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If you have sold or transferred all your shares in **CSR Corporation Limited**, you should at once hand this circular and the enclosed New Proxy Form to the purchaser or the transferee or to the bank, licensed dealer in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

- (1) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND ITS APPENDICES;**
 - (2) PROPOSED ADOPTION OF SHAREHOLDERS' RETURN PLAN FOR THE NEXT THREE YEARS;**
 - (3) PROPOSED AMENDMENTS TO THE MANAGEMENT RULES ON EXTERNAL GUARANTEES;**
 - (4) PROPOSED FURTHER UTILISATION OF AN AGGREGATE OF NO MORE THAN RMB3.658 BILLION OUT OF THE PROCEEDS TO TEMPORARILY SUPPLEMENT WORKING CAPITAL;**
 - (5) PROPOSED APPOINTMENT OF AN EXECUTIVE DIRECTOR; AND**
 - (6) SUPPLEMENTAL NOTICE OF 2012 FIRST EXTRAORDINARY GENERAL MEETING**
-

CSR Corporation Limited will hold the extraordinary general meeting as originally scheduled at Empark Grand Hotel, No. 69 Banjing Road, Haidian District, Beijing, the PRC at 1:30 p.m. on Monday, 12 November 2012 (registration will begin at 12:00 noon). A supplemental notice of the EGM is set out on pages 24 to 25 of this circular.

Shareholders who intend to appoint proxies to attend the EGM and vote on the resolutions set out in the supplemental notice of the EGM **must complete the enclosed New Proxy Form in accordance with the instructions printed thereon and return the same to the Company**. For H Shareholders, the New Proxy Form should be returned to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, and for A Shareholders, the New Proxy Form should be returned to the Company's Board Office in person or by post not less than 24 hours before the time stipulated for convening the EGM or any adjourned meeting thereof in any event. Completion and return of the New Proxy Form will not preclude you from attending, and voting at, the EGM or at any adjourned meeting if you so wish.

27 October 2012

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“A Share(s)”	domestic share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Shanghai Stock Exchange (Stock Code: 601766)
“A Shareholders”	holders of A Shares
“Articles of Association”	the articles of association of the Company
“Board”	the board of directors of the Company
“Company”	CSR Corporation Limited, a joint stock limited company incorporated in the PRC with limited liability, the H Shares and the A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“CSRC”	China Securities Regulatory Commission
“CSRC Beijing Bureau”	Beijing Securities Regulatory Bureau under China Securities Regulatory Commission
“CSRG”	CSR Group (中國南車集團公司), a large wholly state-owned enterprise which is the controlling shareholder and one of the promoters of the Company
“Director(s)”	the director(s) of the Company
“EGM”	the 2012 first extraordinary general meeting of the Company to be held at Empark Grand Hotel, No. 69 Banjing Road, Haidian District, Beijing, the PRC at 1:30 p.m. on Monday, 12 November 2012 (registration will begin at 12:00 noon)

DEFINITIONS

“H Share(s)”	overseas listed foreign invested share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Hong Kong Stock Exchange and traded in HK dollars (Stock Code: 1766)
“H Shareholders”	holders of H Shares
“HK dollars”	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 Stock Exchange of Hong Kong Limited (as amended from time to time)
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Non-executive Directors” or “Independent Directors”	independent non-executive Directors of the Company
“Management Rules on External Guarantees”	Management Rules on External Guarantees of CSR Corporation Limited
“New Proxy Form”	the revised form of proxy dated 27 October 2012 enclosed to this circular
“Non-public Issue”	the non-public issue and placing of new A Shares of the Company as considered and approved at the 2011 second extraordinary general meeting of the Company convened on 7 November 2011
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular only, Hong Kong, the Macau Special Administrative Region and Taiwan

DEFINITIONS

“Rules of Procedure for the Board”	Rules of Procedure for the Board of Directors of CSR Corporation Limited, being one of the appendices to the Articles of Association
“Rules of Procedure for General Meetings”	Rules of Procedure for the General Meetings of CSR Corporation Limited, being one of the appendices to the Articles of Association
“Shareholders’ Return Plan for the Next Three Years”	Shareholders’ Return Plan for the Next Three Years of CSR Corporation Limited (from 2012 to 2014)
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	State-owned Asset Supervision and Administration Commission of the State Council of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong, as amended from time to time)
“Share(s)”	A Share(s) and H Share(s)
“Shareholders”	A Shareholders and H Shareholders

LETTER FROM THE BOARD



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)

Executive Directors

Mr. Zheng Changhong

Mr. Liu Hualong

Independent Non-executive Directors

Mr. Zhao Jibin

Mr. Yang Yuzhong

Mr. Chen Yongkuan

Mr. Dai Deming

Mr. Tsoi, David

Registered office:

No. 16, Central West Fourth Ring Road

Haidian District

Beijing

the PRC

Postal code: 100036

Place of Business in Hong Kong:

Unit H, 41/F.,

Office Tower, Convention Plaza

No. 1 Harbour Road

Hong Kong

27 October 2012

To H Shareholders

Dear Sirs,

- (1) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND ITS APPENDICES;**
- (2) PROPOSED ADOPTION OF SHAREHOLDERS' RETURN PLAN FOR THE NEXT THREE YEARS;**
- (3) PROPOSED AMENDMENTS TO THE MANAGEMENT RULES ON EXTERNAL GUARANTEES;**
- (4) PROPOSED FURTHER UTILISATION OF AN AGGREGATE OF NO MORE THAN RMB3.658 BILLION OUT OF THE PROCEEDS TO TEMPORARILY SUPPLEMENT WORKING CAPITAL;**
- (5) PROPOSED APPOINTMENT OF AN EXECUTIVE DIRECTOR; AND**
- (6) SUPPLEMENTAL NOTICE OF 2012 FIRST EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the notice of EGM dated 26 September 2012 of the Company which sets out the time and venue of convening the EGM as well as the resolution proposed at the EGM for Shareholders' consideration and approval.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with the information regarding certain new proposals submitted by CSRG to the Company in compliance with the laws and the Articles of Association in respect of (1) amendments to the Articles of Association; (2) consideration of the Shareholders' Return Plan for the Next Three Years; (3) amendments to the Rules of Procedure for General Meetings; (4) amendments to the Rules of Procedure for the Board; (5) amendments to the Management Rules on External Guarantees; (6) the further utilisation of an aggregate of no more than RMB3.658 billion out of the proceeds to temporarily supplement working capital; and (7) election of Mr. Chen Dayang as an executive Director of the Company, which will be considered as additional resolutions at the EGM, and to set out the supplemental notice of the EGM.

The Board received the Letter Regarding the Addition of Proposals at the 2012 First Extraordinary General Meeting of CSR Corporation Limited (《關於提請增加中國南車股份有限公司2012年第一次臨時股東大會臨時提案的函》) issued by CSRG on 25 October 2012, pursuant to which CSRG proposed that the proposals as mentioned above be added for consideration at the EGM. The Board is of the opinion that CSRG, being the controlling Shareholder of the Company, is entitled to submit supplemental proposals at the general meeting in accordance with relevant provisions and the Articles of Association, and has complied with relevant provisions during the process of submission of such proposals. Furthermore, taking into account that the contents of such proposals are within the scope of terms of reference of general meetings and with specific topics and matters for resolution, the Board agreed to submit such proposals to the EGM for consideration.

2. RESOLUTION IN RELATION TO AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Pursuant to the “Notice Regarding Further Implementation of Cash Dividends Distribution of Listed Companies” (Zheng Jian Fa [2012] No. 37) (《關於進一步落實上市公司現金分紅有關事項的通知》(證監發[2012]37號)) issued by CSRC and the relevant requirements of CSRC Beijing Bureau on profit distribution, and in order to further expand the management of the Company, optimise corporate governance structure and standardise internal approval procedures on material operation and investment matters, the Company proposed to amend and refine relevant contents in the existing Articles of Association. Please refer to Appendix I for details of the amendments. The relevant resolution was considered and approved by the Board on 25 October 2012, and is hereby submitted to the EGM for consideration and approval. It is also proposed at the EGM that the Board committee, comprising the Chairman and the President, be authorised to make necessary and appropriate amendments to the Articles of Association in accordance with the requirements raised by the relevant regulatory authorities from time to time in the subsequent approval process of the Articles of Association after this resolution is considered and approved at the EGM.

LETTER FROM THE BOARD

3. RESOLUTION IN RELATION TO CONSIDERATION OF THE SHAREHOLDERS' RETURN PLAN FOR THE NEXT THREE YEARS

In order to further define reasonable investment returns to the investors by the Company, improve the transparency and operability of decision-making procedures of profit distribution and enhance Shareholders' supervision on the Company's operation and profit distribution, and pursuant to the requirements of the "Notice Regarding Further Implementation of Cash Dividends Distribution of Listed Companies (《關於進一步落實上市公司現金分紅有關事項的通知》)" issued by CSRC and the Articles of Association, the Board had formulated the Shareholders' Return Plan for the Next Three Years of CSR Corporation Limited (from 2012 to 2014). Please refer to Appendix II for details of such plan. The relevant resolution was considered and approved by the Board on 25 October 2012, and is hereby submitted to the EGM for consideration and approval.

4. RESOLUTION IN RELATION TO AMENDMENTS TO THE RULES OF PROCEDURE FOR GENERAL MEETINGS

Pursuant to the "Notice Regarding Further Implementation of Cash Dividends Distribution of Listed Companies" (Zheng Jian Fa [2012] No. 37) (《關於進一步落實上市公司現金分紅有關事項的通知》(證監發[2012]37號)) issued by CSRC and the relevant requirements of CSRC Beijing Bureau on profit distribution, the Company proposed to amend relevant contents in the existing Rules of Procedure for General Meetings. Certain housekeeping provisions are also proposed to be amended. Please refer to Appendix III for details of the proposed amendments. The relevant resolution was considered and approved by the Board on 25 October 2012, and is hereby submitted to the EGM for consideration and approval. It is also proposed at the EGM that the Board committee, comprising the Chairman and the President, be authorised to make necessary and appropriate amendments to the Rules of Procedure for General Meetings in accordance with the requirements raised by the relevant regulatory authorities from time to time in the subsequent process of approval of the Articles of Association (including the Rules of Procedure for General Meetings which is an appendix thereto) after this resolution is considered and approved at the EGM.

5. RESOLUTION IN RELATION TO AMENDMENTS TO THE RULES OF PROCEDURE FOR THE BOARD

In order to further standardise internal approval procedures on material operation and investment matters, expand the management of the Company and optimise corporate governance structure, the Company proposed to amend and refine relevant contents in the existing Rules of Procedure for the Board. Please refer to Appendix IV for details of the amendments. The relevant resolution was considered and approved by the Board on 25 October 2012, and is hereby submitted to the EGM for consideration and approval. It is also proposed at the EGM that the Board committee, comprising the Chairman and the President, be authorised to make necessary and appropriate amendments to the Rules of Procedure for the Board in accordance with the requirements raised by the relevant regulatory authorities from time to time in the subsequent process of approval of the Articles of Association (including the Rules of Procedure for the Board which is an appendix thereto) after this resolution is considered and approved at the EGM.

6. RESOLUTION IN RELATION TO AMENDMENTS TO MANAGEMENT RULES ON EXTERNAL GUARANTEES

In order to improve the Company's internal approval procedures on external guarantees, the Company proposed to amend and refine relevant contents in the existing Management Rules on External Guarantees. The relevant resolution was considered and approved by the Board on 25 October 2012, and is hereby submitted to the EGM for consideration and approval. The proposed amendments are set out below:

Article 7 in the existing Management Rules on External Guarantees:

“The Company shall require provision of counter-guarantees by the guaranteed parties when providing external guarantees, and make prudent judgment on the actual capability of the counter-guarantee providers and enforceability of the counter-guarantees.”

is proposed to be amended to read:

“The Company shall adopt necessary measures such as requirement of provision of counter-guarantees to stave off risks in line with the actual conditions when providing external guarantees, and the counter-guarantee providers shall be actually capable of honoring its undertakings.”

7. RESOLUTION IN RELATION TO FURTHER UTILISATION BY THE COMPANY OF AN AGGREGATE OF NO MORE THAN RMB3.658 BILLION OUT OF THE PROCEEDS TO TEMPORARILY SUPPLEMENT WORKING CAPITAL

The utilisation of not-in-use proceeds of RMB0.869 billion to temporarily supplement working capital was approved by the Company at the 13th meeting of the second session of the Board convened on 30 March 2012. The utilisation of not-in-use proceeds of an aggregate of RMB4.349 billion (including the not-in-use proceeds of RMB0.869 billion approved to be utilised at the 13th meeting of the second session of the Board) to temporarily supplement working capital was also approved at the 2011 annual general meeting convened on 30 May 2012. The aforementioned proceeds shall be utilised for a term of no more than six months. In accordance with the resolutions passed at the aforementioned Board meeting and the general meeting, the Company has utilised an aggregate of RMB4.299 billion to temporarily supplement working capital. The Company had refunded the aforementioned RMB0.869 billion to the designated proceeds account by 8 October 2012 and had refunded the remaining utilised proceeds of RMB3.43 billion to the designated proceeds account by 23 October 2012.

LETTER FROM THE BOARD

In order to increase efficiency of utilisation of the proceeds, reduce the Company's financial expenses, lower operating costs and protect the interests of the Company and its Shareholders, the Board proposed to, to the extent that the normal implementation of the projects to be financed by the proceeds are not affected, to further utilize proceeds of an aggregate of RMB3.658 billion that are currently not in use, representing 42.05% of the net proceeds from the Non-public Issue, to temporarily supplement the working capital for a term of not more than six months. If, during the period, the balance in the designated proceeds account becomes insufficient to satisfy normal payment requests in the course of use of proceeds, the Company will, as required, repay such amount of proceeds that has been utilised to supplement the working capital to the designated proceeds account.

In respect of the proposed utilisation of an aggregate of no more than RMB3.658 billion out of the proceeds of the Non-public Issue to temporarily supplement working capital, all Independent Non-executive Directors, namely, Mr. Zhao Jibin, Mr. Yang Yuzhong, Mr. Chen Yongkuan, Mr. Dai Deming and Mr. Tsoi, David, and the supervisory committee of the Company, are of the view that the proposed utilisation of the currently-not-in-use proceeds of an aggregate of no more than RMB3.658 billion to temporarily supplement working capital will be able to increase the efficiency of proceeds utilisation, reduce financial expenses and lower operating cost without affecting the normal implementation of projects to be financed by the proceeds, and agree that such proposed utilisation shall be approved. In addition, the sponsor of the Non-public Issue, China International Capital Corporation Limited is also of the view that the proposed utilisation of the currently-not-in-use proceeds of an aggregate of no more than RMB3.658 billion to temporarily supplement working capital will be able to increase the efficiency of proceeds utilisation without affecting the normal implementation of projects to be financed by the proceeds and that such proposed utilisation shall be approved.

The above resolution in relation to the further utilisation of an aggregate of no more than RMB3.658 billion out of the proceeds to temporarily supplement working capital has been considered and approved by the Board on 25 October 2012 and is hereby submitted to the EGM for consideration and approval.

LETTER FROM THE BOARD

8. RESOLUTION IN RELATION TO ELECTION OF MR. CHEN DAYANG AS AN EXECUTIVE DIRECTOR OF THE COMPANY

Mr. Zhao Xiaogang and Mr. Tang Kelin, executive Directors of the second session of the Board of the Company, resigned as executive Directors of the Company on 25 October 2012 with effect from the same date. The Board resolved to nominate Mr. Chen Dayang as a candidate for executive Director of the Company at the 23rd meeting of the second session of the Board held on 25 October 2012. Pursuant to the Articles of Association, Mr. Chen Dayang is qualified to be nominated as a Director candidate, and the appointment of Mr. Chen Dayang will become effective upon approval by Shareholders at a general meeting. Therefore, the Board proposes to elect Mr. Chen Dayang as an executive Director of the second session of the Board at the EGM. Mr. Chen Dayang shall serve a term of office from the approval date of the election at the EGM to the expiry date of the term of office of the second session of the Board.

Biographic details of Mr. Chen Dayang are set out as below:

Mr. Chen Dayang, aged 49, Chinese national with no right of abode overseas, currently serves as the deputy Party secretary and the secretary of the disciplinary committee of the Company as well as the deputy Party secretary, the secretary of disciplinary committee and chairman of the labour union of CSRG. Mr. Chen possesses substantial management skills and extensive experience in corporate management. Mr. Chen used to serve as the head of the human resource department of China Railway Construction Corporation and the head of the human resource department (division of cadre) of China Railway Construction Corporation Limited. From July 2008 to April 2009, he served as the head of the human resource department (division of cadre of the Party Committee) of China Railway Construction Corporation Limited. From April 2009 to August 2011, he served as the assistant to president and the head of the human resource department (division of cadre of the Party Committee) of China Railway Construction Corporation Limited. Since August 2011, he served as the deputy Party secretary, the secretary of the disciplinary committee and the chairman of the labour union of CSRG as well as the deputy Party secretary, the secretary of the disciplinary committee and the head of the work committee of the labour union of the Company (up till October 2012). Mr. Chen graduated from Shijiazhuang Railway University majoring in railway engineering, and was awarded a Master's degree of Management by Capital University of Economics and Business. He is a senior engineer.

Currently, the emoluments of the executive Directors are determined in accordance with relevant measures and regulations issued by SASAC. The Remuneration and Evaluation Committee of the Board submits proposals to the Board in respect of the remuneration policies and structure for executive Directors and the specific remuneration packages of certain executive Directors. The annual remuneration of the executive Directors comprises basic salary and performance-based bonuses. The amount of the performance-based bonuses is determined in accordance with the results of the annual evaluation of the Company. The Company will disclose the emoluments of each of the Directors in its annual reports.

LETTER FROM THE BOARD

As far as the Directors are aware and save as disclosed in this circular, Mr. Chen Dayang held no directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last 3 years, and Mr. Chen Dayang has no relationship with any Director, senior management or substantial or controlling shareholders of the Company, nor does he hold any positions in the Company or any of its subsidiaries. As at the date of this circular, Mr. Chen Dayang did not have any interests in the Shares of the Company within the meaning of Part XV of the SFO.

As far as the Directors are aware and save as disclosed in this circular, there is no information which needs to be disclosed pursuant to Rules 13.51 (h) to (v) of the Hong Kong Listing Rules nor is there any issue which needs to be brought to the attention of the Shareholders in respect of the appointment of Mr. Chen Dayang.

9. EGM

The Company will hold the extraordinary general meeting as originally scheduled at Empark Grand Hotel, No. 69 Banjing Road, Haidian District, Beijing, the PRC at 1:30 p.m. on Monday, 12 November 2012 (registration will begin at 12:00 noon). A supplemental notice of the EGM is set out on pages 24 to 25 of this circular.

For details of the other resolution to be submitted to the EGM for consideration and approval as well as the closure of register of members, eligibility for attending the EGM, registration procedures of attending the EGM, appointment of proxies and other matters, please refer to the notice of the EGM of the Company dated 26 September 2012.

Shareholders who intend to appoint proxies to attend the EGM and vote on the resolutions set out in the supplemental notice of the EGM **must complete the enclosed New Proxy Form in accordance with the instructions printed thereon and return the same to the Company**. For H Shareholders, the New Proxy Form should be returned to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, and for A Shareholders, the New Proxy Form should be returned to the Company's Board Office in person or by post not less than 24 hours before the time stipulated for convening the EGM or any adjourned meeting thereof in any event. Completion and return of the New Proxy Form will not preclude you from attending, and voting at, the EGM or at any adjourned meeting if you so wish.

LETTER FROM THE BOARD

A Shareholder who has not yet completed and returned the form of proxy as enclosed to the circular of the Company dated 26 September 2012 (the “**Old Proxy Form**”) is required to complete and return the New Proxy Form if you wish to appoint proxies to attend the EGM. In this case, the Old Proxy Form should not be returned.

A Shareholder who has already completed and returned the Old Proxy Form properly should note that:

- (a) **if the New Proxy Form is not completed and returned properly or if the New Proxy Form is returned after 24 hours before the time fixed for holding the EGM, the Old Proxy Form will be treated as a valid proxy form returned by you if correctly completed.** The proxy so appointed by you will be entitled to vote at his or her discretion or to abstain from voting on the additional resolutions properly put to the EGM as indicated in this circular; and
- (b) **if the New Proxy Form is completed and returned 24 hours before the time fixed for holding the EGM, the New Proxy Form will revoke and supersede the Old Proxy Form previously returned by you.** The New Proxy Form will be treated as a valid proxy form returned by you if correctly completed.

10. VOTING BY WAY OF POLL

In accordance with the relevant provisions of the Hong Kong Listing Rules, the resolutions set out in the supplemental notice of the EGM will be voted on by way of poll. Voting results will be uploaded to the website of the Company at www.csrgc.com.cn and the website of the Hong Kong Stock Exchange at www.hkexnews.hk upon the conclusion of the EGM.

11. RECOMMENDATIONS

The Directors (including all Independent Non-executive Directors) consider that the resolutions as set out in the supplemental notice of the EGM is in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the proposed resolutions.

Yours faithfully,
By order of the Board of
CSR Corporation Limited
Zheng Changhong
Chairman

A. AMENDMENTS TO ARTICLES RELATING TO PROFIT DISTRIBUTION

1. Sub-paragraph (7) to Article 69 of the existing Articles of Association:

“(7) to consider and approve the profit distribution plans and loss recovery plans of the Company”

is proposed to be amended to read:

“(7) to consider and approve the profit distribution policy, profit distribution plans and loss recovery plans of the Company”

2. A new sub-paragraph is proposed to be added after sub-paragraph (6) to Article 123 of the existing Articles of Association as sub-paragraph (7) and the original sub-paragraph (7) to be renumbered as sub-paragraph (8):

“(7) adjustments or modifications to the profit distribution policy”

3. Article 253 of the existing Articles of Association:

“The Company’s profit distribution policy shall remain consistent and stable.

The Company may distribute dividends by the following ways (or a combination of both):

- (1) Cash;
- (2) Shares.

The Company may distribute cash dividends at an appropriate percentage provided that the Company’s profits and cash flows are sufficient to meet its ordinary operations and long-term development.”

is proposed to be amended to read:

“The Company’s profit distribution policy shall remain consistent and stable, and shall be in the interest of the Company in the long term and the interests of all shareholders as a whole and in line with the sustainable development of the Company.

The Company may distribute dividends in the form of cash or shares or a combination of both at the same time. The Company gives priority to profit distribution in cash.

The Company shall take full account of return to investors and distribute dividends to the shareholders in a certain proportion to the Company’s distributable profit realised for the year as set out in that year’s consolidated financial statements.”

4. **The following three new articles are proposed to be added after Article 253 to the existing Articles of Association (to be Article 254 upon the amendment), and the subsequent articles are to be renumbered accordingly:**

Article 255:

“The Company may distribute dividends in the form of cash or shares or a combination of cash and shares. Under favorable circumstances, interim profit distribution may be made by the Company.

In the absence of certain special circumstances, if the Company records profit for the year and its accumulated undistributed profit is positive, and is capable of meeting the actual demand for distribution, the Company shall distribute dividends in cash, and the profit distributed in cash per annum shall not be less than 15% of the Company’s distributable profit realised for the year as set out in that year’s consolidated financial statements and the aggregate profits distributed in cash of every three years shall not less than 45% of the average annual distributable profits realised for the latest three years as set out in the Company’s consolidated financial statements.

The above-mentioned special circumstances refer to the following:

- (1) where the distributable profit realised for the year as set out in that year’s consolidated financial statements of the Company is insignificant and is insufficient for actual distribution;
- (2) where the auditing firm engaged by the Company issues a non-standard unqualified audit report on the financial report of the Company for that year;
- (3) where the gearing ratio of the Company as at the end of that year exceeds 70%;
- (4) where the proposed external investment, acquisition of assets or purchase of equipment by the Company in the coming twelve months with accumulated expenses amount to or exceed 30% of the latest audited total assets of the Company; or the proposed external investment, acquisition of assets or purchase of equipment by the Company in the coming twelve months with accumulated expenses amount to or exceed 10% of the latest audited net assets of the Company.

When the Company is in a sound operating condition, and the Board considers that the Company's stock price does not reflect its scale of capital, and distributing dividends in shares will be in the interests of all shareholders as a whole, the Company may propose the distribution of dividends in shares upon fulfilment of the above conditions concerning cash dividends."

Article 256:

"The profit distribution plan of the Company shall be considered and approved at a meeting of the President's Office before being submitted to the Board and the Supervisory Committee of the Company for consideration. The Board shall thoroughly discuss the rationality of the profit distribution plan and form a special resolution, which will then be submitted to the general meeting for consideration.

Where the Company resolves not to distribute cash dividend under special circumstances as specified in Article 255 or the proportion of the cash dividend is lower than that as specified in Article 255, the Board shall explain the specific reasons for not distributing cash dividend, the exact purpose for the retained profit and the estimated investment return, and submit such to the general meeting for consideration after independent Directors have given their opinions thereon, and disclose the same in the designated media by the Company; access to online voting for shareholders shall be provided by the Company when the matters discussed in this paragraph is considered at the general meeting."

Article 257:

"The Company may adjust the profit distribution policy in the event of the following:

- (1) where there is war, natural disasters and other force majeure;
- (2) where there are new laws, regulations or regulatory documents issued by relevant state authorities in respect of the profit distribution policy of listed companies;
- (3) where there are changes in the external operational environment of the Company, resulting in material impact on the production and operation of the Company;
- (4) where there are relatively significant changes in the Company's operational position, which requires the Company to adjust its profit distribution policy;
- (5) where it is necessary to adjust the profit distribution policy of the Company in the principle of protecting shareholders' rights or maintaining the sustainable development of the Company.

The Board shall conduct specific discussion over adjustment to the Company’s profit distribution policy, demonstrate in detail the reasons for such adjustment, form a written report to be considered by independent Directors, and then submit to the general meeting for approval by way of a special resolution. Access to online voting for shareholders shall be provided by the Company when the adjustment to the profit distribution policy is considered.”

B. AMENDMENTS TO ARTICLES RELATING TO THE EXPANSION OF THE MANAGEMENT OF THE COMPANY

1. Article 13 of the existing Articles of Association:

“Other senior management members referred to in the Articles of Association shall mean the Vice President, Chief Financial Officer and the Secretary to the Board of the Company.”

is proposed to be amended to read:

“Other senior management members referred to in the Articles of Association shall mean the Vice President, Chief Financial Officer, Chief Engineer, Chief Economist and the Secretary to the Board of the Company.”

2. Article 161 of the existing Articles of Association:

“The Board shall report to the general meeting and exercises the following powers:

.....

(8) to appoint or dismiss President and the Secretary to the Board and, based on the nomination by the President, to appoint or dismiss senior management members including Vice Presidents and Chief Financial Officer of the Company and to determine their remunerations, incentives and punishments;

.....”

is proposed to be amended to read:

“The Board shall report to the general meeting and exercises the following powers:

.....

(8) to appoint or dismiss President and the Secretary to the Board and, based on the nomination by the President, to appoint or dismiss senior management members including Vice Presidents, Chief Financial Officer, Chief Engineer and Chief Economist of the Company and to determine their remunerations, incentives and punishments;

.....”

3. Article 195 of the existing Articles of Association:

“The President of the Company shall be accountable to the Board and exercise the following powers:

.....

(6) to propose the appointment or dismissal of senior management members including Vice Presidents and Chief Financial Officer;

.....”

is proposed to be amended to read:

“The President of the Company shall be accountable to the Board and exercise the following powers:

.....

(6) to propose the appointment or dismissal of senior management members including Vice Presidents, Chief Financial Officer, Chief Engineer and Chief Economist of the Company;

.....”

C. AMENDMENTS TO ARTICLES RELATING TO CORPORATE GOVERNANCE

1. A new article is proposed to be added after Article 12 of the existing Articles of Association as Article 13 and the subsequent articles to be renumbered accordingly:

Article 13

“The Company shall comply with laws and regulations, strengthen risk control, promote the system of general counsel and reinforce the culture of a honest business.”

2. Article 167 of the existing Articles of Association:

“Board meetings shall be in the form of either routine meetings or extraordinary meetings. The Board shall notify the Supervisors to be present at the Board meeting to be held. At least two (2) routine meetings of the Board shall be convened each year by the Chairman of the Board. Notice of the meeting shall be served on all the Directors and Supervisors in writing fourteen (14) days prior to the date of the meeting.”

is proposed to be amended to read:

“Board meetings shall be in the form of either regular meetings or extraordinary meetings. The Board shall notify the Supervisors to be present at the Board meeting to be held. At least four (4) regular meetings of the Board shall be convened each year by the Chairman of the Board. Notice of the meeting shall be served on all the Directors and Supervisors in writing fourteen (14) days prior to the date of the meeting.”

D. AMENDMENTS TO ARTICLES RELATING TO THE INTERNAL APPROVAL PROCEDURES OF MATERIAL OPERATIONS AND INVESTMENTS OF THE COMPANY

Article 164 of the existing Articles of Association:

“For the following matters subject to the determination of the Board under the authorisation of the general meeting, the Board should establish stringent examination and decision-making procedures; and specialists or professional personnel shall be organised to assess and examine any material investment projects, and such investment projects shall be submitted to the general meeting for approval.

- (1) Pursuant to the authorisation of the general meeting, the Board is entitled to decide on the relevant matters of asset acquisition and disposal, asset pledges and external guarantees, which shall be not more than 30% of the latest audited total assets of the Company.
- (2) Pursuant to the authorisation of the general meeting, the Board is entitled to decide on the entrusted wealth management matters and major investment projects with an accumulated amount exceeding 5% but less than 30% of the latest audited net assets of the Company; the entrusted wealth management matters and major investment projects with an amount less than 5% of the latest audited net assets shall be determined by the President under the authorisation granted by the Board.

- (3) Pursuant to the authorisation of the general meeting, the Board is entitled to decide on any connected transactions with a connected party for a transaction amount of less than RMB30,000,000 or 5% of the absolute value of the latest audited net assets of the Company.”

is proposed to be amended to read:

“For the following matters subject to the determination of the Board under the authorisation of the general meeting, the Board should establish stringent examination and decision-making procedures; and specialists or professional personnel shall be organised to assess and examine any material investment projects, and such investment projects shall be submitted to the general meeting for approval.

- (1) The Board is entitled to decide on the relevant matters of asset acquisition and disposal, asset pledges and external guarantees, which shall be not more than 30% of the latest audited total assets of the Company.
- (2) The Board is entitled to decide on the entrusted wealth management matters with an accumulated amount exceeding 5% but less than 30% of the latest audited net assets of the Company and major investment projects with individual amount exceeding 5% but less than 30% of the latest audited net assets of the Company; the entrusted wealth management matters with an accumulated amount not exceeding 5% of the latest audited net assets of the Company and major investment projects with individual amount not exceeding 5% of the latest audited net assets of the Company shall be determined by the President under the authorisation granted by the Board.
- (3) The Board is entitled to decide on any connected transactions with a connected party for a transaction amount of not more than 5% of the absolute value of the latest audited net assets of the Company. For connected transaction matters which can be exempted from consideration and disclosure as connected transactions under relevant provisions of the stock exchanges where the Company is listed, the Company may be exempted from or apply for a waiver for being exempted from consideration and disclosure of such matters as connected transactions under relevant provisions.

If relevant laws, regulations and regulatory documents, the listing rules of the places where the Company is listed and the securities regulatory authorities of the places where the Company is listed have different requirements, the Company shall undertake the relevant matters in accordance with whichever stricter.”

**SHAREHOLDERS' RETURN PLAN FOR THE NEXT THREE YEARS
OF CSR CORPORATION LIMITED**

(from 2012 to 2014)

Article 1 Introduction

In order to further define reasonable investment returns to shareholders given by CSR Corporation Limited (the "Company"), improve the transparency and operability of decision-making procedures of profit distribution and enhance Shareholders' supervision on the Company's operation and profit distribution, and pursuant to the requirements of the "Notice Regarding Further Implementation of Cash Dividends Distribution of Listed Companies" issued by CSRC and the Articles of Association, the board of directors of the Company had formulated the Shareholders' Return Plan for the Next Three Years of CSR Corporation Limited (from 2012 to 2014) (the "Plan").

Article 2 Considerations in the formulation of the Plan

The Company is committed to realize long-term and sustainable development. It establishes sustainable, stable and scientific return plan and mechanism for its investors after taking into consideration the Company's future development plan, operating conditions and profitability, and makes systematic arrangement for profit distribution to ensure the continuity and stability of its profit distribution policy.

Article 3 Principles for formulation of the Plan

In formulating the Plan, the Company shall fully listen to and consider the opinions of shareholders, in particular, the medium and small shareholders and independent directors, and also take into account of reasonable investment returns to shareholders and the demand for the Company's sustainable development. The Company shall, upon meeting the capital demand for the Company's normal production and operation, implement proactive profit distribution methods, consider cash dividends in priority and attach great importance to the reasonable investment returns to the investors.

Article 4 The Specific Shareholders' Return Plan for the Next Three Years (from 2012 to 2014)

1. The Company may distribute dividends in the form of cash or shares or a combination of cash and shares. Under favorable circumstances, interim profit distribution may be made by the Company.

APPENDIX II SHAREHOLDERS' RETURN PLAN FOR THE NEXT THREE YEARS

2. According to the Articles of Association, in the absence of certain special circumstances, if the Company records profit for the year and its accumulated undistributed profit is positive, and is capable of meeting the actual demand for distribution, the Company shall distribute dividends in cash, and the profit distributed in cash per annum shall not be less than 15% of the Company's distributable profit realised for the year as set out in that year's consolidated financial statements and the aggregate profits distributed in cash of every three years shall not less than 45% of the average annual distributable profits realised for the latest three years as set out in the Company's consolidated financial statements.
3. When the Company is in a sound operating condition, and the Board considers that the Company's stock price does not reflect its scale of capital, and distributing dividends in shares will be in the interests of all shareholders as a whole, the Company may propose the distribution of dividends in shares upon fulfilment of the above conditions concerning cash dividends.
4. The profit distribution plan of the Company shall be considered and approved at a meeting of the President's Office before being submitted to the Board and the Supervisory Committee of the Company for consideration. The Board shall thoroughly discuss the rationality of the profit distribution plan and form a special resolution, which will then be submitted to the general meeting for consideration.
5. Where the Company resolves not to distribute cash dividend under the above-mentioned special circumstances or the proportion of the cash dividend is lower than prescribed proportion, the Board shall explain the specific reasons for not distributing cash dividend, the exact purpose for the retained profit and the estimated investment return, and submit such to the general meeting for consideration after independent Directors have given their opinions thereon, and disclose the same in the designated media by the Company; access to online voting for shareholders shall be provided by the Company when the matters discussed in this paragraph is considered at the general meeting.

Article 5 Adjustments to Shareholders' Return Plan

In the event of any material changes in the Company's external operation environment and its own operating conditions and that adjustments to the established three-year return plan are deemed necessary, the Board shall formulate a proposal regarding the adjustments to the three-year return plan after special discussion with detailed verification and reasons provided. Such proposal shall be submitted to a general meeting for consideration and approval after being considered by independent directors.

Article 6 The Term for Formulating the Shareholders' Return Plan and Relevant Decision-making Mechanism

1. The Company shall review the Shareholders' Return Plan at least every three years and determine the Shareholders' Return Plan for such period after taking into account the Company's conditions and the opinions of shareholders, particularly those of the medium and small shareholders.
2. The Board shall formulate the Shareholders' Return Plan of the Company after taking full account of the Company's amount of profit, cash flows, development stage, outstanding capital requirements as well as opinions of shareholders, particularly those of the medium and small shareholders. Such plan shall be submitted to a general meeting for consideration and approval after being considered by independent Directors.

Article 7 The Plan, along with its amendments and adjustments, shall be effective from the date of its approval at the general meeting of the Company.

1. SUB-PARAGRAPH (7) UNDER ARTICLE 8 OF THE EXISTING RULES OF PROCEDURE FOR GENERAL MEETINGS:

“(7) to consider and approve the profit distribution plans and loss recovery plans of the Company”

is proposed to be amended to read:

“(7) to consider and approve profit distribution policy, profit distribution plans and loss recovery plans of the Company”

2. PARAGRAPH 2 UNDER ARTICLE 19 OF THE EXISTING RULES OF PROCEDURE FOR GENERAL MEETINGS:

“Shareholders individually or jointly holding 3% or more of the Company’s shares may submit ad hoc proposals to the convener of a general meeting in writing fourteen (14) days prior to the general meeting. The convener shall issue a supplementary notice of the general meeting, announce the content of such ad hoc proposals within 2 days after receipt thereof.”

is proposed to be amended to read:

“Shareholders individually or jointly holding 3% or more of the Company’s shares may submit ad hoc proposals to the convener of a general meeting in writing ten (10) days prior to the general meeting. The convener shall issue a supplementary notice of the general meeting, announce the content of such ad hoc proposals within 2 days after receipt thereof.”

3. ARTICLE 26 OF THE EXISTING RULES OF PROCEDURE FOR GENERAL MEETINGS:

“.....

Within 20 days prior to the convening of a general meeting, changes shall not be registered in the register of shareholders due to the transfer of shares. The rule in the preceding sentence is only applicable to the holders of overseas listed foreign-invested shares.”

is proposed to be amended to read:

“.....

APPENDIX III AMENDMENTS TO RULES OF PROCEDURE FOR GENERAL MEETINGS

Within 30 days prior to the convening of a general meeting or within five (5) days prior to the record date set by the Company for the purpose of distribution of dividends, transfers shall not be entered in the register of shareholders. The rule in the preceding sentence is only applicable to the holders of overseas listed foreign-invested shares.”

- 4. IT IS PROPOSED THAT ONE SUB-PARAGRAPH SHALL BE ADDED AS FOLLOWS AFTER SUB-PARAGRAPH (6) OF ARTICLE 56 OF THE EXISTING RULES OF PROCEDURE FOR GENERAL MEETINGS AS SUB-PARAGRAPH (7), AND THE EXISTING SUB-PARAGRAPH (7) SHALL BE RE-NUMBERED AS SUB-PARAGRAPH (8):**

“(7) adjustments and modifications to the profit distribution policy”

1. ARTICLE 5 OF THE EXISTING RULES OF PROCEDURE FOR THE BOARD:

“The Board is responsible to the general meeting and exercises the following functions and powers:

.....

- (8) to appoint or dismiss President and the Secretary to the Board and, based on the nomination by the President, to appoint or dismiss senior management members including Vice Presidents and Chief Financial Officer of the Company and to determine their remunerations, incentives and punishments;

.....”

is proposed to be amended to read:

“The Board shall report to the general meeting and exercises the following functions and powers:

.....

- (8) to appoint or dismiss President and the Secretary to the Board and, based on the nomination by the President, to appoint or dismiss senior management members including Vice Presidents, Chief Financial Officer, Chief Engineer and Chief Economist of the Company and to determine their remunerations, incentives and punishments;

.....”

2. ARTICLE 8 OF THE EXISTING RULES OF PROCEDURE FOR THE BOARD:

“For the following matters on which the Board is authorised to decide by the general meeting, the Board shall establish stringent examination and decision-making procedures; and shall organize specialists or professionals to assess and examine material investment projects, and submit such investment projects to the general meeting for approval.

- (1) Pursuant to the authorisation by the general meeting, the Board is entitled to decide on such matters as acquisition, disposal and pledges of assets and external guarantees within the scope of not more than 30% of the latest audited total assets of the Company.

- (2) Pursuant to the authorisation by the general meeting, the Board is entitled to decide on the entrusted wealth management matters and major investment projects with an accumulated amount exceeding 5% but less than 30% of the latest audited net assets of the Company; the entrusted wealth management matters and major investment projects with an amount less than 5% of the latest audited net assets shall be determined by the President under the authorisation granted by the Board.
- (3) Pursuant to the authorisation by the general meeting, the Board is entitled to decide on any connected transactions with a connected person of an amount of RMB30,000,000 or less, or 5% or less of the absolute value of the latest audited net assets of the Company.

If the Listing Rules of the listing places and the securities regulatory authorities of the listing places have different requirements, the Company shall perform related matters in accordance with whichever stricter.”

is proposed to be amended to read:

“For the following matters on which the Board is authorised to decide by the general meeting, the Board shall establish stringent examination and decision-making procedures; and shall organize specialists or professionals to assess and examine material investment projects, and submit such investment projects to the general meeting for approval.

- (1) The Board is entitled to decide on such matters as assets acquisition and disposal, asset pledges and external guarantees, which shall be more than 30% of the latest audited total assets of the Company.
- (2) The Board is entitled to decide on the entrusted wealth management matters with an accumulated amount exceeding 5% but less than 30% of the latest audited net assets of the Company and major investment projects with individual amount exceeding 5% but less than 30% of the latest audited net assets of the Company; the entrusted wealth management matters with an accumulated amount not exceeding 5% of the latest audited net assets of the Company and major investment projects with individual amount not exceeding 5% of the latest audited net assets of the Company shall be determined by the President under the authorisation granted by the Board.
- (3) The Board is entitled to decide on any connected transactions with a connected party for a transaction amount of not more than 5% of the absolute value of the latest audited net assets of the Company. For connected transaction matters which can be exempted from consideration and disclosure as connected transactions under relevant provisions of the stock exchanges where the Company is listed, the Company may be exempted from or apply for a waiver for being exempted from consideration and disclosure of such matters as connected transactions under relevant provisions.

If relevant laws, regulations and regulatory documents, the listing rules of the places where the Company is listed and the securities regulatory authorities of the places where the Company is listed have different requirements, the Company shall undertake the relevant matters in accordance with whichever stricter.”

3. ARTICLE 9 OF THE EXISTING RULES OF PROCEDURE FOR THE BOARD:

“Under the authorisation from the Board, the President shall have the right to decide on trust management matters with the cumulative amount not exceeding 5% of the Company’s latest audited net assets and to decide on major investment projects with the individual amount not exceeding 5% of the Company’s latest audited net assets.”

is proposed to be amended to read:

“The President shall have the right to decide on trust management matters with an accumulated amount not exceeding 5% of the Company’s latest audited net assets and to decide on major investment projects with the individual amount not exceeding 5% of the Company’s latest audited net assets.”

4. ARTICLE 18 OF THE EXISTING RULES OF PROCEDURE FOR THE BOARD:

“Regular meetings of the Board shall be held at least twice a year, including a semi-annual meeting and an annual meeting:”

is proposed to be amended to read:

“Regular meetings of the Board shall be held at least four (4) times a year, including a semi-annual meeting and an annual meetings:”

SUPPLEMENTAL NOTICE OF 2012 FIRST EXTRAORDINARY GENERAL MEETING



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)

SUPPLEMENTAL NOTICE OF 2012 FIRST EXTRAORDINARY GENERAL MEETING

Please refer to the Notice of the 2012 First Extraordinary General Meeting of CSR Corporation Limited (the “**Company**”) dated 26 September 2012 (the “**Notice**”) which sets out the time and venue of the 2012 first extraordinary general meeting of the Company (the “**EGM**”) and contains the resolution to be proposed at the EGM for shareholders’ consideration and approval.

SUPPLEMENTAL NOTICE IS HEREBY GIVEN that the EGM will be held as originally scheduled at Empark Grand Hotel, No. 69 Banjing Road, Haidian District, Beijing, the PRC at 1:30 p.m. on Monday, 12 November 2012 (registration will begin at 12:00 noon), for the purpose of considering, and if thought fit, approving the following resolutions in addition to the resolution set out in the Notice (unless otherwise indicated, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 27 October 2012):

SPECIAL RESOLUTIONS

2. To consider and approve the resolution in relation to the amendments to the Articles of Association, including (i) amendments to articles regarding profit distribution; (ii) amendments to articles regarding expansion of the management of the Company; (iii) amendments to articles regarding corporate governance; and (iv) amendments to articles regarding internal approval procedures on material operation and investment matters of the Company in the Articles of Association, and that the Board committee, comprising the Chairman and the President, be authorised to make necessary and appropriate amendments to the Articles of Association in accordance with the requirements raised by the relevant regulatory authorities from time to time in the subsequent approval process of the Articles of Association after the amendments to the above articles are considered and approved at the EGM.

SUPPLEMENTAL NOTICE OF 2012 FIRST EXTRAORDINARY GENERAL MEETING

3. To consider and approve the resolution in relation to consideration of the Shareholders' Return Plan for the Next Three Years.
4. To consider and approve the resolution in relation to the amendments to the Rules of Procedure for General Meetings.
5. To consider and approve the resolution in relation to the amendments to the Rules of Procedure for the Board.

ORDINARY RESOLUTIONS

6. To consider and approve the resolution in relation to the amendments to the Management Rules on External Guarantees.
7. To consider and approve the resolution in relation to the further utilisation of an aggregate of no more than RMB3.658 billion out of the proceeds to temporarily supplement working capital.
8. To consider and approve the resolution in relation to the election of Mr. Chen Dayang as an executive director of the Company.

By order of the Board
Zheng Changhong
Chairman

27 October 2012

Notes:

1. Details of the above resolutions are set out in the circular of the Company dated 27 October 2012 (the "**Circular**").
2. The New Proxy Form in connection with the above resolutions is enclosed to the Circular.
3. For details of the other resolution proposed to the EGM for consideration and approval as well as the closure of register of members, eligibility for attending the EGM, registration procedures of attending the EGM, appointment of proxies and other matters, please refer to the notice of the EGM of the Company dated 26 September 2012.