

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



中國南車股份有限公司

**CHINA SOUTH LOCOMOTIVE & ROLLING STOCK CORPORATION LIMITED**

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

(Stock Code: 1766)

## **2010 FIRST QUARTERLY REPORT**

This announcement is made pursuant to disclosure obligations under Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company's unaudited results for the first quarter ended 31 March 2010 are summarised as follows:

- This report was prepared in accordance with the relevant requirements in relation to information disclosure of quarterly reports of listed companies issued by China Securities Regulatory Commission.
- Information set out in this report was prepared in accordance with the Generally Accepted Accounting Principles in the PRC.
- Unless otherwise indicated, Renminbi is the recording currency in this report.
- For the first quarter of 2010, the Company recorded revenue from operations of RMB12,446,949,000, with net profits attributable to shareholders of the Company amounting to RMB355,879,000.

The contents of this report are consistent with the announcement published on the Shanghai Stock Exchange. This announcement is published simultaneously domestically and overseas.

# 1 IMPORTANT NOTICE

1.1 The board of directors (the “Board”), the board of supervisors, the directors, supervisors and senior management of the Company warrant that this report contains no false representation, misleading statement or material omission, and shall be jointly and severally liable for the truthfulness, accuracy and completeness of the contents in this report.

1.2 All directors of the Company attended the Board meeting.

1.3 The first quarterly financial report of the Company is unaudited.

1.4 Chairman of the Company	Zhao Xiaogang
the person-in-charge of accounting affairs	Zhan Yanjing
the person responsible for the accounting department	Xu Weifeng

Zhao Xiaogang, Chairman of the Company, Zhan Yanjing, the person-in-charge of accounting affairs, and Xu Weifeng, the person responsible for the accounting department (Head of the Accounting Department), warrant the truthfulness and completeness of the financial statements in this quarterly report.

## 2 BASIC INFORMATION OF THE COMPANY

### 2.1 Major accounting data and financial indicators

*Currency: RMB*

	<b>As at the end of the reporting period</b>	As at the end of last year	Change as of the end of the reporting period as compared to the end of last year (%)
Total assets ( <i>RMB'000</i> )	<b>59,689,174.00</b>	54,989,357.00	8.55
Owners' equity (or shareholders' equity) ( <i>RMB'000</i> )	<b>17,717,557.00</b>	17,365,109.00	2.03
Net assets per share attributable to shareholders of the Company ( <i>RMB/share</i> )	<b>1.50</b>	1.47	2.04
		<b>From the beginning of the year to the end of the reporting period</b>	Change as compared to the corresponding period of last year (%)
Net cash flow from operating activities ( <i>RMB'000</i> )		<b>-4,128,202.00</b>	-224.51
Net cash flow per share from operating activities ( <i>RMB/share</i> )		<b>-0.35</b>	-224.51

	<b>The reporting period</b>	From the beginning of the year to the end of the reporting period	Change from the corresponding period of last year (%)
Net profit attributable to shareholders of the Company ( <i>RMB'000</i> )	<b>355,879.00</b>	355,879.00	84.55
Earnings per share (basic) ( <i>RMB/share</i> )	<b>0.03</b>	0.03	84.55
Basic earnings per share after non-recurring gains or losses ( <i>RMB/share</i> )	<b>0.03</b>	0.03	90.79
Diluted earnings per share ( <i>RMB/share</i> )	<b>0.03</b>	0.03	84.55
Return on net assets (weighted average) (%)	<b>2.03</b>	2.03	Increased by 0.84%
Return on net assets after non-recurring gains or losses (weighted average) (%)	<b>1.93</b>	1.93	Increased by 0.83%

Items after non-recurring gains or losses and amounts:

*Unit: RMB'000*

<b>Item</b>	<b>Amount</b>
Profit or loss on disposal of non-current assets	971
Government subsidies recorded in the current profit and loss (excluding continuously available government subsidies closely related to the Company's normal operations and of fixed amount or fixed quantity in accordance with the State's unified standards)	18,789
Non-operating income/expenses other than above items	-548
Other non-recurring gains or losses	717
Effect on income tax	-2,556
Effect on minority interests (after tax)	-97
Total	<u><u>17,276</u></u>

**2.2 Total number of shareholders and particulars of the 10 shareholders with largest number of shares not subject to trading moratorium as at the end of the reporting period**

*Unit: Share*

Number of shareholders at the end of the reporting period	208,795
---	---------

**Particulars of the ten shareholders with largest number of tradable shares not subject to trading moratorium**

Name of shareholders (full name)	Number of tradable shares not subject to trading moratorium held as at the end of the reporting period	Type of share
HKSCC NOMINEES LIMITED	2,017,520,900	Overseas listed foreign invested shares
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)	65,083,532	Ordinary shares denominated in RMB
Bank of China -Dacheng Blue Chip Stable Stock Investment Fund (中國銀行 — 大成藍籌穩健證券投資基金)	62,853,046	Ordinary shares denominated in RMB
China Resources Shenzhen International Investment Trust Co., Ltd. — Chongyang Phase III Stock Investment Collective Fund Trust Program (華潤深國投信託有限公司 — 重陽3期證券投資集合資金信託計劃)	61,037,762	Ordinary shares denominated in RMB
China Construction Bank —Bank of Communications Schroder Blue Chips Securities Investment Fund (中國建設銀行 — 交銀施羅德藍籌股票證券投資基金)	55,141,071	Ordinary shares denominated in RMB
Shanghai International Trust Co., Ltd.— T-0204 (上海國際信託有限公司 — T-0204)	50,192,608	Ordinary shares denominated in RMB

Industrial and Commercial Bank of China — Shanghai 50 ETF 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)	41,149,294	Ordinary shares denominated in RMB
Bank of China Limited (BOC) — MANULIFE TEDA Industrial Selected Securities Investment Fund (中國銀行股份 有限公司—泰達宏利行業精選證券 投資基金)	40,004,896	Ordinary shares denominated in RMB
Industrial and Commercial Bank of China — China Southern Longyuan Industrial Subject Stock Investment Fund (中國工商銀行—南方隆元產業主題 股票型證券投資基金)	39,646,912	Ordinary shares denominated in RMB
China Construction Bank — ABN AMRO TEDA Great Value Stock Investment Fund (中國建設銀行—泰達荷銀市值 優選股票型證券投資基金)	38,000,000	Ordinary shares denominated in RMB

*Note:* H shares held by HKSCC NOMINEES LIMITED are held on behalf of its various clients.

### 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 bank balances decreased by RMB5,651,132,000 or -43.84% as compared with the beginning of the year, due to delayed payment for goods by major customers and increased procurement of the Company, which resulted in decrease in working capital.
2. Accounts receivable increased by RMB6,638,656,000 or 100.00% as compared with the beginning of the year, due to the delayed payment for goods by major customers;
3. Advanced payment increased by RMB1,845,821,000 or 50.64% as compared with the beginning of the year, due to the increase in procurement of the Company resulting from enlarged production scale;
4. Bonds payable increased by RMB2,000,000,000 or 100.00% as compared with the beginning of the year, due to the issuance of medium-term notes of RMB2,000,000,000;
5. Revenue from operations increased by RMB5,071,978,000 or 68.77% as compared with the same period last year, as the Company benefited from the expanded investment in railway industry by the State, rapid development of rolling stock manufacturing industry and expanded business scale and market sales;
6. Operating cost increased by RMB4,187,403,000 or 68.25% as compared with the same period last year, due to the enlarged sales scale;
7. Cost of sales increased by RMB128,123,000 or 78.53% as compared with the same period last year, due to the enlarged sales scale;
8. Administrative expenses increased by RMB437,301,000 or 63.66% as compared with the same period last year, due to the increase in relevant costs resulting from increase in R&D investment (up 155.78% year on year) and the enlarged enterprise scale. However, the increase is lower than the increase in revenue;



9. Finance costs increased by RMB56,411,000 or 261.78% as compared with the same period last year, due to the enlarged finance costs upon the issuance of medium-term notes of RMB4,000,000,000 in aggregate;
10. Asset impairment loss increased by RMB12,121,000 or 175.92% as compared with the same period last year, due to the increase in provision for bad debts according to their aging as a result of more accounts receivable;
11. Investment income increased by RMB21,938,000 or 175.64% as compared with the same period last year, due to the increase in share of the investment income in associates and joint ventures;
12. Income tax increased by RMB31,046,000 or 41.93% as compared with the same period last year, due to the growth in profit. The effective income tax rate for the reporting period was 17.33%, down 3.38% year on year;
13. Net cash flow from operating activities decreased by RMB2,856,082,000 or -224.51% as compared with the same period last year, due to the impact of the increased accounts receivable;
14. Net cash flow from investment activities decreased by RMB1,636,552,000 or -584.42% as compared with the same period last year, due to the purchase of RMB1 billion guaranteed wealth management and investment products from Minsheng Bank, the increase in investment for production capacity expansion as well as upgrade of products and technology to meet the needs of enlarged business scale;
15. Net cash flow from financing activities increased by RMB1,605,207,000 as compared with the same period last year, due to the issuance of medium-term notes of RMB2,000,000,000 in the first quarter.

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

Applicable       Not applicable

On 3 February 2010, the Company successfully issued the 2010 first tranche of medium-term notes in the inter-bank bond market in PRC. For details, please refer to relevant announcements published in China Securities Journal and Shanghai Securities News, Securities Times, Securities Daily and the on the websites of the Shanghai Stock Exchange and Hong Kong Stock Exchange by the Company on 6 February 2010.

### **3.3 Performances of the undertakings given by the Company, its shareholders and its ultimate controllers**

Applicable       Not applicable

CSR Group (“CSRG”), the controlling shareholder of the Company, made the following undertakings in the Prospectus:

- (1) The lock-up undertakings in respect of the shares of the Company held by it are as follows: Within 36 months from the date of the listing of the Company’s A Shares on the Shanghai Stock Exchange, CSRG will not transfer or authorize others to manage its shareholdings in the Company, nor will the Company acquire such shares.
- (2) The undertakings with regard to on South Huiton’s restructuring are as follows: There will be a proposed restructuring in CSRG’s shareholdings and relevant assets in South Huiton. This includes but is 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 negotiations based on the results of assets valuation. Necessary approval procedures for such assets transfer will be complied with as required by domestic and overseas regulatory bodies.

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

During the reporting period, CSRG, the Company's controlling shareholder, fully fulfilled its undertakings as stated above.

**3.4 Warnings and explanations as to the reasons for accumulated net loss expected to be recorded from the beginning of the year to the end of the next reporting period (if any) or material changes of it as compared to the same period of last year**

Applicable

Not applicable

### **3.5 Implementation of cash dividend policy during the reporting period**

According to the Company Law of the PRC, the Securities Law of the PRC, the relevant financial policies, the Articles of Association, and the undertakings in the Prospectus of the Company, and considering the financial status of the Company, the Board proposes to make profit distribution to the shareholders, based on 29.83% of distributable profit of the Company for 2009 (consolidated and attributable to the shareholders of the parent company), with RMB0.4 (tax inclusive) for every 10 shares. The distribution proposal is subject to consideration and approval at the general meeting of the Company.

By order of the Board

**China South Locomotive & Rolling Stock Corporation Limited**

**Zhao Xiaogang**

*Chairman*

22 April 2010

*As at the date of this announcement, the executive Directors are Mr. Zhao Xiaogang, Mr. Zheng Changhong, Mr. Tang Kelin and Mr. Liu Hualong; and the independent non-executive Directors are Mr. Zhao Jibin, Mr. Yang Yuzhong, Mr. Chen Yongkuan, Mr. Dai Deming and Mr. Tsoi, David.*

## 4 APPENDIX

### 4.1 Consolidated Balance Sheet

31 March 2010

Prepared by: China South Locomotive & Rolling Stock Corporation Limited

*Unit: RMB'000    Currency: RMB    Type of Audit: Unaudited*

<b>Item</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>Current assets:</b>		
Cash and Bank Balances	<b>7,240,382</b>	12,891,514
Balances with clearing companies		
Placements with banks and other financial institutions		
Financial assets held-for-trading	<b>22,420</b>	24,248
Bills receivable	<b>1,024,215</b>	999,097
Accounts receivable	<b>13,276,817</b>	6,638,161
Funds paid in advance	<b>5,490,580</b>	3,644,759
Premiums receivable		
Reinsurance accounts receivable		
Deposits receivable from reinsurance treaty		
Interests receivable		
Dividends receivable	<b>22,498</b>	22,498
Other receivables	<b>868,747</b>	674,178
Purchases of resold financial assets		
Inventories	<b>12,526,418</b>	11,415,070
Non-current assets due within one year		
Other current assets	<b>211,394</b>	93,391
<b>Total current assets</b>	<b>40,683,471</b>	36,402,916

**Non-current assets:**

Loans and advances granted		
Available-for-sale financial assets	<b>8,084</b>	8,084
Held-to-maturity investments		
Long-term receivables		
Long-term equity investment	<b>923,178</b>	888,750
Investment property		
Fixed assets	<b>11,057,943</b>	10,846,745
Construction in progress	<b>3,051,176</b>	2,662,462
Construction materials	<b>615</b>	2,699
Disposals of fixed assets		
Biological assets for production		
Fuel assets		
Intangible assets	<b>3,686,878</b>	3,893,715
Development expenditure	<b>11,430</b>	15,876
Goodwill	<b>57,875</b>	61,171
Long-term deferred expenses	<b>23,991</b>	23,498
Deferred income tax assets	<b>184,533</b>	183,441
Other non-current assets		
Total non-current assets	<b>19,005,703</b>	18,586,441
Total assets	<b>59,689,174</b>	54,989,357

**Current liabilities:**

Short term borrowings	<b>2,392,000</b>	3,190,403
Borrowings from central bank		
Deposit taking and deposit in inter-bank market		
Placements funds		
Financial liabilities held-for-trading		
Bills payable	<b>5,299,483</b>	4,975,387
Accounts payable	<b>16,210,952</b>	13,676,189
Funds received in advance	<b>5,379,503</b>	5,174,616
Funds from disposal of repurchased financial assets		
Handling charges and commissions payable		
Staff remuneration payable	<b>432,491</b>	463,309
Taxes payable	<b>514,631</b>	297,677
Interest Payable	<b>39,460</b>	4,877
Dividend payable	<b>24,948</b>	47,781
Other payables	<b>1,276,452</b>	1,662,207
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	<b>375,226</b>	290,257
Other current liabilities		
Total current liabilities	<b>31,945,146</b>	29,782,703

**Non-current liabilities:**

Long term borrowings	<b>162,946</b>	171,867
Bonds payable	<b>4,000,000</b>	2,000,000
Long term payables	<b>3,209</b>	3,209
Specific payables	<b>26,115</b>	26,115
Projected liabilities	<b>194,719</b>	144,724
Deferred income tax liabilities	<b>10,242</b>	11,903
Other non-current liabilities	<b>2,492,743</b>	2,492,743
Total non-current liabilities	<b>6,889,974</b>	4,850,561
Total liabilities	<b>38,835,120</b>	34,633,264

**Owners' interest (Shareholders' equity):**

Paid-up capital (share capital)	<b>11,840,000</b>	11,840,000
Capital reserve	<b>2,844,936</b>	2,844,936
Less: Treasury shares		
Special reserve		
Surplus reserve	<b>149,754</b>	149,754
General risk provision		
Retained earnings	<b>2,889,638</b>	2,533,759
Currency translation differences	<b>-6,771</b>	-3,340
Total shareholders' equity attributable to the equity holder of the parent company	<b>17,717,557</b>	17,365,109
Minority interests	<b>3,136,497</b>	2,990,984
Total owners' equity	<b>20,854,054</b>	20,356,093
Total liabilities and owners' interest	<b>59,689,174</b>	54,989,357

*Legal representative:*

**Zhao Xiaogang**

*Person-in-charge of  
accounting affairs:*

**Zhan Yanjing**

*Head of the  
accounting department:*

**Xu Weifeng**



## Balance Sheet of the Parent Company

31 March 2010

Prepared by: China South Locomotive & Rolling Stock Corporation Limited

*Unit: RMB'000    Currency: RMB    Type of Audit: Unaudited*

<b>Item</b>	<b>Closing balance</b>	<b>Opening balance</b>
<b>Current assets:</b>		
Cash and Bank Balances	<b>1,859,731</b>	4,342,201
Financial assets held-for-trading		
Bills receivable		
Accounts receivable		
Funds paid in advance		
Interests receivable	<b>37,540</b>	18,235
Dividends receivable	<b>178,670</b>	850,479
Other receivables	<b>5,510,732</b>	2,862,166
Inventories		
Non-current assets due within one year		
Other current assets		
Total current assets	<b>7,586,673</b>	8,073,081

**Non-current assets:**

Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables	<b>279,000</b>	244,000
Long-term equity investment	<b>19,637,293</b>	19,537,293
Investment property		
Fixed assets	<b>9,490</b>	6,825
Construction in progress	<b>503</b>	503
Construction materials		
Disposals of fixed assets		
Biological assets for production		
Fuel assets		
Intangible assets	<b>7,177</b>	7,687
Development expenditure		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets		
Total non-current assets	<b>19,933,463</b>	19,796,308
Total assets	<b>27,520,136</b>	27,869,389

**Current liabilities:**

Short term borrowings	<b>150,000</b>	600,000
Financial liabilities held-for-trading		
Bills payable		
Accounts payable		
Funds received in advance		
Staff remuneration payable	<b>8,223</b>	7,676
Taxes payable	<b>94</b>	1,799
Interest Payable	<b>38,243</b>	4,877
Dividend payable		
Other payables	<b>3,080,944</b>	4,957,801
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	<b>3,277,504</b>	5,572,153

**Non-current liabilities:**

Long-term borrowings	<b>100,000</b>	100,000
Bonds payable	<b>4,000,000</b>	2,000,000
Long term payables		
Specific payables		
Projected liabilities		
Deferred income tax liabilities		
Other non-current liabilities	<b>15,247</b>	15,933
Total non-current liabilities	<b>4,115,247</b>	2,115,933
Total liabilities	<b>7,392,751</b>	7,688,086

**Owners' interest (Shareholders' equity):**

Paid-up capital (share capital)	<b>11,840,000</b>	11,840,000
Capital reserve	<b>7,222,642</b>	7,222,642
Less: Treasury shares		
Special reserve		
Surplus reserve	<b>149,754</b>	149,754
General risk provision		
Retained earnings	<b>914,989</b>	968,907
Total owners' (shareholders') equity	<b>20,127,385</b>	20,181,303
Total liabilities and owners' equity (shareholders' equity)	<b>27,520,136</b>	27,869,389

*Legal representative:*

**Zhao Xiaogang**

*Person-in-charge of  
accounting affairs:*

**Zhan Yanjing**

*Head of the  
accounting department:*

**Xu Weifeng**

## 4.2 Consolidated Income Statement

January to March 2010

Prepared by: China South Locomotive & Rolling Stock Corporation Limited

Unit: RMB'000    Currency: RMB    Type of Audit: Unaudited

Item	Amount for the reporting period	Amount for last reporting period
<b>I. Total operating revenue</b>	<b>12,446,949</b>	7,374,971
Including: Revenue from operations	<b>12,446,949</b>	7,374,971
Interest income		
Premiums earned		
Handling charges and commission income		
<b>II. Total cost of sales</b>	<b>11,896,297</b>	7,048,069
Including: Operating cost	<b>10,322,940</b>	6,135,537
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	<b>60,900</b>	34,031
Selling expenses	<b>291,282</b>	163,159
Administrative expenses	<b>1,124,204</b>	686,903
Finance costs	<b>77,960</b>	21,549
Asset Impairments Loss	<b>19,011</b>	6,890

Add:	Gains from changes in fair value (loss is represented by “-”)	<b>-1,793</b>	
	Investment income (loss is represented by “-”)	<b>34,428</b>	12,490
	Including: Gains from investment in associates and joint ventures	<b>34,428</b>	-690
	Gains from foreign currency exchange (loss is represented by “-”)		

### **III. Profit from operations**

	<b>(loss is represented by “-”)</b>	<b>583,287</b>	339,392
Add:	Non-operating income	<b>26,846</b>	24,549
Less:	Non-operating expense	<b>3,650</b>	6,445
	Including: Loss from disposal of non-current assets		72

<b>IV. Total profit (total loss is represented by “-”)</b>	<b>606,483</b>	357,496
Less: Income tax expenses	<b>105,090</b>	74,044
<b>V. Net profit (net loss is represented by “-”)</b>	<b>501,393</b>	283,452
Net profit attributable to the equity holder of the parent company	<b>355,879</b>	192,841
Minority interests	<b>145,514</b>	90,611
<b>VI. Earnings per share:</b>		
(I) Basic earnings per share	<b>0.03</b>	0.02
(II) Diluted earnings per share	<b>0.03</b>	0.02
<b>VII. Other comprehensive income</b>	<b>-3,431</b>	1,879
<b>VIII. Total comprehensive income</b>	<b>501,393</b>	283,452
Total comprehensive income attributable to the equity holder of the parent company	<b>352,448</b>	285,331
Total comprehensive income attributable to minority interests	<b>145,514</b>	90,611

*Legal representative:*  
**Zhao Xiaogang**

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

*Head of the accounting department:*  
**Xu Weifeng**

## Income Statement of the Parent Company

January to March 2010

Prepared by: China South Locomotive & Rolling Stock Corporation Limited

Unit: RMB'000    Currency: RMB    Type of Audit: Unaudited

Item	Amount for the reporting period	Amount for last reporting period
<b>I. Revenue from operations</b>		
Less: Operating cost		
Business tax and surcharges		
Selling expenses	<b>20,936</b>	287
Administrative expenses	<b>24,273</b>	18,558
Finance costs	<b>8,708</b>	-45,303
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		
<b>II. Profit from operations</b> (loss is represented by “-”)	<b>-53,917</b>	26,458
Add: Non-operating income		
Less: Non-operating expense		
Including: Loss from disposal of non-current assets		

<b>III. Total profit (total loss is represented by “-”)</b>	<b>-53,917</b>	<b>26,458</b>
Less: Income tax expenses		
<b>IV. Net profit (net loss is represented by “-”)</b>	<b>-53,917</b>	<b>26,458</b>
<b>V. Earnings per share:</b>		
(I) Basic earnings per share		
(II) Diluted earnings per share		
<b>VI. Other comprehensive income</b>		
<b>VII. Total comprehensive income</b>	<b>-53,917</b>	<b>26,458</b>

*Legal representative:*

**Zhao Xiaogang**

*Person-in-charge of accounting affairs:*

**Zhan Yanjing**

*Head of the accounting department:*

**Xu Weifeng**



### 4.3 Consolidated cash flow statements

January to March 2010

Prepared by: China South Locomotive & Rolling Stock Corporation Limited

Unit: RMB'000    Currency: RMB    Type of Audit: Unaudited

Item	Amount for the reporting period	Amount for last reporting period
<b>I. Cash flow from operating activities:</b>		
Cash received from sales of goods and provision of services	<b>8,752,181</b>	7,542,821
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	<b>33,194</b>	8,255
Other cash received from activities related to operation	<b>105,377</b>	28,813
Sub-total of cash inflows from operating activities	<b>8,890,752</b>	7,579,889

Cash paid for goods		
purchased and service rendered	<b>10,165,745</b>	7,300,810
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	<b>1,221,658</b>	880,226
Taxes paid	<b>710,608</b>	429,489
Other cash paid for activities to operation	<b>920,943</b>	241,484
Sub-total of cash outflow from operating		
activities	<b>13,018,954</b>	8,852,009
Net cash flows from operating activities	<b>-4,128,202</b>	-1,272,120

## II. Cash flow from investment activities:

Cash received from		
disposal of investments	<b>47,148</b>	400,000
Cash received from gains in investments	<b>6,891</b>	8,119
Net cash received from disposal of		
fixed assets, intangible assets and		
other long-term assets	<b>1,764</b>	15,028
Net cash received from		
disposal of subsidiaries and		
other operating entities		
Other cash received relating to		
investing activities	<b>888</b>	651
Sub-total of cash inflows from		
investment activities	<b>56,691</b>	423,798
Cash paid for purchase of fixed assets,		
intangible assets and other		
long-term assets	<b>972,833</b>	615,347
Cash paid for investment	<b>1,000,000</b>	87,980
Net increase in pledged loans		
Net cash paid for acquiring subsidiaries		
and other operating entities		
Other cash paid related to		
other investment activities	<b>441</b>	502
Sub-total of cash outflow		
from investment activities	<b>1,973,274</b>	703,829
Net cash flow from investment activities	<b>-1,916,583</b>	-280,031

<b>III. Cash flow from financing activities:</b>		
Proceeds received from investments	<b>57,383</b>	138,585
Including: Proceeds received by		
subsidiaries from minority		
shareholder's investment	<b>57,383</b>	138,585
Cash received from borrowings	<b>3,476,237</b>	310,888
Cash received from issue of bonds		
Cash received relating to		
other financing activities		
Sub-total of cash inflow from		
financing activities	<b>3,533,620</b>	449,473
Repayments of borrowing	<b>2,262,269</b>	1,093,656
Cash payments for dividend, profit		
distribution or interest repayment	<b>376,553</b>	48,812
Including: Dividend or profit paid by		
subsidiary to minority shareholders	<b>4,800</b>	10,950
Other cash paid relating to		
financing activities		17,414
Sub-total of cash outflow from		
financing activities	<b>2,638,822</b>	1,159,882
Net cash flow from financing activities	<b>894,798</b>	-710,409
<b>IV. Effect on cash and cash equivalents</b>		
<b>    due to changes in foreign</b>		
<b>    exchange rates</b>	<b>-5,054</b>	3,081
<b>V. Net increase in cash and</b>		
<b>    cash equivalents</b>	<b>-5,155,041</b>	-2,259,479
Add: Balance of cash and		
cash equivalents at		
the beginning of		
the reporting period	<b>10,998,084</b>	11,032,907
<b>VI. Balance of cash and cash equivalents</b>		
<b>    at the end of the reporting period</b>	<b>5,843,043</b>	8,773,428

*Legal representative:*

**Zhao Xiaogang**

*Person-in-charge of  
accounting affairs:*

**Zhan Yanjing**

*Head of the  
accounting department:*

**Xu Weifeng**

## Cash Flow Statement of the Parent Company

January to March 2010

Prepared by: China South Locomotive & Rolling Stock Corporation Limited

Unit: RMB'000    Currency: RMB    Type of Audit: Unaudited

<b>Item</b>	<b>Amount for the reporting period</b>	<b>Amount for last reporting period</b>
<b>I. Cash flow from operating activities:</b>		
Cash received from sales of goods and provision of services		15,577
Tax rebates		
Other cash received from activities related to operation	<b>126,114</b>	1,506,057
Sub-total of cash inflow from operating activities	<b>126,114</b>	1,521,634
Cash paid for goods purchased and service rendered		
Cash paid to and on behalf of employees	<b>13,173</b>	9,843
Taxes paid	<b>1,800</b>	2,919
Other cash paid for activities related to operation	<b>1,630,899</b>	2,286,320
Sub-total of cash outflow from operating activities	<b>1,645,872</b>	2,299,082
Net cash flow from operating activities	<b>-1,519,758</b>	-777,448

**II. Cash flow from investment activities:**

Cash received from investments		621,000
Cash received from gains in investments	<b>111,442</b>	188,959
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	<b>111,442</b>	809,959
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	<b>2,719</b>	400
Cash paid for investment	<b>2,622,000</b>	1,413,906
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	<b>2,624,719</b>	1,414,306
Net cash flow from investing activities	<b>-2,513,277</b>	-604,347

<b>III. Cash flow from financing activities</b>		
Proceeds received from investments		
Cash received from borrowings	<b>3,200,000</b>	300,000
Other cash received relating to financing activities		
Sub-total of cash inflow from financing activities	<b>3,200,000</b>	300,000
Repayment of borrowings	<b>1,650,000</b>	1,100,000
Cash payments for dividend, profit distribution or interest repayment	<b>2,641</b>	17,957
Other cash paid relating to financing activities		
Sub-total of cash outflow from financing activities	<b>1,652,641</b>	1,117,957
Net cash flow from financing activities	<b>1,547,359</b>	-817,957
<b>IV. Effect on cash and cash equivalents due to changes in foreign exchange rate</b>		
	<b>-703</b>	7,927
<b>V. Net increase in cash and cash equivalents</b>		
	<b>-2,486,379</b>	-2,191,825
Add: Balance of cash and cash equivalents at the beginning of the reporting period	<b>4,333,843</b>	5,984,589
<b>VI. Balance of cash and cash equivalents at the end of the reporting period</b>		
	<b>1,847,464</b>	3,792,764
<i>Legal representative:</i> <b>Zhao Xiaogang</b>	<i>Person-in-charge of accounting affairs:</i> <b>Zhan Yanjing</b>	<i>Head of the accounting department:</i> <b>Xu Weifeng</b>