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中國南車股份有限公司
CSR CORPORATION LIMITED

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

(Stock code:1766)

2014 FIRST QUARTERLY REPORT

This announcement is made by CSR Corporation Limited (the “**Company**”) pursuant to the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rules 13.09(2) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The first quarterly report ended 31 March 2014 of the Company is set out below.

The contents of this report are consistent with the announcement published on the Shanghai Stock Exchange, which is published simultaneously in the overseas and domestic markets.

By order of the Board
CSR Corporation Limited
Zheng Changhong
Chairman

Beijing, the PRC
25 April 2014

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

1 IMPORTANT NOTICE

- 1.1 The board of directors (the “Board”), the supervisory committee, the directors, supervisors and senior management of the Company warrant that the information stated in this quarterly report is true, accurate and complete and contains no false representation, misleading statement or material omission, and assume several and joint liabilities.
- 1.2 All directors of the Company attended the Board meeting and reviewed the quarterly report.
- 1.3 Chairman of the Company Zheng Changhong
Person-in-charge of accounting affairs Zhan Yanjing
Person responsible for the accounting
department (head of the accounting department) Liu Jiang

Zheng Changhong, the Chairman of the Company, Zhan Yanjing, the person-in-charge of accounting affairs, and Liu Jiang, the person responsible for the accounting department (head of the accounting department), warrant the truthfulness, accuracy and completeness of the financial statements in this quarterly report.

- 1.4 The financial statements in the first quarterly report of the Company are unaudited.

2 MAJOR FINANCIAL DATA AND CHANGES OF SHAREHOLDERS

2.1 Major financial data

Unit: RMB'000 Currency: RMB

	As at the end of the reporting period	As at the end of last year	Change as at the end of the reporting period as compared to the end of last year (%)
Total assets	128,437,478	121,129,412	6.03
Net assets attributable to shareholders of the Company	37,328,741	36,559,903	2.10

	From the beginning of the year to the end of the reporting period (January to March)	From the beginning of last year to the end of the reporting period of last year (January to March)	Change as compared to the same period last year (%)
Net cash flow from operating activities	2,271,830	-2,024,229	—
	From the beginning of the year to the end of the reporting period	From the beginning of last year to the end of the reporting period of last year	Change as compared to the same period last year (%)
Revenue from operations	18,449,858	19,795,533	-6.80
Net profits attributable to shareholders of the Company	772,169	811,697	-4.87
Net profits after non-recurring profit or loss attributable to shareholders of the Company	666,766	706,675	-5.65
Return on net assets (weighted average) (%)	2.09	2.44	Decreased by 0.35 percentage point
Basic earnings per share (<i>RMB/share</i>)	0.06	0.06	—
Diluted earnings per share (<i>RMB/share</i>)	0.06	0.06	—

Deducting non-recurring profit or loss items and amounts:

Unit: RMB'000 Currency: RMB

Item	Amount for the period (January to March)
Profit or loss on disposal of non-current assets	2,103
Government subsidies recognized in current profit or loss (excluding those closely related to the Company's normal operations and granted on an ongoing basis under the State's policies according to certain standard amount or quantity)	72,931
Profit or loss from debt restructuring	-192
Profit or loss of changes in fair value arising from holding of trading financial assets and trading financial liabilities except for valid straddle business relevant to normal business of the Company, as well as investment gain realized from disposal of trading financial assets, trading financial liabilities and financial assets available for sale	-1,621
Other non-operating income and expenses than items above	-1,530
Other profit or loss items within the definition of non-recurring profit or loss	42,993
Effect on income tax	-8,875
Effect on minority interests (after tax)	-406
Total	<u>105,403</u>

2.2 Total number of shareholders, particulars of the top ten shareholders and of the top ten shareholders not subject to trading moratorium as at the end of the reporting period

Unit: Share

Total number of shareholders	252,018 (249,508 holders of A shares; and 2,510 holders of H shares)
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Particulars of the top ten shareholders

Name of shareholder	Nature of shareholder	Percentage of shareholding (%)	Total number of shares held	Number of shares subject to trading moratorium	Number of shares pledged or frozen
CSR Group (中國南車集團公司)	State-owned legal person	56.48	7,796,321,142	1,362,103,700	Nil
HKSCC NOMINEES LIMITED Account No. 2 of the National Council for Social Security Fund (全國社會保障基金理事會轉持二戶)	Overseas legal person	14.62	2,017,414,839		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)	State-owned legal person	2.39	329,814,876	300,000,000	Unknown
Huaxia Life Insurance Co., Ltd. — universal insurance product (華夏人壽保險股份有限公司—萬能保險產品)	Other	0.92	126,915,415		Unknown
CSR Capital Company (中國南車集團投資管理公司)	State-owned legal person	0.75	104,211,638		Unknown
China Life Insurance Company Limited — Dividend - Personal dividend- 005L — FH002 Hu (中國人壽保險股份有限公司—分紅—個人分紅—005L—FH002滬)	Other	0.67	93,085,715		Nil
Anhui Investment Group Holdings Co., Ltd. (安徽省投資集團控股有限公司)	State-owned legal person	0.56	77,758,739		Unknown
Agricultural Bank of China - Baoying Strategic Growth Stock Securities Investment Fund (中國農業銀行—寶盈策略增長股票型證券投資基金)	Other	0.50	69,506,700		Unknown
China National Machinery Industry Corporation (中國機械工業集團有限公司)	State-owned legal person	0.41	56,053,800		Unknown

Particulars of the top ten shareholders of tradable shares not subject to trading moratorium

Name of shareholder (full name)	Number of tradable shares not subject to trading moratorium held as at the end of the period	Class and number of shares	
CSR Group (中國南車集團公司)	6,434,217,442	Ordinary shares denominated in RMB	6,434,217,442
HKSCC NOMINEES LIMITED	2,017,414,839	Overseas listed foreign shares	2,017,414,839
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)	126,915,415	Ordinary shares denominated in RMB	126,915,415
Huaxia Life Insurance Co., Ltd. — Universal insurance product (華夏人壽保險股份 有限公司—萬能保險產品)	104,211,638	Ordinary shares denominated in RMB	104,211,638
CSR Capital Company (中國南車集團 投資管理公司)	93,085,715	Ordinary shares denominated in RMB	93,085,715
China Life Insurance Company Limited - Dividends — Personal dividends — 005L — FH002 Hu (中國人壽保險股份 有限公司—分紅 —個人分紅—005L —FH002滬)	77,758,739	Ordinary shares denominated in RMB	77,758,739
Anhui Investment Group Holdings Co., Ltd. (安徽省投資集團控股 有限公司)	69,506,700	Ordinary shares denominated in RMB	69,506,700
Agricultural Bank of China — Baoying Strategic Growth Stock Securities Investment Fund (中國農業銀行—寶盈策略 增長股票型證券投資基金)	60,000,000	Ordinary shares denominated in RMB	60,000,000
China National Machinery Industry Corporation (中國機械工業集團 有限公司)	56,053,800	Ordinary shares denominated in RMB	56,053,800
National Social Security Fund 503 (全國社保基金五零三組合)	53,811,600	Ordinary shares denominated in RMB	53,811,600

Connections or parties acting in concert among the aforesaid shareholders

CSR Capital Company is a wholly-owned subsidiary of CSR Group. Save for the above, the Company is not aware of any connections among the other shareholders above, nor aware of any parties acting in concert as defined in the Administrative Measures on Acquisitions by Listed Companies.

3 SIGNIFICANT EVENTS

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

Applicable Not applicable

1. Cash and cash balances increased by RMB2,889.728 million or 17.62% as compared with those at the beginning of the year, mainly due to the increase in recovery of business receivables of the Company.
2. Bills receivable decreased by RMB2,293.636 million or 37.02% as compared with those at the beginning of the year, mainly due to the settlement of bills receivables due and the increase in endorsement during the period.
3. Accounts receivable decreased by RMB4,446.568 million or 13.03% as compared with those at the beginning of the year, mainly due to the increase in recovery of accounts receivable during the period.
4. Prepayments increased by RMB2,449.718 million or 50.24% as compared with those at the beginning of the year, mainly due to the increase in related materials settled by prepayments and procured by the Company.
5. Net inventories increased by RMB8,027.502 million or 45.30% as compared with those at the beginning of the year, mainly due to the increase in the work in progress and the purchase of raw materials by the Company.
6. Funds received in advance increased by RMB2,676.633 million or 37.48% as compared with those at the beginning of the year, mainly due to the increase in advanced payments for construction and engineering projects received by the Company.
7. Taxes payable decreased by RMB540.702 million or 34.35% as compared with those at the beginning of the year, mainly due to the payment of tax payable for the period.
8. Other current liabilities increased by RMB2,000 million or 100% as compared with those at the beginning of the year, mainly due to the new issue of ultra short-term debentures of the Company to satisfy the capital requirement of the Company.

9. Revenue decreased by RMB1,345.675 million or 6.80% as compared with the same period last year, particulars of each business are set out below:

Category	The first quarter of 2014		The first quarter of 2013		As compared with the same period last year	
	Amount (RMB'000)	Percentage	Amount (RMB'000)	Percentage	Increase (RMB'000)	Growth rate
Locomotives	2,645,649	14.34%	3,184,275	16.09%	-538,626	-16.92%
Passenger carriages	717,282	3.89%	1,014,137	5.12%	-296,855	-29.27%
Freight wagons	1,139,941	6.18%	2,094,756	10.58%	-954,815	-45.58%
MUs	3,937,918	21.34%	3,267,751	16.51%	670,167	20.51%
Rapid transit vehicles	2,600,003	14.09%	1,624,480	8.21%	975,523	60.05%
New businesses	2,619,827	14.20%	2,731,432	13.80%	-111,605	-4.09%
Others	4,789,238	25.96%	5,878,702	29.70%	-1,089,464	-18.53%
Total	18,449,858	100.00%	19,795,533	100.00%	-1,345,675	-6.80%

Revenue from locomotives products decreased by 16.92% as compared with the same period last year, mainly due to the decrease in delivery of locomotive products by the Company. Revenue from passenger carriages decreased by 29.27% as compared with the same period last year, mainly attributable to the drop in delivery of passenger carriages products by the Company. Revenue from freight wagons decreased by 45.58% as compared with the same period last year, mainly attributable to the decrease in delivery of freight wagons products by the Company. Revenue from MUs products increased by 20.51% as compared with the same period last year, mainly attributable to the increase in delivery of MUs products. Revenue from rapid transit vehicles increased by 60.05% as compared with the same period last year, mainly attributable to the increase in delivery of rapid transit vehicles by the Company. Revenue from others decreased by 18.53% as compared with the same period last year, mainly attributable to the fluctuation of market.

10. Asset impairment loss decreased by RMB75.906 million or 176.42% as compared with the same period last year, mainly due to the increase in provision for bad debt of account receivables and provision for inventory impairment.
11. Income tax expense increased by RMB57.245 million or 31.09% as compared with the same period last year, mainly due to the increase in total profit.
12. Net cash flow from operating activities amounted to RMB2,271.830 million, increased by RMB4,296.059 million as compared with that for the same period last year, mainly due to the Company's strengthened management of accounts receivable and the increase in recovery of receivables.

13. The deficit of net cash flow from investment activities amounted to RMB1,857.384 million, increased by RMB514.821 million as compared with the deficit for the same period last year, mainly due to the increase of cash payment in investment.
14. Net cash flow from financing activities amounted to RMB2,637.190 million, increased by RMB1,383.120 million as compared with that for the same period last year, mainly due to the increase in cash received from borrowings by the Company.

3.2 Analysis and explanations of the progress of significant events and their impacts and solutions

Applicable Not applicable

1. Implementation of Share Option Scheme

Please refer to the 2013 annual report of the Company for the implementation of share option scheme of the Company and the effect thereof. Pursuant to requirements of relevant provisions of the share option scheme adopted by the Company, share options granted under the share option scheme shall not be exercised within 24 months since the grant date (being 27 April 2011). The above 24-month lock-up period expired on 26 April 2013. Subject to fulfillment of certain effective conditions, each participant may exercise up to 1/3 of the total share options granted during the first exercisable period, which shall commence on the first trading day after the expiration of the 24-month period following the grant date and shall end on the last trading day preceding the expiration of the 60-month period following the grant date. As the 2012 annual results of the Company failed to achieve the required growth rate of the operating revenue under the share option scheme, the first batch of share options did not become effective and were cancelled by the Company. Subject to fulfillment of certain effective conditions, each participant may exercise up to 1/3 of the total share options granted during the second exercisable period, which shall commence on the first trading day after the expiration of the 36-month period following the grant date and shall end on the last trading day preceding the expiration of the 72-month period following the grant date. As the 2013 annual results of the Company failed to achieve the required financial results under the share option scheme, the second batch of share options would not become effective. In accordance with the requirements of the share option scheme, share options granted but not yet effective shall lapse forthwith and shall be cancelled by the Company.

Please refer to relevant announcements disclosed on the website of the Shanghai Stock Exchange and the website of the Hong Kong Stock Exchange on the same date for details.

2. Particulars of corporate bonds

On 22 April 2013, the Company issued two kinds of corporate bonds to the public with an aggregate amount of RMB3 billion, namely five-year bonds and ten-year bonds, of which, 5-year bonds of RMB1.5 billion were issued with an interest rate of 4.7%, maturing on 22 April 2018 and 10-year bonds of RMB1.5 billion were issued with an interest rate of 5%, maturing on 22 April 2023. On 22 April 2014, the Company has paid the first tranche of interests of the 5-year bonds and 10-year bonds.

3. Particulars of ultra short-term debentures

On 4 September 2013, the Company issued ultra short-term debentures with a term of 180 days in the PRC inter-bank market, with an issue amount of RMB2 billion. The interest rate was 4.80% and the maturity date was 4 March 2014, which has been repaid upon maturity. On 28 February 2014, the Company issued ultra short-term debentures with a term of 270 days in the PRC inter-bank market, with an issue amount of RMB2 billion. The interest rate was 5% and the maturity date was 25 November 2014. On 28 February 2014, the Company issued ultra short-term debentures with a term of 180 days in the PRC inter-bank market, with an issue amount of RMB2 billion. The interest rate was 5% and the maturity date was 7 August 2014.

3.3 Performances of the undertakings given by the Company and its shareholders holding more than 5% of the share capital

Applicable Not applicable

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

During the reporting period, CSRG fully performed its undertakings as stated above.

2. The undertaking with regard to the restructuring of South Huiton is as follows: as disclosed in the prospectus of the Company, in order to avoid competition between South Huiton and the Company in respect of freight wagon manufacture business, CSRG will carry out restructuring in CSRG's equity interest and relevant assets in South Huiton, which includes but not limited to CSRG's proposed acquisition of South Huiton's assets in relation to the freight wagon businesses. CSRG will transfer the above-mentioned assets in relation to the freight wagon businesses acquired from South Huiton to the Company within three months from the date of CSRG's acquisition of such assets. The transfer price will be determined through negotiation based on the result of assets valuation. Necessary approval procedures for such assets transfer will be complied with as required by both domestic and overseas regulatory bodies.

In January 2011, the Company received the Letter on the Undertaking Regarding the Reorganization of South Huiton from CSRG, its substantial shareholder. Relevant details are as follows: 1. CSRG designates the Company as its sole platform for its ultimate integration of businesses including research and development, manufacturing, sale, refurbishment and leasing of locomotives, passenger carriages, freight wagons, MUs, rapid transit vehicles and key components as well as other businesses that utilise proprietary rolling stock technologies. 2. CSRG plans to, in five years or so, dispose of its equity interest in South Huiton by way of merger and acquisition of assets and reorganisation and/or other means, and CSRG will transfer the acquired assets which relate to the freight wagons business to the Company after acquiring the relevant assets of South Huiton.

Performance of undertakings: at the beginning of 2008, CSRG restructured the assets of South Huiton substantially. Trading of the shares of South Huiton had been suspended since 15 January 2008, during which CSRG, Guizhou Province Materials Group Co., Ltd.(貴州省物資集團有限責任公司) and South Huiton entered into a Restructuring Framework Agreement. However, the reporting and approval matters of the proposed acquisition of assets in relation to the restructuring were not approved. In accordance with the actual situation at the time and after careful evaluation, all parties to the framework agreement considered that the restructuring could not progress further in the near future. Pursuant to relevant requirements, the shares of South Huiton had resumed trading since 1 September 2008.

In December 2012, South Huiton announced that CSGR was planning on restructuring of major assets of South Huiton. The trading of the shares of South Huiton commenced suspension from 26 December 2012. On 18 March 2013, South Huiton announced resumption of trading due to the fact that the counterparty of the major asset restructuring transaction and the stakeholders involved in the assets to be acquired cannot reach an agreement within the specified time in compliance with the relevant rules.

During the reporting period, CSRG complied with its foregoing undertakings.

3. Undertaking on building ownership problems: The Company disclosed in its prospectus that the Company had not yet obtained proper property ownership certificates for 326 properties with a total gross floor area of approximately 282,019.03 square meters, representing 7.85% of the total gross floor area of the property in use of the Company. As for the property which the Company had not yet obtained property ownership certificates, CSRG undertook that for the properties that could not obtain complete property ownership certificates due to reasons such as incomplete procedures in planning and constructions and, which were included in the asset injection to the Company by CSRG, such properties would satisfy the usage requirements necessary for production and operations of the Company. Moreover, if there is any loss incurred to the Company due to such properties, CSRG shall assume all compensation liabilities and all economic losses that the Company incurred.

As at the end of the reporting period, the Company has not yet obtained proper property ownership certificates for CSR Chengdu's 93 properties with a total gross floor area of approximately 55,180.49 square meters. During the reporting period, CSRG complied with its undertakings as stated above.

4. Other undertakings:

- (1) CSRG undertook to voluntarily subject the 6,422,914,285 shares subject to trading moratorium it holds in the Company, which were released from such trading moratorium on 18 August 2011, to a lock-up period for another three years (i.e. from 18 August 2011 to 17 August 2014) commencing from 18 August 2011. During the lock-up period, such shares held by CSRG shall not be sold or transferred through the Shanghai Stock Exchange.
- (2) During the non-public issue of shares by the Company in 2012, CSRG undertook that the 1,362,103,700 shares of the Company subscribed by CSRG would not be transferred within 36 months from the completion date of such issue.
- (3) On 29 August 2012, CSRG carried out its plan of increase its shareholding in the Company and proposed to continue to increase its shareholding in the Company, either in its own name or through parties acting in concert with it, via the trading system of the Shanghai Stock Exchange within the next 12 months up to an aggregated increase not exceeding 2% of the total issued shares of the Company. CSRG undertook that it would not decrease its shareholding in the Company during the implementation period of the plan on further increase of shareholding and within the statutory period. On 28 August 2013, the implementation period for CSRG's plan of increase in shareholding expired.

During the reporting period, CSRG complied with the foregoing undertakings.

In respect of undertakings not yet fulfilled by shareholders of the Company, the Company issued the Announcement on Unfulfilled Undertakings of CSR Corporation Limited. For details, please refer to the announcement dated 15 February 2014 published on the website of Shanghai Stock Exchange and the Hong Kong Stock Exchange.

3.4 Warning and explanations as to a loss (if any) expected to be recorded against the accumulated net profits from the beginning of the year to the end of the next reporting period or material changes as compared with the same period last year

Applicable

Not applicable

CSR Corporation Limited

Legal representative: Zheng Changhong

25 April 2014

IV APPENDIX

Consolidated Balance Sheet

31 March 2014

Prepared by: CSR Corporation Limited

Unit: RMB'000 Currency: RMB

Item	Closing balance	Opening balance
Current assets:		
Cash and bank balances	19,289,865	16,400,137
Balances with clearing companies		
Placements with banks and other financial institutions		
Financial assets held-for-trading	8,903	10,989
Bills receivable	3,902,566	6,196,202
Accounts receivable	29,674,242	34,120,810
Funds paid in advance	7,325,435	4,875,717
Premiums receivable		
Reinsurance accounts receivable		
Deposits receivable from reinsurance treaty		
Interests receivable		
Dividends receivable	10,691	10,691
Other receivables	1,360,677	1,591,521
Purchases of resold financial assets		
Inventories	25,748,621	17,721,119
Non-current assets due within one year	639,063	600,701
Other current assets	1,384,114	1,424,894
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Total current assets	89,344,177	82,952,781
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Non-current assets:

Loans and advances granted		
Available-for-sale financial assets	683,291	669,928
Held-to-maturity investments		
Long-term receivables	2,998,678	2,316,723
Long-term equity investment	3,095,363	2,992,530
Investment property		
Fixed assets	21,468,082	21,562,666
Construction in progress	3,902,422	3,637,929
Construction materials		
Disposals of fixed assets		
Biological assets for production		
Fuel assets		
Intangible assets	5,344,991	5,201,300
Development expenditure	61,970	61,167
Goodwill	67,242	61,386
Long-term deferred expenses	37,593	34,843
Deferred income tax assets	545,326	586,193
Other non-current assets	888,343	1,051,966
Total non-current assets	39,093,301	38,176,631
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Total assets	128,437,478	121,129,412
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Current liabilities:

Short term borrowings	5,801,576	5,075,731
Borrowings from central bank		
Deposit taking and deposit in inter-bank market		
Placements funds		
Financial liabilities held-for-trading		
Bills payable	12,776,341	13,574,959
Accounts payable	33,613,860	31,798,126
Funds received in advance	9,818,424	7,141,791
Funds from disposal of repurchased financial assets		
Handling charges and commissions payable		
Staff remuneration payable	563,083	761,413
Taxes payable	1,033,427	1,574,129
Interest payable	107,103	127,821
Dividend payable	79,540	79,928
Other payables	3,892,475	3,452,732
Reinsurance accounts payable		
Deposits for insurance contracts		
Customer deposits for trading in securities		
Customer deposits for securities underwriting		
Non-current liabilities due within one year	1,161,045	1,413,569
Other current liabilities	4,000,000	2,000,000
	<hr/>	<hr/>
Total current liabilities	72,846,874	67,000,199

Non-current liabilities:

Long term borrowings	631,896	568,511
Bonds payable	3,000,000	3,000,000
Long term payables		
Specific payables		
Projected liabilities	1,476,669	1,148,081
Deferred income tax liabilities	100,938	61,210
Other non-current liabilities	3,224,575	3,196,780
Total non-current liabilities	8,434,078	7,974,582
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Total liabilities	81,280,952	74,974,781

Owners' equity**(or shareholders' equity):**

Paid-up capital (or share capital)	13,803,000	13,803,000
Capital reserve	10,276,770	10,281,070
Less: treasury shares		
Special reserve		
Surplus reserve	1,043,984	1,043,984
General risk provision		
Retained earnings	12,257,560	11,485,391
Foreign currency translation differences	-52,573	-53,542
Total equity attributable to the owners of the parent company	37,328,741	36,559,903
Minority interests	9,827,785	9,594,728
Total owners' equity	47,156,526	46,154,631
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Total liabilities and owners' equity	128,437,478	121,129,412
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*Legal representative
of the Company:*

Zheng Changhong

*Person-in-charge of accounting
affairs:*

Zhan Yanjing

*Head of the accounting
department:*

Liu Jiang

Balance Sheet of the Parent Company

31 March 2014

Prepared by: CSR Corporation Limited

Unit: RMB'000 Currency: RMB

Item	Closing balance	Opening balance
Current assets:		
Cash and bank balances	2,524,712	3,288,861
Financial assets held-for-trading		
Bills receivable		
Accounts receivable		
Funds paid in advance		
Interests receivable	101,469	559,128
Dividends receivable	641,000	646,000
Other receivables	9,793,379	8,519,237
Inventories		
Non-current assets due within one year		
Other current assets	1,434	1,892
Total current assets	<u>13,061,994</u>	<u>13,015,118</u>
Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables	1,035,000	1,035,000
Long-term equity investment	31,630,177	31,630,177
Investment property		
Fixed assets	10,782	10,761
Construction in progress	15,551	15,551
Construction materials		
Disposals of fixed assets		
Biological assets for production		
Fuel assets		
Intangible assets	27,491	28,706
Development expenditure		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets	61,000	61,000
Total non-current assets	<u>32,780,001</u>	<u>32,781,195</u>
Total assets	<u>45,841,995</u>	<u>45,796,313</u>

Current liabilities:

Short term borrowings	960,000	2,250,000
Financial liabilities held-for-trading		
Bills payable		
Accounts payable		
Funds received in advance		
Staff remuneration payable	22,197	37,512
Taxes payable	1,433	1,376
Interest payable	254,842	132,232
Dividend payable		
Other payables	4,067,914	4,837,645
Non-current liabilities due within one year	300,000	300,000
Other current liabilities	4,000,000	2,000,000
Total current liabilities	9,606,386	9,558,765

Non-current liabilities:

Long-term borrowings	3,000,000	3,000,000
Bonds payable		
Long term payables		
Specific payables		
Projected liabilities	18,957	19,155
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	3,018,957	3,019,155
Total liabilities	12,625,343	12,577,920

Owners' equity (or shareholders' equity):

Paid-up capital (or share capital)	13,803,000	13,803,000
Capital reserve	14,028,439	14,028,439
Less: Treasury shares		
Special reserve		
Surplus reserve	1,043,984	1,043,984
General risk provision		
Retained earnings	4,341,229	4,342,970
Total owners' equity (or shareholders' equity)	33,216,652	33,218,393
Total liabilities and owners' equity (or shareholders' equity)	45,841,995	45,796,313

*Legal representative
of the Company:*
Zheng Changhong

*Person-in-charge of accounting
affairs:*
Zhan Yanjing

*Head of the accounting
department:*
Liu Jiang

Consolidated Income Statement

January to March 2014

Unit: RMB'000 Currency: RMB

Item	Amount for the period	Amount for last period
I. Total operating revenue	18,449,858	19,795,533
Including: Revenue from operations		
Interest income	18,449,858	19,795,533
Premiums earned		
Handling charges and commission income		
II. Total operating cost	17,376,191	19,004,507
Including: Operating cost	15,081,158	16,641,606
Interest expenses		
Handling charges and commission expenses		
Surrender payment		
Net expenditure for compensation payments		
Net provision for insurance deposits		
Policyholder dividend expenses		
Reinsurance costs		
Business tax and surcharges	57,380	77,319
Selling expenses	443,071	458,321
Administrative expenses	1,524,174	1,641,784
Finance costs	151,477	142,452
Asset impairments loss	118,931	43,025
Add: Gains from changes in fair value		
(loss is represented by “-”)	-2,141	-49
Investment income (loss is represented by “-”)	58,867	157,261
Including: Gains from investment		
in associates and joint ventures	44,001	119,358
Gains from foreign currency exchange		
(loss is represented by “-”)		

III. Profit from operations (loss is represented by “-”)	1,130,393	948,238
Add: Non-operating income	140,762	123,727
Less: Non-operating expense	24,557	1,976
Including: Loss from disposal of non-current assets	2,103	601
IV. Total profit (total loss is represented by “-”)	1,246,598	1,069,989
Less: Income tax expenses	241,371	184,126
V. Net profit (net loss is represented by “-”)	1,005,227	885,863
Net profit attributable to the equity holder of the parent company	772,169	811,697
Minority interests	233,058	74,166
VI. Earnings per share:		
(I) Basic earnings per share	0.06	0.06
(II) Diluted earnings per share	0.06	0.06
VII. Other comprehensive income	-3,330	152,774
VIII. Total comprehensive income	1,001,897	1,038,637
Total comprehensive income attributable to the equity holder of the parent company	768,839	964,471
Total comprehensive income attributable to minority interests	233,058	74,166

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Income Statement of the Parent Company
January to March 2014

Unit: RMB'000 Currency: RMB

Item	Amount for the period	Amount for last period
I. Revenue from operations	17,100	9
Less: Operating cost		
Business tax and surcharges	378	1
Selling expenses	497	1,880
Administrative expenses	22,161	24,446
Finance costs	-3,874	-49,046
Asset impairments loss		
Add: Gains from changes in fair value (loss is represented by “-”)		
Investment income (loss is represented by “-”)		
Including: Gains from investment in associates and joint ventures		
II. Profit from operations (loss is represented by “-”)	-2,062	22,728
Add: Non-operating income	332	
Less: Non-operating expense		
Including: Loss from disposal of non-current assets		
III. Total profit (total loss is represented by “-”)	-1,740	22,728
Less: Income tax expenses		
IV. Net profit (net loss is represented by “-”)	-1,740	22,728
V. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		
VI. Other comprehensive income	0	-96
VII. Total comprehensive income	-1,740	22,632

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Consolidated Cash Flow Statement

January to March 2014

Unit: RMB'000 Currency: RMB

Item	Amount for the period	Amount for last period
I. Cash flow from operating activities		
Cash received from sales of goods and provision of services	28,482,239	21,885,145
Net increase in deposits from customers and placements from banks and other financial institutions		
Net increase in borrowings from central bank		
Net increase in placements from other financial institutions		
Cash received from premiums of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits from policyholders and investments		
Net increase in disposal of held-for-trading financial assets		
Cash received from interest, handling charges and commissions		
Net increase in capital due to banks and other financial institutions		
Net increase in repurchases business fund		
Tax rebates	53,201	158,704
Other cash received from activities related to operation	250,748	256,952
Sub-total of cash inflows from operating activities	28,786,188	22,300,801
Cash paid for goods purchased and service rendered	21,379,540	19,423,740
Net increase in loans and advances to customers		
Net increase in placements with central bank and other financial institutions		
Cash paid for claims on original insurance contracts		
Cash payment for interest, handling charges and commissions		
Cash payment for policyholder dividend		
Cash paid to and on behalf of employees	2,209,475	1,985,091
Taxes paid	1,462,682	1,393,158
Other cash paid for activities relating to operation	1,462,661	1,523,041
Sub-total of cash outflow from operating activities	26,514,358	24,325,030
Net cash flows from operating activities	2,271,830	-2,024,229

II. Cash flow from investment activities:		
Cash received from disposal of investments		
Cash received from gains in investments	28,056	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	5,149	1,685
Net cash received from disposal of subsidiaries and other operating entities		
Other cash paid related to investment activities		
Sub-total of cash inflows from investment activities	33,205	1,685
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	1,137,224	1,073,348
Cash paid for investment	753,365	270,900
Net increase in pledged loans		
Net cash paid for acquiring subsidiaries and other operating entities		
Other cash received relating to investment activities		
Sub-total of cash outflow from investment activities	1,890,589	1,344,248
Net cash flow from investment activities	-1,857,384	-1,342,563
III. Cash flow from financing activities		
Proceeds received from investments	19,600	
Including: Proceeds received by subsidiaries from minority shareholder's investment	19,600	
Cash received from borrowings	7,585,709	5,239,218
Cash received from issue of bonds		
Cash received relating to other financing activities		
Sub-total of cash inflow from financing activities	7,605,309	5,239,218
Repayments of borrowing	4,796,479	3,751,302
Cash payments for dividend and profit distribution or interest repayment	169,640	231,846
Including: Dividend and profit paid by subsidiary to minority shareholders	15,480	
Other cash paid relating to financing activities	2,000	2,000
Sub-total of cash outflow from financing activities	4,968,119	3,985,148
Net cash flow from financing activities	2,637,190	1,254,070

IV.	Effect on cash and cash equivalents due to changes in foreign exchange rates	-4,762	-20,283
V.	Net increase in cash and cash equivalents	3,046,874	-2,133,005
	Add: Balance of cash and cash equivalents at the beginning of the reporting period	14,008,704	14,856,812
VI.	Balance of cash and cash equivalents at the end of the reporting period	17,055,578	12,723,807

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Cash Flow Statement of the Parent Company
January to March 2014

Unit: RMB'000 Currency: RMB

Item	Amount for the period	Amount for last period
I. Cash flow from operating activities		
Cash received from sales of goods and provision of services	17,100	8,487
Tax rebates		
Other cash received from activities related to operation	400,641	98,639
Sub-total of cash inflow from operating activities	417,741	107,126
Cash paid for goods purchased and service rendered	12,563	
Cash paid to and on behalf of employees	21,121	20,997
Taxes paid	5,266	3,203
Other cash paid for activities related to operation	1,843,612	2,328,143
Sub-total of cash outflow from operating activities	1,869,999	2,364,906
Net cash flow from operating activities	-1,452,258	-2,257,780
II. Cash flow from investment activities:		
Cash received from disposal of investments		
Cash received from gains in investments	55,000	62,520
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other operating entities		
Other cash received relating to investment activities		
Sub-total of cash inflow from investment activities	55,000	62,520
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	1,091	38
Cash paid for investment		
Net cash paid for acquiring subsidiaries and other operating entities		
Other cash paid relating to investment activities		
Sub-total of cash outflow from investment activities	1,091	38
Net cash flow from investment activities	53,909	62,482

III. Cash flow from financing activities		
Proceeds received from investments		
Cash received from borrowings	5,798,000	4,100,000
Cash received from issue of bonds		
Other cash received relating to financing activities		
Sub-total of cash inflow from financing activities	5,798,000	4,100,000
Repayments of borrowing	5,090,000	2,495,000
Cash payments for dividend and profit distribution or interest repayment	66,409	86,280
Other cash paid relating to financing activities	2,000	2,000
Sub-total of cash outflow from financing activities	5,158,409	2,583,280
Net cash flow from financing activities	639,591	1,516,720
IV. Effect on cash and cash equivalents due to changes in foreign exchange rates		
V. Net increase in cash and cash equivalents	-758,758	-678,578
Add: Balance of cash and cash equivalents at the beginning of the reporting period	3,283,470	2,368,732
VI. Balance of cash and cash equivalents at the end of the reporting period	2,524,712	1,690,154

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Head of the accounting department:
Liu Jiang