



中國北車股份有限公司

CHINA CNR CORPORATION LIMITED

(a joint stock limited liability company incorporated in the People's Republic of China)
(於中華人民共和國註冊成立的股份有限公司)

Stock code 股份代號：6199



Interim Report 2014
中期報告

CONTENTS

2	Company Profile
4	Financial Summary
5	Management Discussion and Analysis
20	Significant Events
28	Changes in Share Capital and Information on Shareholders
32	Directors, Supervisors and Senior Management
34	Interim Condensed Consolidated Financial Statements
41	Notes to The Unaudited Interim Financial Report
58	Definitions

COMPANY PROFILE

DIRECTORS

Executive Director

Mr. Xi Guohua (奚國華) (*President*)

Non-executive Directors

Mr. Cui Dianguo (崔殿國) (*Chairman*)

Mr. Wan Jun (萬軍)

Independent Non-executive Directors

Mr. Li Fenghua (李豐華)

Mr. Zhang Zhong (張忠)

Ms. Shao Ying (邵瑛)

Mr. Sun Patrick (辛定華)

SUPERVISORS

Mr. Chen Fangping (陳方平) (*Chairman*)

Mr. Zhu Sanhua (朱三華)

Mr. Liu Zhi (劉智)

JOINT COMPANY SECRETARIES

Mr. Xie Jilong (謝紀龍)

Ms. Kwong Yin Ping Yvonne (鄭燕萍) *FCIS*

AUTHORIZED REPRESENTATIVES

Mr. Xi Guohua (奚國華)

Ms. Kwong Yin Ping Yvonne (鄭燕萍)

STRATEGY COMMITTEE

Mr. Cui Dianguo (崔殿國) (*Chairman*)

Mr. Xi Guohua (奚國華)

Mr. Wan Jun (萬軍)

Mr. Zhang Zhong (張忠)

Ms. Shao Ying (邵瑛)

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Sun Patrick (辛定華) (*Chairman*)

Mr. Wan Jun (萬軍)

Mr. Zhang Zhong (張忠)

NOMINATION COMMITTEE

Mr. Zhang Zhong (張忠) (*Chairman*)

Mr. Cui Dianguo (崔殿國)

Mr. Xi Guohua (奚國華)

Mr. Li Fenghua (李豐華)

Ms. Shao Ying (邵瑛)

REMUNERATION AND APPRAISAL COMMITTEE

Mr. Li Fenghua (李豐華) (*Chairman*)

Ms. Shao Ying (邵瑛)

Mr. Sun Patrick (辛定華)

REGISTERED OFFICE

No. 15, First Area, Fangcheng Park
Fengtai District
Beijing, PRC

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 15, First Area, Fangcheng Park
Fengtai District
Beijing, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F, Tesbury Centre
28 Queen's Road East, Wanchai
Hong Kong

STOCK NAME

China CNR Corporation Limited

STOCK ABBREVIATION

China CNR

SHARE LISTING

A Share: Shanghai Stock Exchange

Stock Code: 601299

H Share: The Stock Exchange of Hong Kong Limited

Stock Code: 6199

SHARE REGISTRARS

A Share

China Securities Depository & Clearing Corporation Limited
(CSDCC) Shanghai Branch

China Insurance Building

166 East Lujiazui Road

Pudong District

Shanghai, PRC

H Share

Computershare Hong Kong Investor Services Limited

Shops 1712-1716

17/F, Hopewell Centre

183 Queen's Road East, Wanchai

Hong Kong

COMPANY'S WEBSITE

www.chinacnr.com

FINANCIAL SUMMARY

Set out below is the major financial information of the Group:

Unit: RMB' 000

	January to June 2014	January to June 2013	Increase/ decrease (%)
Revenue	38,654,423	36,743,539	5.20
Net profit attributable to the equity shareholders of the Company	2,323,077	1,563,182	48.61
Net cash used in operating activities	(11,335,510)	(4,902,948)	131.20
Basic earnings per share (RMB/share)	0.22	0.15	46.67
Diluted earnings per share (RMB/share)	0.22	0.15	46.67
Weighted average return on net assets (%)	5.77	4.43	1.34
	30 June 2014	31 December 2013	Increase/ decrease (%)
Total assets	148,940,563	120,158,917	23.95
Total liabilities	101,449,453	80,593,282	25.87
Net assets attributable to the equity shareholders of the Company	45,741,987	37,780,342	21.07

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The year of 2014 is a crucial year for the China CNR to follow the spirit of the Third Plenary Session of the 18th Central Committee and implement our second stage of development. Firmly based on its guiding principles, namely 'making progress amidst stability' and 'continuous reform and innovation', the Company is determined to follow its 'three-stage' development strategy, adhere to the core values of 'Growth', 'Efficiency' and 'Health', and leverage the focuses of steady growth, brand new way of operation and internationalization, with a view to continuing its innovation in business model, technology and management and to improving the quality and efficiency in its development. In the first half year of 2014, the Company recorded revenue of RMB38,654 million, profit from operations of RMB3,500 million and profit attributable to equity shareholders of the Company of RMB2,323 million. On 22 May 2014, the H Shares of the Company were successfully listed on the Hong Kong Stock Exchange representing a breakthrough in the internationalization of the capital of the Company.

FINANCIAL REVIEW

(I) Analysis of Core Business

Table of Analysis of Changes in Relevant Items of Statement of Profit or Loss and Statement of Cash Flows

Unit: RMB' 000

	January to June 2014	January to June 2013	Increase/ Decrease (%)
Revenue	38,654,423	36,743,539	5.20
Cost of sales	31,089,572	30,502,635	1.92
Selling and distribution expenses	756,161	896,521	-15.66
Administrative expenses	3,551,414	3,037,486	16.92
Finance costs	750,235	472,116	58.91
Net cash flow used in operating activities	(11,335,510)	(4,902,948)	131.20
Net cash flow used in investing activities	(2,372,226)	(2,886,016)	-17.80
Net cash flow generated from financing activities	19,867,491	4,438,505	347.62
Research and development costs	1,119,724	874,756	28.00

The Group is principally engaged in research and development, manufacturing, refurbishment, technology services and leasing of various products such as rolling stock (including multiple units and rapid transit vehicles), mechanical and electric equipment, environmental protection equipment and ancillary components.

Revenue

During the Reporting Period, the Group recorded revenue of RMB38,654 million, representing an increase of 5.20% as compared with the corresponding period of the previous year, mainly due to the increase in the number of transactions of major products and growth in realized revenue.

Cost of sales

During the Reporting Period, the cost of sales of the Group amounted to RMB31,090 million, representing an increase of 1.92% as compared with the corresponding period of the previous year, mainly because the increase in cost of sales was of a smaller extent than the increase in revenue attributable to factors such as the breakthrough in core technology, implementation of management enhancement initiatives and differentiation of product structure.

Selling and distribution expenses, administrative expenses and finance costs

During the Reporting Period, the aggregate amount of these three expenses and costs of the Group increased by RMB652 million, or 14.79%, from RMB4,406 million of the corresponding period of the previous year to RMB5,058 million. The aggregate amount of such three expenses and costs amounted to 13.08% of revenue, increased by 1.09% as compared with 11.99% of the corresponding period of the previous year. Among these expenses and costs, (i) selling and distribution expenses amounted to RMB756 million, representing a decrease of 15.66% as compared with the corresponding period of previous year, mainly due to the decrease in selling and distribution expenses as a result of the decrease in the number of transactions of export products of the Company during the Reporting Period; (ii) administrative expenses amounted to RMB3,551 million, representing an increase of 16.92% as compared with the corresponding period of previous year, mainly due to the increase in expenses such as the research and development costs and staff cost; and (iii) finance costs amounted to RMB750 million, representing an increase of 58.91% as compared with the corresponding period of previous year, mainly due to the increase in finance costs as a result of the increase in the interest-bearing borrowings during the Reporting Period.

Net cash flows

During the Reporting Period, the Group recorded net cash used in operating activities of RMB11,336 million, representing an increase of 131.20% of the net outflow as compared with the corresponding period of the previous year, mainly because, during the Reporting Period, the increase in the amount of cash received from sales of goods and rendering of services of the Group as compared with the corresponding period of the previous year was smaller than the increase in the amount of cash received from the cash paid for goods and services as compared with the corresponding period of the previous year.

The Group recorded net cash used in investing activities of RMB2,372 million, representing a decrease of 17.80% of the net outflow as compared with the corresponding period of the previous year, mainly due to the decrease in investment expenditures of the Group during the Reporting Period.

The Group recorded net cash inflow generated from financing activities of RMB19,867 million, representing an increase of 347.62% of the net inflow as compared with the corresponding period of the previous year, mainly because the Group raised RMB7,822 million from the Listing of H Shares during the Reporting Period.

(II) Others**A. Material change in the Group's profit composition or source of profit**

During the Reporting Period, there has been no material change in the profit composition or source of profit of the Group.

B. Progress in the implementation of various types of financing and major asset reorganization by the Group in the previous period

For the details of the progress in the implementation of various types of financing by the Group in the previous period, please refer to the relevant announcement of the Company dated 29 August 2014 published on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company.

During the Reporting Period, there has been no major asset reorganization of the Group.

DEBT STRUCTURE, LIQUIDITY AND CASH FLOW**Borrowings, Corporate Bonds and Notes**

As at 30 June 2014, the Group had total borrowings of approximately RMB35,365 million, which increased by 60.57% from RMB22,024 million as at 31 December 2013, mainly due to the corporate demand for funds in order to ensure the payment of the follow-up orders and the progression of production cycle in light of the increase in accounts receivable.

As at 30 June 2014, out of the total borrowings of the Group, RMB34,713 million was denominated in Renminbi, RMB133 million was denominated in US dollar, and RMB507 million was denominated in Euro.

The Group's long-term interest-bearing borrowings and short-term interest-bearing borrowings as at 30 June 2014 were RMB6,036 million and RMB29,329 million, respectively. The following table sets forth the maturity profile of the loans repayable of the Group as at 31 December 2013 and 30 June 2014:

	Unit: RMB' 000	
	30 June 2014	31 December 2013
Within one year, inclusive	30,247,493	20,931,223
One to two years	2,291,844	1,411,508
Two to five years	4,390,376	5,237
Over five years	21,011	21,133
Total	36,950,724	22,369,101

As at 30 June 2014, the Group's total interest-bearing bank and other borrowings at floating interest rate amounted to RMB11,014 million, as compared to RMB6,487 million as at 31 December 2013.

As at 30 June 2014, the Group issued short-term inter-bank corporate bonds with an aggregate principal amount of RMB16,000 million, which were interest-bearing at fixed interest rate, as well as medium-term notes with an aggregate principal amount of RMB4,000 million, which were interest-bearing at fixed interest rate.

Gearing Ratio⁽¹⁾

As of 30 June 2014, the Group's gearing ratio was 74.47%, representing an increase of 18.80% from 55.67% as at 31 December 2013 due to the increase in demand for funds during the Reporting Period, resulting in the increase in interest-bearing liabilities as compared to the end of the previous year.

Pledged Assets

As at 30 June 2014, the Group had pledged the following for bank borrowings: trade and bill receivables of RMB638 million (at 31 December 2013: RMB1,374 million).

Capital Expenditures and Capital Commitments

During the Reporting Period, the Group's capital expenditures amounted to RMB1,800 million, which mainly consisted of property, plant and equipment of RMB1,750 million and lease prepayment of RMB50 million. Further details of the capital expenditures are set out in notes 8 and 9 to the unaudited interim financial report.

As at 30 June 2014, the Group had capital commitments of RMB3,724 million contracted for but not yet incurred, which would be mainly used for the acquisition of properties, plants and equipment.

Cash Flow

As at 30 June 2014, the Group had approximately RMB107,360 million of banking facilities available to the Group from commercial banks, of which approximately RMB74,782 million was unutilized and unrestricted. As at 30 June 2014, the Group had cash and cash equivalents of approximately RMB13,266 million, out of which RMB5,179 million was denominated in Renminbi, RMB6,610 million was denominated in US dollar, and RMB15 million was denominated in Euro.

CONTINGENT LIABILITIES

As at 30 June 2014, the Group did not have any material contingent liabilities.

(1) Gearing ratio is calculated by total debt divided by total equity at the end of the Reporting Period and multiplied by 100%. Total debt is defined as payables not incurred in the ordinary course of business.

RISK MANAGEMENT

The Group is exposed to various types of market risks in the ordinary course of its business, including credit risk, liquidity risk, interest rate risk and currency risk.

Credit Risk

Credit risk of the Group is primarily attributable to cash at bank, trade and bills receivables, deposits, prepayments and other receivables and other non-current assets. The Group has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis. Substantially all of the cash at bank of the Group are deposited in state-owned/controlled PRC banks which the Group assessed the credit risk to be insignificant.

Liquidity Risk

The Group aims to ensure continuity of sufficient funding and flexibility by utilizing a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that its outstanding borrowing obligation is not exposed to excessive repayment risk in any one year. The Group has regularly monitored current and expected liquidity requirements to ensure that sufficient reserves of cash and adequate committed lines of funding from major financial institutions are maintained to meet the Group's liquidity requirements in the short and long term.

In addition, the Group has actively and regularly reviewed and managed its capital structure to maintain a balance between higher equity shareholder returns that might be associated with higher levels of borrowings and the advantages and security provided by a sound capital position, and has made adjustments to the capital structure in light of changes in economic conditions. No changes were made in the objectives, policies or processes for managing capital during the Reporting Period.

Interest Rate Risk

The Group is exposed to the risk of changes in market interest rates relates primarily to its interest bearing bank borrowings with a variable interest rate. The Group has reviewed and monitored the mix of fixed and variable rate borrowings in order to manage its interest rate risks. During the Reporting Period, the Company did not use interest rate swaps to hedge its exposure to interest rate risk.

Currency Risk

The functional currency of the Group is the Renminbi with most of its transactions settled in Renminbi. The Group normally uses, however, foreign currencies, to settle its invoices from overseas operations, to settle its purchases of machinery and equipment from overseas suppliers and for certain expenses. RMB is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future.

BUSINESS REVIEW

(I) The Board's Discussion and Analysis on the Operations of the Group for the Reporting Period

A. Analysis on Core Business

(1) Revenue breakdown by business

The following table sets out the Group's revenue breakdown by business during the Reporting Period:

Unit: RMB' 000

By business	Revenue	Cost of sales	Gross profit margin (%)	Increase/ decrease in revenue as compared to the corresponding period of the previous year (%)	Increase/ decrease in cost of sales as compared to the corresponding period of the previous year (%)	Increase/ decrease in gross profit margin as compared to the previous year (%)
Rolling stock business	29,097,668	22,710,544	21.95	18.90	18.00	0.59
General mechanical and electrical business	617,789	468,821	24.11	8.44	8.94	-0.35
Modern service business	7,269,849	6,509,691	10.45	-28.80	-32.16	4.49
Emerging industry business	1,669,117	1,400,516	16.09	10.79	13.81	-2.23
Total	38,654,423	31,089,572	19.57	5.20	1.92	2.59

Rolling stock business: The revenue of rolling stock business increased by 18.90% when compared with the corresponding period of the previous year, mainly due to the increase in revenue resulting from the increase in orders in the railway market during the Reporting Period.

General mechanical and electrical business: The revenue of general mechanical and electrical business increased by 8.44% when compared with the corresponding period of the previous year, mainly due to the increase in sales volumes of the ancillary components of the mechanical, electrical and electronic products owing to the turnaround of railway market.

Modern service business: The revenue of modern service business decreased by 28.80% when compared with the corresponding period of the previous year, mainly due to the fact that the Company had curtailed the scale of businesses with low gross profit margin.

Emerging industry business: The revenue of emerging industry business increased by 10.79% when compared with the corresponding period of the previous year, mainly due to the emergence of wind power business and energy conservation business.

The operating revenue of the Company increased by 5.20% when compared with the corresponding period of the previous year, while the rolling stock business, general mechanical and electrical business, modern service business and emerging industry business accounted for 75.28%, 1.60%, 18.81% and 4.31% of total revenue, respectively. Within the rolling stock business in particular, the Company recorded revenues of RMB6,007 million from locomotives, RMB2,076 million from passenger coaches, RMB13,693 million from MUs, RMB2,775 million in rapid transit vehicles and RMB4,073 million in freight wagons.

(2) Revenue breakdown by regions

The following table sets out the Group's revenue breakdown by regions during the Reporting Period:

Unit: RMB' 000

Items	January to June 2014		January to June 2013		
	Revenue	Percentage (%)	Revenue	Percentage (%)	Growth rate (%)
Domestic Market	36,339,369	94.01	32,911,206	89.57	10.41
Overseas Market	2,315,054	5.99	3,832,333	10.43	-39.59
Total	38,654,423	100.00	36,743,539	100.00	5.20

During the Reporting Period, the revenue of the domestic market of the Company increased by 10.41%, while the revenue of the overseas market fell down by 39.59%. The increase in revenue of the domestic market was mainly due to the increase in investment in railways, resulting in the growth in the demand for rolling stock equipment. The decrease in revenue of overseas market was mainly due to decrease in number of transactions of exported products.

B. Analysis on Equity Investments

(1) Analysis on equity investments

(a) Equity investments

During the Reporting Period, the Company's equity investment amounted to RMB1,800 million, representing an increase of approximately 313.11% as compared with the corresponding period in 2013. Details of the investments are set out as follows:

Name of the controlling enterprise/investee	Industry sector of the controlling enterprise/investee	Percentage of equity interest in the controlling enterprise/investee (%)	Form of investment
CNR Southern Co., Ltd. (北車南方有限公司)	Transportation equipment manufacturing industry	100	Newly established
CNR Financial Corp., Ltd. (中國北車集團財務有限公司)	Finance industry	91.66	Acquisition of non-controlling interest
CNR (Dalian) Tram System Co., Ltd. (北車(大連)有軌電車系統有限公司)	Transportation equipment manufacturing industry	51	Newly established
Harbin Railway Transportation Equipment Co., Ltd. (哈爾濱軌道交通裝備有限責任公司)	Transportation equipment manufacturing industry	100	Capital increase
Mudanjiang JinYuan Coupler Buffer Manufacturing Co., Ltd. (牡丹江金緣鉤緩製造有限責任公司)	Transportation equipment manufacturing industry	100	Capital increase
Qiqihar Railway Rolling Stock Co., Ltd. (齊齊哈爾軌道交通裝備有限責任公司)	Transportation equipment manufacturing industry	100	Capital increase
CNR MA Corporation (北車(美國)公司)	Transportation equipment manufacturing industry	100	Newly established
CNR Rolling Stock Africa Proprietary Limited (北車(南非)公司)	Transportation equipment manufacturing industry	66	Newly established
Beijing Tianlu Longxiang Rolling Stock Co., Ltd. (北京天路龍翔交通裝備有限公司)	Transportation equipment manufacturing industry	50	Newly established

Name of the controlling enterprise/investee	Industry sector of the controlling enterprise/investee	Percentage of equity interest in the controlling enterprise/investee (%)	Form of investment
Zhengzhou CNR Railway Equipment Co., Ltd. (鄭州北車軌道裝備有限公司)	Transportation equipment manufacturing industry	90	Newly established
Nanchang CNR Railway Equipment Co., Ltd. (南昌北車軌道裝備有限公司)	Transportation equipment manufacturing industry	57	Newly established
Shentong CNR (Shanghai) Railway Vehicles Manufacturing Co., Ltd. (申通北車(上海)軌道交通車輛維修有限公司)	Transportation equipment manufacturing industry	50	Newly established

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

Unit: RMB'000

Stock code	Abbreviation	Initial investment cost	Percentage of shareholding at the beginning of the Reporting Period (%)	Percentage of shareholding at the end of the Reporting Period (%)	Book value at the end of the Reporting Period	Gain or loss during the Reporting Period	Change in the owner's interests during the Reporting Period	Accounting item	Source of shares
SH. 600458	Times New Material	13,875	0.83	0.83	49,167	334	-5,544	Available-for-sale investments	Purchase from original issued shares
HK. 00580	SUN.KING ELEC	27,854	3.75	3.75	20,320	407	-12,276	Available-for-sale investments	Purchase from original issued shares
Total		41,729	/	/	69,487	741	-17,820	/	/

(2) Operations and results of principal subsidiaries and companies invested by the Company

Unit: RMB' 000

Company name	Principal products and scope	Registered capital	As at 30 June 2014		January to June 2014		
			Total assets	Net assets attributable to shareholders of the parent company	Net profits attributable to shareholders of the parent company	Operating revenue	Operating profits
Changchun Railway Vehicle Co., Ltd. (長春軌道客車股份有限公司)	Research and development and manufacture of railway multiple units, passenger coaches and rapid transit vehicles; refurbishments of railway multiple units and premium passenger coaches	2,452,800	36,978,714	10,024,018	1,117,361	11,685,101	1,308,221
Tangshan Railway Vehicle Co., Ltd. (唐山軌道客車有限責任公司)	Research and development and manufacture of railway multiple units, passenger coaches and rapid transit vehicles; refurbishments of railway multiple units and premium passenger coaches	2,257,000	22,531,647	5,492,473	795,708	6,286,257	912,133
CNR Dalian Locomotive & Rolling Stock Co. Ltd. (中國北車集團大連機車車輛有限公司)	Research and development, manufacture and refurbishments of railway diesel locomotive, electric locomotive and rapid transit vehicles	2,443,000	13,927,596	4,944,583	111,982	4,796,832	111,615
Yongji Xinshisu Electric Equipment Co., Ltd. (永濟新時速電機電器有限責任公司)	Manufacture, sales and refurbishments of railway vehicles, products, electric equipment, AC unit and electric control device	630,000	8,248,496	1,780,074	152,188	3,630,333	156,149
Qingdao Sifang Rolling Stock Research Institute Co., Ltd. (青島四方車輛研究所有限公司)	Development of vehicles and components, ancillary equipments of vehicles, railway and civil high and new technology	606,000	4,163,789	1,896,468	235,971	1,347,474	278,427

(3) Material acquisitions and disposals of subsidiaries, associates and joint ventures

There were no material acquisitions and disposals of subsidiaries, associates and joint ventures by the Company during the Reporting Period.

(4) Use of proceeds***H Shares***

Pursuant to The Approval on the Issue of Overseas Listed Foreign Shares of China CNR Corporation Limited (Zheng Jian Xu Ke [2014]No.404) issued by the CSRC, in May 2014, the Company made a public offering of 1,939,724,000 overseas listed foreign shares (H Shares) (including over-allotment) and the total proceeds were HK\$10,028,373,080. As at 30 June 2014, such proceeds were not utilized by the Company.

A Shares

In December 2009, the Company made an initial public offering of 2.5 billion A Shares of RMB1.00 each at an issue price of RMB5.56 per share and the total proceeds were RMB13.90 billion. The net proceeds, after deducting the issue expenses, were RMB13,542,924,626. During the Reporting Period, the Company used a total of approximately RMB33.32 million out of the proceeds (excluding the temporary supplement of working capital). As at 30 June 2014, the Company utilized an aggregate amount of approximately RMB13,501.89 million out of the proceeds (including the excess of the actual proceeds over the amount required for the projects to supplement the general working capital of the Company, amounting to RMB5.36 billion, and the temporary supplement of working capital of RMB195.80 million). The unutilized balance of proceeds for the purpose of capital injection into the controlling subsidiaries, which were also deposited in the accounts of the controlling subsidiaries (including branch companies), amounted to approximately RMB59.80 million (including interest of approximately RMB25.70 million). The balance of proceeds of the Company in the designated proceed account amounted to approximately RMB21.90 million (including interest of approximately RMB14.97 million). As at 30 June 2014, details of the aggregate amount of proceeds applied by the Company in the following projects are as follows:

Unit: RMB million

Projects	As at 30 June 2014 Aggregate amount of proceeds applied
Introduction, digestion and absorption of technology for high-speed MUs, high-powered electric and diesel locomotives and the new domestic transformation projects	4,879.11
Projects for meeting the needs for speed upgrade and heavy-hauling in rail transport, improving product quality and technology level and international competitiveness	1,535.86
Projects for utilization of core technologies for the development of relevant markets of diversified products and improvement of economic efficiency of enterprises	1,393.42
Construction projects of information system	137.64

In addition, the Company placed 2,020,056,303 RMB-denominated ordinary shares (A Shares) of RMB1.00 each at an issue price of RMB3.42 per share to all of its A Shareholders of the Company as at the record date (i.e., 24 February 2012) in the proportion of 2.5 shares for every 10 shares and the total proceeds were RMB6,908,592,556.26. The net proceeds, after deducting the issue expenses, were RMB6,873,641,122.63. During the Reporting Period, the Company used a total of approximately RMB331.60 million out of the proceeds (excluding the temporary supplement of working capital). As at 30 June 2014, the Company utilized an aggregate amount of approximately RMB6,847.10 million out of the proceeds (including replacement by the proceeds of its own funds of RMB1,324.41 million for the previously invested projects and the temporary supplement of working capital of RMB491.10 million). The balance of proceeds of the Company in the designated proceed account amounted to approximately RMB40.21 million (including interest of approximately RMB13.67 million). As at 30 June 2014, details of the aggregate amount of proceeds applied by the Company in the following projects are as follows:

Unit: RMB million

Projects	As at 30 June 2014 Aggregate amount of proceeds applied
Research and development of technology of high-speed rail vehicles and transformation of efficiency enhancement	1,738.17
Research and development of technology of high-powered locomotives and high-speed heavy-hauling freight wagons and transformation of efficiency enhancement	2,094.58
Relevant diversified segments	249.70
Capital injection into finance leasing companies	500.00
Supplementing general working capital	1,773.64

C. Core Competence

Being a convenient, fast, environmentally friendly product, rolling stock, especially high-speed railway equipment, is becoming increasingly well-received around the world. On many occasions, the PRC party and state leaders took the initiative to promote the high-speed railway technology of China during international economic and trade exchanges. High-end rolling stock is faced with a historical opportunity for significant development.

China CNR is a leading enterprise in the rolling stock industry in China and an important member of the world's rolling stock manufacturing industry with the leading position in the aspects of large-scale operations, core technology research and development and production process in the international market. According to the latest published ranking of the Top 500 Enterprises in China in 2014, China CNR ranks 53rd in terms of revenue of RMB97.241 billion.

The continual breakthrough in technology and innovation have provided strong support and guided the enhancement of the competitiveness and the rapid development of China CNR. CRH380CL high-speed MUs have been put into operation in the Beijing-Shanghai High Speed Railway. Metro cars and EMUs exported to Brazil successfully completed the transportation task during the World Cup. The AC diesel locomotives, which have been adapted to the special geographical environment and application conditions in the plateau regions, successfully made its debut on the roof of the world. The Company has commenced the construction and design of each system for the eight-axle passenger electric locomotives with 200 km/h. The 4400 hp diesel locomotives have completed operation assessment. CJ-1 and CJ-2 intercity MUs and the 30-tonne axle heavy-hauling freight electric locomotives are undergoing assessment tests. The research and development of standard MUs is being actively driven in China. China's first "electric+battery power" and "electric+diesel power" hybrid power MU has entered the assembly stage. Design work for the 140-160 km per hour series urban MU has commenced. Small-lot production of 30-tonne axle load freight wagons has commenced and trial manufacturing of various models of fast freight wagons and bogies has completed. Remarkable results have been achieved in the development of a series of core technologies such as high-powered IGBT chip, embedded chip specially designed for rolling stock, railway passenger information service system, unit brake technology and brake system.

The continuous optimization of resource allocation has driven the shifting of the resources of the Company to the strategic emerging industries and the high end of the value chain. Following the development trend of the railway reform and taking into consideration the development strategy of the Company, the Company has further adjusted and optimized the capacity layout of the manufacturing and refurbishment of locomotives, freight wagons and MUs business segment. Through cooperation with PRC government, joint ventures and value chain integration, the Company has constructed the strategic partnership system, continuously optimized the business layout of urban rapid transit transportation business segment, actively promoted the development of emerging segments such as urban rapid transit transportation construction and energy equipment, and accelerated industrial restructuring, transformation and enhancement.

The Company has expedited its overseas resource allocation and enhanced its international competitiveness. China CNR has established the joint research and development centre in traction and control technology with Czech Technical University in Prague as well as the China CNR-University of Michigan Welding Structure Research and Development Centre. The Company has continuously speeded up its overseas resource allocation by investing in establishing CNR MA Company (北車(美國)公司), acquiring the Australia Pacific Rail Engineering Corporation and establishing a joint venture for manufacturing of motors in India. In May 2014, the H Shares of China CNR were successfully listed on the Hong Kong Stock Exchange, marking a significant breakthrough in the international capital market. The Company won the bid for 238 diesel locomotives in South Africa and received orders again for the export of diesel MUs to Argentina and urban electric MUs in Brazil, marking significant progress achieved by China CNR in developing the international market.

The Company has enhanced management thoroughly and achieved new effectiveness in management innovation. Through undertaking the construction of financial integration and the electronic supply chain management platform in a thorough manner, the Company has continuously facilitated the intensive integration of information technology and various businesses with the core value of lean production and fine management. The Company has been guided with a greater emphasis on development quality and efficiency of the enterprise. By improving the comprehensive risk management system and effectively preventing market risks, capital risks, legal risks and quality and production safety risks, the Company has achieved sound operations with the continuous enhancement of the enterprise operation quality and the strengthening of competitiveness.

D. Employees and Remuneration Policies

Developing and maintaining a team of capable and motivated managerial, technical and other employees is critical to the Group's success. The remuneration package for the Company's employees generally includes salaries and bonuses. Employees also receive welfare benefits, including medical care, housing subsidies, retirement benefits, occupational injury insurance and other miscellaneous items. As at 30 June 2014, the Company had 85,565 full-time employees and the total staff cost of the Group for the six months ended 30 June 2014 amounted to RMB4,566 million. Employee recruiting and retention policies have been formulated taking into account a number of factors, including market conditions and its business demands and expansion plans. The Group aims to recruit, train and retain talented professionals through a multi-step recruiting and training process, and offers competitive performance-linked remuneration packages and career development opportunities to its employees. Periodic performance reviews are conducted for employees, and performance-based salaries and bonuses are offered. In addition, the Company has implemented training programs according to different job requirements. The Company believes that these initiatives have contributed to increased employee productivity.

The Directors, Supervisors and senior management of the Company receive compensation in the form of salaries, employer's contribution to employees' benefit schemes (including pension, occupational injury insurance, maternity insurance, medical insurance, unemployment allowance and housing provident fund), bonuses and other allowances and benefits-in-kind. The total compensation payments to the Directors and Supervisors recognized by the Group amounted to RMB2 million for the six months ended 30 June 2014. The remuneration of Directors, Supervisors and senior management of the Company is determined with reference to factors including the salaries paid by comparable companies, time commitment and responsibilities of the Directors, Supervisors and senior management of the Company, employment conditions of other positions in the Company and desirability of performance-based remuneration. The Remuneration and Appraisal Committee of the Company is responsible for reviewing and examining the remuneration policies and plans of the Directors, president and other senior management of the Company from time to time.

(II) Business Outlook for the Second Half of 2014

Railway, being an important infrastructure, remains the current focus of investment and construction in the PRC. At present, the State Council has decided to further step up its efforts in railway construction, deepen the reform in the railway investment and financing system, widen the financing channel for railway construction in the medium to long run, and expand the scale of investment in rail fixed assets in a modest manner. Meanwhile, the scale of urban rail transportation construction has grown in light of the continual acceleration of urbanization and, in particular, with the gradual introduction of various policy documents by the State Council for delegating the power of approving urban rail transportation construction. The acceleration of railway construction and the expansion of the scale of urban rail transportation will drive a rapid increase in the demand for rolling stock such as locomotives, MUs and urban transit vehicles. CRC recently adjusted the investment plan for rail fixed assets, increasing the total annual investment amount from RMB630 billion at the beginning of the year to more than RMB800 billion with the number of projects under construction increased from 44 to 64, which has created favourable external conditions for the Company to complete its annual operation plan. The aggregate amount for contracts entered into in the first half of 2014 amounted to RMB65 billion, representing an increase of 149.04% as compared with the corresponding period of the previous year. In particular, the Company's development of overseas markets has hit its best level in history with a cumulative aggregate amount of US\$1.535 billion for export contract, representing an increase of 178.18% as compared with the corresponding period of the previous year. At present, the Company is carrying out all production and operation activities in an orderly manner. The Company's results are expected to grow steadily with the tenders by CRC and other markets in the second half of 2014, creating conditions for achieving the annual target.

SIGNIFICANT EVENTS

CORPORATE GOVERNANCE

As a dual-listed company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, the Company has remained in strict compliance with the articles of association of the Company, relevant laws and regulations in the PRC and Shanghai Listing Rules during the Reporting Period. Since the Listing of the Company's H Shares on the Main Board of the Hong Kong Stock Exchange on 22 May 2014, the Company has also complied with the Hong Kong Listing Rules. The Company has established modern and effective corporate governance structure and endeavored to continuously improve its internal control and corporate governance mechanism.

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code contained in Appendix 14 to the Hong Kong Listing Rules upon Listing. The Board is of the view that the Company has complied with all the code provisions as set out in the CG Code throughout the period from the Listing Date up to the end of the Reporting Period.

MATERIAL LITIGATION, ARBITRATION AND MATTERS GENERALLY CONCERNED BY THE MEDIA

The Company was not involved in any material litigation, arbitration or other matters generally concerned by the media during the Reporting Period.

BANKRUPTCY AND REORGANIZATION

There was no event relating to bankruptcy and reorganization during the Reporting Period.

ASSETS TRANSACTIONS AND CORPORATE MERGERS

During the Reporting Period, Tangshan Railway Vehicle Co., Ltd. (唐山軌道客車有限責任公司), a wholly-owned subsidiary of the Company, transferred its 25% equity interest in Tangshan Tang-che Railway Transportation Equipment Co., Ltd. (唐山唐車威奧軌道交通設備有限公司)

For details, please refer to the relevant announcement published by the Company on the website of the Shanghai Stock Exchange and the China Securities News, Shanghai Securities News, Securities Times and Securities Daily on 29 March 2014.

IMPLEMENTATION OF SHARE OPTION SCHEME OF THE COMPANY AND ITS EFFECTS

In 2012, the Board and the general meeting of the Company approved and adopted the resolutions in relation to the Share Option Scheme and determined to grant 85,333,500 A Shares (representing 0.70% of the total share capital of the Company as at 30 June 2014) to a total of 340 employees (each a "Participant") of the Company, including directors and senior management of the Group as well as core technical officers and key management members who have direct influence on the overall performance and sustainable development of the Company.

The purposes of the Share Option Scheme are (i) to establish a mechanism which share interests and risks among the shareholders, management and core talents, and promote sustainable and healthy development of the Company; (ii) to attract, motivate and retain senior management and core talents of the Company to maximize value for the Company and the shareholders; and (iii) to establish a long-term incentive and restriction mechanism to realize profit distribution to human capital and optimize and improve remuneration and incentive system, which illustrate the performance-oriented incentive culture of the Company and enhance its competitiveness.

The Share Options were initially granted on 1 November 2012 at an exercise price of RMB4.34 per share (which was adjusted to RMB4.24 per share on 26 August 2013 and further adjusted to RMB4.04 per share on 29 August 2014). In case of any capitalization of capital reserve, payment of bonus shares, subdivision or consolidation of shares, dividend distribution, right issue or additional issue by the Company, an adjustment shall be made to the Share Options granted but not yet exercisable or those exercisable but not yet exercised, provided that no adjustment may be made to the effect that the exercise price would be less than the nominal value.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company shall not in aggregate exceed 85,333,500 A Shares of the Company. Unless otherwise approved in the Shareholders' general meeting, the total number of shares granted to any Participant under the Share Option Scheme or other effective share option schemes of the Company (if any) shall not exceed 1% of the total share capital of the Company at any time, and the cap amount of the Share Options granted to any Participants (including exercised, cancelled and outstanding Share Options) shall not exceed 1% of the total share capital of the Company in any period of 12 months.

The Share Options granted to the participants of the Share Option Scheme shall become exercisable in three tranches in the percentage of 33%, 33% and 34% on the effective dates, which shall be the second anniversary, the third anniversary and the fourth anniversary from the grant date (each an "**Effective Date**"), respectively.

The validity period for all Share Options shall be 1 November 2012 to 1 November 2019. The vesting period shall last for two years (i.e., the Share Options shall not be exercisable within two years from the grant date). The exercisable period refers to the period between the first Effective Date and the expiry date and shall not be more than five years. Therefore, the exercisable period is therefore 1 November 2014 to 1 November 2019.

The Shareholders' general meeting may terminate the Share Option Scheme by special resolution. Upon termination of the Share Option Scheme by special resolution of the general meeting, the Company shall not grant any Share Option to any grantee pursuant to the Scheme. The outstanding shares granted to the grantees pursuant to the Share Option Scheme shall be restricted by the exercise and remain in force in accordance with the requirements of the Share Option Scheme.

For further details of the Share Option Scheme, please refer to the relevant announcements of the Company dated 24 May 2012 and 29 October 2012 published on the China Securities News, Shanghai Securities Times, Securities Times and Securities Daily and on the website of the Shanghai Stock Exchange and the Prospectus of the Company.

SIGNIFICANT EVENTS

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

Name	Position	Number of outstanding options at the beginning of the Reporting Period	Number of options granted during the Reporting Period	Number of options exercised during the Reporting Period	Number of options cancelled during the Reporting Period	Number of options lapsed during the Reporting Period	Number of outstanding options at the end of the Reporting Period
Cui Dianguo (崔殿國)	Chairman of the Board and non-executive Director	420,000	0	0	0	0	420,000
Xi Guohua (奚國華)	President and executive Director	420,000	0	0	0	0	420,000
Zhao Guangxing (趙光興)	Vice president of the Company	357,000	0	0	0	0	357,000
Gao Zhi (高志)	Vice president and chief financial officer of the Company	357,000	0	0	0	0	357,000
Sun Yongcai (孫永才)	Vice president of the Company	357,000	0	0	0	0	357,000
Jia Shirui (賈世瑞)	Vice president of the Company	357,000	0	0	0	0	357,000
Wei Yan (魏岩)	Vice president of the Company	357,000	0	0	0	0	357,000
Yu Weiping (余衛平)	Vice president of the Company	357,000	0	0	0	0	357,000
Xie Jilong (謝紀龍)	Secretary to the Board of the Company	315,000	0	0	0	0	315,000
Wang Yongzhi (王勇智)	Chief engineer of the Company	315,000	0	0	0	0	315,000
Sub-total		4,242,000	0	0	0	0	4,242,000
Other connected persons		47,197,500	0	0	0	0	47,197,500
Other participants		34,608,000	0	0	0	0	34,608,000
Total		85,333,500	0	0	0	0	85,333,500

SIGNIFICANT RELATED PARTY TRANSACTIONS

Related party	Relationship with the related party	Nature of the transaction	Transaction amount (RMB' 000)	Percentage of the transaction amount to the total similar transaction amounts (%)	Settlement of the transaction
Dalian Toshiba Locomotive Electric Equipment Co., Ltd. (大連東芝機車電氣設備有限公司)	Joint venture	Purchase of goods	1,045,620	3.41	Cash
Datong ABB Traction Transformer Co., Ltd. (大同ABB牽引變壓器有限公司)	Associate	Purchase of goods	249,152	0.81	Cash

MATERIAL CONTRACTS AND THEIR PERFORMANCE

(1) Trust, contracting and leasing arrangements

The Company did not enter into any trust, contracting or lease arrangements during the Reporting Period.

(2) Guarantees

The Company did not provide guarantees to external parties (excluding those provided by the Company in favor of its subsidiaries).

Set out below are the guarantees provided by the Company in favor of its subsidiaries as at 30 June 2014:

	Unit: RMB' 000
Total guarantee amount provided to the Company's subsidiaries during the Reporting Period	7,289,480
Total guarantee balance provided to the Company's subsidiaries at the end of the Reporting Period	8,650,275
Aggregate guarantee amount provided by the Company (including guarantees provided by the Company in favour of its subsidiaries)	
Total guarantee amount ⁽¹⁾	8,650,275
Percentage of total guarantee amount to total equity attributable to the equity shareholders of the Company	18.9%
including:	
Provision of guarantee to shareholders, ultimate controller and their related parties (A)	—
Amount of debt guarantees directly or indirectly provided in favour of parties with liability-to-asset ratio over 70% (B)	7,333,658
The total amount of guarantees provided which exceeds 50% of the net asset (C)	5,993,060
Total amount of the three above-stated guarantees (A+B+C) ⁽²⁾	7,333,658

Notes:

- (1) Total guarantee amount represents the sum of the aforesaid total guarantee balance at the end of the Reporting Period (excluding guarantees provided by the Company in favour of its subsidiaries) and the total guarantee balance provided to the Company's subsidiaries at the end of Reporting Period.
- (2) Total amount of the three above-stated guarantees represents the sum of the aforesaid provision of guarantee to shareholders, ultimate controller and their related parties, amount of debt guarantees directly or indirectly provided in favour of parties with liability-to-asset ratio over 70% and the total amount of guarantees provided which exceeds 50% of the net asset. In the event that two or three of the above scenarios arise concurrently from a single guarantee, it will be counted once only in the total amount.

(3) Other Material Contracts or Transactions

During the Reporting Period, the Company entered into certain material sales contracts. For details, please refer to the announcements dated 7 January 2014, 18 March 2014, 25 March 2014 and 11 June 2014 published by the Company on the website of the Shanghai Stock Exchange and the China Securities News, Shanghai Securities News, Securities Times and Securities Daily as well as the Company's announcements dated 10 June 2014 and 14 July 2014 published on the websites of the Hong Kong Stock Exchange and the Company.

PERFORMANCE OF UNDERTAKINGS

(1) Non-competition undertakings made by the Company's controlling shareholder, CNRG⁽¹⁾

To avoid any competition between the Company and CNRG, the controlling shareholder of the Company, the Company and CNRG entered into the "Non-Competition Agreement of China Northern Locomotive & Rolling Stock Industry (Group) Corporation and China CNR Corporation Limited" (the "**Original Agreement**") in September 2008 in relation to the businesses of the parties. In order to guarantee the successful completion of issue and Listing of the Company's H Shares, after the consideration and approval of the 26th meeting of the second session of the Board and 2013 annual general meeting of the Company, the Company and CNRG entered into "Non-Competition Agreement of China Northern Locomotive & Rolling Stock Industry (Group) Corporation and China CNR Corporation Limited" (the "**New Agreement**") in April 2014 effective from the issue and Listing of H Shares. For details, please refer to the relevant announcement dated 25 June 2014 which was published on the website of Shanghai Stock Exchange and the China Securities News, Shanghai Securities News, Securities Times and Securities Daily. The New Agreement became effective from the date which the H Shares of the Company on the Hong Kong Stock Exchange while the Original Agreement will be lapsed automatically on the effective date of the New Agreement.

According to the provisions of the Original Agreement and the New Agreement, the non-compete undertakings made by CNRG, the controlling shareholder of the Company, were as follows:

- (a) CNRG and its controlling enterprises will not, and will use their best endeavour to procure their investees not to, directly or indirectly, to engage or participate in or assist to engage or participate in any businesses or activities that compete or may compete with the any existing and future core businesses of the Company or its controlling enterprises in any manner (including but not limited to investment, merger and acquisition, associated company, joint venture, contracting, lease operation, purchase of stocks or investment in listed companies) solely or jointly with other parties in the PRC and overseas;

- (b) CNRG and its controlling enterprises will not, and will use their best endeavour to procure their investees not to, support any other parties (other than the Company and its controlling enterprises) to engage in any businesses or activities that compete or may compete with any existing and future core businesses of the Company or its controlling enterprises in any manner in the PRC or overseas;
- (c) CNRG and its controlling enterprises will not, and will use their best endeavour to procure their investees not to, involve in any businesses or activities that compete or may compete with any existing and future core businesses of the Company or its controlling enterprises in any other manner;
- (d) CNRG or its controlling enterprises shall immediately notify the Company in writing once any new business opportunity that constitutes or may constitute direct or indirect competition with any core businesses of the Company is identified, and shall use its best endeavour to offer the pre-emptive right of such business opportunity to the Company or its controlling enterprises on reasonable and fair terms and conditions. CNRG or its relevant controlling enterprises shall, under the same conditions, transfer the pre-emptive right of such new business opportunity to the Company or its relevant controlling enterprises. In addition, CNRG undertakes to use its best endeavour to procure its investees to comply with such undertaking;
- (e) If CNRG intends to transfer, sell, lease, license or otherwise transfer or permit to use any of its existing businesses which directly or indirectly compete with any core businesses of the Company or any other future new businesses which directly or indirectly compete or may compete with any core businesses of the Company to a third party, CNRG or its controlling enterprises shall notify the Company in writing in advance and the Company has the right to decide whether to acquire the aforesaid competitive business or interests. Before the Company makes the decision, CNRG or its controlling enterprises shall not make any notifications to the third party in relation to its intention to transfer, sell, lease, or permit to use its competitive business or interests; and
- (f) CNRG will actively improve, reorganize and properly operate its existing businesses and new competitive businesses which may be acquired in the future, with an aim to ultimately transfer its competitive businesses to the Company by granting preference and option and/or pre-emptive right and/or right of first refusal to the Company.

During the Reporting Period, CNRG has strictly complied with the Original Agreement and the New Agreement entered with the Company, and CNRG and its controlling enterprises and its investees have not intervened in, directly or indirectly, any businesses or activities that compete or may compete with the principal businesses conducted by the Company or its controlling enterprises at present and in the future.

Note (1): For the purpose of this paragraph, "controlling enterprises" refer to controlling enterprises in which the Company or CNRG (as the case may be) (1) holds or controls more than 50% of the issued share capital or is entitled to have more than 50% of voting right (if applicable), or (2) holds less than 50% of shareholding but the voting right attached to the shares held will be sufficient to have material influence on the resolutions at the shareholders' meeting or shareholders' general meeting; whereas "investees" refer to (1) other companies, enterprises, units or other entities (whether qualified as legal persons or not) in which the Company or CNRG (as the case may be) holds or controls more than 10% of the voting right at the shareholders' meeting, or (2) in the case of partnership, refer to the partnerships in which the Company or CNRG (as the case may be) is one of the partners, and the controlling enterprises of such companies, enterprises, units or entities.

(2) Undertakings on building ownership issues

Pursuant to the “Regulatory Guideline No. 4 in relation to the Undertakings and Performance of the Listed Company’s Controller, Shareholder, Related Parties, Offerors and the Listed Company” issued by CSRC and the requirements in the relevant notices issued by the Beijing Office of the CSRC, the Company convened the 30th meeting of the second session of the Board on 24 June 2014 during which the Board considered and approved “The Resolution on the Change of Performance of Undertakings by Controlling Shareholder in relation to Buildings Without Building Ownership Certificates” and agreed to the change of performance of undertakings by the Company’s controlling shareholder, CNRG, in relation to buildings without building ownership certificates. For details, please refer to the relevant announcement dated 24 June 2014 published by the Company on the website of the Shanghai Stock Exchange and the China Securities News, Shanghai Securities News, Securities Times and Securities Daily as well as the Company’s announcement dated 24 June 2014 published on the websites of the Hong Kong Stock Exchange and the Company.

This matter constitutes a connected transaction under the Hong Kong Listing Rules and is subject to approval by the general meeting of the Company and related parties who have interests in this matter shall abstain from voting on the matter at the general meeting.

(3) Undertakings on the state-owned land use certificate without specifying the use term or termination date

The Company disclosed in the Prospectus that the term or termination date of the land use right was not specified in the state-owned land use certificate for part of the authorized land acquired by the Company. CNRG has undertaken to compensate for the loss caused to the relevant wholly-owned subsidiaries of the Company as a result of not specifying the term or termination date of the land use right in the state-owned land use certificate for the authorized land.

During the Reporting Period, CNRG has complied with the above undertakings made by it and the relevant wholly-owned subsidiaries of the Company have not incurred losses as a result of not specifying the term or termination date of the land use right in the state-owned land use certificate for the authorized land.

PUNISHMENT AND RECTIFICATION AGAINST THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS WITH MORE THAN 5% SHAREHOLDING IN THE COMPANY AND ULTIMATE CONTROLLER AND OFFEROR

During the Reporting Period, none of the Company, its Directors, Supervisors, senior management members, Shareholder with more than 5% of shareholding in the Company, ultimate controller or offeror was subject to any investigation, administrative punishment or criticism by CSRC or any condemnation by any stock exchanges.

REVIEW OF INTERIM REPORT BY THE AUDIT AND RISK MANAGEMENT COMMITTEE

During the Reporting Period, the Audit and Risk Management Committee of the Company has reviewed the unaudited interim financial report of the Group for the six months ended 30 June 2014.

OTHER SIGNIFICANT EVENTS

1. Issuance of super short-term inter-bank corporate bonds, short-term inter-bank corporate bonds and medium-term notes

During the Reporting Period, the Company successfully issued five tranches of super short-term inter-bank corporate bonds with an aggregate amount of RMB10 billion on 24 January 2014, 27 January 2014, 19 February 2014, 24 April 2014 and 16 May 2014; successfully issued two tranches of short-term inter-bank corporate bonds with an aggregate amount of RMB6 billion on 21 February 2014 and 26 March 2014; and successfully issued two tranches of medium-term notes with an aggregate amount of RMB4 billion on 24 February 2014 and 17 March 2014.

2. Successful Listing of H Shares on the Main Board of the Hong Kong Stock Exchange

On 22 May 2014, upon approval by the Hong Kong Stock Exchange, 1,821,200,000 overseas listed foreign shares (H Shares) issued by the Company and 182,120,000 H Shares converted from state-owned shares (A Shares) by the Company's shareholder of state-owned shares, Beijing CNR Investment, to NSSF, totaling 2,003,320,000 H Shares, were listed on the Main Board of the Hong Kong Stock Exchange and dealing in such H Shares commenced. H Shares are abbreviated as “中國北車” (Chinese) and “CHINA CNR” (English). The stock code for the H Shares is “6199”.

On 18 June 2014, upon approval by the Hong Kong Stock Exchange, 118,524,000 overseas listed foreign shares (H Shares) issued by the Company pursuant to the partial exercise of the over-allotment option and 11,852,400 H Shares converted from state-owned shares (A Shares) by the Company's shareholder of state-owned shares, Beijing CNR Investment, to NSSF, totaling 130,376,400 H Shares, were listed on the Main Board of the Hong Kong Stock Exchange and dealing in such H Shares commenced.

For details, please refer to the relevant announcements published by the Company on the website of the Shanghai Stock Exchange and the designated disclosure newspapers on 23 May 2014 and 19 June 2014. Please also refer to the Prospectus and the Company's announcements dated 21 May 2014 and 16 June 2014 published on the websites of the Company and the Hong Kong Stock Exchange for further details.

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

CHANGES IN SHARE CAPITAL

(1) Changes in the share capital of the Company

On 22 May 2014, upon approval by the Hong Kong Stock Exchange, 1,821,200,000 overseas listed foreign shares (H Shares) issued by the Company and 182,120,000 H Shares converted from state-owned shares (A Shares) by the Company's shareholder of state-owned shares, Beijing CNR Investment, to NSSF, totaling 2,003,320,000 H Shares, were listed on the Main Board of the Hong Kong Stock Exchange and began trading.

On 18 June 2014, upon approval by the Hong Kong Stock Exchange, 118,524,000 overseas listed foreign shares (H Shares) issued by the Company pursuant to the partial exercise of the over-allotment option and 11,852,400 H Shares converted from state-owned shares (A Shares) by the Company's shareholder of state-owned shares, Beijing CNR Investment, to NSSF, totaling 130,376,400 H Shares, were listed on the Main Board of the Hong Kong Stock Exchange and began trading. Thus, the total share capital of the Company changed from 10,320,056,303 Shares to 12,259,780,303 Shares.

For details, please refer to the relevant announcements published by the Company on the website of the Shanghai Stock Exchange and the designated disclosure newspapers on 23 May 2014 and 19 June 2014. Please also refer to the Prospectus and the Company's announcements dated 21 May 2014 and 16 June 2014 published on the websites of the Company and the Hong Kong Stock Exchange for further details.

The following table sets out the changes in the share capital of the Company during the Reporting Period:

	As at the beginning of the Reporting Period		Increase(+)/Decrease(-) during the Reporting Period			As at the end of the Reporting Period	
	Quantity	Percentage (%)	Issuance of new shares	Others	Sub-total	Quantity	Percentage (%)
I. Shares subject to trading moratorium	8,606,000	0.083	0	-8,606,000	-8,606,000	0	0
1. Shares held by state-owned legal person shares	8,606,000	0.083	0	-8,606,000	-8,606,000	0	0
II. Shares not subject to trading moratorium	10,311,450,303	99.917	+1,939,724,000	+8,606,000	+1,948,330,000	12,259,780,303	100
1. Ordinary shares denominated in RMB	10,311,450,303	99.917	0	-185,366,400	-185,366,400	10,126,083,903	82.596
2. Overseas listed foreign shares	0	0	+1,939,724,000	+193,972,400	+2,133,696,400	2,133,696,400	17.404
III. Total number of shares	10,320,056,303	100	+1,939,724,000	0	+1,939,724,000	12,259,780,303	100

(2) Purchase, sale or redemption of securities in the Company

Throughout the period from the Listing Date up to the end of the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

NUMBER OF SHAREHOLDERS AND THEIR SHAREHOLDINGS

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

As at 30 June 2014, the Company had 220,119 shareholders of A Shares and 704 registered shareholders of H Shares.

(2) Shareholding of the top ten shareholders of the Company

Name of shareholder	Nature of shareholder	Percentage of shareholding (%)	Total number of shares held	Change during the reporting period	Number of shares subject to trading moratorium	Number of shares pledged or frozen
CNRG	State-owned legal person	51.83	6,354,547,154	0	0	Nil
HKSCC NOMINEES LIMITED ⁽¹⁾	Overseas legal person	17.38	2,130,527,900	2,130,527,900	0	Unknown
Beijing CNR Investment	State-owned legal person	2.82	345,610,920	-193,972,400	0	Nil
Account No. 3 of the NSSF (社保基金轉持三戶)	State-owned legal person	2.52	309,393,275	0	0	Unknown
China Construction Bank – Great Wall Brand Selective Stock Investment Fund (中國建設銀行—長城品牌 優選股票型證券投資基金)	Unknown	1.19	146,228,048	0	0	Unknown
Central Bank of Malaysia (馬來西亞國家銀行)	Unknown	0.51	62,312,502	44,541,566	0	Unknown
China Life Insurance Company Limited - Dividend – Individual Dividend - 005L - FH002Shanghai (中國人壽保險股份有限公司— 分紅—個人分紅—005L—FH002滬)	Unknown	0.47	58,175,875	-16,050,000	0	Unknown
中國建設銀行—工銀瑞信 穩健成長股票型證券投資基金	Unknown	0.38	47,000,000	-8,793,100	0	Unknown
NSSF Four Hundred Thirteen Combination (社保基金四—三組合)	Unknown	0.33	40,209,757	12,565,086	0	Unknown
ICBC – SSE 50 Exchange Traded Open-Ended Index Securities Investment Fund (中國工商銀行-上證50交易型 開放式指數證券投資基金)	Unknown	0.31	38,235,887	-1,944,000	0	Unknown

Note (1): HKSCC NOMINEES LIMITED held the relevant H Shares on behalf of certain shareholders of the Company.

(3) Shareholding of the top ten shareholders of the Company not subject to trading moratorium

Name of shareholder	Number of shares not subject to trading moratorium held	Type of shares	Number of shares
CNRG	6,354,547,154	Ordinary shares denominated in RMB	6,354,547,154
HKSCC NOMINEES LIMITED ⁽¹⁾	2,130,527,900	Overseas listed foreign shares	2,130,527,900
Beijing CNR Investment	345,610,920	Ordinary shares denominated in RMB	345,610,920
Account No. 3 of the NSSF (社保基金轉持三戶)	309,393,275	Ordinary shares denominated in RMB	309,393,275
China Construction Bank – Great Wall Brand Selective Stock Investment Fund (中國建設銀行—長城品牌 優選股票型證券投資基金)	146,228,048	Ordinary shares denominated in RMB	146,228,048
Central Bank of Malaysia (馬來西亞國家銀行)	62,312,502	Ordinary shares denominated in RMB	62,312,502
China Life Insurance Company Limited - Dividend – Individual Dividend - 005L - FH002Shanghai (中國人壽保險股份有限公司— 分紅—個人分紅—005L—FH002滬)	58,175,875	Ordinary shares denominated in RMB	58,175,875
China Construction Bank – ICBC Credit Suisse Stable Growth Equity Securities Investment Fund (中國建設銀行—工銀瑞信 穩健成長股票型證券投資基金)	47,000,000	Ordinary shares denominated in RMB	47,000,000
NSSF Four Hundred Thirteen Combination (社保基金四—三組合)	40,209,757	Ordinary shares denominated in RMB	40,209,757
ICBC – SSE 50 Exchange Traded Open-Ended Index Securities Investment Fund (中國工商銀行—上證50交易型 開放式指數證券投資基金)	38,235,887	Ordinary shares denominated in RMB	38,235,887

Connections or parties acting in concert among the aforesaid shareholders

CNRG is the controlling shareholder of the Company. Beijing CNR Investment is a wholly-owned subsidiary and party acting in concert of the controlling shareholder of the Company. Save for the above, the Company is not aware of other connections among the shareholders above, nor aware of any parties acting in concert.

Note (1): HKSCC NOMINEES LIMITED held the relevant H Shares on behalf of certain shareholders of the Company.

(4) Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares

As at 30 June 2014, so far as is known to the Directors and Supervisors, the persons or entities, other than the Directors, Supervisors or chief executive of the Company, who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name	Nature of interest	Class of Shares	Number of Shares ⁽¹⁾	Approximate percentage of Shares in the relevant class of Shares
CNRG	Beneficial owner	A Shares	6,700,158,074(L)	66.17%
NSSF	Beneficial owner	H Shares	226,175,000(L)	11.29%
UBS AG	Beneficial owner	H Shares	176,931,750(L)	8.29%
Credit Suisse Group AG	Interest of	H Shares	102,616,125(L)	5.12%
	a controlled corporation		6,495,625(S)	0.32%

Note:

- (1) (L) – Long position; (S) – Short position
- (2) UBS AG was deemed to be interested in the 8,000,000 H Shares held by UBS Global Asset Management (Hong Kong) Ltd.
- (3) Credit Suisse Group AG (as sole shareholder of Credit Suisse AG and controlling shareholder of Credit Suisse Holdings (USA), Inc.), Credit Suisse AG (as controlling shareholder of Credit Suisse Holdings (USA), Inc.), Credit Suisse Holdings (USA), Inc. (as sole shareholder of Credit Suisse (USA), Inc.) and Credit Suisse (USA), Inc. (as sole shareholder of Credit Suisse Securities (USA) LLC) are deemed to be interested in 15,000,000 Shares held by Credit Suisse Securities (USA) LLC.
- Credit Suisse Group AG (as sole shareholder of Credit Suisse AG) and Credit Suisse AG (as sole shareholder of Credit Suisse (Hong Kong) Limited) are deemed to be interested in 6,548,625 Shares held by Credit Suisse (Hong Kong) Limited.
- Credit Suisse Group AG (as sole shareholder of Credit Suisse AG), Credit Suisse AG (as sole shareholder of Credit Suisse Investments (UK)), Credit Suisse Investments (UK) (as sole shareholder of Credit Suisse Investment Holdings (UK)) and Credit Suisse Investments Holdings (UK) (as sole shareholder of Credit Suisse Securities (Europe) Limited) are deemed to be interested in 81,067,500 Shares and 6,495,625 Shares in short position held by Credit Suisse Securities (Europe) Limited.

CHANGES IN THE CONTROLLING SHAREHOLDER AND THE ULTIMATE CONTROLLER

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

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS AND SUPERVISORS

As at 30 June 2014, the Directors of the Company were as follows:

Executive Director

Mr. Xi Guohua (奚國華) (*President*)

Non-executive Directors

Mr. Cui Dianguo (崔殿國) (*Chairman*)

Mr. Wan Jun (萬軍)

Independent Non-executive Directors

Mr. Li Fenghua (李豐華)

Mr. Zhang Zhong (張忠)

Ms. Shao Ying (邵瑛)

Mr. Sun Patrick (辛定華)

As at 30 June 2014, the Supervisors of the Company were as follows:

Mr. Chen Fangping (陳方平) (*Chairman*)

Mr. Zhu Sanhua (朱三華)

Mr. Liu Zhi (劉智)

There were no changes to the composition of the Board and the Supervisory Committee of the Company during the Reporting Period. As at the end of the Reporting Period, there was no change to the information which are required to be disclosed and has been disclosed by the Directors and Supervisors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Hong Kong Listing Rules.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2014, the following Directors had interests in the Shares of the Company:

Long positions in the Shares, underlying shares and debentures of the Company

Name	Nature of interest	Class of Shares	Number of Shares ⁽¹⁾	Approximate percentage of Shares in the relevant class of Shares
Cui Dianguo (崔殿國)	Beneficial owner	A Shares	545,000(L)	0.01%
Xi Guohua (奚國華)	Beneficial owner	A Shares	545,000(L)	0.01%

Note (1): (L) – Long position; (S) – Short position

Save as disclosed above, as at 30 June 2014, none of the Directors, Supervisors and chief executive of the Company and their respective associates had 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 should be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise should be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Hong Kong Listing Rules upon Listing.

Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the period from the Listing Date up to the end of the Reporting Period.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2014 - unaudited

(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2014 RMB' 000	2013 RMB' 000
Revenue	3	38,654,423	36,743,539
Cost of sales		(31,089,572)	(30,502,635)
Gross profit		7,564,851	6,240,904
Other revenue	4	349,988	132,246
Other net loss	4	(106,922)	(63,495)
Selling and distribution expenses		(756,161)	(896,521)
Administrative expenses		(3,551,414)	(3,037,486)
Profit from operations		3,500,342	2,375,648
Finance costs	5(a)	(750,235)	(472,116)
Share of profits less losses of associates		68,768	31,210
Share of profits less losses of joint ventures		72,434	44,370
Profit before taxation	5	2,891,309	1,979,112
Income tax	6	(492,615)	(354,225)
Profit for the period		2,398,694	1,624,887
Profit attributable to:			
Equity shareholders of the Company		2,323,077	1,563,182
Non-controlling interests		75,617	61,705
Profit for the period		2,398,694	1,624,887
Earnings per share	7		
Basic (RMB)	7(a)	0.22	0.15
Diluted (RMB)	7(b)	0.22	0.15

The notes on pages 41 to 57 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014 - unaudited

(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2014 RMB' 000	2013 RMB' 000
Profit for the period	2,398,694	1,624,887
Other comprehensive income for the period (after tax and reclassification adjustments):		
Items that maybe reclassified subsequently to profit or loss:		
Available-for-sale investments: net movement in fair value reserve	(17,839)	(5,207)
Exchange differences on translation of financial statements of overseas subsidiary	3	—
Other comprehensive income for the period	(17,836)	(5,207)
Total comprehensive income for the period	2,380,858	1,619,680
Attributable to:		
Equity shareholders of the company	2,305,241	1,557,975
Non-controlling interests	75,617	61,705
Total comprehensive income for the period	2,380,858	1,619,680

The notes on pages 41 to 57 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014 - unaudited

(Expressed in Renminbi Yuan)

	Note	At 30 June 2014 RMB' 000	At 31 December 2013 RMB' 000
Non-current assets			
Property, plant and equipment	8	28,701,831	27,997,062
Lease prepayments	9	9,914,718	9,966,563
Goodwill		13,557	13,557
Intangible assets		631,712	639,805
Interest in associates		1,020,416	1,040,052
Interest in joint ventures		989,290	944,177
Deferred tax assets		527,840	451,337
Other non-current assets	10	9,140,093	8,376,952
Total non-current assets		50,939,457	49,429,505
Current assets			
Inventories	11	29,131,048	18,636,790
Trade and bills receivables	12	39,349,658	31,922,635
Prepayments, deposits and other receivables	13	13,512,370	10,828,672
Income tax recoverable		29,853	9,269
Restricted deposits		989,502	1,084,981
Banks deposits with original maturities over three months		1,722,470	1,132,657
Cash and cash equivalents	14	13,266,205	7,114,408
Total current assets		98,001,106	70,729,412
Current liabilities			
Interest-bearing loans and borrowings	15(b)	29,329,041	20,609,153
Trade and bills payables	16	41,565,870	36,026,256
Other payables and accruals	17	18,260,665	16,063,130
Defined benefit obligations		271,516	247,518
Income tax payable		328,817	521,657
Provision for warranties	18	557,664	535,900
Total current liabilities		90,313,573	74,003,614
Net current assets/(liabilities)		7,687,533	(3,274,202)
Total assets less current liabilities		58,626,990	46,155,303

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014 - unaudited

(Expressed in Renminbi Yuan)

	Note	At 30 June 2014 RMB' 000	At 31 December 2013 RMB' 000
Non-current liabilities			
Interest-bearing loans and borrowings	15(a)	6,035,751	1,415,277
Defined benefit obligations		2,047,594	2,131,239
Deferred tax liabilities		—	1,183
Other non-current liabilities	19	3,052,535	3,041,969
Total non-current liabilities		11,135,880	6,589,668
NET ASSETS			
		47,491,110	39,565,635
CAPITAL AND RESERVES			
Share capital	20(a)	12,259,780	10,320,056
Reserves		33,482,207	27,460,286
Total equity attributable to the equity shareholders of the Company		45,741,987	37,780,342
Non-controlling interests		1,749,123	1,785,293
TOTAL EQUITY		47,491,110	39,565,635

The notes on pages 41 to 57 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014 - unaudited

(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company								Total equity RMB' 000
	Share capital RMB' 000	Capital reserve RMB' 000	Fair value reserve RMB' 000	PRC statutory reserve RMB' 000	Retained profits RMB' 000	Exchange reserve RMB' 000	Total RMB' 000	Non-controlling interests RMB' 000	
At 1 January 2013	10,320,056	15,489,304	13,911	499,535	8,348,329	—	34,671,135	1,577,442	36,248,577
Changes in equity:									
Profit for the period	—	—	—	—	1,563,182	—	1,563,182	61,705	1,624,887
Other comprehensive income	—	—	(5,207)	—	—	—	(5,207)	—	(5,207)
Total comprehensive income for the period	—	—	(5,207)	—	1,563,182	—	1,557,975	61,705	1,619,680
Acquisition of operating business under common control	—	(109,933)	—	—	14,043	—	(95,890)	—	(95,890)
Acquisition of non-controlling interests without change in control	—	(219)	—	—	—	—	(219)	(5,935)	(6,154)
Capital contributions from non-controlling equity owners	—	(5,375)	—	—	—	—	(5,375)	5,375	—
Equity-settled share-based transaction	—	16,030	—	—	—	—	16,030	132	16,162
Dividends proposed during the period	—	—	—	—	(1,032,006)	—	(1,032,006)	—	(1,032,006)
Balance at 30 June 2013 and 1 July 2013	10,320,056	15,389,807	8,704	499,535	8,893,548	—	35,111,650	1,638,719	36,750,369
Changes in equity:									
Profit for the period	—	—	—	—	2,566,377	—	2,566,377	35,739	2,601,116
Other comprehensive income	—	15,275	9,342	—	—	(98)	24,519	(375)	24,144
Total comprehensive income for the period	—	15,275	9,342	—	2,566,377	(98)	2,589,896	35,364	2,625,260
Acquisition of non-controlling interests without change in control	—	(56)	—	—	—	—	(56)	(946)	(1,002)
Acquisition of subsidiary	—	—	—	—	—	—	—	15,679	15,679
Capital contributions from non-controlling equity owners	—	35,950	—	—	—	—	35,950	118,374	154,324
Equity-settled share-based transaction	—	16,865	—	—	—	—	16,865	175	17,040
Appropriation of reserve	—	—	—	152,581	(126,544)	—	26,037	1,144	27,181
Dividends proposed by subsidiaries to non-controlling equity owners	—	—	—	—	—	—	—	(23,216)	(23,216)
Balance at 31 December 2013	10,320,056	15,457,841	18,046	652,116	11,332,381	(98)	37,780,342	1,785,293	39,565,635

The notes on pages 41 to 57 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY -unaudited
For the six months ended 30 June 2014 - unaudited
(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity	
	Share capital	Capital reserve	Fair value reserve	PRC statutory reserve	Retained profits	Exchange reserve			Total
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	
At 1 January 2014	10,320,056	15,457,841	18,046	652,116	11,332,381	(98)	37,780,342	1,785,293	39,565,635
Changes in equity:									
Profit for the period	—	—	—	—	2,323,077	—	2,323,077	75,617	2,398,694
Other comprehensive income	—	—	(17,839)	—	—	3	(17,836)	—	(17,836)
Total comprehensive income for the period	—	—	(17,839)	—	2,323,077	3	2,305,241	75,617	2,380,858
Issuance of shares upon public offering, net of issuing expenses	1,939,724	5,790,358	—	—	—	—	7,730,082	—	7,730,082
Acquisition of non-controlling interests without change in control	—	(35)	—	3,456	(3,456)	—	(35)	(109,398)	(109,433)
Capital contributions from non-controlling equity owners	—	—	—	—	—	—	—	29,898	29,898
Equity-settled share-based transaction	—	(9,556)	—	—	—	—	(9,556)	(65)	(9,621)
Appropriation of reserve	—	—	—	—	(76)	—	(76)	(65)	(141)
Dispose the share of subsidiary	—	—	—	—	—	—	—	(12,252)	(12,252)
Withdraw investments by non-controlling interest owners	—	—	—	—	—	—	—	(1,200)	(1,200)
Dividends proposed in respect of the previous year	—	—	—	—	(2,064,011)	—	(2,064,011)	—	(2,064,011)
Dividends proposed by subsidiaries to non-controlling equity owners	—	—	—	—	—	—	—	(18,705)	(18,705)
Balance at 30 June 2014	12,259,780	21,238,608	207	655,572	11,587,915	(95)	45,741,987	1,749,123	47,491,110

The notes on pages 41 to 57 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2014 - unaudited

(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2014 RMB' 000	2013 RMB' 000
Operating activities		
Cash used in operations	(10,548,758)	(4,478,658)
Tax paid	(786,752)	(424,290)
Net cash used in operating activities	(11,335,510)	(4,902,948)
Investing activities		
Payment for the purchase of property, plant and equipment	(1,847,944)	(2,818,483)
Other cash flows arising from investing activities	(524,282)	(67,533)
Net cash used in investing activities	(2,372,226)	(2,886,016)
Financing activities		
Cash generated from issuance of shares	7,822,281	—
Other cash flow arising from financing activities	12,045,210	4,438,505
Net cash generated from financing activities	19,867,491	4,438,505
Net increase/(decrease) in cash and cash equivalents	6,159,755	(3,350,459)
Cash and cash equivalents at 1 January	7,114,408	8,379,753
Effect of foreign exchanges rates changes	(7,958)	(18,322)
Cash and cash equivalents at 30 June	13,266,205	5,010,972

The notes on pages 41 to 57 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PREPARATION

This unaudited interim financial report for the six months ended 30 June 2014 has been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34 “Interim Financial reporting” issued by the International Accounting Standards Board (“IASB”). It was authorized for issuance on 29 August 2014.

The interim financial report has been prepared in accordance with the same accounting policies adopted by China CNR Corporation Limited (the “Company”) and its subsidiaries (together referred to as the “Group”) in the 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial report and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2013 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The financial information relating to the financial year ended 31 December 2013 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2013 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 28 March 2014.

2 CHANGES IN ACCOUNTING POLICIES

IASB has issued the following amendments to IFRSs and one new interpretation that are first effective for the current accounting period of the Group and the Company:

- Amendments to IFRS 10, IFRS 12 and IAS 27, Investment entities
- Amendments to IAS 32, Offsetting financial assets and financial liabilities
- Amendments to IAS 36, Recoverable amount disclosures for non-financial assets
- Amendments to IAS 39, Novation of derivatives and continuation of hedge accounting
- IFRIC 21, Levies

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 CHANGES IN ACCOUNTING POLICIES (continued)

Amendments to IFRS 10, IFRS 12 and IAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended IFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on the Group's interim financial report as the Company does not qualify to be an investment entity.

Amendments to IAS 32, Offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the offsetting criteria in IAS 32. The amendments do not have an impact on the Group's interim financial report as they are consistent with the policies already adopted by the Group.

Amendments to IAS 36, Recoverable amount disclosures for non-financial assets

The amendments to IAS 36 modify the disclosure requirements for impaired nonfinancial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. These amendments have no impact on the Group.

Amendments to IAS 39, Novation of derivatives and continuation of hedge accounting

The amendments to IAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on the Group's interim financial report as the Group does not have hedge accounting and the related derivative designated as a hedging instrument.

IFRIC 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on the Group's interim financial report as the guidance is consistent with the Group's adopted accounting policies.

3 REVENUE

Revenue mainly represents the sales value of goods supplied to customers, and interest income. The amount of each significant category of revenue recognized during the period is as follows:

	Six months ended 30 June	
	2014 RMB' 000	2013 RMB' 000
Revenue from goods and services	38,582,501	36,657,434
Interest income	71,922	86,105
	38,654,423	36,743,539

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

3 REVENUE *(continued)*

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

	Six months ended 30 June	
	2014 RMB' 000	2013 RMB' 000
Domestic revenue	36,339,369	32,911,206
Overseas revenue	2,315,054	3,832,333
	38,654,423	36,743,539

4 OTHER REVENUE AND OTHER NET LOSS

	Six months ended 30 June	
	2014 RMB' 000	2013 RMB' 000
Other revenue		
Interest income	199,754	35,132
Dividend income	2,972	4,488
Government grants	147,262	92,626
	349,988	132,246
Other net loss		
Net loss from changes in fair value	(949)	(3,049)
Net loss on sale of subsidiary	(559)	—
Net gain on sale of derivative financial instruments	506	3,407
Net foreign exchange loss	(22,155)	(56,369)
Net loss on disposal of property, plant and equipment	(168)	(1,949)
Net gain on disposal of joint venture	17,224	—
Provision of onerous contracts	(109,907)	(3,124)
Others	9,086	(2,411)
	(106,922)	(63,495)

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Six months ended 30 June	
	2014 RMB' 000	2013 RMB' 000
Interest cost recognized in respect of defined benefit obligations	24,025	19,512
Interest expense on bank loans and borrowings	777,096	507,977
Bank charges	65,936	50,623
Less: interest expenses capitalised into property, plant and equipment	116,822	105,996
	750,235	472,116

(b) Staff costs

	Six months ended 30 June	
	2014 RMB' 000	2013 RMB' 000
Salaries, wages and other benefits	3,960,943	3,291,532
Contributions to defined contribution retirement plans	585,638	542,461
Expenses recognized in respect of defined benefit obligations	29,364	23,842
Equity-settled share-based transaction expenses	(9,621)	16,162
	4,566,324	3,873,997

5 PROFIT BEFORE TAXATION (continued)

(c) Other items

	Six months ended 30 June	
	2014 RMB' 000	2013 RMB' 000
Amortisation		
– lease prepayments	101,028	91,897
– intangible assets	52,531	38,267
	153,559	130,164
Depreciation		
– property, plant and equipment	1,003,291	909,257
Impairment loss/(gain)		
– trade and bills receivables	237,616	155,984
– deposits, prepayments and other receivables	183	74,959
– other non-current assets	(908)	—
– inventories	—	10,499
	236,891	241,442
Research and development costs	1,119,724	874,756
Provision for warranties	240,034	151,452
Cost of goods	30,730,432	30,293,671

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

6 INCOME TAX

(a) Income tax in the consolidated statements of profit or loss represents:

	Six months ended 30 June	
	2014 RMB' 000	2013 RMB' 000
Corporate income tax		
Provision for the period	570,619	362,174
Under-provision in respect of prior years	(3,725)	6,840
	566,894	369,014
Deferred taxation		
Origination and reversal of temporary differences	(74,279)	(14,789)
	492,615	354,225

(b) Reconciliations between income tax expense and before taxation profit at applicable tax rates:

	Six months ended 30 June	
	2014 RMB' 000	2013 RMB' 000
Profit before taxation	2,891,309	1,979,112
Notional tax on profit before taxation at PRC statutory tax rate	722,827	494,778
Effect of non-deductible expenses	2,527	7,202
Effect in respect of share of profits less losses of associates and joint ventures	(40,350)	(20,017)
Effect of research and development expense deduction	(67,489)	(45,920)
Income tax effect of unused tax losses not recognized	148,696	85,755
Income tax effect of temporary differences not recognized	(17,799)	5,192
Effect of PRC tax concessions	(249,924)	(185,089)
Others	(5,873)	12,324
Actual income tax expense	492,615	354,225

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB2,323.08 million (six months ended 30 June 2013: RMB1,563.18 million) and the weighted average of 10,733.33 million ordinary shares (six months ended 30 June 2013: 10,320.06 million shares).

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB2,323.08 million (six months ended 30 June 2013: RMB1,563.18 million) and the weighted average number of ordinary shares of 10,736.47 million (six months ended 30 June 2013: 10,320.06 million shares).

8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group acquired items of property, plant and machinery with a cost of RMB1,750.57 million (six months ended 30 June 2013: RMB2,103.46 million). Items of property, plant and machinery with a net book value of RMB11.61 million were disposed of during the six months ended 30 June 2014 (six months ended 30 June 2013: RMB25.07 million), resulting in a loss on disposal of RMB0.17 million (six months ended 30 June 2013: RMB1.95 million).

As at 30 June 2014, the aggregate net book value of properties and plants restriction on title is approximately RMB5,040.64 million (at 31 December 2013: RMB5,023.50 million). The Directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy and use the above-mentioned properties and plants and therefore the aforesaid matter did not have any significant impact on the Group's financial position as at 30 June 2014.

9 LEASE PREPAYMENTS

The Group's lease prepayments in respect of land are held under long term leases and located in Mainland China.

As at 30 June 2014, the aggregate net book value of certain lands restriction on title is approximately RMB870.64 million (at 31 December 2013: RMB1,777.93 million). The Directors of the Company are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned land, and therefore the aforesaid matter did not have any significant impact on the Group's financial position as at 30 June 2014.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

10 OTHER NON-CURRENT ASSETS

	At 30 June 2014 RMB' 000	At 31 December 2013 RMB' 000
Long-term trade receivables		
– third parties	1,153,961	1,088,926
Long-term construction contract receivables		
– third parties	4,642,431	4,443,657
Long-term finance lease receivables		
– third parties	6,736,355	5,837,420
Less: allowance for doubtful debts	34,810	61,601
	12,497,937	11,308,402
Less: current portion of long-term receivables	4,764,095	4,239,021
Available-for-sale investments	111,577	158,823
Less: impairment loss	24,727	24,727
	7,820,692	7,203,477
Other intangible assets prepayments	137,180	123,190
Long-term prepaid expenses	2,521	1,143
Long-term prepayments for property, plant and equipment	1,179,700	1,049,142
	1,319,401	1,173,475
	9,140,093	8,376,952

11 INVENTORIES

	At 30 June 2014 RMB' 000	At 31 December 2013 RMB' 000
Cost, net of provision		
Raw materials	10,369,454	7,514,808
Work in progress	15,354,922	9,099,758
Finished goods	2,743,294	1,947,423
Goods in sent	543,031	—
Others	120,347	74,801
	29,131,048	18,636,790

12 TRADE AND BILLS RECEIVABLES

	At 30 June 2014 RMB' 000	At 31 December 2013 RMB' 000
Trade receivables for sale of goods and rendering of services due from:		
– related parties	409,191	422,386
– third parties	39,003,938	31,057,779
	39,413,129	31,480,165
Less: allowance for doubtful debts	1,344,802	1,095,199
	38,068,327	30,384,966
Bills receivable for sale of goods and rendering of services due from:		
– related parties	86,134	4,247
– third parties	1,178,996	1,530,053
	1,265,130	1,534,300
Gross amounts due from customers for contract work	16,201	3,369
	39,349,658	31,922,635

Aging analysis

The aging analysis of trade and bills receivables of the Group, based on invoice date and net of allowance for doubtful debts, is as follows:

	At 30 June 2014 RMB' 000	At 31 December 2013 RMB' 000
Within 6 months	28,594,307	25,087,470
6 to 12 months	7,410,447	3,389,604
Over 1 year	3,344,904	3,445,561
Trade and bills receivables, net of allowance for doubtful debts	39,349,658	31,922,635

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

13 PREPAYMENTS, DEPOSITS, AND OTHER RECEIVABLES

	At 30 June 2014 RMB' 000	At 31 December 2013 RMB' 000
Derivative financial instruments	3,663	4,907
Dividend receivables	53,469	20,694
Interest receivables	41,959	16,237
Current portion of long-term receivables	4,798,372	4,286,672
Prepayments for purchase of inventories		
– related parties	42,729	14,120
– third parties	6,482,834	4,861,140
Advances to		
– related parties	12,729	7,693
– third parties	906,656	934,503
Advances to staff	101,534	74,121
Other deposits	210,797	174,729
Others	1,239,329	815,963
Less: allowance for doubtful debts	381,701	382,107
	13,512,370	10,828,672

14 CASH AND CASH EQUIVALENTS

	At 30 June 2014 RMB' 000	At 31 December 2013 RMB' 000
Cash in hand	1,995	1,474
Cash at bank	13,264,210	7,112,934
Cash and cash equivalents	13,266,205	7,114,408

15 INTEREST-BEARING LOANS AND BORROWINGS

(a) The analysis of the long-term interest-bearing borrowings of the Group is as follows:

	At 30 June 2014 RMB' 000	At 31 December 2013 RMB' 000
Bank loans		
– Secured	5,000	5,000
– Unsecured	2,560,219	1,410,277
Medium term notes		
– Unsecured	3,970,532	–
Less: Current portion of long-term borrowings	500,000	–
	6,035,751	1,415,277

(b) The analysis of the short-term interest-bearing borrowings of the Group is as follows:

	At 30 June 2014 RMB' 000	At 31 December 2013 RMB' 000
Entrusted loans		
– Unsecured	601,980	601,980
Bank loans		
– Secured	2,025,682	1,243,132
– Unsecured	10,111,727	8,761,684
Others loans		
– Secured	8,000	8,000
– Unsecured	100,000	–
Short-term inter-bank corporate bonds		
– Unsecured	15,981,652	9,994,357
Add: Current portion of long-term borrowings	500,000	–
	29,329,041	20,609,153

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
(Expressed in Renminbi Yuan unless otherwise indicated)

16 TRADE AND BILLS PAYABLES

	At 30 June 2014 RMB' 000	At 31 December 2013 RMB' 000
Trade payables to		
– related parties	2,668,701	2,401,222
– third parties	31,680,472	25,623,403
	34,349,173	28,024,625
Bills payables to		
– related parties	736,549	198,917
– third parties	6,480,148	7,802,714
	7,216,697	8,001,631
	41,565,870	36,026,256

17 OTHER PAYABLES AND ACCRUALS

	At 30 June 2014 RMB' 000	At 31 December 2013 RMB' 000
Interest payables		
– related parties	895	512
– third parties	410,086	280,978
Payables for staff related costs	657,110	619,555
Payables for other taxes and surcharges	716,975	1,691,172
Dividends payables		
– related parties	1,432,467	53,641
– third parties	755,063	67,696
Other accruals and payables		
– related parties	508,597	515,362
– third parties	2,988,526	2,699,183
	7,469,719	5,928,099
Derivative financial liabilities	906	1,201
Receipts in advance		
– related parties	41,403	128,971
– third parties	10,748,637	10,004,859
	10,790,040	10,133,830
	18,260,665	16,063,130

18 PROVISION FOR WARRANTIES

	At 30 June 2014 RMB' 000	At 31 December 2013 RMB' 000
At 1 January	535,900	471,558
Additions	240,034	516,099
Provisions utilized	(218,270)	(451,757)
At the end of the period/year	557,664	535,900

19 OTHER NON-CURRENT LIABILITIES

	At 30 June 2014 RMB' 000	At 31 December 2013 RMB' 000
Government grants	2,915,309	2,882,561
Other non-current liabilities	137,226	159,408
	3,052,535	3,041,969

20 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

The Company's shareholding structure as at the end of the Reporting Period is as follows:

	At 30 June 2014		At 31 December 2013	
	No. of shares ' 000	RMB' 000	No. of shares ' 000	RMB' 000
Ordinary shares, issued and fully paid:				
At 1 January	10,320,056	10,320,056	10,320,056	10,320,056
Issuance of shares	1,939,724	1,939,724	—	—
At 30 June/31 December	12,259,780	12,259,780	10,320,056	10,320,056

20 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Issuance of shares

On 22 May 2014, the Company completed its global offering of 1,821,200,000 H ordinary shares with nominal value of RMB1.00 each were issued at a price of HKD5.17 per share, and the H shares have since then been listed on Hong Kong Listing Main Board.

On 13 June 2014, in connection with the partially exercise of the Over-allotment Option, 118,524,000 H ordinary shares with nominal value of RMB1.00 each were issued at a price of HKD5.17 per share by the Company.

Meanwhile, relevant state-owned shareholders of the Company transferred to National Council for Social Security Fund of the PRC ("NSSF") 193,972,400 A Shares after the partly exercise of the Over-allotment Option and such A shares converted into H listed shares.

21 COMMITMENTS

- (a) Commitments for the acquisition of property, plant and equipment, purchase of performances, leasehold improvements and management outstanding at the end of the Reporting Period provided for in the interim financial information were as follows:

	At 30 June 2014 RMB' 000	At 31 December 2013 RMB' 000
Contracted for	3,724,014	4,172,358

- (b) At the end of the Reporting Period, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2014 RMB' 000	At 31 December 2013 RMB' 000
Within 1 year	42,910	53,964
After 1 year but within 3 years	17,088	18,874
After 3 years	32,515	34,672
	92,513	107,510

The Group leases certain buildings, equipment and motor vehicles through non-cancellable operating leases. Typically, leases are negotiated and rentals are fixed for lease term.

22 MATERIAL RELATED PARTY TRANSACTION

In addition to the related party information disclosed elsewhere in this interim financial information, the Group entered into the following significant related party transaction during the Reporting Period.

(a) Significant transactions with related parties

The principal transactions which were carried out in the ordinary course of business are as follows:

	Six months ended 30 June	
	2014 RMB' 000	2013 RMB' 000
<u>Sales to</u>		
CNRG's affiliates	21,263	22,728
Associates and joint ventures	143,224	105,438
Other related parties	93,137	69,539
<u>Purchase of goods from</u>		
CNRG's affiliates	54,266	40,202
Associates and joint ventures	1,417,133	784,486
Other related parties	13,411	46,307
<u>Purchase of property or equipment from</u>		
CNRG's affiliates	—	18,905
<u>Purchase of intangible assets from</u>		
CNRG's affiliates	—	29,405
<u>Purchase of non-controlling equity interest from</u>		
CNRG	109,433	—
<u>Interest expense</u>		
CNRG	13,907	385
CNRG's affiliates	1,835	332
<u>Lease expenses paid to</u>		
CNRG	12,809	12,893
CNRG's affiliates	2,353	45
<u>Net (decrease)/increase in deposits</u>		
CNRG	(1,689)	58,434
CNRG's affiliates	35,287	193,784

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

22 MATERIAL RELATED PARTY TRANSACTION (continued)

(b) Significant outstanding balances with related parties

Details of the outstanding balances with related parties are as follows:

	At 30 June 2014 RMB' 000	At 31 December 2013 RMB' 000
<i>Trade and bills receivables</i>		
CNRG's affiliates	59,078	47,139
Associates and joint ventures	364,462	333,932
Other related parties	71,785	45,562
<i>Prepayments, deposits and other receivables</i>		
CNRG's affiliates	324	4,326
Associates and joint ventures	98,903	38,451
Other related parties	10,164	98
<i>Other non-current assets</i>		
Associates and joint ventures	—	108
Other related parties	1,297	36,022
<i>Interest-bearing loans and borrowings</i>		
CNRG	601,980	601,980
<i>Trade and bills payables</i>		
CNRG's affiliates	59,328	70,717
Associates and joint ventures	3,181,351	2,364,045
Other related parties	164,571	165,377
<i>Other payables and accruals</i>		
CNRG	1,447,102	177,503
CNRG's affiliates	486,257	475,649
Associates and joint ventures	43,383	40,190
Other related parties	6,620	5,144
<i>Allowance for doubtful debts</i>		
CNRG's affiliates	1,003	3,126
Associates and joint ventures	81	279
Other related parties	318	342

23 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (1) On 28 July 2014, the Company issued short-term inter-bank corporate bonds amounted to RMB2,000.00 million which interest rate is 4.75 %. The bond period is 270 days, from 29 July 2014 to 25 April 2015.
- (2) On 6 August 2014, the Company issued short-term inter-bank corporate bonds amounted to RMB2,000.00 million, which interest rate is 4.60%. The bond period is 270 days, from 8 August 2014 to 5 May 2015.
- (3) On 15 August 2014, the Company issued short-term inter-bank corporate bonds amounted to RMB2,000.00 million, which interest rate is 4.65%. The bond period is 270 days, from 18 August 2014 to 15 May 2015.
- (4) On 22 August 2014, the Company issued short-term inter-bank corporate bonds amounted to RMB1,000.00 million, which interest rate is 4.70%. The bond period is 270 days, from 25 August 2014 to 22 May 2015.

DEFINITIONS

“A Share(s)”	domestic share(s) of the Company with a nominal value of RMB1.00 each, which is (are) listed on the Shanghai Stock Exchange and traded in RMB
“AC”	alternating current, an electric current whose direction reverses cyclically
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Beijing CNR Investment”	Beijing CNR Investment Co., Ltd.* (北京北車投資有限公司) (formerly known as Datong Qianjin Investment Co., Ltd.* (大同前進投資有限責任公司)), a limited liability company established in the PRC, a wholly owned subsidiary of CNRG and a shareholder and promoter of the Company
“Board” or “Board of Directors”	the board of Directors
“CG Code”	Corporate Governance Code and the Corporate Governance Report contained in Appendix 14 to the Hong Kong Listing Rules
“China” or “PRC”	the People’s Republic of China, excluding, for the purposes of this interim report, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“CNRG”	China Northern Locomotive & Rolling Stock Industry (Group) Corporation* (中國北方機車車輛工業集團公司), a large-scale state-owned enterprise established in the PRC, our controlling shareholder and one of the promoters of the Company
“Company” or “China CNR”	China CNR Corporation Limited (中國北車股份有限公司), a joint stock company with limited liability incorporated in the PRC, whose A Shares are listed on the Shanghai Stock Exchange and the H Shares are listed on the Hong Kong Stock Exchange
“connected transaction(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“CRC”	China Railway Corporation* (中國鐵路總公司), a state-owned enterprise established in the PRC, which has undertaken the railway operation assets and business of the former Ministry of Railway of the PRC and is the national railway operator of the PRC
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Euro”	Euro, the lawful currency of the member states of the European Union
“H Share(s)”	overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars

“HK\$” or “Hong Kong dollars” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time)
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“hp”	horse power
“kW”	kilowatt
“Listing”	the listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Date”	22 May 2014
“Main Board”	the stock exchange operated by the Hong Kong Stock Exchange which is independent from and operated in parallel to the Growth Enterprise Market of the Hong Kong Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
“MU(s)” or “multiple units”	a fixed arrangement of cars which are equipped with driving coaches, non-powered trailers and occasionally, controlling coaches
“NSSF”	National Council for Social Security Fund of the PRC (中華人民共和國全國社會保障基金理事會)
“PRC government” or “state”	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities thereof or, where the context requires, any of them
“Prospectus”	the prospectus of the Company dated 12 May 2014
“Reporting Period”	the six-month period from 1 January 2014 to 30 June 2014
“RMB” or “Renminbi”	Renminbi Yuan, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Stock Exchange” or “SSE”	The Shanghai Stock Exchange (上海證券交易所)
“Shareholders”	holder(s) of the Share(s)

DEFINITIONS

“Share Option”	options granted under the Share Option Scheme
“Share Option Scheme”	the A-Share share option scheme adopted by the Company on 26 October 2012 for the benefit of the Directors, members of senior management, employees and other eligible participants as defined under the scheme
“Shares”	ordinary shares in the capital of the Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“State Council”	State Council of the PRC (中華人民共和國國務院)
“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“US\$” or “US dollars”	United States dollars, the lawful currency of the United States of America
“%”	per cent

In this interim report, if there is any inconsistency between the Chinese names of the entities or enterprises established in China and their English translations, the Chinese names shall prevail. English translation of company names in Chinese or other language which are marked with “*” is for identification purpose only.



中國北車股份有限公司
CHINA CNR CORPORATION LIMITED



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