exchange, respectively
“Kunming Electric”	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
“Locomotives”	Locomotives power converters, auxiliary power supply equipment and control systems
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Ningbo Times”	Ningbo CSR Times Sensor Technology Co., Ltd., a wholly-owned subsidiary of the Company
“Parent Company” or “CSR ZELRI”	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 Ministry of Finance of the PRC
“Promoters”	Promoters of the Company, being CSR ZELRI, CSR Zhuzhou, CSR Investment & Leasing, Qishuyan Works and Kunming China Railway
“Qingdao Electric”	Qingdao CSR Electrical Equipment Co., Ltd., a 45% owned subsidiary of the Company



“Qishuyan Works”	CSR Qishuyuan Locomotive & Rolling Stock Works, a wholly-owned subsidiary of CSRG and one of the Promoters
“Reporting Period”	The six-month period ended 30 June 2014
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council
“SFO”	Securities and Futures Ordinance of Hong Kong
“Shanghai Railway Transportation”	Shanghai CSR Railway Transportation Technology Co., Ltd., a 51% owned subsidiary of the Company
“Shenyang Times”	Shenyang CSR Times Transportation Equipment Co., Ltd., a wholly-owned subsidiary of the Company
“Shiling”	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.
“Times Electronics”	Zhuzhou Times Electronics Technology Co., Ltd., a wholly-owned subsidiary of the Company
“Times Equipment”	Zhuzhou Times Equipment Technology Co., Ltd., a wholly-owned subsidiary of the Company
“Times Information”	Beijing CSR Times Information Technology Co., Ltd., a wholly-owned subsidiary of the Company
“Times New Materials”	Zhuzhou Times New Materials Technology Co., Ltd., whose shares are listed on the Shanghai Stock Exchange
“Times USA”	Times Electric USA, LLC, a wholly-owned subsidiary of the Company
“Urban rail transportation equipment”	Urban rail transportation equipment power converters, auxiliary power supply equipment and control systems
“Zhuzhou Siemens”	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