



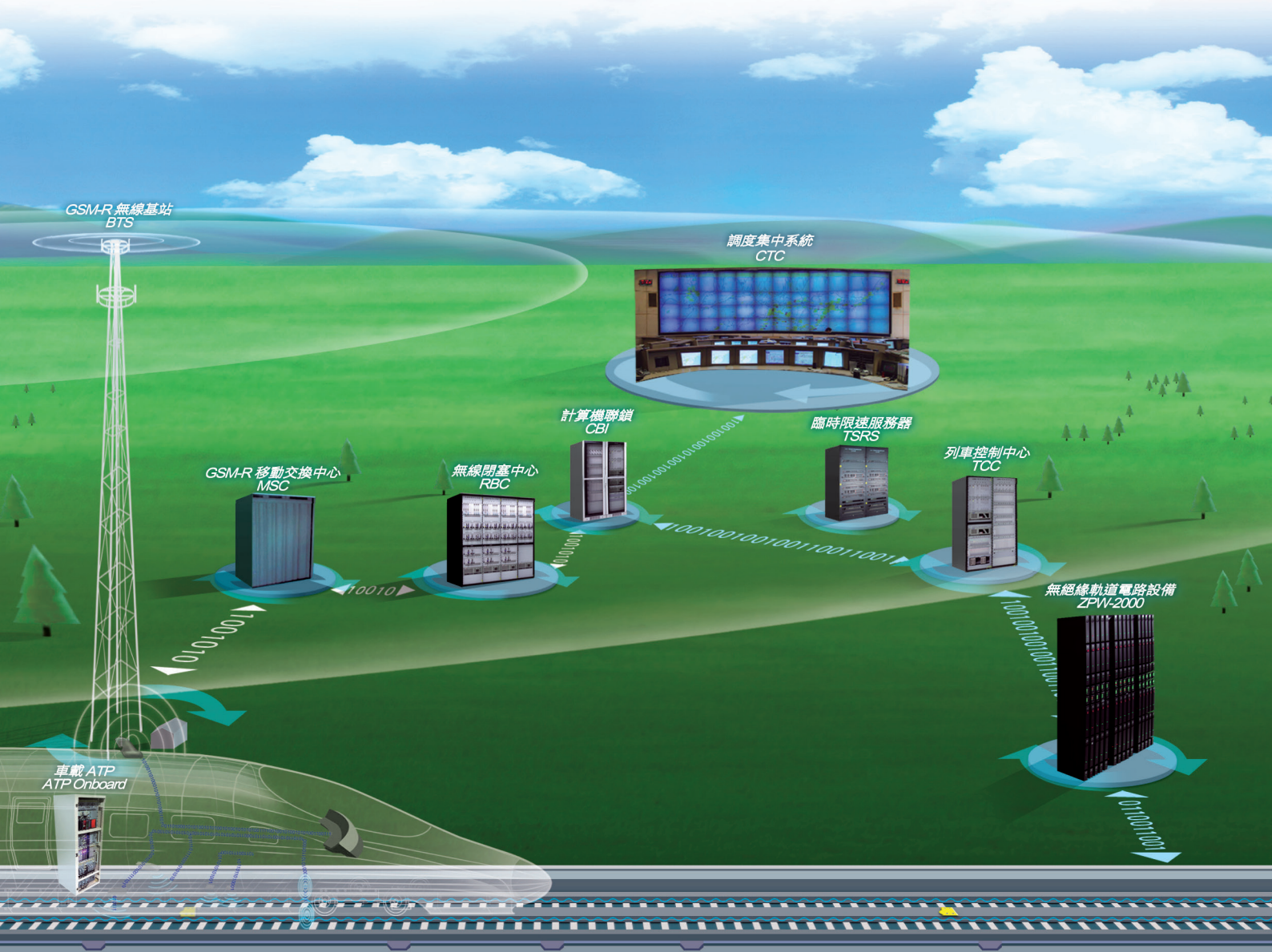
中国通号

China Railway Signal & Communication Corporation Limited\*

中國鐵路通信信號股份有限公司

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

Stock code : 3969



# 2020 Annual Report

\*For identification only

# IMPORTANT NOTICE

**I. THE BOARD AND THE SUPERVISORY COMMITTEE OF THE COMPANY AND THE DIRECTORS, SUPERVISORS AND MEMBERS OF THE SENIOR MANAGEMENT WARRANT THE TRUTHFULNESS, ACCURACY AND COMPLETENESS OF THE CONTENTS HEREIN AND CONFIRM THAT THERE ARE NO MISREPRESENTATIONS OR MISLEADING STATEMENTS CONTAINED IN, OR MATERIAL OMISSIONS FROM, THIS ANNUAL REPORT, AND ACCEPT SEVERAL AND JOINT LEGAL RESPONSIBILITIES.**

**II. WARNING OF SIGNIFICANT RISKS**

For the description of relevant risks, please refer to “B. Discussion and Analysis on Business Operations” under Section IV “Report of the Directors” of this report.

**III. ALL DIRECTORS OF THE COMPANY ATTENDED THE BOARD MEETING.**

**IV. ERNST & YOUNG HUA MING LLP ISSUED A STANDARD UNQUALIFIED AUDIT REPORT FOR THE COMPANY.**

**V. ZHOU ZHILIANG, PERSON-IN-CHARGE OF THE COMPANY, HU SHAOFENG, CHIEF FINANCIAL OFFICER, AND ZHANG SHIHU, HEAD OF THE FINANCIAL DEPARTMENT (PERSON IN CHARGE OF ACCOUNTING), CONFIRM THAT THE FINANCIAL REPORT IN THIS ANNUAL REPORT IS TRUE, ACCURATE AND COMPLETE.**

**VI. PROFIT DISTRIBUTION PLAN OR RESERVES-TO-EQUITY TRANSFER PLAN DURING THE REPORTING PERIOD AS CONSIDERED BY THE BOARD**

As considered by the 25th meeting of the third session of the Board of the Company, the Company plans to distribute dividend of RMB2.0 (including tax) to all Shareholders for every 10 shares based on the total share capital of 10,589,819,000 shares on 31 December 2020, totaling RMB2,117,963,800.

The profit distribution plan needs to be considered and approved by the Company’s 2020 annual general meeting.

# IMPORTANT NOTICE

## VII. WHETHER THERE ARE IMPORTANT MATTERS SUCH AS SPECIAL ARRANGEMENTS FOR CORPORATE GOVERNANCE

Applicable Not applicable

## VIII. DISCLAIMER OF FORWARD-LOOKING STATEMENTS

Applicable Not applicable

This report contains forward-looking statements that are based on subjective judgements and prospective assumptions with precedent conditions to the domestic and overseas economic trends and macro policies in the future. The judgements and assumptions are largely subject to uncertainties. The final results or trends may differ from these forward-looking statements.

The forward-looking statements included in this report in relation to future plans, development strategies, etc. do not constitute any substantive commitment to investors by the Company. Investors should be aware of investment risks.

## IX. WHETHER THE CONTROLLING SHAREHOLDER OR ITS RELATED PARTIES HAVE MISAPPROPRIATED THE COMPANY'S FUNDS FOR PURPOSES OTHER THAN FOR BUSINESS

No

## X. WHETHER THE COMPANY HAS PROVIDED EXTERNAL GUARANTEES IN VIOLATION OF ANY PRESCRIBED DECISION-MAKING PROCEDURES

No

## XI. WHETHER THE COMPANY HAS MORE THAN HALF OF THE DIRECTORS THAT CAN NOT GUARANTEE THE TRUTHFULNESS, ACCURACY AND COMPLETENESS OF THE ANNUAL REPORT DISCLOSED BY THE COMPANY

No

## XII. OTHERS

Applicable Not applicable

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# SECTION I

## DEFINITIONS

### I. DEFINITIONS

Unless otherwise stated in the context, the following terms should have the following meanings in this report:

#### Definitions of Common Words

CRSC or our Company or Company	China Railway Signal & Communication Corporation Limited* (中國鐵路通信信號股份有限公司)
CRSC Group	China Railway Signal and Communication (group) Corporation Limited (中國鐵路通信信號集團有限公司), the controlling shareholder of the Company
SASAC	the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
CSRC	China Securities Regulatory Commission (中國證券監督管理委員會)
SSE	the Shanghai Stock Exchange
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
CNRG	China National Railway Group Co., Ltd. (中國國家鐵路集團有限公司)
CAM	China Association of Metros (中國城市軌道交通協會)
CTCS	Chinese Train Control System, developed by China for ensuring the safe operation of trains, which is divided into 0 to 4 levels based on function and equipment configuration according to the operational requirements of different lines. The higher the level, the faster the train speed applied and the higher the technical difficulty
CIPS	Computer Integrated Processing System, automation system of the freight marshalling yard, a system for centralized supervision and control of marshalling yard operations
ITCS	Incremental Train Control System, an enhanced train control system, which is currently applied to the Qinghai-Tibet Railway
MATC	Magnetic Automatic Train Control, medium and low speed maglev control system, an automatic control system for moving block trains based on cross induction loops, suitable for medium and low speed maglev trains
ATO	Automatic Train Operation, the automatic train operation system, a system that automatically adjusts the speed and operation status of trains to automatically control a train's operation

## SECTION I DEFINITIONS

CBTC	Communication Based Train Control System, train control system for urban transit, the wireless communication-based automatic train control system, a wireless communication system for urban transit that enables bidirectional communication between vehicle and ground facilities to control the operation of trains
RBC	Radio Blocking Center, the ground core equipment of the CTCS-3 system to generate control information on the driving permission, line description and temporary speed limit for the controlled train according to the train status provided by the train ATP, the interlock path status provided by the interlock device, the track occupation status, and the temporary speed limit command provided by the TSRS and transmit such information to the on-board ATP through the GSM-R network to control the driving status of the train
ATP	Automatic Train Protection, the automatic train protection equipment that automatically brakes train when it exceeds speed limits

## SECTION II

# CHAIRMAN'S STATEMENT

Dear shareholders:

The year 2020 is a year full of difficulties and challenges, and also a year in which all employees of CRSC worked hard and made extraordinary achievements despite difficulties. During this year, all shareholders gave the Company the greatest confidence and support! I would like to take this opportunity to express my sincerest gratitude on behalf of the board of directors to the shareholders and people from all sectors of society who support and care about the development of the Company!

In response to the sudden and unexpected outbreak of the pandemic and the complex situation of increasingly severe domestic and international risks and challenges, the Company unwaveringly took Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as guidance, thoroughly implemented the decisions and plans of the Central Committee of the CPC and the State Council, and forged ahead with firm confidence and focused on implementation despite difficulties. Therefore, the Company made new headway and achievements in all aspects of work.

Business operations in the markets remained stable. The Company made every effort to overcome the adverse impact of the pandemic and focused on stabilizing production, business operation and market by active measures. In the field of rail transportation, the Company has successively won bids for such key projects as South Shandong High Speed Railway Phase II, the Guangdong section of Ganzhou-Shenzhen High-speed Railway and Zhongwei-Lanzhou Railway, maintaining its leading position in the market. In the field of urban transit control system, the Company has successively won the bidding of key projects, such as Shenzhen Subway Line 20, Wuhan Subway Line 16 and Zhengzhou Airport to Xuchang City Railway, with its market share increasing significantly. The Company further expanded the medium or small carrying-capacity urban transit market by successively winning the bidding of such projects as the PPP project of Tianshui Tram Model Line (Phase II) and the general contracting project of electromechanical equipment procurement and installation of Fenghuang Maglev Cultural Tourism Project (Phase I). The Company made active efforts to promote smooth international operation, reinforced the implementation of major projects along the "Belt and Road" and strived to ensure the normal progress and scheduled contract performance of overseas projects such as the Jakarta-Bandung Railway, Budapest-Belgrade Railway and China-Thailand Railway.

Outstanding achievements were made in scientific and technological innovation. The Company continued to increase investment in R&D, accelerated breakthroughs in key and core technologies, vigorously initiated the construction of innovation platforms and laboratories, made plans for forward-looking technology R&D in advance, improved the collaborative innovation system, gathered industry innovation resources, and sped up the transformation of scientific research results. The Company established the first engineering research center for intelligent control of autonomous train operation in the railway industry; completed the development of a full set of autonomous train control system equipment and successfully put it into application on the Hefei-Anqing-Jiujiang High-Speed Railway; completed the development of a comprehensive dispatching command management system for railway freight and realized on-site application on Shenhua Railway; and achieved a major breakthrough in the key area of railway transportation with TRANAVI Qiji – train autonomous circumambulation system ("TACS") based on vehicle-to-vehicle communication and took the initiative to launch it for commercial use in the industry. All the products of autonomous train control system have passed the European Union's Technical Specification for Interoperability certification, clearing the technical specification barrier for entry into the European market.

## SECTION II

# CHAIRMAN'S STATEMENT

Deepened reform was advanced in an orderly manner. The Company actively promoted the deep integration and efficient linkage of reform and development, and propelled the implementation of various reform measures in an orderly manner; the Company further carried out special reform projects, improved the market-oriented business operation mechanism for “double hundred” enterprises and demonstration enterprises of “science and technology reform”, implemented the tenure system and contract-based management for managers, and energetically practiced the professional manager system; the Company actively explored medium- and long-term incentives for technology-based enterprises to stimulate their vitality and improve efficiency and effectiveness; the Company steadily promoted the mixed-ownership reform and equity diversification reform to achieve complementary advantages with different ownership capitals and release new growth drivers for business.

On-going efforts were made to consolidate safety and quality. The Company resolutely implemented General Secretary Xi Jinping's series of important speeches and instructions on safety production, strengthened safety and quality control, improved safety quality system, implemented full life-cycle traceability management, set the redline, upheld the bottom line, and ensured the safe and stable operation of 146,300 km of railways and 37,900 km of high-speed railways in China. In 2020, the Company put into operation 3,515 km of high-speed railways and general speed railways with 326 stations in a safe and high-quality manner, including Hefei-Anqing High-speed Railway, Shanghai-Suzhou-Nantong High-speed Railway, Taiyuan-Jiaozuo High-speed Railway, Fuzhou-Pingtang High-speed Railway, and 20 urban rail transits covering 391.9 km, including 127 km of automatic driving lines, ranking first in the industry.

As the first year for implementing the “14th Five-Year Plan”, 2021 is a year of special importance in the process of China's modernization construction, and will also be a year of great development for CRSC. In the new year, CRSC will actively implement the new development concept, grasp new development opportunities, and lead high-quality development with science and technology innovation, so as to create greater wealth and value for the society and shareholders!

**ZHOU Zhiliang**

*Chairman*

Beijing, the PRC

26 March 2021



# SECTION III BASIC CORPORATE INFORMATION AND KEY FINANCIAL INDICATORS

## I. CORPORATE INFORMATION

Chinese name of the Company	中國鐵路通信信號股份有限公司
Chinese abbreviation	中國通號
English name of the Company	China Railway Signal & Communication Corporation Limited*
English abbreviation	CRSC
Legal representative of the Company	ZHOU Zhiliang
Registered office of the Company	20/F, CRSC Building A 1 Compound, Automobile Museum South Road Fengtai District Beijing
Postal code of registered office of the Company	100070
Principal place of business	CRSC Building 1 Compound, Automobile Museum South Road Fengtai District Beijing
Postal code of principal place of business	100070
Principal place of business in Hong Kong	40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong
Website of the Company	<a href="http://www.crsc.cn">www.crsc.cn</a>
E-mail	<a href="mailto:ir@crsc.cn">ir@crsc.cn</a>

## II. CONTACT PERSONS AND CONTACT METHODS

Name	Secretary to the Board QIU Wei
Correspondence address	CRSC Building A 1 Compound, Automobile Museum South Road, Fengtai District, Beijing
Telephone	010-50809077
Fax	010-50809075
E-mail	<a href="mailto:ir@crsc.cn">ir@crsc.cn</a>

# SECTION III BASIC CORPORATE INFORMATION AND KEY FINANCIAL INDICATORS

## III. INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Media designated by the Company for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Website designated by the CSRC for publishing the A share annual report of the Company	www.sse.com.cn
Website designated by the Hong Kong Stock Exchange for publishing the H share annual report of the Company	www.hkexnews.hk
Place of inspection of the annual report of the Company	Board Office of the Company
Index to changes during the reporting period	None

### LANGUAGE AND MEANS OF RECEIPT OF CORPORATE COMMUNICATIONS

The Company provides corporate communications to the shareholders based on their respective selected language version and means of receipt. The shareholders have the following options:

- to read the online version of all corporate communications published on the Company's website by electronic means instead of receiving the printed version and receive written notice for the publication of the corporate communications published on the Company's website;
- to receive printed English version of all corporate communications only;
- to receive printed Chinese version of all corporate communications only; or
- to receive both printed English and Chinese version of all corporate communications.

The shareholders may choose and/or change their choice on the language version of our corporate communications and/or the way to receive the corporate communications at any time. The shareholders may notify the Company of their options by the following ways:

- By mail: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
- By email: crsc.ecom@computershare.com.hk

For enquiry on the arrangement of selection of the language version and means of receipt of corporate communications, the shareholders may contact the hotline at +852 2862 8688 at any time.

# SECTION III BASIC CORPORATE INFORMATION AND KEY FINANCIAL INDICATORS

## IV. BASIC INFORMATION OF SHARES/DEPOSITARY RECEIPTS OF THE COMPANY

### (I) Basic information of shares of the Company

Applicable  Not Applicable

#### *Basic information of shares of the Company*

Class of share	Place of listing and sector	Stock abbreviation	Stock code	Stock abbreviation before change
A share	SSE STAR Market	CRSC	688009	None
H share	Hong Kong Stock Exchange Main Board	CRSC	03969	None

### (II) BASIC INFORMATION OF DEPOSITARY RECEIPTS OF THE COMPANY

Applicable  Not Applicable

## V. OTHER RELEVANT INFORMATION

Accountant engaged by the Company	Name	Ernst & Young Hua Ming LLP <sup>Note</sup>
	Office address	No. 3 Building, East Zone, No.1 East Chang'an Avenue Dongcheng District, Beijing
	Name of signing accountants	ZHANG Xiaoliang, HE Qiongyi
Sponsor institution performing the duty of continuous supervision during the reporting period	Name	China International Capital Corporation Limited
	Office address	27th and 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing
	Name of signing sponsor representative	MA Qinghai, WU Jiaqing
	Term of continuous supervision	From the listing date to 31 December 2022

Note: Pursuant to the amendments to the Hong Kong Stock Exchange Listing Rules and relevant requirements of the Ministry of Finance and the CSRC, a company incorporated in mainland China and listed on the Hong Kong Stock Exchange is permitted to adopt the PRC GAAP Standards to prepare its financial statements and to engage a domestic accounting firm recognized by the Ministry of Finance and the CSRC to provide relevant services according to the PRC auditing standards since 15 December 2010. Therefore, the Company appointed one auditor as its external auditor starting from the financial year of 2019 (no division of domestic and overseas).

## SECTION III BASIC CORPORATE INFORMATION AND KEY FINANCIAL INDICATORS

### VI. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS IN THE PAST THREE YEARS

#### (I) Key accounting data

Unit: Yuan Currency: RMB

Key accounting data	2020	2019	Change as	2018
			compared with the corresponding period of last year (%)	
Revenue	40,124,476,710.76	41,646,286,792.57	-3.65	40,012,601,322.24
Net profit attributable to shareholders of the listed company	3,819,046,319.02	3,815,874,901.39	0.08	3,408,545,542.62
Net profit deducting non-recurring profit or loss attributable to shareholders of the listed company	3,578,794,910.78	3,501,282,304.33	2.21	3,295,190,747.94
Net cash flow generated from operating activities	3,007,375,953.08	3,371,360,784.87	-10.80	-1,586,789,943.14
			Change as	
	As at	As at	compared with	As at
	the end of 2020	the end of 2019	the end of	the end of 2018
			last year (%)	
Net assets attributable to shareholders of the listed company	42,563,468,050.40	41,119,607,362.50	3.51	28,908,396,681.99
Total assets	105,328,082,320.59	97,512,591,304.36	8.01	79,678,537,628.47

## SECTION III BASIC CORPORATE INFORMATION AND KEY FINANCIAL INDICATORS

### (II) Key financial indicators

Key financial indicators	2020	2019	Change as compared with the corresponding period of last year (%)	2018
Basic earnings per share (RMB/share)	0.34	0.38	-10.53	0.38
Diluted earnings per share (RMB/share)	0.34	0.38	-10.53	0.38
Basic earnings per share after deduction of non-recurring profit or loss (RMB/share)	0.32	0.35	-8.57	0.37
Weighted average rate of return on net assets (%)	9.09	12.77	Decreased by 3.68 percentage points	13.58
Weighted average rate of return on net assets after deduction of non-recurring profit or loss (%)	8.52	11.72	Decreased by 3.20 percentage points	13.13
R&D investment as a percentage of revenue (%)	4.32	3.85	Increased by 0.47 percentage point	3.45

Key accounting data and financial indicators of the Company in the past three years as at the end of the reporting period

Applicable Not applicable

### VII. DIFFERENCES IN ACCOUNTING DATA UNDER DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

(I) Differences in net profit and net assets attributable to shareholders of the listed company in financial reports disclosed in accordance with international accounting standards and Chinese accounting standards

Applicable Not applicable

(II) Differences in net profit and net assets attributable to shareholders of the listed company in financial reports disclosed in accordance with overseas accounting standards and Chinese accounting standards

Applicable Not applicable

(III) Explanation of differences between domestic and overseas accounting standards

Applicable Not applicable

## SECTION III BASIC CORPORATE INFORMATION AND KEY FINANCIAL INDICATORS

### VIII. MAIN QUARTERLY FINANCIAL DATA FOR 2020

Unit: Yuan Currency: RMB

	The first quarter (January to March)	The second quarter (April to June)	The third quarter (July to September)	The fourth quarter (October to December)
Revenue	5,149,712,076.31	9,471,066,775.01	9,303,595,433.05	16,200,102,426.39
Net profit attributable to shareholders of the listed company	504,688,841.19	1,270,236,601.66	877,219,767.11	1,166,901,109.06
Net profit deducting non-recurring profit or loss attributable to shareholders of the listed company	488,841,569.48	1,251,587,334.73	841,806,154.62	996,559,851.95
Net cash flow generated from operating activities	-1,145,721,633.49	173,669,411.10	303,950,918.22	3,675,477, 257.25

Explanation of differences between quarterly data and data disclosed in the periodic report

Applicable  Not applicable

## SECTION III BASIC CORPORATE INFORMATION AND KEY FINANCIAL INDICATORS

### IX. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Applicable  Not applicable

Unit: Yuan Currency: RMB

Non-recurring profit or loss items	Amounts of 2020	Amounts of 2019	Amounts of 2018
Profit and loss on disposal of non-current assets	171,224,991.74	-1,382,312.77	-4,136,576.96
Government grants recognised through profit or loss for the period (other than government grants which are closely related to the Company's normal business operations, which comply with national policies and can be enjoyed continuously based on a fixed amount or a fixed quantity according to a certain standard)	117,599,839.57	67,680,990.59	128,501,713.65
Reversal of the impairment provision for receivables and contract assets which are tested individually for impairment	2,766,661.64	54,934,954.40	34,841,407.21
Other non-operating income and expenses apart from the aforesaid items	19,375,081.16	43,910,945.85	-21,386,663.64
Other gain or loss items falling within the definition of extraordinary items	–	243,017,735.72	20,981.71
Effect of minority interest	-5,025,836.00	-224.46	–
Effect of income tax	<u>-65,689,329.87</u>	<u>-93,569,492.27</u>	<u>-24,486,067.29</u>
Total	<u>240,251,408.24</u>	<u>314,592,597.06</u>	<u>113,354,794.68</u>

### X. ITEMS MEASURED AT FAIR VALUE

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Closing balance	Current change	Amount of impact on current profit
Receivables for financing	1,478,647,844.54	2,230,124,457.61	751,476,613.07	–
Other equity instrument investments	<u>806,064,229.20</u>	<u>1,019,867,488.13</u>	<u>213,803,258.93</u>	–
Total	<u>2,284,712,073.74</u>	<u>3,249,991,945.74</u>	<u>965,279,872.00</u>	–

### XI. EXPLANATION OF PERFORMANCE INDICATORS OF NON-ENTERPRISE ACCOUNTING STANDARDS

Applicable  Not applicable

## SECTION IV REPORT OF THE DIRECTORS

### A. SUMMARY OF THE COMPANY'S BUSINESSES

#### I. MAJOR BUSINESSES AND OPERATION MODE, INDUSTRY INFORMATION AND RESEARCH AND DEVELOPMENT INFORMATION OF THE COMPANY DURING THE REPORTING PERIOD (OPERATION CENTER)

##### (I) Major Businesses, Major Products or Services

The Company always takes the development of national industry and national technology as its own responsibility. Since its establishment, the Company has been focusing on the research and exploration of rail transportation control system technology and is committed to providing safe and efficient core support for operation of national rail transportation, and is a core enterprise to ensure the safe operation of national rail transportation. As a world-class rail transportation control system solution provider, the Company has a complete industrial chain integrated with an industry-leading rail transportation control system design and development, equipment manufacturing and engineering services as well as capabilities to provide high-quality integrated services throughout the industrial chain of rail transportation control system to its customers.

The main businesses of the Company covering: 1) Design and integration, mainly includes provision of system integration services for related products of rail transportation control system and provision of design and consultancy services mainly for construction of rail transportation projects; 2) Equipment manufacturing, mainly includes producing and selling signal system, communication information system products and other related products; 3) System implementation, mainly includes construction, equipment installation and maintenance services for rail transportation control system projects.

While maintaining the world's advanced position in the field of railway signal and communication, the Company adheres to the development strategy of "one core business with diversification into related businesses", and strives to build a signal and communication business as the core, to optimize industrial structure and business layout on four sectors including R&D and design, equipment manufacturing, engineering construction and construction investment. The Company attaches great importance to technology accumulation and continuous innovation, actively carries out forward-looking research, accelerates the pace of independent innovation, adheres to the technological path of making further innovation on the basis of absorbing advances in overseas science and technology, and actively faces the forefront of world science and technology. In the future, the Company will continue to carry out research and development of advanced and intelligent technologies, and strive to make breakthroughs in advanced rail transportation control, intelligent comprehensive operation and maintenance of rail transportation, smart city and industry communication information, special chips for rail transportation and other fields, leading the new direction of industry development.

There was no material change in the Company's major businesses since its establishment.



## SECTION IV REPORT OF THE DIRECTORS

### (II) Major Operation Modes

The Company has been working in the field of rail transportation control system for many years and has formed a stable and efficient business model with profound understanding in China's railway and urban transit policies, operation mode and market environment. The Company mainly obtains orders through public bidding, and mainly obtains production raw materials through centralized procurement. The Company provides integrated and comprehensive services of rail transportation control system to its customers under the mature business mode of design and integration, equipment manufacturing and system implementation.

#### 1. Sales mode

The Company takes advantage of industry core technology and the whole industrial chain, actively participates in domestic and foreign user procurement activities with the aim of responding to users' needs and providing highly secure and reliable products and services, and obtains product and service orders through market competitions such as bidding and business negotiation.

#### 2. Production and service mode

The production and service mode adopted by the Company in design and integration, equipment manufacturing and system implementation etc. is mainly formed in line with the overall operation mode of railway and urban transit system in the PRC, and customized production and service can also be provided according to the specific needs of owners. The Company provides relevant products and services in strict accordance with the contract requirements on schedule and quality.

#### 3. Purchase mode

The Company strictly follows relevant national laws and regulations and standardizes various procurement activities in accordance with the Administrative Measures for the Procurement in China Railway Signal & Communication Corporation Limited\* (《中國鐵路通信信號股份有限公司採購管理辦法》). Procurement methods mainly include public tender, tender invitation, competitive negotiation, inquiry and bidding, etc., and the Company will select the applicable procurement methods according to the specific conditions of projects to ensure procurement efficiency. The Company mainly implements a centralized procurement system, under which the Company's engineering management center acts as the centralized management department for procurement activities and is responsible for formulating the relevant system of procurement management, monitoring and reviewing the procurement activities at various levels of the Company. The centralized procurement system is carried out at two levels, including two modes, namely the centralized procurement by the Company's headquarter and the centralized procurement by subordinate secondary enterprises. Secondary enterprises also have a sound procurement management system, under which the procurement activities of subordinate enterprises are independently and centrally managed by the specialized procurement department.

## SECTION IV REPORT OF THE DIRECTORS

### 4. Management mode

The Company implements a two-level operation and management mode, under which the headquarter and each of the subsidiaries are responsible for the projects executed by them respectively. The headquarter is responsible for formulating the overall strategic plan, centrally organizing and coordinating the operating activities of subsidiaries, making material decisions and improving the operation and management system of the Company while it is also the one to implement major project management. Subsidiaries are responsible for formulating their own operation and management systems and annual operating plans and goals, etc., and they also manage and operate their own contracted projects by setting up operating management institutions according to their respective operating plans and status.

### (III) Relevant Industry Information

#### 1. Industrial development stage, basic characteristics and main technical thresholds

Seen from the perspective of global railway industry, the period since the late 1990s is the third development wave of high-speed railways, and the number of countries and regions that are building and planning to build high-speed railway is growing rapidly. As shown in the report High Speed Lines in the World released by the International Union of Railways (UIC) in February 2020, the operation mileage of high-speed railways in the world has reached 52,500 kilometers, the mileage under construction has reached 12,000 kilometers, the planned mileage has reached 11,400 kilometers, and the long-term planned mileage has reached 28,600 kilometers. Seen from the perspective of the domestic railway industry, according to the Program of Building National Strength in Railway Transportation in the New Era (《新時代交通強國鐵路先行規劃綱要》), by 2035, the national railway network will be approximately 200,000 kilometers, including approximately 70,000 kilometers of high-speed railway. The Planning Outline of the National Comprehensive Three-Dimensional Transportation Network (2021-2050) (《國家綜合立體交通網規劃綱要(2021-2050年)》), the Program of Building National Strength in Transportation (《交通強國建設綱要》), and the Medium and Long-term Railway Network Plan (《中長期鐵路網規劃》) and other documents have also laid the foundation for a new upsurge in domestic railway construction in the future. As of the end of 2020, the domestic mileage of railways in operation was approximately 146,300 kilometers, of which 37,900 kilometers were high-speed railways, indicating that there is still broad market space for new railway construction in the future. With the operation time of high-speed railway lines opened around 2010 reaching or approaching 10 years, the corresponding train control system has gradually entered the renewing and upgrading cycle. Marked by the renewal and transformation of the train control system of Beijing-Tianjin Intercity Railway, renewal markets of a batch of high-speed passenger train control system represented by the Wuhan-Guangzhou High-speed Railway will also be gradually released.

## SECTION IV REPORT OF THE DIRECTORS

Seen from the perspective of the global urban rail transit industry, urban rail transit construction in emerging countries and regions is in the ascendant, while the rail transit systems of major cities in developed countries are constantly undergoing renovation and technological upgrading. Seen from the perspective of the domestic urban rail transit industry, in recent years, the national-level urbanization development strategy has also continuously injected impetus into the urban rail transit industry. Some large cities have completed a number of projects in succession, which has significantly improved the urban traffic situation and played an important role in giving full play to the urban functions, improving the environment and promoting economic and social development. The 2020 Government Work Report (《2020年國務院政府工作報告》) put forward the focus on supporting the construction of new infrastructure, new urbanization initiatives and major projects (兩新一重), and the CPC Central Committee's Proposals for Formulating the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives through the Year 2035 (《中共中央關於制定國民經濟和社會發展第十四個五年規劃和二〇三五年遠景目標的建議》) clearly stated that “speed up the city clusters and metropolitan rail transportation networks”, urban rail transit as one of the “new infrastructure” has been supported by national priority. As of the end of 2020, the national urban rail transit operation mileage reached 7,545.5 kilometers, and the future market momentum will be sufficient. It is expected that in 2021, there will be 50 rail transits in approximately 29 cities including Beijing, Shanghai, Guangzhou, Wuhan, Hangzhou, Nanjing, Dalian, Xiamen and Harbin with a total estimated mileage of over 1,000 kilometers in newly opened operation. Meanwhile, 22 lines in approximately 13 cities are expected to start construction with a total estimated mileage of over 500 kilometers, while another batch of lines is under planning. Urban rail transit industry has also ushered in a period of stable development in the PRC, and some subway lines built in the early stage also need to be upgraded to ensure safe operation.

The basic characteristic of the rail transportation control system industry is the high threshold of core technology. Customers have extremely high requirements for the safety, reliability and sustainability of the products and services provided, which requires enterprises to have a strong anti-risk ability. In addition, from the perspective of the full cycle of rail transit construction and maintenance, it also has significant cyclical characteristics. According to the requirements of relevant technical specifications and industry practices, the life cycle of high-speed rail transportation control system is generally about 10 years.

China's rail transit system has the characteristics of dense railway network, many hubs, fast train speed (maximum operating speed of 350km/h), long distance span (the train may cross the extremely cold and hot regions during driving), etc. With the characteristics of interconnection, high stability, high environmental adaptability, high system security, high calculation accuracy, etc., the rail transportation control system independently developed and fully applied by the Company can provide “secured escort” for China's huge and complex rail transit system.

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The Company has world-class and domestic leading technology. The Company has been engaged in the rail transportation control system industry for many years, taking the lead in the formulation of CTCS (Chinese Train Control System) standards and the research and development of core technologies. It has undertaken a number of national major scientific research projects, providing technical support for the construction of China's high-speed railways, plateau railways, alpine railways and heavy-duty railways, the speed increase of existing lines and the construction of urban rail transit. CTCS train operation control system, urban rail transit CBTC system, freight railway CIPS integrated automation system and other research and development achievements independently developed by the Company have been widely used in the field of rail transit and maintained an efficient, safe and stable operation state, with a large number of actual operation data. The Company also has a number of world-leading laboratories and R&D centers and has accumulated abundant experimental cases, providing a strong guarantee for the Company's future technology upgrading.

The Company provides integrated and comprehensive services of rail transportation control system to its customers under the mature business mode of design and integration, equipment manufacturing and system implementation. This business mode improves the Company's ability of customization, allowing it to provide customers with different products and service combinations flexibly, which effectively meets customers' all-round needs, eventually forming the Company's unique competitive advantages.

### 2. Analysis of relevant industrial status and changes thereof

The Company is a world-class provider of rail transportation control system solutions. In the field of high-speed railway, as of the end of 2020, the cumulative contracted mileage covered by the Company's core products and services of high-speed railway control system ranked the first in the world. The Company's contracted mileage continued to maintain a large lead based on the cumulative contracted mileage statistics of domestic high-speed railway control system integration projects. In the field of core equipment of high-speed railway control system produced by the Company, such as the market share of the track circuit, centralized traffic control system, computer interlocking, CTCS-3 on-board ATP system, RBC and train control center, continued to occupy the leading position in the industry. In the field of domestic urban transit, the Company is also the largest provider of urban transit control system solutions. Up to now, the Company's core products and services of urban transit control system have covered more than 110 urban transit routes in the PRC which have been in operation and completed the bidding of control system, and also have been in the leading position of the industry. While maintaining the continuous growth in the domestic market, the Company continues to accelerate its overseas business layout, continuously strengthen investment in overseas markets, and make every effort to enhance the Company's brand power and influence in the global market.

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As a world-class provider of rail transportation control system solutions, the Company will continue to seize favorable industry trends and opportunities, fully utilize the world-frontier technologies, take advantage of industry chain integration, further increase investment in research and development and put an emphasis on making strategic breakthroughs in the structural adjustments to industry products, historical breakthroughs in core technologies and international breakthroughs in China's high-speed railway standards and industry export. Meanwhile, the Company will accelerate the conversion of research results into industrial production, continuously enhance its management as a modern enterprise, proactively adapt to new environments and new changes, seize market opportunities ahead of others, actively participate in global competition to consolidate its leading position in global industry of rail transportation control system and become a world-class multinational industrial group with the characteristics of its rail transportation control technology.

### 3. Development of new technology, new industry, new business type and new mode during the reporting period and future development trend

With the rapid growth in the economy of the PRC, communication among different regions has become increasingly frequent, and transportation is playing more and more prominent role in promoting and contributing social economy. The rise of urban agglomerations and the acceleration of urbanization have made intercity railways, municipal railways and low-to-medium-volume urban rail transit more and more important choices for local governments in building regional rail transit networks. The multi-system linkage of transportation and the integration of multiple networks of rail transit have also become important research directions and problems that need to be solved urgently. Meanwhile, as the scale of rail transit infrastructure and equipment continues to expand, the intelligent rail transit operation and maintenance system helps operation and maintenance units to better improve their operation and maintenance level and efficiency. Therefore, the Company will conduct the research and development of new generation train operation control system and equipment which are suitable to multiple transportation models and faster, more efficient, more intelligent and safer, build a full industrial chain of new generation of train control system from design, research & development, manufacturing to implementation and delivery; the Company is carrying out study of integrated operation and maintenance system and providing whole set of operation and maintenance solution to realize the improvement of level of the automation and intellectualization of operation and maintenance. In addition, overseas markets, with the "Belt and Road Initiative" as the fulcrum, are comprehensively promoting the construction and promotion of "Chinese Standard" rail transportation.

## (IV) Core Technology and Research and Development Progress

### 1. Core technology and its leading edges and changes during the reporting period

The Company focuses on technology research & development, and promotes sustainable development of its overall business by technology innovations. Since its establishment, the Company has been working in the field of rail transportation control system, and owned many industry-leading core technologies leveraging on its outstanding technology innovation strength. As of the end of December 2020, the Company has 2,571 registered patents to protect its core technologies in the PRC, meanwhile, the Company signed special confidentiality agreements with relevant technicians regarding core technologies to ensure that core technologies would not be disclosed or spread.

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The core technologies owned by the Company primarily include but not limited to the below:

No.	Core technology	Source of technology	Technical level and degree of application
1	Train operation control technology	Independently researched and developed	Train operation control technology has been widely used in HSRs, ICRs and urban transit, which provides core technical guarantee for safe operation and highly efficient of rail transportation. Responding to the demand for highly safe and reliable operation of rail transportation, this technology has addressed certain significant technology issues such as dynamical control curve model of train, precise positioning of train, speed and distance detecting of train, onboard fully functional seamless switch, wireless redundancy coverage of multiple doubling railways, moving blocking and railway network connectivity.
2	Automatic train operation technology	Independently researched and developed	Automatic unmanned train operation technology has been successfully applied in the fields of HSRs, ICRs and urban transit. Based on train control system, by using this technology, automatic train operation is realized; through advanced automatic driving control algorithm, certain significant technology issues such as calculation of desired speed curve of train operation, the algorithm of precise stop of train, intelligent control of multiple objects, perception of status in complex operation environment, remote safe control have been addressed, and multiple indicators such as punctuality rate of operation and train parking accuracy and ride comfort and operation consumption have been improved.

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No.	Core technology	Source of technology	Technical level and degree of application
3	Integrated automation technology of freight railway	Independently researched and developed	Integrated automation technology of freight railway has been widely used in many marshalling yards in national railway and dispatch centers of railway bureaus, which provides core technology guarantee in improving railway freight efficiency, benefit and safety. The technology has addressed some significant technology issues such as intelligent calculation of freight traffic, intelligent adjustment of running line of railway wagons, intelligent preparation of locomotive usage plan and shunting plan, smart issuance of periodical maintenance and repair plan of vehicles, source control of train operation, as a result, the railway freight efficiency and intellectualization level have been improved.
4	Train traffic control automation technology	Independently researched and developed	Train traffic control automation technology has been widely used in HSRs, ICRs, urban transit and some normal-speed railways. This technology integrates computer technology, network technology and control technology, forms a closed-loop system of train operation dispatch and instruction, addresses technology issues such as train tracing, automatic control for hump rolling routes, prevention and control of mistaken receiving-departure at multi-directional hub station, train dispatch management and control at sectional station and intermediate station and intelligent adjustment of operation plan, as a result, automation level of operation instruction and emergent handling level under fault conditions have been improved.

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No.	Core technology	Source of technology	Technical level and degree of application
5	Intelligent detection, operation and maintenance technology of rail transportation	Independently researched and developed	Intelligent detection, operation and maintenance technology of rail transportation has been successfully used in the fields of HSRs, normal-speed railways, urban transit. This technology has used big data system and cloud service technology to promote the development of rail transit inspection operation and maintenance to the direction of digitization, intelligence and informatization. With the technologies such as diverse integration of intelligent perception, multi-drive engines integration of analysis and judgement, Big Data health assessment analysis as breakthrough points, through expert system, mode identification, trend analysis, comprehensive appraisal, comprehensive positioning and mobile internet, it has realized the advance prediction of rail transit operation risks, active maintenance and health management of key equipment during whole lifetime based on all factors such as personnel, equipment, environment and operation and maintenance processes, improved the maintenance efficiency of equipment, effectively shortened breakdown time, and significantly decreased the failure rate of equipment.
6	Train control integration technology	Independently researched and developed	The Train control integration technology has been widely used in the fields of HSRs, ICRs, urban transit. Through the integrated engineering software design platform integrating data platform technology and graphic software technology, the technology has been applied to make engineering design, data allocation, automatic compiling an organic entirety, resulting in the improvement of software integration; by summarizing features of domestic hub and utilization scenario, an integration process of site installation, commissioning, test and construction standardization has been built. This technology is appropriate for the connectivity of different modes of equipment with various operation grades at newly-built routes, reconstructed routes and complex hubs.



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No.	Core technology	Source of technology	Technical level and degree of application
7	Safe computer platform technology	Independently researched and developed	The safe computer platform technology has been widely used at the train operation control system centers, stations, onboard safe control devices, which provides a very safe, reliable, high-performed and expandable basic software and hardware platform. This technology has addressed some core technology issues such as safe drive and collection based on electronic components, clock level multi-machine synchronous comparison, operation fault detection and fast redundancy switch, and it has been granted highest grade safety certification of International Functional Safety Standard.
8	Mobile frequency key control signal safety modulation technology	Independently researched and developed	Mobile frequency key control signal safety modulation technology has been widely used in the fields of HSRs, ICRs and normal-speed railways. This technology has built a set of fault-safety rail circuit system with mobile frequency key control signal as power and rail as conductor, addressed contactless safety signal source technology, mobile frequency key control signal digital spectrum analysis technology, all-region at transmission channel detection technology, and realized safe and core functions covering rail section occupancy-idling detection, transmitting information to train through rail, and real-time detection of completeness of rails.

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No.	Core technology	Source of technology	Technical level and degree of application
9	Turnout switch technology	Independently researched and developed	Turnout switch technology has been widely used in the fields of HSRs, normal-speed railways, heavy-haul railways and urban transit in the PRC. This technology has addressed the major problems in large-size turnout switch synchronization technology, industrial and electrical interface integration, the switch technology of movable point frog of high speed turnout, external-locking technology of turnouts, established world-leading high speed turnout switch system technology system, and provides powerful safeguard to the development of railway in the PRC.
10	Rail transportation simulation test technology	Independently researched and developed	Rail transportation simulation test technology has been widely used in the fields of HSRs, ICRs, freight railways, urban transit, which provides support to test and verification processes at various stages of lifetime from plan verification, function development, system integration to engineering execution of train control system, freight and train operation instruction system. This technology has addressed some significant technology issues such as simulation test structure based on distribution semi-physical, modelling approach for complex engineering system, multi-source data at multi-level traceable test management method, automatic test, reappearance of fault and analysis, safe control system interface monitoring, test of optimization deployment of environmental resources, aiming at the requirements of large scale of simulation of tested object, greater isotacticity and strong instantaneity and higher automation, and the utilization of such technology improved the defect remediation rate and quality reliability of tested system.

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No.	Core technology	Source of technology	Technical level and degree of application
11	High precision simulation technology based on coupling of multi-physics	Independently researched and developed	High precision simulation technology based on coupling of multi-physics enables ground rail circuit system to work safely and reliably under railway natural conditions, electromagnetic environment and complicated route conditions, including in the circumstances of coupling of multi-physics of high speed train rails contact electric shunt, high power electrification traction current disturbance, high-frequency transient signal shock caused by lightening, bridge-roadbed-tunnel multispace structure routes, alternating dry-wet ballast bed and parallel running on complex hub multi routes. This technology has been applied to build a high precision simulation analysis platform with error within 0.5%. The platform was used for precise analysis of transmission features of approximately 10,000 typical deployment rail circuits at engineering.
12	Manufacture technology of rail transportation safety products	Independently researched and developed	The operation control system of rail transportation has a high requirement to safety and reliability. Based on complete identification of product manufacture risk, the manufacture technology of rail transportation safety products target the control in the whole process from material selection, manufacture equipment, production technology, test and detection, reliability verification to lifetime analysis, thus providing a systematic quality assurance basis for the safety and reliability of products.

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No.	Core technology	Source of technology	Technical level and degree of application
13	Application technology in broadband wireless communication industry	Independently researched and developed	Application technology in broadband wireless communication industry is based on broadband wireless communication technology of LTE-M/R, which can actualize data transmission and integration of multiple operations, improve the efficiency and experience of trunking command direction system. This technology can meet the demand of wireless broadband, terminal intellectualization and business mobilization.
14	Comprehensive video monitoring technology for rail transportation	Independently researched and developed	Comprehensive video monitoring technology for rail transportation has been widely used in the transportation fields such as HSRs and ICRs, which provides comprehensive management system containing video monitoring, Big Data display and visualization for safe operation of rail transportation. Aiming at the demand for all-weather and full-coverage monitoring, this technology has addressed the technology issues such as decoding and forwarding of high definition video stream, concurrency of readwrite, unity and connect of railway three-stage platform, massive video retrieval, intelligent face recognition and certification, intelligent operation and maintenance, clustering of platform management, dynamic load balance of storage resource and engineering, thus, leading the development of comprehensive video monitoring technology for rail transportation.

The Company actively deployed innovation chain surrounding industrial chain, and it was dedicated to transformation and industrialization of core technology achievements. It applied its core technology to rail transportation core systems such as train control system of railway, train control system of ICRs, train control system of urban transit, freight automation system, operation command automation and detection system and communication information system. The development of core businesses such as design and integration, equipment manufacturing, system implementation of rail transportation control system of the Company will fully depend on its core technology.

During the reporting period, no material changes in the core technology occurred.

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### 2. Research and development achievements during the reporting period

During the reporting period, the Company has completed the engineering application of sets of equipment for CTCS-3 level autonomous train control system in the Beijing-Hong Kong high-speed railway (He'an section). Upon review of domestic on-board equipment technology of ITCS Signaling system of Qinghai-Tibet Railway, the pilot project for application of domestic password on urban transit system has passed the acceptance test of Henan Cryptography Administration, and the driverless test and validation of the Train Autonomous Circumambulate System (TACS) based on vehicle-to-vehicle communication has been completed and achieved industry debut. The construction of the CTCS-3 level autonomous train control system laboratory of the Yawan project has been completed, and the core equipment has obtained TSI and DeBo related certifications. Regarding the Company's core technologies and main products, newly authorized patents increased by 779, and the total number of accumulative effective authorized patents reached 2,571. Winning the Special Award of Shanghai "Science and Technology Progress Award" with the project of Safe and Reliable Guarantee Technology and Application for Core Control Software of Major Industrial Equipment, the Company has undertaken 20 research projects supported by governmental authorities at national, provincial and ministerial levels and industrial administration organizations and the preparations of 39 standards at national and industrial level. As a sponsor of authoritative journal Railway Signaling & Communication Engineering in the rail transportation control industry, the Company has published R&D and application achievements in those industrial authoritative journals, such as Railway Signaling & Communication sponsored by China State Railway Group, Journal of the China Railway Society and Railway Signaling & Communication Engineering sponsored by China Railway Society.

List of intellectual property rights obtained during the reporting period:

	Increase for the year		Accumulative number	
	Number of applications	Number of approvals	Number of applications since 2017	Number of approvals
Invention patent	622	256	2,099	724
Practical novel patent	403	476	2,064	1,715
Appearance design patent	30	47	148	132
Software copyright	285	276	1,405	1,391
Others	1	0	2	1
Total	<u>1,341</u>	<u>1,055</u>	<u>5,718</u>	<u>3,963</u>

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### 3. Research and development investment

Unit: RMB yuan

	This year	Last year	Change (%)
Expensed research and development expenditure	1,434,273,399.90	1,583,455,766.97	-9.42
Capitalized research and development expenditure	299,935,953.81	19,246,263.32	1,458.41
Total research and development investment	1,734,209,353.71	1,602,702,030.29	8.21
Percentage of total research and development expenditure in revenue (%)	4.32	3.85	Increased by 0.47 percentage point
Percentage of capitalized research and development expenditure (%)	17.30	1.20	Increased by 16.10 percentage points

Reasons for material change on total research and development expenditure as compared to last year

Applicable  Not applicable

Reasons for material change on percentage of capitalized research and development expenditure and its reasonable explanation

Applicable  Not applicable

In recent years, the Company adhered to the innovative technology-driven principle, targeted at important core technologies, continuously expanded the investment in research and development and conquered difficulties through long-term unremitting efforts of scientific and technical personnel. The Company has completed the research and development of many industry-leading core technology products such as the high-speed railway CTCS-3 train control system technology and the automatic train operation system with proprietary intellectual property rights, urban transit CBTC system, freight railway CIPS integrated automation system and low speed magnetic levitations MATC signal system, etc. To expedite the transformation of core technology achievements and further improve the safety and liability of current products, the Company increased investments in research and development in the aspect of industrializing new products and technological upgrading and transformation of current products this year, which is the expenditure in development stage. The new products of our Company are expected to generate profit with their feasibility of use or sale, and would be capitalized correspondingly according to the CASBE.

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### 4. Projects under development

Applicable  Not applicable

Unit: RMB0'000 Yuan

No.	Project name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
1	Collaborative transportation and service system of regional rail transportation	7,951.00	3,499.44	6,096.74	It has passed the mid-term inspection and review of the project organized by the High Technology Center of the Ministry of Science and Technology of the PRC. The application demonstration work is ongoing.	Formed collaborative transportation theory system of regional rail transportation, Integration system and equipment; and finished the application on site.	At present, there is no complete multi-mode collaborative transportation and service theory system and relevant system of regional rail transportation in China. This research achievement will guide the development trend of regional rail transportation, promote industrial development and advancement, and effectively enhance the rail operation and management level, improve safety assurance ability, push the process of information service intellectualization, and further satisfy demand of the public for safe, efficient, economical, convenient and green travelling.	It can be applied to multi-rail collaborative transportation and service of high-speed railway in city cluster and intercity (suburban) railways, and urban transit.

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No.	Project name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
2	Development of train control equipment based on dynamic interval and application demonstration verification	6,605.63	1,809.34	6,084.11	The developments of on-board, RMU, OC equipment system and debugging and testing have been completed.  EMC test and lightning protection test have been carried out, and on-site test conditions thereof have been met.	Complete the development of train control equipment based on dynamic interval; completed the application demonstration verification.	This research uses following domestic first technologies: accurate train positioning based on multi-sensor fusion technology; on-board equipment with functions such as vehicle-to-vehicle communication, driving permit calculation and integrity check; multi-mode two-way wireless communication through multi-channels such as satellite, airship and public network; the system satisfies the dynamic configuration of train tracking interval and is able to achieve moving block.	It can be applied to low-density railways as well as local railways.
3	Research on electromagnetic environmental effects of rail transportation and construction of test platform	3,319.00	306.89	306.89	The review of the technical plan for platform construction and the electromagnetic environment evaluation of the experimental plant have been completed.	The research on electromagnetic environmental effects of rail transportation and construction of test platform have been completed with the ability for carrying out simulation tests such as high-speed rail all-digital electromagnetic environment simulation, off-line electromagnetic interference test of pantograph network, and high-speed rail typical electromagnetic interference coupling simulation.	After the completion of the project platform, the testing capability and technical level in the field of electromagnetic environmental effects research of the train control system will reach the domestic leading level.	It can provide technical supports, including real-time collection, simulation analysis, faults reoccurrence and analysis for products electromagnetic interference problems, and it can also provide theoretical and data support for electromagnetic compatibility design.



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No.	Project name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
4	Development and application of network security comprehensive protection platform of industrial enterprises	4,576.00	1,339.34	2,538.76	The architecture design of network security comprehensive protection platform of high-speed train control and the software and hardware development of various subsystems have been completed. The construction of the project engineering verification environment test environment has been completed.	To complete the development of a comprehensive network security protection platform of industrial enterprises and launch a demonstration application of the comprehensive security protection platform.	This project research is suitable for the high-speed train control system network's requirements of high security, high real-time and high reliability requirements, can enhance the operability and timeliness of the high-speed train control system security protection, and improve the high-speed train control system security protection and early warning capabilities, to ensure the safe and stable operation of the rail transportation control network.	It can be used for network security protection of various rail transportation systems.
5	Research on ETCS train control system based on baseline 3	4,454.90	811.63	3,713.13	The research and development of core train control equipment to meet the project requirements has been completed, of which ATP has obtained B3R2 version TSI certificate; and RBC, LEU and transponder have obtained the dual-version (B3R2 and B3MR1) TSI certificate.	Form a complete set of equipment meeting the latest European ETCS technical specifications.	These research results have completely independent intellectual property rights, meet ETCS technical specifications and are at the leading level in the industry.	It can be applied to the implementation of overseas ETCS projects such as Budapest-Belgrade railway.
6	Development of fully automatic unmanned driving system for interconnection and intercommunication.	11,878.70	2,548.13	11,481.13	The site tests and sharing lines underground tests for interconnection and intercommunication have been completed, and has passed the expert technical evaluation before project implementation organized by Technical Equipment Committee of CAM. It has the conditions for engineering application and promotion.	To complete the research and development and engineering application of the interconnected CBTC system and complete the research and development and certification of the interconnected fully automatic unmanned driving system.	This research is based on modern computer, communication, control and system integration technologies to realize the automation of the whole process of train operation in a new generation of urban rail transit system, reaching the highest level of automatic train driving GoA4. It realized interconnection and improved the intelligent level of rail transit serving the new trend of network operation.	It can be applied to the construction of new rail transit lines such as domestic subways, light rails, municipal railways, and medium-low-speed maglev railways, and the reconstruction of existing railway lines

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No.	Project name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
7	Research on optimization of comprehensive control system of trams	8,745.80	1,163.95	7,144.13	Research on optimization of comprehensive control system of trams has been completed. Its tailored version has been launched in accordance with actual needs and has been applied in on-site practices.	To complete the research on the optimization of the comprehensive control system of trams and realize its engineering application.	For the first time, the comprehensive control system of trams has realized the deep integration of weak current systems and achieved intelligent linkage. It has pioneered various linkage scenarios covering the daily operation and maintenance of trams in the industry. It is at the highest security level in China with great flexibility and integration.	It can be applied to tram construction projects.
8	Research and development of a new generation of centralized traffic control system	11,500.00	2,039.93	6,679.88	The development of regional interlocking busy board and centralized control software for central station has been completed, and evaluation of the design plan for the engineering research centre of the intelligent dispatching and command system has been passed. Some of the results have been applied in on-site practices.	To complete the research and development of a new generation of centralized traffic control system and apply it in engineering.	The new generation of centralized traffic control system adopts the principle of intelligent decentralized and self-discipline design to realize the unified control of train and shunting operation, and realize the safety management and card control of station-level operation.	It can be applied to national railway, intercity and regional railway, factories and mining enterprises and self-owned railway.
9.	Further research on the ITCS train control system of Qinghai-Tibet Railway	9,973.00	588.03	7,981.12	The domestic equipment development of ITCS train control system of Qinghai-Tibet Railway has been completed and has been put into trial operation for one year in the Qinghai-Tibet Railway, passing the technical evaluation organized by China State Railway Group, and is applying for CRCC certification.	To complete the domestic equipment development of ITCS train control system of Qinghai-Tibet Railway, and complete the on-track test and trial evaluation.	The ITCS train control system of Qinghai-Tibet Railway studied in this project realizes the redundant structure design of onboard equipment and RBC equipment, and improves the availability of equipment; supports GPS + Beidou dual-mode satellite positioning, and realizes the precise positioning of train; meets the environmental requirements such as severe cold and high altitude, and improves the maintainability.	It can be applied to the Western China's sparse railways with high altitude and in harsh environment and to the countries along the "Belt and Road".

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No.	Project name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
10	Research and application of high-density automatic operation control technology for ad-hoc network of heavy-haul train	21,337.00	849.60	849.60	The Overall Technical Plan and Products Requirements have been prepared. The special laboratory for heavy-haul railway has been established.	To complete the research and development of equipments for the high-density automatic operation control system for ad-hoc network of heavy-haul train to assemble a full set of model machines, so as to complete on-site phrase tests.	Based on China's high-speed rail control and autonomous driving technology, the project aims to improve the efficiency and safety of heavy-haul freight rail transportation, which is at the leading level in China.	It can be applied to the domestic heavy-haul railways.
11	Development of a new train control system	6,276.00	1,774.69	1,774.69	Key technology research and algorithm design has been completed. The subsystem requirements analysis and preparation has been completed.	To complete the development of a complete set of equipment for the new train control system and the demonstration of its application in local railways.	Based on the mature technical application of the existing train control system and combined with the Beidou satellite positioning technology, to build a moving block technical scheme suitable for heavy-haul railway, shortening the train tracking interval and improving the overall transport capacity of heavy-haul railway.	It can be applied to the domestic heavy-haul railways.
12	Development of train autonomous control system	6,054.00	668.32	668.32	Key technology research and algorithm design, subsystem requirement analysis and compilation have been completed.	The development of automatized general products of TACS system has been completed. The needs of the phase I project of Shenzhen Metro Line 20 were met to ensure the stable operation of the system.	The development of the first Train Autonomous Circumambulate System (TACS) based on vehicle-to-vehicle communication in China was completed in this project.	It can be applied to urban rail train operation control system.
13	Research on wireless dispatching communication system of rail transit based on LTE	2,404.00	166.15	2,179.05	The development and onsite application of the wireless dispatching communication system of rail transit based on LTE have been completed.	To develop a wireless dispatching communication system of rail transit based on LTE.	The research results can comprehensively upgrade the traditional wireless dispatching communication system of urban rail transit, and will lead the formulation of new standards and the development direction of new technologies, enhance the monitoring and maintainability of equipment, and effectively reduce the cost of equipment operation, maintenance and management.	It can be applied to the comprehensive upgrade of wireless dispatching communication system of urban rail transit.

## SECTION IV REPORT OF THE DIRECTORS

No.	Project name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
14	Development of new type relay	1,440.00	404.90	1,279.60	The installation and debugging of some production line equipment of on-board relay, the assessment test on the mechanical life of on-board relay and the prototype trial productions of 7 types of relay have been completed.	The research and production of two series of relays (locomotive on-board relay and on-board relay) has been completed. It will meet the domestic and international market demand in the future.	The performance indexes of locomotive on-board relay and on-board relay all meet the requirements of relevant international standards and reach the international advanced level.	The locomotive on-board relay can be applied to train control on-board system, and on-board relay can be applied to all-computer interlocking system.
15	Intelligent manufacturing pipeline research	7,387.80	1,235.51	1,235.51	The equipment of automatic packaging lines and automatic spraying lines have been put into production, the basic structure of the digital workshop has been formed, and the production layout plan and dynamic simulation of the intelligent workshop have been completed.	The overall maturity level of enterprises' intelligent manufacturing capabilities jumped to the integrated level.	The project aims to enhance the intelligent manufacturing capability of enterprises and is at the advanced level in the industry.	It can improve the Company's manufacturing flexibility, level of process quality control and production delivery capability, and reduce production and operating costs.
16	Research and development of an intelligent overhaul and testing platform for electrical infrastructure equipment	1,197.00	1,145.95	1,145.95	Technical solutions and prototypes of various intelligent test equipment have been completed and some of the equipment has already been installed and debugged on site.	The intelligent overhaul and testing platform for electrical infrastructure equipment enables the sharing of data on the inspection and on-site operation and maintenance of electrical infrastructure equipment, improving the efficiency and quality of the inspection and maintenance base.	The project aims to improve the efficiency and quality of electrical infrastructure overhaul and is at the first-class level in China.	It can be applied to overhaul and testing of electrical infrastructure for rail transport.

## SECTION IV REPORT OF THE DIRECTORS

No.	Project name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
17	Basic technology research	6,084.00	1,620.37	4,010.37	The mechanism modeling and experimental testing of lightning protection, and high-speed wheel-rail system of signal products has been completed; the design verification of hardware synchronization chip of security computer platforms has been completed.	The fundamental and deep-level scientific mechanism research on lightning protection and electromagnetic compatibility of signal products in complex environment has been completed, providing scientific basis for subsequent product research and development.	The research aims to improve the safety and reliability of rail side signal equipment of railway and has the leading level in the industry.	It can provide basic technical support for the research, development and design of the Company.
18	Research on integrated dispatching & commanding management system for railway freight	1,239.60	607.62	607.62	The software development, prototyping and laboratory testing for the integrated dispatching & commanding management system for railway freight have been completed.	The development of the integrated dispatching & commanding management system for railway freight has been completed, to meet the management needs of domestic freight railway.	By integrating independent innovative technologies such as intelligent preparation of freight railway plans, source control for safety, train life cycle management, and comprehensive dynamic operation diagrams, this system has improved dispatching and commanding management capabilities for freight railway and reaches the leading domestic level.	It can be applied to various railway dispatching stations, freight stations, depots, locomotive depots, local railways, special railway lines, and overseas freight railway markets.
19	Research and development on key technology and equipment development of train control system for normal-speed railways	7,420.54	1,491.65	3,070.20	The technical requirements and scheme preparation of train control system for normal-speed railways have been completed, and the research and development of station data server and on-board ATP prototype for motor train has been completed.	A complete set of CTCS-1 system suitable for normal-speed railways are formed, to complete on-road review and field test.	The system can realize the detour of high-speed trains on normal-speed train lines, and the interconnection between high-speed railway network and normal-speed railway network, which has among the leading level in the industry.	It can be applied to the construction and overhaul of normal-speed railways in China.

## SECTION IV REPORT OF THE DIRECTORS

No.	Project name	Estimated total investment	Investment amount in the current period	Cumulative investment amount	Progress or phased achievements	Intended goal	Technical level	Specific application prospects
20	Research on intelligent detection and perception technology of rail transit	1,021.00	337.42	537.00	The design and prototype development of the turnout heart rail fracture detection system and the development of the turnout tip rail fracture detection engineering prototype have been completed.	The research on intelligent detection and perception technology of rail transit has been carried out, and the research on technology such as rail breakage inspection of turnouts and monitoring of railway disaster intrusion has been completed.	Intelligent detection and perception technology of rail transit is helpful to the early warning and protection of various faults and disasters in the field of rail transit, and has the leading technical level in the industry.	It can be applied to national railway, intercity and regional railway, factories and mining enterprise and self-owned railway.
Total	/	130,864.97	24,408.86	69,383.80	/	/	/	/

### 5. Research and development personnel

Unit: 0'000 Yuan Currency: RMB

#### Basic information

	Amount for the current period	Amount for the corresponding period of last year
Number of research and development personnel in the Company (person)	4,310	4,235
Percentage of total research and development personnel in total personnel of the Company (%)	20.89	20.99
<b>Total remuneration for research and development personnel</b>	<u>89,442.49</u>	<u>78,287.37</u>
<b>Average remuneration for research and development personnel</b>	<u>20.75</u>	<u>18.49</u>

## SECTION IV REPORT OF THE DIRECTORS

### *Educational background*

<b>Composition by education</b>	<b>Number (person)</b>	<b>Percentage (%)</b>
Doctoral candidate	60	1.39
Master degree candidate	1,575	36.54
Bachelor degree	2,470	57.31
College degree	205	4.76
Total	<u>4,310</u>	<u>100.00</u>

### *Age structure*

<b>Range of age</b>	<b>Number (person)</b>	<b>Percentage (%)</b>
35 and below	2,672	62.00
36 to 40	795	18.45
41 to 45	395	9.16
46 to 50	201	4.66
51 to 54	128	2.97
55 to 59	119	2.76
Total	<u>4,310</u>	<u>100.00</u>

#### 6. Other explanation

Applicable  Not applicable

## SECTION IV REPORT OF THE DIRECTORS

### II. EXPLANATION ON MATERIAL CHANGES IN THE COMPANY'S MAJOR ASSETS DURING THE REPORTING PERIOD

Applicable  Not applicable

For details, please refer to "III. Main Operations During the Reporting Period (III) Analysis of assets and liabilities" in "B. Discussion and Analysis on Business Operations" under Section IV "Report of the Directors".

### III. ANALYSIS OF THE CORE COMPETITIVENESS DURING THE REPORTING PERIOD

#### (I) Analysis of Core Competitiveness

Applicable  Not applicable

##### 1. Leading market position

The Company is a world-leading provider of rail transportation control system solutions. As of the end of 2020, the cumulative contracted mileage covered by the core products and services of high-speed railway control system ranked the first in the world. While further enhancing its influence in the global market, each core subsystem also has a leading market share in China. The Company also holds a significant leading position in the urban transit control system market in China. According to Rail Transit, in 2020, among the 29 metro signal control system projects which bids have been opened for, CRSC won 15 bids which accounted for 51.7%, ranking first for consecutive years, and is the largest domestic provider of urban transit control system solutions.

##### 2. Outstanding comprehensive technology innovation strength and core technology reserves

The Company has adhered to independent innovation with more than 2,500 registered patents and realized the absolute independent ownership of intellectual property rights and 100% domestic-production of products for the core technologies of train operation control, thus helping its technologies regarding high-speed railways and automatic control for freight marshaling yards hold a leading position among global peers. Relying on the world-leading comprehensive research and development strength, the Company has developed core technologies of rail transportation control system with independent intellectual property rights and its products and services have been widely used in fields including railway and urban transit, which has established the Company's leading position in the industry.



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The Company is the responsible department for the equipment standards, technical standards and product standards of China's rail transportation control system and has led the establishment of the most important and advanced technical standards for railway and urban transit control system in the PRC, such as CTCS and CBTC. The Company has constructed and operated more than 23,000 kilometers of high-speed railway control system, and had over 40,000 test cases in the Company's special database for railway control system. In addition, the Company also has advanced research and development ("R&D"), experiment and test institutions. The completeness and scale of its laboratory facilities are at a leading position in the world.

### 3. The whole-industry-chain characteristics of rail transportation control system industry

The Company professionally provides integrated services covering investment and financing, design and integration, equipment manufacturing, system implementation, supporting project construction and repair and maintenance for rail transportation control system, and it is the only company in the world that can provide a full range of products and services independently in the entire industry chain of rail transportation control system. Meanwhile, it possesses domestic-leading and world-class core technologies and crafts in every aspect of relevant field. With its prominent capabilities of technology R&D and design and integration, the Company can better provide the customers with customizable rail transportation control system solutions and complete the production, on-site assembly and debugging and opening of full range of system equipments. The one-stop services can effectively reduce the construction, operation and management costs of customers and the system compatibility risk in the case of complex lines, and minimise the impact of renovation projects on normal operations. While this business mode satisfies common requirements, it can provide customers with a flexible combination of different products and services based on the actual needs of customers; combining with the Company's internal efficient and accurate informatization management, effectively reduce marketing cost, and lay a good foundation for tracking and carrying out maintenance, repair and upgrading business.

## SECTION IV REPORT OF THE DIRECTORS

### 4. Highly reliable and safe core services and products

The Company establishes classified enterprise standards according to relevant international, national and industrial standards, implements strict and prudent quality and safety control measures, so as to ensure the high reliability and safety of rail transportation control system solutions and core products, and provides support for the safe and efficient operation of national rail transportation. The Company's quality management follows the requirements of ISO9001: 2015 Standard, with quality control standards and system procedures to maintain continuous improvement and certification obtained from independent third parties. All subordinate enterprises of the Company which engage in the fields of R&D and design, system integration and industrial manufacturing have passed the ISO/TS22163: 2017 (the upgraded standard of International Railway Industry Standard (IRIS)) certification; all subordinate enterprises of the Company engaged in the field of R&D and design have passed the maturity assessment and certification of CMMI software. The Company's rail transportation control system products meet the European EN50126 standard for railway product safety and meet the generally accepted international quality requirements regarding safety, reliability, availability and maintenance.

### 5. Experienced management team and high-level technical professionals

The management team of the Company is composed of professionals with extensive experience in rail transportation industry, stable in composition and strong in management, which plays an important role in efficiently leading the Company's business development and enables the Company to become a global leader in the industry.

The Company has many high-level technical professionals. More than 4,300 employees of the Company are engaged in technology research and development, representing nearly 21% of the total employees, more than one-third of whom have graduate degrees or above. The excellent talent team has laid a solid foundation for the Company to develop core technologies and maintain technical advantages.

### (II) Events which have a Serious Impact on the Company's Core Competitiveness, Impact Analysis and Measures During the Reporting Period

Applicable Not applicable

## SECTION IV REPORT OF THE DIRECTORS

### B. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS

#### I. DISCUSSION AND ANALYSIS ON BUSINESS OPERATIONS

During the reporting period, the Company adhered to the general working style of seeking improvement in stable work, and conducted diversified operations reasonably and efficiently on the basis of focusing on the field of traditional transit control system. The Company continuously improved its business strategic layout, optimized its business management model, developed its advantages in integration of industry chain and capital leveraging, and continued to improve its ability and level of professionalization, marketization, and internationalization of business undertakings; continued to solidify and improve the Four Electric industrial market in rail transit, expand related derivative or related businesses, and form the peripheral radiation capabilities of core business; accelerated the development of related information engineering industries, and gradually expanded market influence in areas such as smart cities and intelligent transportation; actively cultivated strategic emerging industries and created new business support points and economic growth points. We ensured the balanced development of various business segments through business contracting, strived to form a situation of coordinated development of the industrial structure supported by multiple points, enhanced the enterprise's ability to resist risks and sustainable development so as to grow stronger and better. In 2020, the aggregate amount of newly-signed contracts amounted to RMB71.452 billion, representing an increase of 1.20% as compared to the corresponding period of last year. Among which, the value of newly-signed contracts in railway sector amounted to RMB26.256 billion, representing an increase of 0.72% as compared to the corresponding period of last year; the value of newly-signed contracts in urban transit sector amounted to RMB13.059 billion, representing an increase of 13.45% as compared to the corresponding period of last year; the value of newly-signed contracts in overseas sector amounted to RMB1.489 billion, representing a decrease of 38.12% as compared to the corresponding period of last year; the total value of contracts for general contracting and newly-signed contracts for other sectors amounted to RMB30.648 billion, representing an increase of 0.09% as compared to the corresponding period of last year. As of the end of 2020, the Company's order in hand amounted to RMB125.284 billion.

In the field of rail transportation control system, the value of newly-signed contracts of the Company maintained a rapid growth constantly, and successively won bids for major projects including Zhongwei-Lanzhou Railway, Phase II of South Shandong Railway, Guangdong section of Jiangxi-Shenzhen high-speed railway, Huanggang-Huangmei High-speed Railway, Zhangjiajie-Jishou-Huaihua High-speed Railway, Xuancheng-Jixi High-speed Railway and the Connections of Yichang-Zhengzhou-Chongqing High-speed Railway and continued to take a leading position in the market. In the field of urban transit control system, the Company's CBTC system has successively won the bidding of key projects, such as Wuhan Subway Line 16, Zhengzhou-Xuchang Interurban railway, Shenzhen Subway Line 20, Nantong Subway Line 2, the improvement of Changchun Subway Line 3, Zhengzhou Subway Line 10, Hangzhou Airport Line, Tiaodeng-Jingjin line in Chongqing, Phase II of Kunming Subway Line 2, and Harbin Subway Line 3 and reconsolidated the industry leadership of the Company. At the same time, the market of low-to-medium-volume urban rail transit transportation has been further expanded, and the Company has won the bid for the Tianshui City Tramcar Demonstration Line (Phase II) PPP Project (天水市有軌電車示範線(二期)PPP項目) and Electromechanical Equipment Procurement and General Installation Contracting Project of Phoenix Maglev Cultural Tourism Project (鳳凰磁浮文化旅遊項目) (Phase I Engineering). In general contracting and other sectors, the amount of newly-signed contracts of the Company basically remained flat as compared to the corresponding period of last year.

## SECTION IV REPORT OF THE DIRECTORS

Business outlook for 2021: In the railway sector, due to the impact of the epidemic in 2020, the bidding for some projects has been postponed to 2021. Coupled with the proposed bidding for railway infrastructure post-station projects in 2021, it is expected that the contracting of the Company's railway market will basically remain stable, and the Company will increase its efforts in contracting for the market and strive for better growth. In the urban transit sector, with most of the projects approved during the 13th Five-Year Plan period entering the mid-to-late stage of implementation, the market for metro signal control is expected to basically remain stable in 2021, in line with the forecast of CAM. The Company will further consolidate the existing market and make every effort to expand the market of non-traditional dominant cities. In addition, the Company will closely follow the planning and layout of local governments in the low-capacity rail transportation market in the urban transit sector to seize market opportunities and strive to gain market share. In the general contracting sector, the Company will continue to adhere to the principle of giving equal emphasis to the main business and gross profit margin, focus on the "New Infrastructure" national strategy, evaluate prudently and strive for quality projects. In overseas markets, given that the epidemic overseas has not yet been effectively controlled, it may continue to be affected to a certain extent, but the Company's primary market layout has basically been completed, and the Company will actively take the initiative through existing channels and further expand the overseas business.

### II. RISK FACTORS

(I) Risk of Making No Profits Yet

Applicable  Not applicable

(II) Risk of Sharp Decline or Loss of Results

Applicable  Not applicable

(III) Core Competitiveness Risk

Applicable  Not applicable

The rail transportation control system industry in which the Company is engaged is in a stage of rapid development. The Company needs to continuously improve and develop new technologies and products that closely follow the technological development trend and customers' needs. If we encounter delays in technology development, fail to meet market demands, fail to closely follow technological trends, or our R&D achievements are lower than expected, our operating results may be adversely affected.

## SECTION IV REPORT OF THE DIRECTORS

### (IV) Operating Risk

Applicable Not applicable

The number of competitors in the railway signal & communication segment has increased. The main competitors have comprehensively advanced the research and development of their system, equipped with all their core products and given a full play of their own advantages to participate in the competition. In addition, with related enterprises sparing no effort to penetrate the industry, our traditional advantageous system is under certain pressure.

The control measures of COVID-19 in domestic and foreign will affect the resumption of operation and production, advancement of projects and the development of the market to some extent. The economies on different countries are declining obviously and the government's fiscal deficit is worsening, leading to a wider funding gap for infrastructure construction and the decrease in the project delivery-payment ability. In 2021, our ongoing projects and the newly signed orders may be affected at different levels.

Given the nature of the Company's business, we may be involved in liability for compensation or punishment from the government may be incurred from the design, R&D, manufacturing, installation, testing, repair and sales of the products or services of rail transportation control system.

### (V) Industry Risk

Applicable Not applicable

With the adjustment of construction bidding rules, the traditional engineering business of companies such as railway line renovation and railway infrastructure projects tends to be contracted as a whole, and other construction companies in the traditional customer service project bidding can directly bid, which increases the pressure of the Company's competition.

The railway construction model shows a diversified trend. The investment and financing construction model introduced in the urban transit sector and the local railway field is used for reference, and emphasizes the investment driven project. The weak electricity part of the original "Four Electric" contracting is difficult to be separately contracted, which makes the Company's business pattern face certain challenge and compels the space of the Company's traditional business.

## SECTION IV REPORT OF THE DIRECTORS

### (VI) Macro-environmental Risk

Applicable Not applicable

The global spread of the COVID-19 epidemic accelerated the process of world's thorough changes. With the rise of protectionism and unilateralism, the downturn of world's economy, as well as impacts to the global industry and supply chains, the amounts of external contracts newly entered into and the operating income of the Company may be adversely affected, and, especially, the contraction and promotion of overseas businesses could be exposed to large difficulties.

### (VII) Risk Relating to Depository Receipts

Applicable Not applicable

### (VIII) Other Material Risks

Applicable Not applicable

Risks of long recovery periods for account receivables:

The construction of railway and urban rail projects undertaken by the Company has the characteristics of long construction period, large investment amount, and lagging settlement, which tends to cause risks of long recovery periods for account receivables.

## SECTION IV REPORT OF THE DIRECTORS

### III. MAIN OPERATIONS DURING THE REPORTING PERIOD

In 2020, the Company made all efforts to overcome the adverse effects of the epidemic, strived to strengthen the production and operation, expedited technological innovation, consolidatedly promoted special actions of quality and efficiency improvement, and the overall business operation remained stable. In 2020, the Company realized revenue of RMB40.124 billion, representing a decrease of 3.65% as compare to the last year, and realized net profit of RMB4.239 billion, representing an increase of 1.49% as compared to the last year. After excluding the impact of the disposal of the real estate business in the last year, the Company's net profit realized a year-on-year increase of 8.04%.

#### (I) Main Business Analysis

##### 1. Table of analysis of changes in relevant items in the income statement and cash flow statement

Unit: Yuan Currency: RMB

Items	Amount for the current Period	Amount for the corresponding period of last year	Change (%)
Operating Revenue	40,124,476,710.76	41,646,286,792.57	-3.65
Operating Cost	31,269,101,236.91	32,112,103,467.88	-2.63
Selling expenses	782,685,977.22	878,468,933.38	-10.90
Administrative expenses	2,059,557,214.11	2,530,027,201.64	-18.60
Research and development expenses	1,434,273,399.90	1,583,455,766.97	-9.42
Finance costs	-249,659,643.80	-144,051,571.49	-
Net cash flow generated from operating activities	3,007,375,953.08	3,371,360,784.87	-10.80
Net cash flows generated from investing activities	-137,249,343.34	-4,597,419,037.28	-
Net cash flows generated from financing activities	-2,466,616,063.08	8,247,476,594.75	-129.91

## SECTION IV REPORT OF THE DIRECTORS

### 2. Analysis of revenue and cost

✓Applicable  Not applicable

Explanation on reasons for changes in revenue: Revenue fell by 3.65% as compared to the last year mainly because in the first quarter, the advancing of projects was postponed and the business volume of equipment sales and engineer services declined due to the adverse impacts of the COVID-19 epidemic. As the epidemic gradually improved in the second quarter, the Company proactively promoted the resumption of work and production, made all efforts to chase the progress of equipment supply, debugging and installation, which led to the narrow of the decline of revenue of the Company. The revenue of the year decreased slightly by 3.65% only as compared to the last year.

Explanation on reasons for changes in cost of sales: Cost of sales fell by 2.63% as compared to the last year mainly due to the decline of cost of sales due to the decline of revenue.

#### (1). Performance of main businesses by industry, product and region

Unit: Yuan Currency: RMB

#### Main Businesses by Segment

By segment	Operating Revenue	Operating Cost	Gross profit margin (%)	Increase/decrease	Increase/decrease	Increase/decrease
				in operating revenue as compared to the last year (%)	in operating cost as compared to the last year (%)	in gross profit margin as compared to the last year (%)
Rail transit control system	28,697,807,715.87	21,041,935,610.67	26.68	-5.53	-5.23	Decreased by 0.23 percentage point
Equipment manufacturing	5,880,516,497.58	3,565,894,296.92	39.36	-8.44	-4.43	Decreased by 2.54 percentage points
Design and integration	9,290,727,700.54	5,678,138,556.95	38.88	-8.82	-12.85	Increased by 2.82 percentage points
Implementation business	13,526,563,517.75	11,797,902,756.80	12.78	-1.73	-1.33	Decreased by 0.36 percentage point
Construction contracting	11,367,288,035.61	10,190,889,819.77	10.35	1.40	3.12	Decreased by 1.50 percentage points
Others	59,380,959.28	36,275,806.47	38.91	1.89	36.00	Decreased by 15.32 percentage points



## SECTION IV REPORT OF THE DIRECTORS

### Main Businesses by Terminal Market

Business lines	Operating revenue	Operating cost	Gross profit margin (%)	Increase/decrease in operating revenue as compared to the last year (%)	Increase/decrease in operating cost as compared to the last year (%)	Increase/decrease in gross profit margin as compared to the last year (%)
Railway	19,308,879,260.82	13,953,789,013.27	27.73	-5.32	-4.59	Decreased by 0.56 percentage point
Urban transit	8,473,682,481.29	6,382,116,883.62	24.68	-10.19	-11.02	Increased by 0.70 percentage point
Construction contracting	11,367,288,035.61	10,190,889,819.77	10.35	1.40	3.12	Decreased by 1.50 percentage points
Others	59,380,959.28	36,275,806.47	38.91	1.89	36.00	Decreased by 15.32 percentage points
Overseas businesses	915,245,973.76	706,029,713.78	22.86	67.20	74.10	Decreased by 3.05 percentage points

### Main Businesses by Region

By region	Operating revenue	Operating cost	Gross profit margin (%)	Increase/decrease in operating revenue as compared to the last year (%)	Increase/decrease in operating cost as compared to the last year (%)	Increase/decrease in gross profit margin as compared
China	39,209,230,737.00	30,563,071,523.13	22.05	-4.60	-3.61	Decreased by 0.80 percentage point
Other countries and regions	915,245,973.76	706,029,713.78	22.86	67.20	74.10	Decreased by 3.05 percentage points

## SECTION IV REPORT OF THE DIRECTORS

Description of Performance of main businesses by industry, product and region

Segment and terminal market:

Revenue from equipment manufacturing, design and integration, and system implementation for the year fell by 8.44%, 8.82% and 1.73%, respectively as compared to the last year, mainly because the postpone of bidding, suspension of equipment manufacturing, delay of system implementation service in the first quarter due to the COVID-19 epidemic resulted in the decline of volumes of equipment sales and engineering business. Started from the second quarter, the Company made all efforts to overcome the impacts of the epidemic, seize the market demand, proactively promote the resumption of work and production, which led to the improvement of production and operation by months and the significant narrow of the decrease of sales income in various business sectors. However, the operating income growth of rail transit sector failed to achieve positive due to the impacts of temporary postpone of the national investment on railway. The construction contracting achieved positive growth as the Company proactively resumed work to chase the terms of work.

Region:

Revenue from overseas business for the year significant increased by 67.20% as compared to the last year, mainly because the Group and the Company, on the precondition of complying with the epidemic prevention requirement, proactively promote the construction of overseas projects like Indonesia Yavan and Hungary-Serbia Railway, which increased the revenue from these projects.

(2). *Table of analysis of output and sales volume*

Main products	Unit	Production output	Sales volume	Inventory level	Increase/ decrease in production output as compared to the last year	Increase/ decrease in sales volume as compared to the last year (%)	Increase/ decrease in inventory level as compared to the last year (%)
					(%)		
Track circuit equipment	Set	12,329	13,177	3,911	-24.49	-27.88	-23.48
Train control and chain system equipment	Set	3,339	2,939	473	41.36	19.71	92.28
Signal relay	10,000 sets	70	70	9	-1.89	1.88	-4.00
Turnout conversion equipment	Set	30,807	30,792	1,849	73.00	61.97	0.82
Transponder device	Set	38,730	37,486	10,723	13.18	23.59	23.79

## SECTION IV REPORT OF THE DIRECTORS

### (3). Table of cost analysis

Unit: RMB

By segment

Segment	Cost constituting items	Amount of the period	Percentage of the current period in total cost (%)	The amount of the corresponding period of the last year	Change ratio of the amount of the current period as compared to corresponding period of last year (%)	
					Percentage of the corresponding period of the last year in total cost (%)	Change ratio of the amount of the current period as compared to corresponding period of last year (%)
Equipment manufacturing	Raw material, subcontracting costs, labor cost, etc.	3,565,894,296.92	11.40	3,731,164,014.41	11.62	-4.43
Design and integration	Raw material, subcontracting costs, labor cost, etc.	5,678,138,556.95	18.16	6,515,591,839.09	20.29	-12.85
System implementation service	Raw material, subcontracting costs, labor cost, etc.	11,797,902,756.80	37.73	11,956,395,208.05	37.23	-1.33
Construction contracting	Raw material, subcontracting costs, labor cost, etc.	10,190,889,819.77	32.59	9,882,279,967.61	30.78	3.12
Others	Labor cost, subcontracting costs, etc.	36,275,806.47	0.12	26,672,438.72	0.08	36.00

## SECTION IV REPORT OF THE DIRECTORS

### By business lines

Business lines	Cost item	Amount for the current period	Percentage	Amount for the corresponding period of last year	Percentage of	Change of the
			of amount for the current period in total costs (%)		amount for the corresponding period of last year in total costs (%)	amount for the current period as compared to that for the corresponding period of last year (%)
Railway	Raw material, subcontracting costs, labor cost, etc.	13,953,789,013.27	44.62	14,624,817,516.30	45.54	-4.59
Urban transit	Raw material, subcontracting costs, labor cost, etc.	6,382,116,883.62	20.41	7,172,796,725.81	22.34	-11.02
Construction contracting	Raw material, subcontracting costs, labor cost, etc.	10,190,889,819.77	32.59	9,882,279,967.61	30.78	3.12
Others	Labor cost, subcontracting costs, etc.	36,275,806.47	0.12	26,672,438.72	0.08	36.00
Overseas businesses	Raw material, subcontracting costs, labor cost, etc.	706,029,713.78	2.26	405,536,819.44	1.26	74.10

### Other explanations of cost analysis

Business cost in 2020 was RMB31,269 million, representing a decrease of 2.63% which was 1.02 percentage points lower than the decrease in revenue, as compared to RMB32,112 million in the corresponding period of last year. The cost of equipment manufacturing was RMB3,566 million, representing a decrease of 4.43% as compared to the corresponding period of last year; the cost of design and integration segment was RMB5,678 million, representing a decrease of 12.85% as compared to the corresponding period of last year; the cost of system implementation service was RMB11,798 million, representing a decrease of 1.33% as compared to the corresponding period of last year; the cost of construction contracting was RMB10,191 million, representing an increase of 3.12% as compared to the corresponding period of last year.

The consolidated gross profit of the Company was RMB8,855 million, representing a decrease of 7.12% as compared to RMB9,534 million in the corresponding period of last year.

## SECTION IV REPORT OF THE DIRECTORS

(4). *Information about main customers and main suppliers*

A. Information about main customers of the Company

The sales to top five customers was RMB16,333.0126 million, accounting for 40.71% of annual total sales, of which sales to related parties was RMB0.00, accounting for 0.00% of annual total sales. None of the Directors, Directors' close associates or Shareholders of the Company (so far as is known to the Directors, had more than 5% of the issued share capital) had any interests in top five customers.

Top five customers of the Company

Applicable  Not applicable

Unit: Yuan Currency: RMB

No.	Name of customer	Sales	Percentage in annual total sales (%)
1	Customer 1	11,079,071,276.56	27.61
2	Customer 2	2,278,306,746.42	5.68
3	Customer 3	1,887,776,871.35	4.70
4	Customer 4	620,650,868.51	1.55
5	Customer 5	467,206,838.49	1.16
Total /		<u>16,333,012,601.33</u>	<u>40.71</u>

## SECTION IV REPORT OF THE DIRECTORS

### B. Information about main suppliers of the Company

The purchase from top five suppliers was RMB2,529.6171 million, accounting for 8.09% of annual total purchase amount, of which purchase from related parties was RMB0.00, accounting for 0.00% of annual total purchase amount.

Top five suppliers of the Company

Applicable  Not applicable

Unit: Yuan Currency: RMB

No.	Name of supplier	Purchase amount	Percentage in annual total purchase amount (%)
1	Supplier 1	987,496,706.05	3.16
2	Supplier 2	847,665,832.57	2.71
3	Supplier 3	253,478,214.68	0.81
4	Supplier 4	229,179,705.60	0.73
5	Supplier 5	211,796,670.66	0.68
Total /		<u>2,529,617,129.56</u>	<u>8.09</u>

## SECTION IV REPORT OF THE DIRECTORS

### 3. Expense

Applicable Not applicable

The explanation on reasons for sale expense changes: the sale expenses in this year was RMB783 million, a decrease of 10.90% compared with the last year, primarily due to the decreased expenses of travel and business in sales department in this year and the decrease in sales of equipment, resulting in the decreased expenses of product package and transportation.

The explanation on reasons for management expense changes: the management fees in this year was RMB2,060 million, a decrease of 18.60% compared with the same period of the last year, the main reason of which is that as a response to the impact of the COVID-19, the Company makes more efforts to reduce costs and increase efficiency and strictly controls the expenses of salary, travel and office of management personnel. Meanwhile, provision for production safety expenses decreases accordingly due to the decrease of revenue.

The explanation on reasons for financial expense changes: the financial income in this year was RMB250 million, mainly due to the increase of interest income.

The explanation on reasons for research and development expense changes: the research and development expense in this year was RMB1,434 million, a decrease of 9.42% with the last year, mainly due to the increase of capitalization expense of research and development investment and revenue expenditures reduces accordingly.

### 4. Cash flow

Applicable Not applicable

Explanation on reasons for changes in net cash flow from operating activities: the net cash flows used in operating activities amounted to RMB3,007 million, representing a decrease of RMB364 million as compared to the period of last year, mainly due to the impact of epidemic for this year, the delay of project inspection and payment of owner's fund, resulting in decrease in cash received from selling goods and providing services as compared to the period of last year.

Explanation on reasons for changes in net cash flow from investing activities: the net cash flows used in investing activities amounted to RMB137 million, while the net cash flows used in investing activities amounted to RMB4,597 million in the period of last year, mainly due to a decrease in time deposits with maturity over three months in this year.

Explanation on reasons for changes in net cash flow from financing activities: the net cash flows used in financing activities amounted to RMB2,467 million, mainly due to dividend distribution and the repayment of loans, while the net cash flows generated from financing activities during the period of last year amounted to RMB8,247 million, mainly due to the inflow of funds raised from STAR Market.

## SECTION IV REPORT OF THE DIRECTORS

### (II) Explanation on material changes in profit due to non-main businesses

Applicable Not applicable

### (III) Analysis of assets and liabilities

Applicable Not applicable

#### 1. Assets-Liabilities analysis table

Unit: Yuan

Project name	Amount at the end of the current period	Percentage of amount at the end of the current period to the total assets (%)	Amount of the end of last period	Percentage of amount at the end of last period to the total assets (%)	Change of
					the amount at the end of the current period as compared to that of last period (%)
Receivables for financing	2,230,124,457.61	2.12	1,478,647,844.54	1.52	50.82
Long-term receivables	8,384,707,579.19	7.96	6,422,130,017.28	6.59	30.56
Construction in progress	1,421,305,987.45	1.35	160,740,323.63	0.16	784.22
Development expenditure	139,208,125.21	0.13	47,507,051.83	0.05	193.03
Short-term borrowings	491,584,392.53	0.47	238,066,170.39	0.24	106.49
Bills payable	1,974,383,429.57	1.87	1,278,194,766.35	1.31	54.47

#### Other explanations:

The increase of receivables for financing was mainly due to the increase in the bills receivable received by the Company.

The increase of long-term receivables was mainly due to the increase of receivables confirmed for PPP project.

The increase of construction in progress was mainly due to the fact that in order to further meet the technological innovation needs of enterprises in Shanghai, the subsidiary such as CRSCS and CRSC CASCO purchased new R&D bases to build up technology development platform in the current period, which have not been put into use, and it is temporarily presented as construction in progress.

The increase in development expenditure was mainly due to the capitalized amounts invested by the Company in research and development for this year.



## SECTION IV REPORT OF THE DIRECTORS

The increase in short-term borrowings was mainly due to the Company's increase in low-interest policy loans.

The increase in bills payable was mainly due to the increased percentage of the Company's payments settled by using acceptance bills in this year.

### 2. Major assets restriction by the end of the Reporting Period

Applicable  Not applicable

Item	Ending book value
Monetary funds	186,038,677.04
Receivables for financing	52,492,742.32
Long-term receivables	4,092,306,736.92

### 3. Other explanation

Applicable  Not applicable

## (IV) Analysis of operations information in the industry

Applicable  Not applicable

The Company's analysis of operation information in the industry is set out in the section IV "Report of the Directors".

## (V) Analysis of investment

### 1. Overall analysis of investment in external equities

Applicable  Not applicable

As at the end of the reporting period, the long-term equity investment of the Group was RMB1,109 million, representing an increase of RMB127 million, or 12.99%, as compared to the beginning of the year. For details, please refer to "VII. Note 17 to Items in the Consolidated Financial Statements" of Section XI Financial Report.

#### (1) Material equity investment

Applicable  Not applicable

#### (2) Material non-equity investment

Applicable  Not applicable

## SECTION IV REPORT OF THE DIRECTORS

(3) *Financial assets measured at fair value*

Applicable    Not applicable

Item	Opening balance	Changes in fair value for the period	Accumulated changes in value fair recognized in equity	Impairment accrued for the period	Other changes (increase/ decrease) for the period	Closing balance
Financial assets						
1. Other equity instrument						
investments	806,064,229.20	-	-	-	213,803,258.93	1,019,867,488.13
Including: non-listed equity						
investments	806,064,229.20	-	-	-	213,803,258.93	1,019,867,488.13
2. Receivables for financing	<u>1,478,647,844.54</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>751,476,613.07</u>	<u>2,230,124,457.61</u>
Subtotal	<u><u>2,284,712,073.74</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>965,279,872.00</u></u>	<u><u>3,249,991,945.74</u></u>

**(VI) Disposal of significant assets and equity interest**

Applicable    Not applicable

**(VII) Analysis of major companies controlled and invested by the Company**

Applicable    Not applicable

For details, please refer to “VII. Note 17 to Items in the Consolidated Financial Statements and IX. Interests in Other Entities” of Section XI Financial Report.

**(VIII) Status of the structured entity controlled by the Company**

Applicable    Not applicable

## SECTION IV REPORT OF THE DIRECTORS

### (IX) Use of proceeds raised from H shares

The proceeds raised from H shares amounted to approximately RMB9,104 million. As of 31 December 2020, a total of RMB7,907 million of proceeds raised from H shares have been used, of which RMB2,731 million was used in long-term research and development, including the construction of the CRSC Railway Transportation Research Center and technology research projects; RMB1,667 million was used in the fixed asset investments, including the technical overhaul of CRSC Xi'xin production base, the Company's subsidiary, and Changsha Industrial Park; RMB108 million was used in general equity acquisition; RMB788 million was used in investment of Tianshui Tramcar project and other PPP projects related to railway transportation; and RMB2,613 million was used to supplement working capital (On 12 June 2020, the Company convened the general meeting and considered and approved the Resolution on Change in the Use of Proceeds Raised from H Shares, according to which, the Company intends to change the portion of the proceeds of RMB1,713 million allocated for general domestic and overseas acquisition to general domestic and overseas purposes (supplementing working capital)). The Company confirms that, apart from RMB1,713 million allocated for general domestic and overseas acquisition, the intended usage of the aforesaid proceeds is consistent with the use of proceeds as disclosed in the prospectus.

Apart from the aforesaid use of funds, as of 31 December 2020, the Company's remaining proceeds raised from H shares amounting to RMB1,197 million have not been used and are expected to be used up in the coming three years, of which RMB154 million will be used for fixed asset investments, RMB1,033 million will be used for investments in PPP projects related to railway transportation and RMB10 million will be used to supplement working capital.

## SECTION IV REPORT OF THE DIRECTORS

### IV. DISCUSSION AND ANALYSIS OVER THE FUTURE DEVELOPMENT OF THE COMPANY

#### (I) Industry landscape and trends

Applicable  Not applicable

The national railway construction continues to maintain a certain investment intensity, in particular, local governments in areas with rapid economic development, have been increasingly enthusiastic in investing in intercity and municipal railways. China Railway Group plans to operate new lines of 3,700 kilometers in 2021, and by 2035, the national railway network will reach about 200,000 kilometers, of which 70,000 kilometers are high-speed railways. The strategy of the regional coordinated development will be further implemented. The state has deployed major strategies such as “new infrastructure”, speeding up the network of rail transit in urban agglomerations and metropolitan areas, and accelerating the development of urban (suburban) railways in metropolitan areas, and where the development of the intercity and municipal (suburban) railways will be enhanced. The acceleration of the building China strength in transportation, the enhancement of effective investment, the adjustment of transportation structure, new scientific and technological revolution and industrial transformation have also brought new historical opportunities for railway industry. With the operating time of the high-speed railway lines operated in around 2010 has been at or near 10 years, the control system of relevant train is also gradually entering into the update and upgrade cycle, and the markets for upgrading, operation and maintenance will be gradually opened up. With an increasing extension of the scale of railway infrastructure and equipment in use, the railway operational system gradually become rigid demand for railway construction, and all these market spaces pave the way for the rolling development of enterprise.

In terms of competition landscape, in addition to CRSC, China Academy of Railway Sciences Corporation Limited has actively strengthened its own business shortcomings, accelerated the pace of market-oriented reform, and has always maintained a catch-up situation with Helishi Automation Technology Co., Ltd. Both companies have strong competitive strength and occupy a certain market share. In addition, Beijing Jiaoda Microunion Tech. Co., Ltd. is also competitive in some system fields.

The urban rail transit market will continue to maintain a steady growth trend. In 2021, the operating mileage of China will exceed 7,000 kilometers. From 2018 to 2020, the National Development and Reform Commission approved nearly 100 lines, plus the lines to be approved during the “14th Five-Year Plan” period, and the future market space can be expected. Meanwhile, the planning and construction of new medium and low capacity urban rail transit represented by modern tram is in the ascendant, and it also provides a wide market space for enterprises. While some subway lines built in the early stage have the need of upgrading and transformation to meet the operational needs, and the related engineering technology is difficult and the threshold is high, which will provide a stage for leading enterprises in the industry to show their strength.

## SECTION IV REPORT OF THE DIRECTORS

In terms of the competition landscape, in addition to CRSC, Traffic Control Technology Co., Ltd. developed rapidly in recent years, and UniTTEC Co., Ltd. has completed the transformation to independent research and development of technology from purely inputting, forming the first echelon in the field of urban rail transit signal control system together with CRSC. In addition, enterprises such as Shanghai Thales SAIC Transport Co. Ltd., China Academy of Railway Sciences Corporation Limited and Shanghai Fuxin Intelligent Transportation Solutions Co., Ltd. are also dominant players in the market. According to the public bidding information in the past two years, the market has gradually shown a trend of gathering to the top enterprises. The public data in 2020 shown that, among the 31 urban rail control system projects that have biddings awarded, the top 5 enterprises have obtained 28 lines, accounting for more than 96%.

### (II) Development strategies of the Company

Applicable  Not applicable

As a leading integrated rail transportation control system solution provider in the world, for the purpose of continuously consolidating and strengthening our leadership in the global market, and in view of the development trend in the industry and the Company's abundant resources, the Company will adhere to the quality and safety as the first principle, and shoulder the mission of introducing the national railway communication and signal industry to the world. The Company will expedite independent technological innovation, accelerate the process of high-quality development, take advantage of industry chain integration, and put an emphasis on making strategic breakthroughs in cultivating industrial ecological clusters, historical breakthroughs in the new generation of independent core technologies that leads the world, and international breakthroughs in the integration of China's high-speed rail standards and world railways, and basically realize "taking the lead in the world in technological innovation, safety management, industrial development, and comprehensive strength" in the same industry, eventually build up a cross-national industry group with international standards featuring rail transportation control technology.

### (III) Business plans

Applicable  Not applicable

In 2021, the Company will maintain strategic focus, stick to systematic opinions, focus on high-quality development, implement new development ideas and serve the new development layouts based on the new development stage; adhere to the general working style of seeking improvement in stable work, take high-quality development as the theme, take the supply-side structural reform as the main line, take deepening reform as the booster, take science and technology innovation as the driver, take market operation as the leading position, take security quality as the insurance to constantly become stronger, better and larger, as well as promote all works to obtain new and better results.

### (IV) Others

Applicable  Not applicable

## SECTION IV REPORT OF THE DIRECTORS

### V. MATTERS THAT THE COMPANY FAILED TO DISCLOSE ACCORDING TO THE RULES AS THE RULES WERE NOT APPLICABLE OR STATE SECRETS OR TRADE SECRETS WERE INVOLVED OR FOR OTHER SPECIAL REASONS AND DESCRIPTIONS OF SUCH REASONS

Applicable  Not applicable

### VI. OTHER DISCLOSURES

#### (I) Corporate Information and Initial Public Offering

The Company was incorporated as a joint stock company in the PRC with limited liability on 29 December 2010. The H shares of the Company have been listed on the Main Board of the Hong Kong Stock Exchange since 7 August 2015. The A shares of the Company have been listed on the STAR Market of Shanghai Stock Exchange since 22 July 2019.

Basic information about the Company is set out in section III “Basic Corporate Information and Key Financial Indicators” of this report.

#### (II) Environmental Policies and Performance of the Company

Environmental policies and performance of the Company are set out in section V “Significant Events” of this report.

Further details of the environmental policies and performance of the Company will be set out in the “Environmental, Social and Governance Report” to be published within 3 months of the date of the 2020 annual report of the Company.

#### (III) Compliance with Laws and Regulations

As the Group’s main businesses are to provide specialized one-stop solution of design and integration, equipment manufacturing and system implementation services for rail transportation control systems to our customers, the Group is subject to relevant PRC policies, laws and regulations, including the Railway Law of the People’s Republic of China 《中華人民共和國鐵路法》 and the Production Safety Law of the People’s Republic of China 《中華人民共和國安全生產法》 and is under supervision of other government authorities. Such laws, regulations and policies mainly govern the operation and management of railway industry. In addition, all business operations of the Group are subject to the laws and regulations regarding quality, safety production, environmental protection, intellectual property and labor. Any violation of those laws and regulations may result in sanctions, including warnings, penalties and order to rectify, which may have an adverse impact on the Group’s business operation and future development.

## SECTION IV REPORT OF THE DIRECTORS

In addition, the Group is required to obtain and maintain valid permits, licenses, certificates and approvals from various governmental authorities or institutions under relevant laws and regulations for our businesses of design and integration, product manufacturing and system delivery services. The Group must comply with the restrictions and conditions imposed by various levels of governmental authorities to maintain the Group's permits, licenses, certificates and approvals. Should the Group fail to comply with any of the regulations or meet any of the conditions required for the maintenance of the Group's permits, licenses, certificates and approvals, such permits, licenses, certificates and approvals could be temporarily suspended or even revoked, or the renewal thereof, upon expiry of their original terms, may be delayed or rejected, which could materially and adversely impact our Group's business, financial condition and results of operations.

As a company incorporated in the PRC with limited liabilities and listed on Hong Kong Stock Exchange and Science and Technology Innovation Board of Shanghai Stock Exchange, the Company is governed by various applicable domestic laws and regulations including Company Law, the Production Safety Law of the People's Republic of China 《中華人民共和國安全生產法》 and the Guideline on Comprehensive Risk of Central Enterprises 《中央企業全面風險指引》 promulgated by the SASAC, as well as the Hong Kong Listing Rules, Listing Rules of Shanghai Stock Exchange and other securities regulatory rules.

The Group has implemented internal control measures to ensure its compliance with such laws and regulations. Based on a comprehensive review of the business performance of the Group, the Board is of the view that the Group has been in compliance with the requirements of relevant laws and regulations in all material respects.

### (IV) Performance and Distribution

The performance of the Group for the year ended 31 December 2020 and the financial position of the Group as at 31 December 2020 are set out in the section XI "Financial Report" of this report.

The implementation of cash dividend policy of the Company during the reporting period is set out in the section V "Significant Events" of this report.

### (V) Distribution Plan and Policy of Dividend

The Company's distribution plan and policy of dividend is set out in the section V "Significant Events" and section IX "Corporate Governance Report" of this report.

### (VI) Issued Share Capital

As of 31 December 2020, the total share capital of the Company was RMB10,589,819,000, divided into 10,589,819,000 shares with a nominal value of RMB1.00 each. Details of the change of the share capital of the Company during the reporting period are set out in the note VII. 53 of section XI Financial Report.

## SECTION IV REPORT OF THE DIRECTORS

### (VII) Repurchase, Sale or Redemption of Listed Securities of the Company

During the reporting period, neither the Company nor any of its subsidiary repurchased, sold or redeemed any of the listed securities of the Company under the Hong Kong Listing Rules.

### (VIII) Property, Plant and Equipment

Details of property, plant and equipment of the Group for 2020 are set out in the note VII. 21 to financial report.

At the end of the reporting period, the Group had no investment properties or properties held for development and/or sale with one or more of the percentage ratios (as defined under Rule 14.04 (9) of the Hong Kong Listing Rules) exceeding 5%.

### (IX) Taxation

Details of the taxation of the Group for 2020 are set out in note VI to the financial report.

### (X) Events After the Balance Sheet Date

Details of the events after the balance sheet date of the Group are set out in the note XV to financial report.

### (XI) Capital Reserve, Surplus Reserve and Special Reserve

Details of the capital reserve, surplus reserve and special reserve of the Group for 2020 are set out in the note VII. 55, 59, 58 to financial report.

### (XII) Distributable Reserve

The distributable reserve of the Company as of 31 December 2020 is set out in the note VII. 60 to financial report.

### (XIII) Major Customers and Suppliers

For the year ended 31 December 2020, total sales to the Company's five largest customers represented approximately 40.71% of total revenue for the year, among which total sales to the largest customer accounted for approximately 27.61% of total revenue for the year.

For the year ended 31 December 2020, total purchase from the Company's five largest suppliers represented approximately 8.09% of total cost of sales for the year, among which total purchase from the largest supplier accounted for approximately 3.16% of total cost of sales for the year.



## SECTION IV REPORT OF THE DIRECTORS

In 2020, none of the Directors, close associates of the Directors or Shareholders of the Company (who, to the knowledge of the Directors, hold more than 5% of the issued share capital of the Company) had interests in the five largest customers or the five largest suppliers of the Group.

In terms of customers, the Group mainly provides rail transportation control system design, equipment manufacturing and system implementation services to domestic and overseas customers to construct and upgrade the control systems for railways and urban transit. In the railway sector, the majority of the Group's customers are China Railway Corporation affiliated entities. The Group generally wins purchase orders for railway control system products and services from the customers affiliated with China Railway Corporation through their public bidding processes. In the urban transit sector, the Group's customers are mostly metro construction companies and operation companies controlled by the local governments. The Group also regularly participates in industry exhibitions organized by China Railway Corporation, the China Communications and Transportation Association (中國交通協會) and the PRC Metro Committee (中國城市軌道交通專業委員會) to advertise and promote our products to professional customers through demonstrating our corporate strength and image.

In terms of suppliers, the Group has multiple sources for most of our components and raw materials to reduce possible interruptions to our business operations and reliance on single supplier. This helps the Group to maintain stability of components and raw materials procurement. Therefore, quality or delivery problems with respect to any single supplier will generally not lead to a material adverse effect on the Group's business operations. The Group has maintained business relationships with various major suppliers for five years or more, and entered into legally binding, long-term supply framework agreements.

### (XIV) Staff

Staff is the key for the Group's sustainable development. Details of the staff of the Group are set out in section VIII "Directors, Supervisors, Senior Management and Employees" of this report.

### (XV) Bank and Other Borrowings

Details of the bank and other borrowings of the Group as of 31 December 2020 are set out in the note VII. 32, 45 to financial report.

### (XVI) Entrusted Deposits and Overdue Term Deposits

As of 31 December 2020, the Group had no entrusted deposits with financial institutions in China, or term deposits which were due but unrecovered.

### (XVII) External Donations

In 2020, the Company donated a total of RMB1.2 million to various organizations including local charities and governments of impoverished counties.

## SECTION IV REPORT OF THE DIRECTORS

### (XVIII) Directors, Supervisors and Senior Management

The information on the Directors, Supervisors and Senior Management of the Company is set out in section VIII “Directors, Supervisors, Senior Management and Employees” of this report.

### (XIX) Changes in Directors, Supervisors and Senior Management

Changes in the Directors, Supervisors and Senior Management of the Company are set out in section VIII “Directors, Supervisors, Senior Management and Employees” of this report.

### (XX) Biographies of Directors, Supervisors and Senior Management

Biographical details of the Directors, Supervisors and Senior Management are set out in section VIII “Directors, Supervisors, Senior Management and Employees” of this report.

### (XXI) Service Contracts of Directors and Supervisors

Each of the Directors and Supervisors has entered into a service contract with the Company, the principal particulars of which comprise: (1) the term is from the date of appointment and until the date of the expiration of the incumbent Board/the incumbent Supervisory Committee; and (2) it could be terminated in accordance with their respective terms.

Save as disclosed above, none of the Directors or Supervisors has entered into or intends to enter into a service contract with any member of the Group (other than contracts expiring or determinable by the relevant employer within one year without payment of compensation (other than statutory compensation)).

Save as service contracts, there were no any management and administration contracts in relation to the whole or any significant part of the business signed or existed.

### (XXII) Remuneration of Directors, Supervisors and Senior Management

Remuneration of the Directors and Supervisors are paid in the form of fees, salaries, pension-defined contribution, discretionary bonuses, housing allowances and other allowances and benefits in kind.

Details of the Directors, Supervisors and five highest paid individuals of the Company are set out in the note XII. 5 to financial report.

During the reporting period, the remuneration scale of the Senior Management members (except for Ms. NG Wing Shan, one of the joint company secretaries of the Company, who serves as the assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited (formerly known as SW Corporate Services Group Limited)) whose biographical details are set out in “Biographies of Directors, Supervisors and Senior Management” of this report is disclosed in section VIII “Directors, Supervisors, Senior Management and Employees” of this report.

## SECTION IV REPORT OF THE DIRECTORS

### (XXIII) Interests of Directors and Supervisors in Transactions, Arrangements or Contracts

During the reporting period, the Group did not participate in, directly or indirectly, concluding transactions, arrangements or contracts of significance in which any Director or the Supervisor or any entity which he or she was related to was materially interested, and related to the businesses of the Company and were subsisting during or by the end of the year.

#### (I) Interests of Directors in Competing Businesses

During the reporting period, save as disclosed in this report, none of the Directors or any of their respective associates had any competing interests in the businesses which, directly or indirectly, competed or were likely to compete with the Company.

#### (II) Directors and Supervisors Serving in Competing Businesses

The businesses of the Group are partially competing with those of CRSC Group. The Company's executive Directors, Mr. ZHOU Zhiliang, Mr. XU Zongxiang and Mr. YANG Yongsheng, devote most of their time into the management of the Company's daily operations.

The information about the Directors of the Company who held positions in CRSC Group is set out in section VIII "Directors, Supervisors, Senior Managers and Employees" of this report.

Save as disclosed in this report, none of the Directors, Supervisors or their respective associates had any interests in the businesses which competed or were likely to compete with the Group, or had any other conflict of interests with the Group.

The Company further confirms that, save as disclosed above, as at the date of this report, members of the Senior Management of the Company have not involved in the daily operations of the businesses of CRSC Group which compete with the Group's businesses.

### (XXIV) Directors', Supervisors' and the Company's Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 31 December 2020, none of the Directors, Supervisors or chief executives of the Company had any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") (including interests or short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## SECTION IV REPORT OF THE DIRECTORS

### (XXV) Directors' and Supervisors' Rights to Purchase Shares or Debentures

None of the Directors or Supervisors or any of their respective associates was granted by the Company or its subsidiaries any right to purchase the shares or debentures of the Company or any other corporate body, or had exercised any such right.

### (XXVI) Financial, Business and Family Relationships Among Directors, Supervisors and Senior Management Members

As at the date of this report, there were no financial, business or family relationships among the Directors, Supervisors and Senior Management members of the Company.

### (XXVII) Directors' Insurance

As at the date of this report, the Company maintained effective directors' insurance for the Directors of the Company.

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

The shareholdings of substantial shareholders in the Company are set out in the section VI "Changes in Shares and Particulars of Shareholders – (VI) Interests and short positions of substantial shareholders in shares and underlying shares of the Company" of this report.

### (XXIX) Arrangements for Share Pre-Emptive Right and Stock Option

In 2020, no arrangement for Share pre-emptive right and stock option was made by the Company, as there are no specific provisions under the PRC laws or the Articles of Associations of the Company regarding share pre-emptive right.

### (XXX) Compliance of CRSC Corporation Group with the Non-Competition Undertaking

The performance of CRSC Corporation Group's non-competition undertakings is set out in section V "Significant Events – III. The Performance of Undertakings" of this report.

### (XXXI) Public Float

As of the date of this report, according to the information publicly available to the Company, and to the knowledge of the Directors of the Company, the Company has sufficient public float to meet the minimum requirement for public float under Rule 8.08 of the Hong Kong Listing Rules.

### (XXXII) Connected Transactions

The connected transactions of the Company are set out in section V "Significant Events" of this report.

## SECTION IV REPORT OF THE DIRECTORS

### (XXXIII) Related Party Transactions

The Group entered into certain transactions with the relevant parties considered to be “related parties” pursuant to applicable accounting standards during the reporting period. Details of the related party transactions entered into by the Group during the reporting period are disclosed in the note 12 to the financial report. Save as those disclosed in this report, the related parties transactions disclosed in the note 12 were either not considered to be connected transactions as defined by the Hong Kong Listing Rules or be exempted from the reporting, announcement and shareholders’ approval requirements pursuant to the Hong Kong Listing Rules.

### (XXXIV) Non-Exempt Connected Transactions

Save as those disclosed in this report, there were no other non-exempt connected transactions as defined by the Hong Kong Listing Rules entered into by the Company with its connected persons during the reporting period.

### (XXXV) Audit and Risk Management Committee

The Audit and Risk Management Committee of the Company has reviewed the annual results and the annual report of the Company for 2020 as well as the audited consolidated financial statements for the year ended 31 December 2020 of the Company.

### (XXXVI) Accounting Policies

Changes to the accounting policies of the Company are set out in the section V “Significant Events” of this report.

### (XXXVII) Auditors

In March 2020, the Board proposed to reappoint Ernst & Young Hua Ming LLP as the Company’s external auditor for the year of 2020, and the term of the appointment was proposed to be effective upon conclusion of the Company’s 2019 annual general meeting and until the conclusion of the Company’s 2020 annual general meeting.

On 12 June 2020, the Company held the 2019 annual general meeting, deliberated and passed the Proposal on Appointment of Auditors for 2020. Considering that the Company planned to continue to renew the appointment of Ernst & Young Hua Ming LLP as the auditor for 2020 to audit the Company’s financial statements for 2020.

In the past three years, the Company has not changed auditor.

By order of the Board

**China Railway Signal & Communication Corporation Limited**

**ZHOU Zhiliang**

*Chairman*

## SECTION V SIGNIFICANT EVENTS

### I. PLAN FOR DISTRIBUTION OF PROFITS FROM ORDINARY SHARES OR TRANSFER OF CAPITAL RESERVE FUND

#### (I) Formulation, implementation or adjustment of cash dividend policy

Applicable  Not Applicable

##### 1. Formulation of cash dividend policy

While maintaining its sustained and steady development, the Company attaches great importance to the reasonable return on investment of shareholders. According to the relevant regulations of the CSRC, the Articles of Association have clearly stipulated the review procedures for cash dividend and profit distribution. The Company's profit distribution complies with the provisions of the Articles of Association. The dividend standards and ratios are explicit and clear, and the relevant decision-making mechanism and procedures are complete.

##### 2. Implementation of cash dividend policy during the reporting period

On 12 June 2020, the 2019 annual general meeting of the Company reviewed and approved the profit distribution plan for 2019. Calculated based on the total share capital of 10,589,819,000 shares (after the listing and issue of A Shares of the Company), cash dividends of RMB0.2 (tax inclusive) per share were distributed, which had been completed.

##### 3. Explanation of profit distribution plan for 2020

The Company held the 25th meeting of the third session of the Board on 26 March 2021. The meeting reviewed and approved the Annual Profit Distribution Plan for 2020 with 7 affirmative votes, 0 dissenting vote and 0 vote abstaining from voting, and agreed to submit the profit distribution plan to the Company's 2020 annual general meeting for review. The plan decides that a cash dividend of RMB2 (tax inclusive) will be paid for every 10 shares, of which domestic shareholders will be paid in RMB and H shareholders will be paid in Hong Kong dollars. The exchange rate of Hong Kong dollars will be calculated in accordance with the average forex closing price published by the People's Bank of China for the three working days before the day when the dividend distribution announcement is made. As of 31 December 2020, the total share capital of the Company was 10,589,819,000 shares. Based on this calculation, the total proposed dividends to be distributed is RMB2,117,963,800.00, accounting for 55.46% of net profit attributable to shareholders of listed companies in the 2020 consolidated statement of the Company. The independent Directors of the Company performed their duties diligently, carefully reviewed the proposal on the cash dividend policy and issued independent opinions.

## SECTION V SIGNIFICANT EVENTS

If the above profit distribution plan is reviewed and approved by the Company's general meeting, the cash dividends are expected to be distributed on or before 30 August 2021. When the specific time is determined for convening the general meeting, the Company will separately announce further details including the closure of the registration of members of the H shares and the expected cash dividend payment date, if updated, in respect of the relevant cash dividend distribution.

The time arrangement such as the record date and the cash payment date for Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect investors is in line with that for H shareholders of the Company.

- (II) The Company's plans for distribution of dividends from ordinary shares or transfer of capital reserve funds in the recent three years (including the reporting period)

Unit: Yuan Currency: RMB

Year	Bonus shares for every 10 shares (shares)	Dividends distributed per 10 shares (yuan) (tax inclusive)	New shares for every 10 shares (shares)	Amount of cash dividends (tax inclusive)	Net profits in the consolidated statements for the dividend year attributable to ordinary shareholders of the listed company	Percentage in the net profits in the consolidated statements attributable to ordinary shareholders of the listed company (%)
2020	0	2.0	0	2,117,963,800.00	3,819,046,319.02	55.46
2019	0	2.0	0	2,117,963,800.00	3,815,874,901.39	55.50
2018	0	2.0	0	1,757,963,800.00	3,408,545,542.62	51.58

- (III) Share repurchase by cash counted into cash dividends

Applicable  Not applicable

- (IV) Provided that the Company has made profits and the parent company's profits distributable to ordinary shareholders are positive, but no plan for distribution of profits from ordinary shares by cash has been proposed during the reporting period, the Company shall disclose in details the reasons therefor and use and plan of usage of the undistributed profit

Applicable  Not applicable

## SECTION V SIGNIFICANT EVENTS

### II. TAX AND TAX REDUCTION AND EXEMPTION

#### Cash dividend income tax applicable to overseas shareholders

##### Withholding and Payment of EIT on behalf of Overseas Non-Resident Enterprise Shareholders

Pursuant to the applicable provisions of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and its implementing rules and the requirements under the Notice on the Issues Concerning Withholding and Payment of the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H shareholders Who Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) issued by the State Administration of Taxation (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), the Company will withhold and pay EIT at the rate of 10% when it distributes the cash dividend to overseas non-resident enterprise holders of H Shares (including any H Shares of the Company registered in the name of HKSCC Nominees Limited, but excluding any H Shares of the Company registered in the name of HKSCC Nominees Limited and are held by China Securities Depository and Clearing Corporation Limited as nominee shareholder on behalf of investors who invest in the H shares of the Company through Shanghai-Hong Kong Stock Connect).

##### Withholding and Payment of Individual Income Tax on behalf of Overseas Individual Shareholders

Pursuant to the applicable provisions of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and its implementing rules, the Tax Notice (《稅收通知》), the Notice of the State Administration of Taxation on Issues Concerning the Administration of Individual Income Tax Collection after the Annulment of Document Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) and other relevant laws, regulations and requirements under normative documents, the Company will implement the following arrangements in relation to the withholding and payment of individual income tax on behalf of the overseas individual H shareholders:

- For individual H shareholders who are Hong Kong or Macao residents or whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these individual H shareholders in the distribution of the cash dividend;



## SECTION V SIGNIFICANT EVENTS

- For individual H shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of these individual H shareholders in the distribution of the cash dividend. If relevant individual H shareholders would like to apply for a refund of the excess amount of tax withheld and paid, the Company will handle, on their behalf, the applications for tax preferential treatments under relevant tax treaties according to the Tax Notice. Qualified Shareholders please submit in time a letter of entrustment and all application materials as required under the Tax Notice to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited. The Company will then submit the above documents to the competent tax authorities and, after their examination and if and when the documents are approved, the Company will assist in refunding the excess amount of tax withheld and paid;
- For individual H shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty on behalf of these individual H shareholders in the distribution of the cash dividend; and
- For individual H shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these individual H shareholders in the distribution of the cash dividend.

### Cash dividend income tax applicable to shareholders in Mainland China investing in H shares of the Company through Southbound Trading Link

#### Withholding and Payment of Individual Income Tax on behalf of Domestic Individual Shareholders Investing through Southbound Trading Link

- **Shanghai-Hong Kong Stock Connect:** Pursuant to the Notice on Tax Policies for Shanghai-Hong Kong Stock Connect Pilot Program (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), for domestic individual shareholders who invest in H Shares of the Company through Shanghai-Hong Kong Stock Connect (such H shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as nominee shareholder), the Company will withhold and pay individual income tax at the rate of 20% on their behalf in the distribution of the cash dividend. For domestic shareholders who are securities investment funds investing in H Shares of the Company through Shanghai-Hong Kong Stock Connect (such H shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as nominee shareholder), the Company will withhold and pay individual income tax at the rate of 20% on their behalf in the distribution of the cash dividend.

## SECTION V SIGNIFICANT EVENTS

- **Shenzhen-Hong Kong Stock Connect:** Pursuant to the Notice on Tax Policies for Shenzhen-Hong Kong Stock Connect Pilot Program (Cai Shui [2016] No. 127) 《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for domestic individual shareholders who invest in H shares of the Company through Shenzhen-Hong Kong Stock Connect (such H shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as nominee shareholder), the Company will withhold and pay individual income tax at the rate of 20% on their behalf in the distribution of the cash dividend. For domestic shareholders who are securities investment funds investing in H shares of the Company through Shenzhen-Hong Kong Stock Connect (such H shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as nominee shareholder), the Company will withhold and pay individual income tax at the rate of 20% on their behalf in the distribution of the cash dividend.

### No Withholding or Payment of EIT on behalf of Domestic Enterprise Shareholders Investing through Southbound Trading Link

- **Shanghai-Hong Kong Stock Connect:** Pursuant to the Notice on Tax Policies for Shanghai-Hong Kong Stock Connect Pilot Program (Cai Shui [2014] No. 81) 《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), for domestic enterprise shareholders who invest in H shares of the Company through Shanghai-Hong Kong Stock Connect (such H Shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as nominee shareholder), the Company will not withhold or pay EIT on their behalf in the distribution of the cash dividend, and the domestic enterprise shareholders shall report and pay the relevant taxes payable by themselves. Any dividend received in respect of H shares of the Company which have been continuously held by a domestic enterprise shareholder for 12 months shall be exempted from EIT.
- **Shenzhen-Hong Kong Stock Connect:** Pursuant to the Notice on Tax Policies for Shenzhen-Hong Kong Stock Connect Pilot Program (Cai Shui [2016] No. 127) 《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for domestic enterprise shareholders who invest in H shares of the Company through Shenzhen-Hong Kong Stock Connect (such H Shares are registered in the name of HKSCC Nominees Limited and held by China Securities Depository and Clearing Corporation Limited as nominee shareholder), the Company will not withhold or pay EIT on their behalf in the distribution of the cash dividend, and the domestic enterprise shareholders shall report and pay the relevant taxes payable by themselves. Any dividend received in respect of H shares of the Company which have been continuously held by a domestic enterprise shareholder for 12 months shall be exempted from EIT.

H shareholders of the Company are recommended to consult their own tax advisors on the relevant tax impact in China, Hong Kong and other countries (regions) on the possession and disposal of H shares of the Company.

# SECTION V SIGNIFICANT EVENTS

## III. THE PERFORMANCE OF UNDERTAKINGS

(I) Undertakings during or carried forward to the reporting period by the Company's actual controller, shareholders, related parties, acquirers and the Company and other relevant parties providing undertakings

✓Applicable Not applicable

Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time and term of undertakings	Is there a term for performance	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan in the next step
Undertakings associated with the initial public offering	Restricted shares	CRSC Group	The CRSC Group has made the following undertakings in respect of shares lock-up: (1) If the CRSC Group, within 36 months from the date when the CRSC's A shares upon initial public offering are listed on the Shanghai Stock Exchange, holds the CRSC's A shares, it shall not transfer or entrust others to manage the CRSC's domestic shares directly or indirectly held by it prior to the issuance, nor shall CRSC repurchase such shares. (2) If the closing price of CRSC's stocks for 20 consecutive trading days (except for all-day suspension of CRSC's stocks) is lower than the issue price of this offering within six months after the listing of CRSC, or the closing price at the end of six months after listing (if the day is not a trading day, it is the first trading day after that day) is lower than the issue price of this offering, the lock-up period of CRSC's A shares held by CRSC Group will be automatically extended for six months after the expiration of the above lock-up period. The issue price refers to the issue price of this offering of CRSC. If CRSC, after being listed, performs the ex-dividend and ex-right for reasons such as profit distribution, capital reserves to increase share capital, additional issuance, placement etc., it shall do so in accordance with the relevant provisions of the Shanghai Stock Exchange. (3) If CRSC Group violates the above undertakings, it will assume all legal liabilities arising therefrom. (4) If relevant laws, regulations and regulatory documents or other securities regulatory authorities such as China Securities Regulatory Commission and Shanghai Stock Exchange have other requirements for the lock-up period of shares, CRSC Group agrees to adjust the lock-up period of CRSC's shares held by it accordingly.	Time of undertakings: 15 April 2019; term: within 36 months from the date of the listing of CRSC's A shares	Yes	Yes	-	-

## SECTION V SIGNIFICANT EVENTS

Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time and term of undertakings	Is there a term for performance	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan in the next step
Undertakings associated with the initial public offering	Restricted shares	Chengtong Group, SINOMACH, CICC Jiacheng	The Chengtong Group, SINOMACH and CICC Jiacheng have made the following undertakings in respect of shares lock-up: (1) if they, within 12 months from the date when the CRSC's A shares upon initial public offering are listed on the Shanghai Stock Exchange, hold the CRSC's A shares, they shall not transfer or entrust others to manage the CRSC's domestic shares directly or indirectly held by them prior to the issuance, nor shall CRSC repurchase such shares. (2) if they violate the above undertakings, they will assume all legal liabilities arising therefrom. (3) if relevant laws, regulations and regulatory documents or other securities regulatory authorities such as China Securities Regulatory Commission and Shanghai Stock Exchange have other requirements for the lock-up period of shares, they agree to adjust the lock-up period of CRSC's shares held by them accordingly.	Time of undertakings of Chengtong Group: 26 March 2019, time of undertakings of SINOMACH and CICC Jiacheng: 15 April 2019; term: within 12 months from the date of the listing of CRSC's A shares	Yes	Yes	-	-
Undertakings associated with the initial public offering	Restricted shares	CRHC	CRHC has made the following undertakings in respect of shares lock-up: (1) if CRHC, within 12 months from the date when the CRSC's A shares upon initial public offering are listed on the Shanghai Stock Exchange, holds the CRSC's A shares, it shall not transfer the CRSC's domestic shares directly or indirectly held by it prior to the issuance, nor shall CRSC repurchase such shares. (2) if CRHC violates the above undertakings, it will assume all legal liabilities arising therefrom. (3) if relevant laws, regulations and regulatory documents or other securities regulatory authorities such as China Securities Regulatory Commission and Shanghai Stock Exchange have other requirements for the lock-up period of shares, CRHC agrees to adjust the lock-up period of CRSC's shares held by it accordingly.	Time of undertakings: 15 April 2019; term: within 12 months from the date of the listing of CRSC's A shares	Yes	Yes	-	-

## SECTION V SIGNIFICANT EVENTS

Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time and term of undertakings	Is there a term for performance	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan in the next step
Undertakings associated with the initial public offering	Restricted shares	Broker collective assets management plans set up by senior management and core employees participating in the strategic placement	Broker collective assets management plans set up by senior management and core employees participating in the strategic placement, have made the following undertakings in respect of shares lockup: the employee stock ownership plan agrees that the final shares of strategic placement will be locked up for 12 months from the date of the listing of the shares issued.	Time of undertakings: 21 June 2019; term: within 12 months from the date of the listing of CRSC's A shares	Yes	Yes	-	-
Undertakings associated with the initial public offering	Profit distribution	CRSC	CRSC has made the following undertakings in respect of profit distribution policies: the Company will distribute profits to shareholders in strict accordance with the profit distribution policies stipulated by relevant laws and regulations, the Articles of Association of China Railway Signal & Communication Corporation Limited, and Dividend Distribution Plan within the Three Years after the Initial Public Offering and Listing of A Shares of CRSC (2019 - 2021), and strictly implement the review procedures for the profit distribution plan. If the violation of the above undertakings causes losses to the investors, the Company shall be liable to the investors according to law.	Time of undertakings: 15 April 2019; term: long-term effective	No	Yes	-	-

## SECTION V SIGNIFICANT EVENTS

Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time and term of undertakings	Is there a term for performance	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan in the next step
Undertakings associated with the initial public offering	Non-competition undertakings	CRSC Group	CRSC Group have made the following undertakings in respect of the non-competition undertakings: (1) as of the date of the issuance of letter of undertakings, CRSC Group and the holding enterprises of CRSC Group (excluding CRSC and its holding enterprises, same hereinafter) have not engaged in or participated in the businesses or activities that constitute or may constitute a direct or indirect competitive relationship with the principal business currently engaged in by CRSC and its holding enterprises in any form domestically or abroad. (2) CRSC Group and its holding enterprises do not, currently or in the future, solely or jointly with others, directly or indirectly, in any form (including but not limited to investment, merger and acquisition, associates, joint ventures, cooperation, partnership, contracting or leasing operation, purchase of shares of listed companies or equity participation) domestically or abroad engage in or participate in, or assist to engage in or participate in any businesses or activities which compete or is likely to compete with the principal business engaged currently or in the future by CRSC and its holding enterprises. (3) if CRSC Group or its holding enterprises find any new business opportunities which directly or indirectly compete or is likely to compete with the principal business of CRSC and its holding enterprises, they will immediately notify CRSC in writing and try their best to procure that these business opportunities are first provided to CRSC and its holding enterprises on reasonable and fair terms and conditions. (4) if CRSC and its	Time of undertakings: 15 April 2019; term: the letter of undertakings takes effect from the date of issuance and is terminated upon the occurrence of the following circumstances (whichever is earlier): CRSC Group is no longer the controlling shareholder of CRSC; CRSC terminates its listing (except for the temporary suspension of trading of CRSC's stock for any reason)	Yes	Yes	-	-

## SECTION V SIGNIFICANT EVENTS

If the undertaking fails to be performed timely, please explain the specific reasons for the failure

Whether or not timely and strictly performed

Is there a term for performance

Time and term of undertakings

Contents of undertakings

Party providing undertakings

Category of undertakings

Background of undertakings

holding enterprises waive the above new business opportunities and CRSC Group or its holding enterprises engage in these competitive businesses, CRSC and its holding enterprises have the right to acquire any equity, assets and other interests in the above-mentioned competitive business from CRSC Group or its holding enterprises at one or multiple times at any time, or choose to entrust operation, lease or contract to operate the assets or business of the above-mentioned competitive business in accordance with the PRC laws and regulations. (5) If CRSC Group or its holding enterprises intend(s) to transfer, sell, lease, license or otherwise transfer or permit to use the asset and business which competes or is likely to compete, directly or indirectly, with the principal business of CRSC and its holding enterprises, CRSC Group and its holding enterprises will provide priority transfer rights to CRSC and its holding enterprises. (6) CRSC Group will indemnify CRSC and its holding enterprises against all actual loss, damage and expenses suffered/occurred for CRSC Group or its holding enterprises' breach of any terms in the letter of undertaking. (7) the letter of undertakings takes effect from the date of issuance and is terminated upon the occurrence of the following circumstances (whichever is earlier): CRSC Group is no longer the controlling shareholder of CRSC; CRSC terminates its listing (except for the temporary suspension of trading of CRSC's stock for any reason)

## SECTION V SIGNIFICANT EVENTS

Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time and term of undertakings	Is there a term for performance	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please explain the specific reasons for the failure
Undertakings associated with the initial public offering	Related Party Transactions	CRSC Group	<p>CRSC Group have made the following undertakings in respect of regulating Related Party Transactions: (1) CRSC Group and the holding enterprises of CRSC Group (excluding CRSC and its holding enterprises, same hereinafter) will try their best to minimize the Related Party Transactions with CRSC and its holding enterprises. (2) for the Related Party Transactions related with operating activities of CRSC that are not avoidable, CRSC Group and the holding enterprises of CRSC Group will perform the decision-making procedures of Related Party Transactions to ensure fair pricing and timely fulfill information disclosure obligations with strict compliance with the relevant laws and regulations and regulatory documents as well as the relevant requirements in CRSC's internal system related with Related Party Transactions. (3) CRSC Group will not take advantage of its position as a controlling shareholder to seek any favorable conditions or benefits over independent third parties for CRSC Group and its holding enterprises from CRSC and its holding enterprises in business operation and other business. (4) CRSC Group will indemnify CRSC and its holding enterprises against all actual loss, damage and expenses suffered/occurred for CRSC Group and its holding enterprises' violation of above-mentioned undertakings. (5) the above-mentioned undertakings remain effective when CRSC Group has the control right over CRSC and cannot be changed or cancelled.</p>	Time of undertakings 15 April 2019; term: the letter of undertakings takes effect from the date of issuance and is terminated upon the occurrence of the following circumstances (whichever is earlier): CRSC Group is no longer the controlling shareholder of CRSC; CRSC terminates its listing (except for the suspension of trading of CRSC's stock for any reason)	Yes	Yes	-	-



## SECTION V SIGNIFICANT EVENTS

Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time and term of undertakings	Is there a term for performance	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan in the next step
Undertakings associated with the initial public offering	Others	CRSC	<p>CRSC has made the following undertakings in respect of restraints on failure to comply with relevant public undertakings: (1) if the relevant undertakings made publicly by the Company in the prospectus has already contained the restraints, such restraints specified in those undertakings shall prevail; if the Company breaches those undertakings, the Company agrees to adopt the restraints already specified in those undertakings. (2) if the Company fails to perform its undertakings, confirms that it is unable to perform or fails to perform as scheduled (except for the objective reasons beyond the control of the Company such as changes in relevant laws and regulations and policies, natural disasters and other force majeure), the Company will take the following measures: 1) publicly explain the specific reasons for the failure to perform, inability to perform or to perform as scheduled, the undertakings in the media designated by the CSRC; 2) make supplementary or substitute undertakings to the Company and its shareholders to protect the rights and interests of the Company and its shareholders as much as possible. 3) if the public investors suffer losses due to their reliance on the undertakings of the Company in transactions, the Company will compensate them in the way and amount determined by the securities regulatory authorities or judicial authorities. (3) in the event that the Company fails to perform its undertakings, confirms that it is unable to perform or fails to perform as scheduled due to objective reasons beyond the control of the Company such as changes in relevant laws and regulations and policies, natural disasters and other force majeure, the Company will take the following measures:</p> <p>1) publicly explain the specific reasons for the failure to perform, inability to perform or to perform as scheduled, the undertakings in the media designated by the CSRC; 2) make supplementary or substitute undertakings to the Company and its shareholders to protect the rights and interests of the Company and its shareholders as much as possible.</p>	Time of undertakings: 15 April 2019; term: long-term effective	No	Yes	-	-

## SECTION V SIGNIFICANT EVENTS

If the undertaking fails to be performed timely, please explain the specific reasons for the failure

Whether or not timely and strictly performed

Is there a term for performance

Time and term of undertakings

Contents of undertakings

Party providing undertakings

Category of undertakings

Background of undertakings

-

Yes

No

Time of undertakings: 15 April 2019; term: long-term effective

CRSC Group has made the following undertakings in respect of restraints on failure to comply with relevant public undertakings: CRSC Group will strictly implement the public undertakings made by CRSC Group in the prospectus for this issue and actively accept public supervision. (2) if the CRSC Group fails to fulfill its undertakings, confirms that it is unable to perform or fails to perform as scheduled (except for the objective reasons beyond the control of the Group such as changes in relevant laws and regulations and policies, natural disasters and other force majeure), the CRSC Group will take the following measures: 1) publicly explain the specific reasons for the failure to perform, inability to perform or to perform as scheduled, the undertakings in the media designated by the CSRC. 2) make supplementary or substitute undertakings to the CRSC and its shareholders to protect the rights and interests of the CRSC and its shareholders as much as possible. 3) in case of any gains (if any) due to the failure to perform the relevant undertakings, the gains shall be owned by CRSC. 4) if the public investors suffer losses due to their reliance on the undertakings of CRSC Group in transactions, the CRSC Group will compensate them in the way and amount determined by the securities regulatory authorities or judicial authorities. (3) in the event that the CRSC Group fails to perform its undertakings, confirms that it is unable to perform or fails to perform as scheduled due to objective reasons beyond the control of the CRSC Group such as changes in relevant laws and regulations and policies, natural disasters and other force majeure, the CRSC Group will take the following measures: 1) publicly explain the specific reasons for the failure to perform, inability to perform or to perform as scheduled, the undertakings in the media designated by the CSRC. 2) make supplementary or substitute undertakings to the CRSC and its shareholders to protect the rights and interests of the CRSC and its shareholders as much as possible.

CRSC Group

Others

Undertakings associated with the initial public offering

## SECTION V SIGNIFICANT EVENTS

Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time and term of undertakings	Is there a term for performance	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please state the plan in the next step
Undertakings associated with the initial public offering	Others	The Company's Directors, Supervisors and senior management	<p>The Company's Directors, Supervisors and senior management have made the following undertakings in respect of restraints on failure to comply with relevant public undertakings: (1) I will strictly perform the public undertakings made in the prospectus for this issue and actively accept public supervision. (2) If I fail to perform my undertakings, confirm that I am unable to perform or fail to perform as scheduled (except for the objective reasons beyond my control such as changes in relevant laws and regulations and policies, natural disasters and other force majeure), I will take the following measures: 1) publicly explain the specific reasons for the failure to perform, inability to perform or to perform as scheduled, the undertakings in the media designated by the CSRC. 2) make supplementary or substitute undertakings to the CRSC and its shareholders to protect the rights and interests of the CRSC and its shareholders as much as possible. 3) in case of any gains (if any) due to the failure to perform the relevant undertakings, the gains shall be owned by CRSC. 4) if the public investors suffer losses due to their reliance on my undertakings in transactions, I will compensate them in the way and amount determined by the securities regulatory authorities or judicial authorities; if I receive the salary from CRSC, I agree that CRSC can stop paying the salary to me and use it directly to perform my unfulfilled undertakings or to compensate for the loss caused to CRSC and its shareholders by my unfulfilled undertakings.</p> <p>(3) in the event that I fail to perform my undertakings, confirm that I am unable to perform or fail to perform as scheduled due to objective reasons beyond my control such as changes in relevant laws and regulations and policies, natural disasters and other force majeure, I will take the following measures: 1) publicly explain the specific reasons for the failure to perform, inability to perform or to perform as scheduled, the undertakings in the media designated by the CSRC. 2) make supplementary or substitute undertakings to the CRSC and its shareholders to protect the rights and interests of the CRSC and its shareholders as much as possible.</p>	Time of undertakings: 15 April 2019; term: long-term effective	No	Yes	-	-

## SECTION V SIGNIFICANT EVENTS

Background of undertakings	Category of undertakings	Party providing undertakings	Contents of undertakings	Time and term of undertakings	Is there a term for performance	Whether or not timely and strictly performed	If the undertaking fails to be performed timely, please explain the specific reasons for the failure	If the undertaking fails to be performed timely, please explain the specific reasons for the failure
Other Undertakings	Others	CRSC	The Company undertook to the Hong Kong Stock Exchange that the Company would not use the proceeds from the global offering, as well as any other funds raised through the Hong Kong Stock Exchange, to finance or assist any activities or business, directly or indirectly, (i) relating to or with the target of any sanction, or relating to, with, or in any countries subject to sanctions administered by the U.S., the E.U., Hong Kong, Australia or the U.N. authorities, or (ii) relating to CRSC International, one of the Company's subsidiaries, considering the amount of its annual revenue related to projects in Iran during the Track Record Period. In addition, the Company also undertook to the Hong Kong Stock Exchange that the Company would not undertake any sanctionable transactions that would expose the relevant persons or us to risk of being sanctioned.	28 July 2015; term: long-term effective	No	Yes	-	-
Other undertakings	Non-competition undertaking	CRSC Group	On 20 July 2015, CRSC Group issued to us a letter of non-competition undertakings, which is effective in the Relevant Period (as defined in the H share prospectus). Pursuant to the letter of non-competition undertakings, CRSC Group has confirmed that, as at the date of the letter of non-competition undertakings, CRSC Group has not engaged in or participated in any form of business activities which, directly or indirectly, compete with the Company's principal businesses. For further details of the letter of non-competition undertakings, please refer to the H share prospectus of the Company.	20 July 2015; term: the letter of undertakings takes effect from the date of issuance and is terminated upon the occurrence of the following circumstances (whichever is earlier): CRSC Group is no longer the controlling shareholder of CRSC; CRSC terminates its listing (except for the suspension of trading of CRSC's stock for any reason).	Yes	Yes	-	-

## SECTION V SIGNIFICANT EVENTS

- (II) If the Company has made profit forecasts for its assets or projects and the reporting period is still in the profit forecast period, explanation made by the Company in regard to whether the assets or projects have reached the profit forecasts and the reasons thereof

Reached  Not reach  Not applicable

- (III) Performance of result-related undertakings and the impact on test of goodwill impairment

Applicable  Not applicable

### IV. APPROPRIATION OF FUNDS AND SETTLEMENT PROGRESS DURING THE REPORTING PERIOD

Applicable  Not applicable

### V. EXPLANATION OF THE COMPANY ON ISSUANCE OF A “NON-STANDARD AUDITING REPORT” BY ACCOUNTING FIRMS

Applicable  Not applicable

### VI. THE COMPANY’S ANALYSIS AND EXPLANATION ON THE REASONS FOR AND IMPACTS OF CHANGES OF ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OR CORRECTION OF SIGNIFICANT ACCOUNTING ERRORS

- (I) The Company’s analysis and explanation on the reasons for and impacts of changes of accounting policies and accounting estimates

Applicable  Not applicable

- (II) The Company’s analysis and explanation on the reasons for and impacts of corrections of significant accounting errors

Applicable  Not applicable

- (III) Communication with the former accounting firm

Applicable  Not applicable

- (IV) Other explanations

Applicable  Not applicable

## SECTION V SIGNIFICANT EVENTS

### VII. APPOINTMENT AND REMOVAL OF ACCOUNTING FIRM

Unit: 0'000 Yuan Currency: RMB

	Appointed currently	
	Name	Remuneration
Name of the domestic accounting firm	Ernst & Young Hua Ming LLP	
Remuneration of the domestic accounting firm	690	
Service year limit of the domestic accounting firm	6 years	
Internal control audit accounting firm	Ernst & Young Hua Ming LLP	50
sponsor	China International Capital Corporation limited	–

#### Explanation on appointment and removal of accounting firms

Applicable  Not applicable

After consideration and approval by the Company's general meeting, it was agreed to reappoint Ernst & Young Hua Ming LLP as 2020 financial audit and internal control audit agency of the Company, paying a total of RMB7.4 million.

#### Explanation on change in the accounting firms during the auditing period

Applicable  Not applicable

## SECTION V SIGNIFICANT EVENTS

### VIII. EXPOSURE TO TERMINATION OF LISTING AND REASONS THEREFOR

Applicable  Not applicable

### IX. EVENTS REGARDING BANKRUPTCY AND RESTRUCTURING

Applicable  Not applicable

### X. MATERIAL LITIGATION AND ARBITRATION

The Company was involved in material litigation or arbitration in the year.  The Company was not involved in material litigation or arbitration in the year.

### XI. PUNISHMENTS AND RECTIFICATIONS INVOLVED BY THE LISTED COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER, ACTUAL CONTROLLER OR ACQUIRER

Applicable  Not applicable

### XII. EXPLANATION ON CREDIBILITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER DURING THE REPORTING PERIOD

Applicable  Not applicable

### XIII. INFORMATION ABOUT THE COMPANY'S SHARE INCENTIVE PLAN, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES AND THEIR IMPACTS

#### (I) General information of Share Incentive Plan

Applicable  Not applicable

## SECTION V SIGNIFICANT EVENTS

- (II) Relevant incentive events disclosed in the temporary announcements and with no progress or change in subsequent implementation

Applicable  Not applicable

Other explanations

Applicable  Not applicable

Employee stock ownership plan

Applicable  Not applicable

Other incentive measures

Applicable  Not applicable

### XIII. MATERIAL RELATED PARTY TRANSACTIONS

- (I) The related party transactions in relation to the ordinary operations

1. Events disclosed in the temporary announcements and with no progress or change in subsequent implementation

Applicable  Not applicable

2. Events disclosed in the temporary announcements but with progress or change in subsequent implementation

Applicable  Not applicable

3. Events not disclosed in temporary announcements

Applicable  Not applicable



## SECTION V SIGNIFICANT EVENTS

### (II) Related party transactions arising from acquisition or disposal of assets or equity interests

1. Events disclosed in the temporary announcements and with no progress or change in subsequent implementation

Applicable  Not applicable

2. Events disclosed in the temporary announcements but with progress or change in subsequent implementation

Applicable  Not applicable

3. Events not disclosed in the temporary announcements

Applicable  Not applicable

4. Where an agreement on performance is involved, the performance achievements during the reporting period shall be disclosed

Applicable  Not applicable

### (III) Significant related party transactions on the joint external investment

1. Events disclosed in the temporary announcements and with no progress or change in subsequent implementation

Applicable  Not applicable

2. Events disclosed in the temporary announcements but with progress or change in subsequent implementation

Applicable  Not applicable

3. Events not disclosed in temporary announcements

Applicable  Not applicable

## SECTION V SIGNIFICANT EVENTS

### (IV) Claims and liabilities between related parties

1. Events disclosed in the temporary announcements and with no progress or change in subsequent implementation

Applicable Not applicable

2. Events disclosed in the temporary announcements but with progress or change in subsequent implementation

Applicable Not applicable

3. Events not disclosed in temporary announcements

Applicable Not applicable

## SECTION V SIGNIFICANT EVENTS

### (V) Others

#### 1. EXEMPT CONTINUING CONNECTED TRANSACTIONS

The following continuing connected transactions of the Group have been entered into on normal commercial terms. Pursuant to Chapter 14A of the Hong Kong Listing Rules, such continuing connected transactions are exempt from the requirements of reporting, annual review, announcement and approval by independent shareholders under Chapter 14A of the Hong Kong Listing Rules.

##### *Property Leasing Framework Agreement between CRSC Group and the Company*

Connected Transaction Party	Connected Party Relationship	Category of Connected Transaction	Contents of Connected Transaction	Pricing Principle for Connected Transactions
CRSC Group	Controlling shareholder	Leasehold properties	Properties including leasehold land, houses, etc.	Pricing through agreement, with reference to market prices
CRSC Group	Controlling shareholder	Leased properties	Properties including leased land, houses, etc.	Pricing through agreement, with reference to market prices

Description of connected transactions: The two aforesaid transactions represented the performance of the new Property Leasing Framework Agreement renewed between the Company and CRSC Group on 20 December 2017 during the reporting period. The agreements are valid for three years and the transaction and the total transaction amount involved are within the decision-making authority of the Board of Directors of the Company and are reviewed and approved by the Board. Meanwhile, the annual transaction amount of the new Property Leasing Framework Agreement shall be exempted from the requirements of reporting, annual review, announcement and independent shareholders' approval as it conforms to the minimum exemption level required by the Hong Kong Listing Rules.

## SECTION V SIGNIFICANT EVENTS

### *Domain Name Usage Licensing Agreement between CRSC Group and the Company*

<b>Connected Transaction Party</b>	<b>Connected Relationship</b>	<b>Category of Connected Transaction</b>	<b>Contents of Connected Transaction</b>	<b>Pricing principle for connected transactions</b>
CRSC Group	Controlling shareholder	Obtain license to use domain name	Obtain License to use domain name "crsc.cn", "crsc.com.cn" and "crsc.中國"	Free

Description of connected transactions: The aforesaid transaction represented the performance of the Domain Name Usage Licensing Agreement renewed between the Company and CRSC Group on 19 July 2015 during the reporting period. The agreement is valid for ten years and the transaction is within the decision-making authority of the Board of Directors of the Company and is reviewed and approved by the Board. Meanwhile, the transaction shall be exempted from the requirements of reporting, annual review, announcement and independent shareholders' approval as it conforms to the minimum exemption level required by the Hong Kong Listing Rules.

### *Service Agreement between CRSC CASCO and ALSTOM IC*

<b>Connected Transaction Party</b>	<b>Connected Relationship</b>	<b>Category of Connected Transaction</b>	<b>Contents of Connected Transaction</b>	<b>Pricing principle for connected transactions</b>
ALSTOM IC	Substantial shareholders of non-wholly-owned subsidiaries	Receiving services	Receiving supportive services	Pricing through Agreement

Description of connected transactions: The aforesaid transaction represented the performance of the Service Agreement entered into by CRSC CASCO and ALSTOM IC on 27 April 2015 during the reporting period. The agreement is valid during the operation period of CRSC CASCO. The transaction and the aggregate transaction amount involved is within the decision-making authority of the Board of Directors of the Company and is considered and approved by the Board. Meanwhile, the transaction also meets the minimum level of exemption required under the Hong Kong Listing Rules and is exempt from the requirements of reporting, annual review, announcement and approval by independent shareholders.

## SECTION V SIGNIFICANT EVENTS

*U888 Technology Transfer Framework Agreement between CRSC CASCO and ALSTOM Transport S.A.*

<b>Connected Transaction Party</b>	<b>Connected Party Relationship</b>	<b>Category of Connected Transaction</b>	<b>Contents of Connected Transactions</b>	<b>Pricing Principle for Connected Transaction</b>
ALSTOM Transport S.A.	A company indirectly controlled by major shareholders of a non-wholly-owned subsidiary	Licensed technology usage	Accept the transfer of U888-related technology for the application of URBALIS888 solutions and manufacture and sales of UNIVIC and 2oo3Platform	Pricing through negotiation

Description of the connected transaction: The aforesaid transaction represented the performance of the U888 Technology Transfer Framework Agreement entered into between CRSC CASCO (a non-wholly-owned subsidiary) and ALSTOM Transport S.A. on 10 September 2008 during the reporting period. The Agreement is valid until 4 March 2023. The transaction and the aggregate transaction amount involved is within the decision-making authority of the Board of Directors of the Company and is deliberated and approved by the Board of Directors. Meanwhile, the transaction shall be exempted from the requirements of reporting, annual review, announcement and independent shareholders' approval as it conforms to the minimum exemption level required by the Hong Kong Listing Rules.

## SECTION V SIGNIFICANT EVENTS

*Technical Services Framework Agreements on Mutual Provision of Support among the Company, ALSTOM Transport S.A. and Alstom Transport Holdings*

<b>Connected Transaction Party</b>	<b>Connected Relationship</b>	<b>Category of Connected Transaction</b>	<b>Contents of Connected Transaction</b>	<b>Pricing Principle for Connected Transaction</b>
ALSTOM Transport S.A. and Alstom Transport Holdings	A company indirectly controlled by major shareholders of CRSC CASCO, a non-wholly-owned subsidiary	Providing services	Receiving technology services	Combined with market conditions and various factors
ALSTOM Transport S.A. and Alstom Transport Holdings	A company indirectly controlled by major shareholders of a non-wholly-owned subsidiary	Receiving services	Providing technology services	Combined with market conditions and various factors

Description of the connected transaction: The aforesaid transaction is the performance of the new Technical Services Framework Agreements entered into by and between the Company, ALSTOM Transport S.A. and Alstom Transport Holdings respectively on 20 December 2017 during the reporting period. The agreement is valid for three years. The transaction and the aggregate transaction amount involved is within the decision-making authority of the Board of Directors of the Company and is deliberated and approved by the Board of Directors. Meanwhile, the transaction shall be exempted from the requirements of reporting, annual review, announcement and independent shareholders' approval as it conforms to the minimum exemption level required by the Hong Kong Listing Rules.

## SECTION V SIGNIFICANT EVENTS

*General Services Framework Agreements among the Company, ALSTOM Transport S.A. and Alstom Transport Holdings*

<b>Connected Transaction Party</b>	<b>Connected Relationship</b>	<b>Category of Connected Transaction</b>	<b>Contents of Connected Transactions</b>	<b>Pricing Principle for Connected Transaction</b>
ALSTOM Transport S.A. and Alstom Transport Holdings	A company indirectly controlled by major shareholders of a non-wholly-owned subsidiary	Selling goods	Selling goods	Conform to the costs and combine with the market price
ALSTOM Transport S.A. and Alstom Transport Holdings	A company indirectly controlled by major shareholders of a non-wholly-owned subsidiary	Purchasing goods	Purchasing goods	Bidding procedure, refer to the market price, agreement pricing

Description of the connected transaction: The aforesaid transaction is the performance of the new ALSTOM General Services Framework Agreements entered into by and between the Company, ALSTOM Transport S.A. and Alstom Transport Holdings respectively on 20 December 2017 during the reporting period. The agreement is valid for three years. The transaction and the aggregate transaction amount involved is within the decision-making authority of the Board of Directors of the Company and is deliberated and approved by the Board of Directors. Meanwhile, the transaction shall be exempted from the requirements of reporting, annual review, announcement and independent shareholders' approval as it conforms to the minimum exemption level required by the Hong Kong Listing Rules.

## SECTION V SIGNIFICANT EVENTS

### 2. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The following continuing connected transactions of the Group have been entered into on normal commercial terms. Pursuant to Chapter 14A of the Hong Kong Listing Rules, such continuing connected transactions are subject to the requirements of reporting, annual review, announcement and (as the case may be) independent shareholders' approval under Chapter 14A of the Listing Rules. The following are disclosures made under Chapter 14A of the Listing Rules.

#### *Purchases and Sales Framework Agreement between the Company and CRSC Group*

Reference is made to the announcement of the Company dated 20 December 2017 in relation to, among other things, the CRSC Group Purchases and Sales Framework Agreement and the amount of annual caps thereunder entered into between the Company and CRSC Group on 20 December 2017. Considering that the terms of the CRSC Group Purchases and Sales Framework Agreement and the corresponding annual caps thereunder will all expire on 31 December 2020, and the Company will continue the transactions thereunder after 31 December 2020. The Company will make adjustments to the annual caps for the year of 2020 under the CRSC Group Purchases and Sales Framework Agreement based on our actual business needs. The Company entered into the New CRSC Group Purchases and Sales Framework Agreement with CRSC Group on 25 March 2020 (after trading hours), and proposed the annual caps for 2020, 2021 and 2022 thereunder to adjust and renew such continuing connected transactions. The New CRSC Group Purchases and Sales Framework Agreement shall be effective from 1 January 2020 to 31 December 2022 for a term of three years.

Principal terms:

- (1) Pricing policy (see below);
- (2) Except for public tender, both parties must confirm the demand plan for the next year or the demand adjustment plan of the current year on a stipulated date of each year;
- (3) The Group and CRSC Group and/or its associates must enter into specific agreements to stipulate specific terms and conditions, including specific content of products, quality standards and payment methods, in respect of the relevant products under the New CRSC Group Purchases and Sales Framework Agreement; and
- (4) The New CRSC Group Purchases and Sales Framework Agreement shall be effective from 1 January 2020 to 31 December 2022, and may be renewed with mutual consent after negotiation.



## SECTION V SIGNIFICANT EVENTS

Pricing policy:

The pricing of various products under the New CRSC Group Purchases and Sales Framework Agreement will be determined on the basis of market price, together with purchasing costs of materials, labor costs, manufacturing costs, management costs, financial costs, transportation and packaging costs incurred by sales, tax burden and profitability standards. The pricing of products provided by the Group to CRSC Group and/or its associates will be by reference to and subject to the terms of agreement between CRSC Group and/or its associates and the contractual party of the Overseas Project. CRSC Group will purchase products from the Group at the price agreed between itself and the contractual party of the Overseas Project and then supply the same to the contractual party of the Overseas Project, without making any profit.

As at the date on which the New CRSC Group Purchases and Sales Framework Agreement was signed, CRSC Corporation Group holds 62.37% of the issued share capital of the Company and is the controlling shareholder of the Company. Therefore, CRSC Group is a connected person of the Company. CRSC Group and its associates constitute connected persons of the Group according to the requirements under Chapter 14A of the Listing Rules. Accordingly, the continuing transactions carried out between the Group and CRSC Group and/or its associates under the New CRSC Group Purchases and Sales Framework Agreement constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Unit: Yuan Currency: RMB

Connected Transactions Counterparties	Connected Party Relationship	Category of Connected Transactions	Contents of Connected transactions	Pricing Principles for Connected Transactions	Amount of Connected Transactions	Connected Transaction Caps
CRSC Group	Controlling Shareholder(s)	Selling goods	Sell, among others, raw materials, excipients, accessories, components and parts, packaging materials, semi-finished products, finished products, commodities and related products	Determined on the basis of market price and by reference to the price agreed between the contractual parties of the Overseas Project	31,012,414.83	40,000,000.00
CRSC Group	Controlling Shareholder(s)	Purchasing goods	Purchase, among others, raw materials, excipients, accessories, components and parts, packaging materials, semi-finished products, finished products, commodities and related products	Determined on the basis of market price, together with costs and various factors	57,442,397.54	120,000,000.00

## SECTION V SIGNIFICANT EVENTS

Description of connected transaction: the aforesaid transactions was the performance of the new purchases and sales framework agreement entered into between the Company and CRSC Group on 25 March 2020 during the reporting period. The agreement is valid for three years, the transaction and the total transaction amount involved were within the decision-making authority of the Board of Directors of the Company and have been considered and approved by the same. In the meantime, the transaction satisfied the partial waiver level under the Hong Kong Listing Rules and was exempted from the approval by independent shareholders.

### *General Services Framework Agreement between the Company and CRSC Group*

Reference is made in relation to the General Services Framework Agreement and the amount of annual caps thereunder entered into between the Company and CRSC Corporation Group on 20 December 2017. Considering that the terms of the General Services Framework Agreement will expire on 31 December 2020 and the corresponding annual caps thereunder will expire on 31 December 2020, the Company will continue the transactions thereunder after 31 December 2020 and will adjust the annual caps for year 2020 under the General Services Framework Agreement based on our actual business needs. The Company entered into the New General Services Framework Agreement with CRSC Group on 25 March 2020 (after trading hours), and proposed the annual caps for 2020, 2021 and 2022 thereunder to adjust and renew the continuing connected transaction. The New General Services Framework Agreement shall be effective from 1 January 2020 to 31 December 2022 for a term of three years.

Principal terms:

- (1) Pricing policy (see below):
- (2) Except for public tender, both parties must confirm the demand schedule for the next year or the demand adjustment schedule of the current year on a stipulated date each year;
- (3) The Group and CRSC Group and/or its associates must enter into specific agreements to stipulate specific terms and conditions, including specific scope of ancillary services, service methods and payment methods, in respect of the relevant products under the New General Services Framework Agreement; and
- (4) The New General Services Framework Agreement shall be effective from 1 January 2020 to 31 December 2022 and may be renewed with mutual consent after negotiation.

## SECTION V SIGNIFICANT EVENTS

Pricing policy:

The logistics service fees provided by CRSC Group and/or its associates will be determined on the basis of service costs without making any profit in order to ensure that the service fees are fair and reasonable or more favourable to the Group than that obtained from an independent third-party.

Unit: Yuan Currency: RMB

Connected Transactions Counterparties	Connected Party Relationship	Category of Connected Transactions	Contents of Connected Transaction	Pricing Principles for Connected Transactions	Amount of Connected Transactions	Connected Transaction Caps
CRSC Group	Controlling shareholder(s)	Receiving services	General services including logistics services	Determined on the basis of service costs	1,328,825.48	50,000,000.00

Description of connected transaction: the aforesaid transactions was the performance of the New Purchases and Sales Framework Agreement entered into between the Company and CRSC Group on 25 March 2020 during the reporting period. The agreement is valid for three years, the transaction and the total transaction amount involved were within the decision-making authority of the Board of Directors of the Company and have been considered and approved by the same. In the meantime, the transaction satisfied the partial waiver level under the Hong Kong Listing Rules and was exempted from the approval by independent shareholders.

### *Construction Contracting Framework Agreement between the Company and CRSC Group*

Reference is made to the announcement of the Company dated 14 June 2019 in relation to, among other things, the Construction Contracting Framework Agreement entered into between the Company and CRSC Group on 14 June 2019 and the amount of annual caps thereunder. Considering that the terms of the Construction Contracting Framework Agreement will expire on 31 December 2020 and the corresponding annual caps thereunder will expire on 31 December 2020 and the Company will continue the transactions thereunder after 31 December 2020, and that, the Company will adjust the annual cap for year 2020 under the Construction Contracting Framework Agreement according to actual business needs. The Company entered into the New Construction Contracting Framework Agreement with CRSC Group on 25 March 2020 (after trading hours), and proposed the annual caps for 2020, 2021 and 2022 thereunder to adjust and renew the continuing connected transaction. The New Construction Contracting Framework Agreement shall be effective from 1 January 2020 to 31 December 2022 for a term of three years.

## SECTION V SIGNIFICANT EVENTS

Principal terms:

- (1) Pricing policy (see below);
- (2) Except for public tender, both parties must confirm the service demand schedule for the next year or the service demand adjustment schedule of the current year on a stipulated date of each year;
- (3) The Group and CRSC Group and/or its associates must enter into specific agreements to stipulate specific terms and conditions, including specific scope of engineering construction and ancillary services, service methods and payment methods, in respect of the engineering construction and ancillary services under the New Construction Contracting Framework Agreement; and
- (4) The New Construction Contracting Framework Agreement shall be effective from 1 January 2020 to 31 December 2022 and may be renewed with mutual consent after negotiation.

Pricing policy:

Pursuant to the New Construction Contracting Framework Agreement, the service fees for providing engineering construction and ancillary services to CRSC Corporation Group and/or its associates will be determined after arm's length negotiations with CRSC Corporation Group and/or its associates with reference to following major factors: (1) availability and cost of raw materials and equipment and machinery, labor, and subcontractors; (2) local guidance prices for the various raw materials and other construction costs provided by the Housing and Urban-Rural Development Bureaus; (3) project progress plans, complexity and scale of the construction project, and the potential adjustment of the scope of work; (4) the geographical location and environmental conditions of the project; and (5) for competitive bidding, assessment and analysis of the relevant functional departments of the Group based on relevant information of the competitors and specific project demand and the impact of the project on the Company's macro strategy. In order to ensure that the service fees charged by the Group for the provision of engineering contracting services are fair and reasonable and in line with the prevailing market prices, the Group will keep abreast of the current market rates and market conditions, and review the pricing through an independent third-party consulting agency. In addition, the Group will also refer to the fees previously charged for providing similar engineering contracting services to independent third-party customers.

## SECTION V SIGNIFICANT EVENTS

As at the date on which the New CRSC Group Purchases and Sales Framework Agreement was signed, CRSC Corporation Group holds 62.37% of the issued share capital of the Company and is the controlling shareholder of the Company. Therefore, CRSC Group is a connected person of the Company. CRSC Group and its associates constitute connected persons of the Group according to the requirements under Chapter 14A of the Listing Rules. Accordingly, the continuing transactions carried out between the Group and CRSC Group and/or its associates under the New Construction Contracting Framework Agreement constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Unit: Yuan Currency: RMB

Connected Transactions Counterparties	Connected Party Relationship	Category of Connected Transactions	Contents of Connected Transactions	Pricing Principles for Connected Transactions	Amount of Connected Transactions	Connected Transaction Caps
CRSC Group	Controlling Shareholder(s)	Providing Services	Provides, among others, project construction and ancillary services, including but not limited to project design and general contracting of construction	Third-party construction cost consulting agency reviews the charged fee in light of the market conditions and refer to the fees for providing services to third-party	623,074,836.36	750,000,000.00

Description of connected transaction: the aforesaid transactions was the performance of the construction contracting framework agreement entered into and between the Company and CRSC Group on 25 March 2020 during the reporting period. The agreement is valid for three years, the transaction and the total transaction amount involved were within the decision-making authority of the Board of Directors of the Company and have been considered and approved by the same. In the meantime, the transaction satisfied the partial waiver level under the Hong Kong Listing Rules and was exempted from the approval by independent shareholders.

### *Confirmation by Independent Non-executive Directors*

The independent non-executive Directors of the Company have reviewed the aforesaid continuing connected transactions and have confirmed that they have been entered into: in the ordinary and usual course of the Group's business; on normal commercial or better terms; on conditions no less favourable to the Company than those offered to or by (as the case may be) independent third parties, if it was not practical to make such judgement based on comparable transactions as to whether such transactions have been carried out on normal commercial terms; and in accordance with relevant agreements whose terms are fair and reasonable and in the interest of the shareholders of the Company as a whole.

## SECTION V SIGNIFICANT EVENTS

### *Auditor's Letter*

In accordance with Rule 14A.56 of the Hong Kong Listing Rules, the Company has engaged its auditor, Ernst & Young Hua Ming LLP (“Ernst & Young Hua Ming”), to report on the Group’s continuing connected transactions in accordance with Hong Kong Standards on Assurance Engagements 3000 “Assurance Business Other Than Audits or Reviews of Historical Financial Information” and Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accounts. Based on its work, Ernst & Young Hua Ming has provided the Board with a letter confirming that, with respect to the aforesaid continuing connected transactions:

- (a) nothing has come to Ernst & Young Hua Ming’s attention that causes it to believe that the aforesaid continuing connected transactions have not been approved by the Board;
- (b) in relation to the transactions involving products and services supplied by the Group, nothing has come to Ernst & Young Hua Ming’s attention that causes it to believe that the transactions have not followed the Group’s pricing policy in any material aspect;
- (c) nothing has come to Ernst & Young Hua Ming’s attention that causes it to believe that the transactions have not been carried out in any material aspect in accordance with the relevant agreements;
- (d) in relation to the aggregate amounts for each of the aforesaid continuing connected transactions, nothing has come to Ernst & Young Hua Ming’s attention that causes it to believe that the actual transaction amount of any of the aforesaid continuing connected transactions has not exceeded the cap determined by the Company for the year.

### XIV. MAJOR CONTRACTS AND PERFORMANCE

#### (I) Trust, contracting and leasing matters

##### 1. Trust

Applicable Not Applicable

##### 2. Contracting

Applicable Not Applicable

##### 3. Leasing

Applicable Not Applicable

## SECTION V SIGNIFICANT EVENTS

### (II) Guarantees

Applicable  Not applicable

Unit: Yuan Currency: RMB

#### External guarantees provided by the Company (excluding guarantees provided for its subsidiaries)

Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)	–
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)	–

#### Guarantees provided by the Company and its subsidiaries to its subsidiaries

Total guarantee to its subsidiary incurred during the reporting period	3,799,677,501.97
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)	5,928,438,573.63

#### Aggregate guarantee of the Company (including those provided to subsidiaries)

Aggregate guarantee (A+B)	5,928,438,573.63
Percentage of aggregate guarantee to net assets of the Company (%)	13.9

Representing:

Amount of guarantee provided for shareholders, actual controller and related parties (C)	–
Amount of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratio over 70% (D)	4,684,710,686.51
Excess amount of aggregate guarantee over 50% of net assets (E)	–
Aggregate amount of the above three categories (C+D+E)	4,684,710,686.51

## SECTION V SIGNIFICANT EVENTS

Statement on the contingent joint and several liability in connection with unexpired guarantee

Statement on guarantee

Percentage of the total guarantee amount to net assets of the Company = guarantee amount/equity attributable to owners of the parent company. As at the end of 31 December 2020, the balance of guarantee amounted to RMB5,928 million, accounting for 13.9% of the Company's net assets, of which, the balance of guarantees for wholly-owned subsidiaries was RMB5,922 million; the balance of guarantees for controlling subsidiaries was RMB6 million. The Company did not provide any guarantee for any of its controlling shareholders, actual controllers or related parties. As at the end of the reporting period, the balance of guarantee provided by the Company for its subsidiaries with an asset-liability ratio of more than 70% amounted to RMB4,685 million. (To be updated by colleagues from Funding Center).

Note: please refer to the attachment to this annual report for the details for the guarantee to subsidiaries incurred during the reporting period.

### (III) Entrusted Cash Asset Management

#### 1. Entrusted wealth management

##### (1) Overall picture about entrusted wealth management

Applicable  Not applicable

Unit: Yuan Currency: RMB0'000

Type	Sources of funds	Balance	Outstanding balance	Overdue amount
Cash management products of bank	Fundraising	270,000	270,000	—

*Other information*

Applicable  Not Applicable



## SECTION V SIGNIFICANT EVENTS

(2) *Individual entrusted wealth management*

Applicable  Not Applicable

*Other information*

Applicable  Not Applicable

(3) *Provision for impairment of entrusted wealth management*

Applicable  Not applicable

### 2. Entrusted loans

(1) *Overall picture about entrusted loans*

Applicable  Not applicable

*Other information*

Applicable  Not Applicable

(2) *Individual entrusted loan*

Applicable  Not Applicable

*Other information*

Applicable  Not Applicable

(3) *Provision for impairment of entrusted loans*

Applicable  Not Applicable

### 3. Other information

Applicable  Not Applicable

### (IV) Other Material Contracts

Applicable  Not Applicable

## SECTION V SIGNIFICANT EVENTS

### XV. EXPLANATION ON PROCESS IN USE OF PROCEEDS

✓ Applicable    □ Not applicable

Unit: Yuan    Currency: RMB0'000

Total proceeds 180,677  
 Total proceeds with use changed 364,562  
 Percentage of total proceeds with use changed (%) —

Promised investment projects	Projects already changed, including part of changes (if any)	Total promised investment amounts out of proceeds	Total investment after adjustments	Promised investment amount as of the end of the period ①	Investment amount for the year	Accumulated investment amount as of the end of the period ②	The difference between accumulated investment amount and promised investment amount as of the end of the period ③=②-①	Process of investment as of the end of the period (%) ④=②/①	Date of which projects reached expected available status	Efficiency achieved for the year	Whether achieved expected efficiency	Whether feasibility of projects change significantly
Advanced and intelligent technology research and development projects	No	460,000	—	460,000	61,296	65,181	-394,819	14.17	2023	Not applicable	—	No
Advanced and intelligent manufacturing base project	No	250,000	—	250,000	—	—	-250,000	—	—	Not applicable	—	No
Information construction project	No	30,000	—	30,000	1,381	1,381	-28,619	4.6	2022	Not applicable	—	No
Supplement liquidity	No	285,434	—	285,434	118,000	288,000	0	100	Not applicable	Not applicable	—	No
Total	—	1,035,434	—	1,035,434	180,677	364,562	-673,438	—	—	—	—	—

Reasons for not achieving scheduled process (depending on specific investment projects)  
 The advanced and intelligent manufacturing base project is mainly constructed and implemented by CRSC (Changsha) Railway Traffic Control Technology Co., Ltd., a wholly-owned subsidiary of the Company. The construction content includes R&D center, testing and experiment center, joint factory building, office building, etc.; products will mainly include high-voltage transformers electric cabinets and related products, trans, CTCSS-3 train control system, smart city complete sets of products, contact wires, cable products, etc. Up to now, the implementation progress of this project has been lagging behind, mainly due to the impact of the COVID-19 pandemic, and the implementation conditions of this project have changed compared with the previous ones. The products of this project have the characteristics of high technology content, energy saving, environmental protection, etc., are supported by national industrial policies, and are also in line with the development strategy of CRSC. The implementation of the project will consolidate CRSC's position in the domestic rail transit related industries, and rapidly promote the development of CRSC's power electrification products; improve the Company's design and manufacturing technology, and will also promote the development of related industries, increase employment and tax revenue, and promote local economic development with good social benefits. So far, the feasibility of the project has not undergone major changes. With the improvement of the pandemic situation, the Company will also actively promote the implementation of the project.

## SECTION V SIGNIFICANT EVENTS

Promised investment projects	Projects already changed, including part of changes (if any)	Total promised investment amounts out of proceeds	Total investment after adjustments	Promised investment amount as of the end of the period ①	Accumulated investment amount as of the end of the year	The difference between accumulated investment amount and promised investment amount as of the end of the period ③=②-①	Process of investment as of the end of the period (%) ④=②/①	Date of which projects reached expected available status	Efficiency achieved for the year	Whether achieved expected efficiency	Whether feasibility of projects change significantly
Explanation on significant changes to feasibility of project	Not applicable										
Initial investment and replacement of projects with funds raised	Not applicable										
Temporarily supplement working capital with idle proceeds	Not applicable										
Cash management against idle proceeds to invest on relevant products											
Permanently supplement liquidity with over-raised proceeds or repay bank loans	Not applicable										
Amount and reasons of proceeds balance	Not applicable										
Other use of proceeds	Not applicable										

On 28 August 2020, the Company held the 21st meeting of the third session of the Board to consider and approve the Proposal on Using Temporarily Idle Raised Funds for Cash Management (關於使用暫時閒置募資金進 行現金管理討論案), and agreed that the Company's use limit shall not exceed RMB2.7 billion (inclusive). The idle raised funds shall be used for cash management under the condition that it does not affect the progress of the investment plan of the raised funds, does not affect the normal production and operation of the Company, and ensures the safety of funds, and is used to purchase investment products with high security, good liquidity, and capital protection agreements (including but not limited to structured deposits, time deposits and large deposit certificates), and the maturity does not exceed 12 months. As of 31 December 2020, the balance of large deposit certificates was RMB2.7 billion, and a total of RMB125.81 million in cash management interest was obtained. No risks have been found in existing cash management products.

- Note: 1. A total of RMB612.96 million was invested in advanced and intelligent technology research and development projects from January to December 2020, of which RMB408.37 million was invested in research on advanced rail transit control systems and key technologies, and RMB53.07 million was invested in research on intelligent integrated operation and maintenance systems and technologies for rail transit, smart city and industry communication information system research invested RMB116.77 million, chip technology applicable to rail transit invested RMB16.79 million, and rail transit intelligent construction technology research invested RMB17.96 million.
2. As of 31 December, in the comparison table for the use of raised funds, the actual supplement working capital project investment amount was RMB2,980,000,000.00, including the total initial committed investment of RMB2,954,342,373.23 and the corresponding special bank account of RMB25,657,626.77 of current interest.

## SECTION V SIGNIFICANT EVENTS

### XVII. THE WORK ON SOCIAL RESPONSIBILITIES

#### (I) The Work of the Listed Company on Poverty Alleviation

Applicable Not applicable

##### 1. The plan of targeted poverty alleviation

Applicable Not applicable

The Company and CRSC Group, our controlling shareholder, undertook the designated poverty alleviation task in Sheqi county, Henan Province. According to the policies and arrangements of the poverty alleviation made by the CPC Central Committee and the State Council, as well as the SASAC's requirements for the designated poverty alleviation, we focused on the overall goal of the poverty alleviation in Sheqi county, adhered to the basic strategies of the targeted poverty alleviation, and helped Sheqi County to achieve poverty alleviation. The poverty incidence rate was dynamically "cleared" and the third-party evaluation of poverty alleviation was passed. (1) Carrying out poverty alleviation through industrial development. We attached great importance to the poverty alleviation through industrial development, increased inputs in industrial support, developed agricultural cooperatives, built poverty alleviation workshops, set up family farms, and help Sheqi County enhance its "blood-making" function. (2) Accelerating poverty alleviation through education. We carried out the activities of "Golden Autumn Aid" and "Caring for Orphans" to help fresh college students in Sheqi county who were registered to have lived in poverty receive higher education and to provide charitable assistance to orphans in the middle and primary school to improve their study environment. (3) Enhancing poverty alleviation through consumption. Poverty alleviation cadres actively expanded sales channels, encouraged social forces to participate in poverty alleviation, and established operation and management model of integration of supply-production-sale by taking agricultural products trading service companies in Sheqi as its platform, and built the "Internet +" sales model through strengthening the cooperation with E-commerce platforms, to enhance promotion efforts for poverty relief products. (4) Focusing poverty alleviation through healthcare. We continued to implement "the Project of Standing Together through Thick and Thin – Central Government-administered Enterprises Aid to Those with Emergencies and Difficulties" action, consistently carried out the activity of "presenting love and sending warmth", actively helped improve medical facilities in poverty-stricken areas and solved the problem of difficulties in getting medical services. (5) Paying attention to poverty alleviation through living standard increase. We invested in improving infrastructures in major poor villages, helping poor villages for renovating roads in villages, improving hygienic conditions of poor villages, improving waste and sewage

## SECTION V SIGNIFICANT EVENTS

treatment facilities, building cultural squares, leisure corridors, fitness plazas and other livelihood projects, and promoting green development in rural areas. (6) Highlighting poverty alleviation through Party's building. We allocated special Party funds to help poor villages to improve Party's building, carried out pairing assistance between the Party organizations of affiliated enterprises and the Party branches of poor villages, helped poor villages strengthen the Party branch's ability to organize, power to unite and energy to fight, and improved the basic governance of the village's "Two Committees". We trained grassroots cadres, organized training courses for grassroots cadres, leaders for becoming rich and technicians, and organized inspections and study of the experience of poverty alleviation and to improve their ability to get rid of poverty and become better off.

### 2. Summary of annual targeted poverty alleviation

Applicable Not applicable

The Company and its controlling shareholder, CRSC Group, bore in mind the mission, strengthened its organizational leadership, strictly performed its responsibilities, earnestly implemented the strategy of targeted poverty alleviation and poverty eradication to contribute to the removal of poverty from Sheqi County and the poverty-stricken masses to get rich. We focused on industrial assistance and has established 7 industrial projects in relation to poverty alleviation, including a mushroom cultivation base. We focused on financial support to poverty areas to sell agricultural products worth RMB1.36 million, which drove the industrial development in poverty areas. We focused on education support and built one hope primary school, assisted 82 college students from poverty families and 100 students who are orphans in education, and trained 323 poverty alleviation cadres and 357 agricultural technicians. We focused on health care assistance and donated one DR, which provided assistance to a population of 586 people who lived in poverty. We focused on Party building and improved the construction of basic Party organizations in 13 poverty villages, turning the advantages of Party building into a driving force for poverty alleviation. We focused on the livelihood of people who lived in poverty, specifically, we help poor villages build courtyard of happiness gathering and providing for the aged and installed solar street lights, in a view to contribute our force to building a beautiful country.

### 3. Effect of targeted poverty alleviation

Applicable Not applicable

## SECTION V SIGNIFICANT EVENTS

### 4. Subsequent targeted poverty alleviation plan

Applicable Not applicable

The Company and its controlling shareholder, CRSC Group, will earnestly implement the policies issued by the Central Party Committee in relation to consolidating and developing the achievements we have obtained in the poverty alleviation battle and effectively connected to the rural revitalization; continuously select and train cadres and the First Secretary of the village; and continue to implement “SIX” assistance measures to ensure that our efforts, work and vigor for poverty alleviation are not reduced, so as to continue to consolidate the achievements we have obtained in the poverty alleviation battle, and help rural revitalization.

### (II) Social Responsibility Work

For details, please refer to 2020 Social Responsibility Report of China Railway Signal & Communication Corporation Limited\* disclosed by the Company on the websites of SSE and the Hong Kong Stock Exchange on the same date.

### (III) ENVIRONMENTAL INFORMATION

#### 1. Explanation on environmental protection of companies and their significant subsidiaries classified as the key pollutant discharging units announced by the environmental protection department

Applicable Not applicable

##### (1) Pollutant discharging information

Applicable Not applicable

CRSC is an environmentally friendly “general class” enterprise with “low pollution emission”. Pollutant discharge is mainly divided into three categories: air pollutants, water pollutants and hazardous wastes. Air pollution emissions mainly include a small amount of nitrogen oxide and sulfur dioxide produced by boiler heating in the factory, and a small amount of volatile organic compounds (VOCS) in the production process; water pollution emissions mainly include ammonia nitrogen and chemical oxygen demand (COD); the hazardous waste is HW08, HW09, HW13, HW17, and HW49, mainly including the electroplating sludge and organic solvents produced during mechanical processing, organic solvent produced in the process of electronic product assembly and cable extrusion, and emulsions and waste oils generated during equipment maintenance. In 2020, the COD emission in sewage was 1.1 tons, the

## SECTION V SIGNIFICANT EVENTS

ammonia nitrogen emission was 0.26 ton, and the hazardous waste treatment capacity was 154.6 tons, maintaining a reasonable level, the air pollutant sulfur dioxide emission was 0.016 ton, and the nitrogen oxide emission was 0.749 ton. The discharge method of wastewater is mainly based on recycling, and unified discharge after complying with the standard treatment. The discharge method of VOCS and exhaust boiler is based on organized emission after adsorption treatment. All hazardous wastes are entrusted to professional enterprises with hazardous waste operation license, road transport of dangerous cargos license and other qualifications to handle. Enterprises in relation to fixed pollutants have submitted the application for and obtained new pollutants discharge licenses or completed the registration of the fixed pollutants source discharge. The discharge of major pollutants meets the discharge requirements stipulated by the state or local authorities

(2) *Construction and operation of pollution prevention and control facilities*

Applicable Not applicable

CRSC has effectively treated the discharge outlets of pollution sources produced in all links of the production process, and the pollution control equipment is running well. For the links involved in the production of VOCS by cable processing, mechanical product processing, and electronic product assembly in industrial enterprises, treatment devices, such as flue gas electronic purification systems, activated carbon purification systems, low temperature plasma and UV photolysis purification systems, are also equipped to ensure the standard emission of volatile organic gas. The additional and upgraded enterprise-level sewage treatment stations resulted in a substantial increase in sewage treatment capacity and strong monitoring of water pollution discharge indicators. Hazardous wastes shall be stored and managed strictly in accordance with regulations. In the process of transfer and disposal of hazardous wastes, the joint bills of hazardous wastes transfer shall be filled out in accordance with the provisions of the Administrative Measures on the Joint bills for the Transfer of Hazardous Wastes (《危險廢物轉移聯單管理辦法》), and qualified units shall be entrusted to carry out harmless and safe disposal according to law.

(3) *Environmental impact assessment and other administrative licenses in relation to environmental protection of construction projects*

Applicable Not applicable

In the implementation of construction projects, CRSC implements the Environmental Impact Assessment Law (《環境影響評價法》) and the “three simultaneous” system of simultaneous design, construction and operation of environmental protection facilities and main projects. The total amount of pollutants shall be controlled and the principle of focusing on prevention,

## SECTION V SIGNIFICANT EVENTS

combining prevention with treatment shall be implemented to treat and bury all kinds of pollutants generated so as to ensure the discharge up to the standard. CRSC has formulated the Administrative Measures for Safety and Environmental Protection of Construction Projects (《建設項目安全環保管理辦法》) to ensure that the construction projects obtained the local government's environmental assessment approval before the start of construction, and the environmental protection acceptance has been carried out in full accordance with the requirements of the Administrative Regulations on Environmental Protection of Construction Projects (《建設項目環境保護管理條例》).

(4) *Emergency plan for contingent environmental incidents*

Applicable  Not applicable

According to the Safe Production Contingency Management Measures (《安全生產應急管理辦法》) formulated by CRSC, CRSC has set up emergency organizations, classified emergency responsibilities at all levels, refined the classification of events, formulated emergency plans and conducted practical exercises, carried out relevant safety education and training, strengthened safety awareness and effectively improved the level of response to emergency.

(5) *Environmental self-monitoring program*

Applicable  Not applicable

CRSC strengthens the supervision and inspection of relevant enterprises' pollution sources. Each of relevant enterprises has formulated pollution discharge monitoring and management systems and third-party testing plans according to the actual conditions of the enterprise. In order to improve the monitoring effects, some enterprises have installed on-line monitoring system for wastewater and exhaust gas at the key pollutant discharge outlets as required, realizing 24-hour monitoring and warning of pollutant discharge and establishing a sound pollutant emission monitoring system.

(6) *Other environmental information that should be disclosed*

Applicable  Not applicable

According to the requirements of the local ecological environment department of the place where the enterprise is located, major pollutant discharging units of CRSC will disclose relevant information on the quantity of major pollutant emission and environmental treatment construction projects of the enterprises on the website of the local environmental protection department.



## SECTION V SIGNIFICANT EVENTS

2. Environmental protection of companies other than those classified as the key pollutant discharging units

Applicable  Not Applicable

3. Explanation of reasons for non-disclosure of environmental information by companies other than those classified as the key pollutant discharging units

Applicable  Not Applicable

4. Explanation of the follow-up progress of or changes in the disclosure of environmental information during the reporting period

Applicable  Not Applicable

(IV) Other explanation

Applicable  Not Applicable

## XVIII. CONVERTIBLE CORPORATE BONDS

Applicable  Not Applicable

## SECTION VI CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

### I. THE MOVEMENTS IN ORDINARY SHARE CAPITAL

#### (I) Table of changes in ordinary shares

##### 1. Table of changes in ordinary shares

Unit: Share

	Before the changes		Changes for the period (+, -)					After the changes	
	Number of shares	Percentage (%)	New shares	Bonus shares	Reserve transferred to shares	Others	Subtotal	Number of shares	Percentage (%)
I. Shares subject to trading moratorium	7,436,647,400	70.23	-	-	-	-796,220,976	-796,220,976	6,640,426,424	62.71
1. State-owned shares	-	-	-	-	-	-	-	-	-
2. State-owned legal person shares	7,107,826,000	67.12	-	-	-	-467,399,576	-467,399,576	6,640,426,424	62.71
3. Other domestic shares	328,821,400	3.11	-	-	-	-328,821,400	-328,821,400	0	0
Of which: Domestic non-state-owned legal person shares	328,821,400	3.11	-	-	-	-328,821,400	-328,821,400	0	0
Domestic natural person shares	-	-	-	-	-	-	-	-	-
4. Foreign shareholding	-	-	-	-	-	-	-	-	-
Of which: Overseas legal person shares	-	-	-	-	-	-	-	-	-
Overseas natural person shares	-	-	-	-	-	-	-	-	-
II. Circulating shares not subject to trading moratorium	3,153,171,600	29.77	-	-	-	+796,220,976	+796,220,976	3,949,392,576	37.29
1. RMB ordinary shares	1,184,370,600	11.18	-	-	-	+796,220,976	+796,220,976	1,980,591,576	18.70
2. Domestic listed foreign shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign shares	1,968,801,000	18.59	-	-	-	-	-	1,968,801,000	18.59
4. Others	-	-	-	-	-	-	-	-	-
III. Total number of ordinary shares	10,589,819,000	100.00	-	-	-	-	-	10,589,819,000	100.00

##### 2. Explanation on changes in ordinary shares

Applicable  Not applicable

The reason for the change in the share capital structure is that the shares subject to trading moratorium issued under the offline allotment of the IPO on 22 January 2020 were listed for trading and certain of the shares subject to trading moratorium issued under the IPO on 22 July 2020 were listed for trading.

##### 3. The impact of changes in ordinary shares on financial indicators such as earnings per share, net asset per share for the latest year and the latest period (if any)

Applicable  Not Applicable

## SECTION VI CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

### 4. Other disclosable contents that the Company deemed necessary or were required by securities regulatory authorities

Applicable  Not Applicable

### (II) Changes in Shares Subject to Trading Moratorium

Not Applicable  Not applicable

Unit: Share

Name of Shareholders	Number of shares subject to trading moratorium at the beginning of the year	Number of shares released from trading moratorium for the year	Number of new shares subject to trading moratorium for the year	Number of shares subject to trading moratorium at the end of the year	Reason for the trading moratorium	Date of release from trading moratorium
Offline allotment participants (92 accounts) Note	75,629,400	75,629,400	-	-	subject to trading moratorium under the offline allotment of the initial public offering	22 January 2020
China Railway Signal and Communication (group) Corporation Limited	6,604,426,424	-	-	6,604,426,424	subject to trading moratorium of the initial public offering	22 July 2022
China Chengtong Holdings Group Ltd.	63,507,192	63,507,192	-	-	subject to trading moratorium of the initial public offering	22 July 2020
China Reform Holdings Corporation Ltd.	63,507,192	63,507,192	-	-	subject to trading moratorium of the initial public offering	22 July 2020
China National Machinery Industry Corporation	63,507,192	63,507,192	-	-	subject to trading moratorium of the initial public offering	22 July 2020
CICC Jiacheng Investment Management Co., Ltd.	26,070,000	26,070,000	-	-	subject to trading moratorium of the initial public offering	22 July 2020

## SECTION VI CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

Name of Shareholders	Number of shares subject to trading moratorium at the beginning of the year	Number of shares released from trading moratorium for the year	Number of new shares subject to trading moratorium for the year	Number of shares subject to trading moratorium at the end of the year	Reason for the trading moratorium	Date of release from trading moratorium
CICC-Guangfa Bank-CICC Feng Zhong No. 1 collective assets management plan for employee participation in STAR MARKET strategic allotment	18,901,500	18,901,500	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
CICC-Guangfa Bank-CICC Feng Zhong No. 2 collective assets management plan for employee participation in STAR MARKET strategic allotment	44,713,112	44,713,112	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
CICC-Guangfa Bank-CICC Feng Zhong No. 3 collective assets management plan for employee participation in STAR MARKET strategic allotment	34,227,038	34,227,038	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
CICC-Guangfa Bank-CICC Feng Zhong No. 4 collective assets management plan for employee participation in STAR MARKET strategic allotment	1,621,102	1,621,102	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
CICC-Guangfa Bank-CICC Feng Zhong No. 5 collective assets management plan for employee participation in STAR MARKET strategic allotment	9,270,248	9,270,248	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
China CICC Wealth Management Securities Company Limited (Formerly known as China Investment Securities Co., Ltd.)	36,000,000	-	-	36,000,000	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2021
Guoxin Investment Co., Ltd.	85,470,000	85,470,000	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
China Railway Investment Co., Ltd.	34,188,000	34,188,000	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020

## SECTION VI CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

Name of Shareholders	Number of shares subject to trading moratorium at the beginning of the year	Number of shares released from trading moratorium for the year	Number of new shares subject to trading moratorium for the year	Number of shares subject to trading moratorium at the end of the year	Reason for the trading moratorium	Date of release from trading moratorium
Sinomach Capital Holdings Ltd.	23,677,500	23,677,500	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
Zhongdian Electronics Information Industry Investment Fund (Tianjin) Partnership (Limited Partnership)	23,677,500	23,677,500	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
Guangdong Hengjian Capital Management Co., Ltd.	23,677,500	23,677,500	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
Hunan Rail Transit Holding Group Co., Ltd.	23,677,500	23,677,500	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
Shandong Railway Development Fund Co., Ltd.	23,677,500	23,677,500	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
National Railway (Tianjin) Equity Investment Partnership (Limited Partnership)	11,839,000	11,839,000	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
China Railway Construction Corporation Limited	11,839,000	11,839,000	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020

## SECTION VI CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

Name of Shareholders	Number of shares subject to trading moratorium at the beginning of the year	Number of shares released from trading moratorium for the year	Number of new shares subject to trading moratorium for the year	Number of shares subject to trading moratorium at the end of the year	Reason for the trading moratorium	Date of release from trading moratorium
COSCO SHIPPING Development Co., Ltd.	11,839,000	11,839,000	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
Power Construction Corporation of China, Ltd.	11,839,000	11,839,000	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
CITIC Industrial Investment Group Corp., Ltd.	11,839,000	11,839,000	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
Sichuan Transportation Investment Innovation Development Co., Ltd	11,839,000	11,839,000	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
Sichuan Expressway Company Limited	11,839,000	11,839,000	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
New China Life Insurance Company Ltd.	11,839,000	11,839,000	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020

## SECTION VI CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

Name of Shareholders	Number of shares subject to trading moratorium at the beginning of the year	Number of shares released from trading moratorium for the year	Number of new shares subject to trading moratorium for the year	Number of shares subject to trading moratorium at the end of the year	Reason for the trading moratorium	Date of release from trading moratorium
China Life Insurance Company Ltd.	11,839,000	11,839,000	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
Huaxia 3-year Closed Operation Strategic Allocation Flexible Allocation Hybrid Securities Investment Fund (LOF)	11,839,000	11,839,000	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
Bosera Science Theme 3-year Closed Operation Flexible Allocation Hybrid Securities Investment Fund	11,839,000	11,839,000	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
SIG Asset Management Co., Ltd.	11,602,000	11,602,000	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
BOC Financial Asset Investment Co., Ltd.	6,037,500	6,037,500	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
China Southern Power Grid Capital Holdings Co., Ltd. (南方電網資本控股有限公司)	5,801,000	5,801,000	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
Minmetals Capital Holdings Limited (五礦資本控股有限公司)	3,552,000	3,552,000	-	-	subject to trading moratorium under the strategic allotment of the initial public offering	22 July 2020
<b>Total</b>	<b>7,436,647,400</b>	<b>796,220,976</b>	<b>-</b>	<b>6,640,426,424</b>	/	/

Note: For the details of the offline allotment accounts, please see the Schedule 1, Table of Lottery Results of the Offline Allotment (《網下配售搖號中籤結果表》), to the Announcement on the Results of the Initial Public Offering and the Listing on the STAR Market of China Railway Signal & Communication Corporation Limited issued on 19 July 2019 on the SSE (www.sse.com.cn).

## SECTION VI CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

### II. SECURITIES ISSUE AND LISTING

#### (I) Issue of Securities as at the Reporting Period

Applicable  Not applicable

Type of shares and their derivatives	Issue date	Issue price (or interest rate)	Issue number	Listing date	Number of shares permitted for listing and trading	Termination date of trading
Ordinary shares A Share	22 July 2019	RMB5.85	1,800,000,000	22 July 2019	1,800,000,000	–

Explanation on securities issue as at the reporting period (for bonds with different interest rates during the duration, please specify separately):

Applicable  Not applicable

For details, please refer to Section VI “Changes in Shares and Particulars of Shareholders” of this report.

#### (II) Changes in the Total Number of Ordinary Shares and Shareholders Structure of the Company and Changes in the Company’s Assets and Liabilities Structure

Applicable  Not applicable

### III. SHAREHOLDERS AND ACTUAL CONTROLLERS

#### (I) Total Number of Shareholders

Total number of ordinary shareholders as at the end of the reporting period (account)	116,263
Total number of ordinary shareholders at the end of the previous month before the disclosure date of annual report (account)	111,740
Total number of shareholders of preference shares with restored voting rights as at the end of the reporting period (account)	Not applicable
Total number of shareholders of preference shares with restored voting rights at the end of the previous month before the disclosure date of the annual report (account)	Not applicable

Numbers of depositary receipt holders

Applicable  Not applicable



## SECTION VI CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

### (II) Particulars of Shareholdings of the Top Ten Shareholders and the Top Ten Shareholders of Tradable Shares (or Shareholders Not Subject to Trading Moratorium) as at the End of the Reporting Period

#### Particulars of shareholdings of the top ten shareholders

Unit: share

Name of Shareholder (full name)	Change of shareholding during the reporting period	Number of shares held as at the end of the period	Percentage (%)	Number of shares held subject to trading moratorium	Number of restricted shares including lending shares for securities financing	Shares pledged or frozen		Nature of shareholder
						Status of shares	Number of shares	
China Railway Signal and Communication (group) Corporation Limited	-	6,604,426,424	62.37	6,604,426,424	6,604,426,424	No shares being pledged or froze	-	State-owned corporation
HKSCC NOMINEES LIMITED Note	-34,050	1,967,765,950	18.58	-	-	Unknown	-	Overseas corporation
China Merchants Bank Co., Ltd-ChinaAMC SSE STAR 50 Exchange Traded Fund	+67,306,740	67,306,740	0.64	-	-	Unknown	-	Unknown State-owned corporation
China National Machinery Industry Corporation Industrial and Commercial Bank of China Limited-E Fund SSE STAR 50 Exchange Traded Fund	-	63,507,192	0.60	-	-	Unknown	-	Other corporation
China Railway Investment Co., Ltd	-	34,188,000	0.32	-	-	Unknown	-	State-owned corporation
China Construction Bank Corporation-Huatai-PineBridge SSE STAR 50 Exchange Traded Fund	+27,079,538	27,079,538	0.26	-	-	Unknown	-	Other
Agricultural Bank of China Limited-ICBC Credit Suisse SSE STAR 50 Exchange Traded Fund	+26,388,995	26,388,995	0.25	-	-	Unknown	-	Other
Guangdong Hengjian Capital Management Co., Ltd.	-	23,677,500	0.22	-	-	Unknown	-	State-owned corporation
CETC Fund Management Co., Ltd. - Zhongdian Electronics Information Industry Investment Fund (Tianjin) Partnership (Limited Partnership)	-	23,677,500	0.22	-	-	Unknown	-	

## SECTION VI CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

### Particulars of shareholdings of the top ten Shareholders not subject to trading moratorium

Name of Shareholder	Number of circulating shares held not subject to trading moratorium	Type and number of shares	
		Type	Number
China Merchants Bank Co., Ltd -ChinaAMC SSE STAR 50 Exchange Traded Fund	67,306,740	RMB ordinary shares	67,306,740
China National Machinery Industry Corporation	63,507,192	RMB ordinary shares	63,507,192
Industrial and Commercial Bank of China Limited-E Fund SSE STAR 50 Exchange Traded Fund	35,061,146	RMB ordinary shares	35,061,146
China Railway Investment Co., Ltd.	34,188,000	RMB ordinary shares	34,188,000
China Construction Bank Corporation-Huatai-PineBridge SSE STAR 50 Exchange Traded Fund	27,079,538	RMB ordinary shares	27,079,538
Agricultural Bank of China Limited-ICBC Credit Suisse SSE STAR 50 Exchange Traded Fund	26,388,995	RMB ordinary shares	26,388,995
Guangdong Hengjian Capital Management Co., Ltd.	23,677,500	RMB ordinary shares	23,677,500
CETC Fund Management Co., Ltd-Zhongdian Electronic Information Industry Investment Fund (Tianjin) Partnership (Limited Partnership)	23,677,500	RMB ordinary shares	23,677,500
Hunan Rail Transit Holding Group Co., Ltd.	23,677,500		23,677,500
Explanation on the related party relationship or acting-in-concert arrangement among the above shareholders		China Railway Signal and Communication (group) Corporation Limited, the first largest shareholder, does not have any related party relationship with the other shareholders nor is it a person acting in concert with them. The Company is not aware whether the other shareholders have related party relationship or acting-in-concert arrangement.	
Explanation on the preference shareholders with voting right restored and their shareholdings		Not applicable	

### The top ten Shareholders subject to trading moratorium and conditions of such trading moratorium

✓ Applicable     Not applicable

## SECTION VI CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

Unit: share

No.	Name of Shareholder subject to trading moratorium	Number of Shares held subject to trading moratorium	Time available for listing and trading	Shares subject to trading moratorium available for listing and trading		Conditions of trading moratorium
				Number of additional shares available for listing and trading		
1	China Railway Signal and Communication (group) Corporation Limited	6,604,426,424	22 July 2022	—		36 months from the date when the Company's shares are listed at the SSE
2	China CICC Wealth Management Securities Company Limited (Formerly known as China Investment Securities Company Limited)	4,929,354	22 July 2021	—		24 months from the date when the Company's shares are listed at the SSE

Explanation on the related party relationship or acting-in-concert arrangement among the above shareholders

The Company is not aware whether the shareholders have related party relationship or acting-in-concert arrangement.

**Particulars of the top ten domestic depository receipts holders of the Company as at the end of the reporting period**

Applicable  Not applicable

**Number of shareholdings of the top ten holders of depository receipts subject to trading moratorium and conditions of such trading moratorium**

Applicable  Not applicable

**(III) Particulars of Top Ten Shareholders with Voting Rights as at the End of the Reporting Period**

Applicable  Not applicable

**(IV) Top 10 Shareholders from Strategic Investors or General Legal Persons Participating in the Placing of the New Shares/Depository Receipts**

Applicable  Not applicable

## SECTION VI CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

### (V) Strategic Placement of IPO

1. Particulars of shareholding of senior management and core employees by setting up a special asset management plan to participate in the strategic placement of IPO

Applicable  Not applicable

Unit: share

Name of Shareholder/holder	Number of allocated shares/ depositary receipts	Time available for listing and trading	Changes of number in the reporting period	Number of holdings of shares/ depositary receipts including lending shares for securities financing at the end of the period
CICC-Guangfa Bank-CICC Feng Zhong No. 1 collective assets management plan for employee participation in STAR MARKET strategic allotment	18,901,500	22 July 2020	13,853,292	5,048,208
CICC-Guangfa Bank-CICC Feng Zhong No. 2 collective assets management plan for employee participation in STAR MARKET strategic allotment	44,713,112	22 July 2020	33,697,437	11,015,675
CICC-Guangfa Bank-CICC Feng Zhong No. 3 collective assets management plan for employee participation in STAR MARKET strategic allotment	34,227,038	22 July 2020	26,687,733	7,539,305

## SECTION VI CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

Name of Shareholder/holder	Number of allocated shares/ depositary receipts	Time available for listing and trading	Changes of number in the reporting period	Number of holdings of shares/ depositary receipts including lending shares for securities financing at the end of the period
CICC-Guangfa Bank-CICC Feng Zhong No. 4 collective assets management plan for employee participation in STAR MARKET strategic allotment	1,621,102	22 July 2020	1,621,102	0
CICC-Guangfa Bank-CICC Feng Zhong No. 5 collective assets management plan for employee participation in STAR MARKET strategic allotment	9,270,248	22 July 2020	5,428,446	3,841,802

### 2. Particulars of shareholding of relevant subsidiaries of sponsors participating in the strategic placement of IPO

✓ Applicable     Not applicable

Unit: share

Name of Shareholder	Relationship with the sponsor	Number of allocated shares/ depositary receipts	Time available for listing and trading	Changes of number in the reporting period	Number of holdings of shares/ depositary receipts including lending shares for securities financing at the end of the period
China CICC Wealth Management Securities Company Limited (Formerly known as China Investment Securities Company Limited)	A wholly-owned subsidiary of the sponsor	36,000,000	22 July 2021	–	36,000,000

## SECTION VI CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

### (VI) Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares of the Company

#### Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares of the Company

As at 31 December 2020, so far as is known to the Directors, the following persons (other than the Directors, the Supervisors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and which were entered in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Class of shares	Capacity	Number of shares held	Approximate percentage of shares in the relevant class of shares of the Company	Approximate percentage of shares in the total issued shares of the Company
China Railway Signal and Communication (group) Corporation Limited	A shares	Beneficial owner	6,604,426,424 (Long position)	76.61%	62.37%
Shanghai Zhenhua Heavy Industries Co., Ltd. <sup>(1)</sup>	H shares	Interests in a controlled corporation	123,063,000 (Long position)	6.25%	1.16%
Shanghai Zhenhua Port Machinery (Hong Kong) Company Limited <sup>(1)</sup>	H shares	Beneficial owner	123,063,000 (Long position)	6.25%	1.16%
China Railway Group Investment (Hong Kong) Limited <sup>(2)</sup>	H shares	Beneficial owner	123,063,000 (Long position)	6.25%	1.16%
China Railway Engineering Corporation <sup>(2)</sup>	H shares	Interests in a controlled corporation	123,063,000 (Long position)	6.25%	1.16%
China Railway Group Limited <sup>(2)</sup>	H shares	Interests in a controlled corporation	123,063,000 (Long position)	6.25%	1.16%
China Railway International Group Co., Limited <sup>(2)</sup>	H shares	Interests in a controlled corporation	123,063,000 (Long position)	6.25%	1.16%
UBS Group AG <sup>(3)</sup>	H shares	Interests in a controlled corporation	101,344,033 (Long position)	5.15%	0.97%
	H shares	Interests in a controlled corporation	43,568,721 (Long position)	2.21%	0.41%
FIL Limited <sup>(4), (5)</sup>	H shares	Interests in a controlled corporation	99,606,000 (Long position)	5.06%	0.94%
Pandanus Partners L.P. <sup>(5)</sup>	H shares	Interests in a controlled corporation	99,606,000 (Long position)	5.06%	0.94%
Pandanus Associates Inc. <sup>(5)</sup>	H shares	Interests in a controlled corporation	99,606,000 (Long position)	5.06%	0.94%

## SECTION VI CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

Notes:

As at 31 December 2020, the number of issued shares of the Company was 10,589,819,000 shares, of which 1,968,801,000 shares were H shares and 8,621,018,000 shares were A shares.

1. Shanghai Zhenhua Heavy Industries Co., Ltd. had interests in such shares through Shanghai Zhenhua Port Machinery (Hong Kong) Company Limited.
2. China Railway Engineering Corporation had interests in such shares through China Railway Group Limited, China Railway International Group Co., Limited and China Railway Group Investment (Hong Kong) Limited.
3. UBS Group AG had interests in such shares through the corporations it directly or indirectly held, of which one H share (short position) was derived from listed and kind settled derivatives, and of which 1,251,000 H shares (short position) were derived from unlisted and cash settled derivatives.
4. FIL Limited had interests in such shares through the corporations it directly or indirectly held.
5. Pandanus Associates Inc. had interests of 37.01% in FIL Limited through Pandanus Partners L.P. and had interests in such shares held by FIL Limited.

Save as disclosed above, as at 31 December 2020, the Directors were not aware of any persons (other than the Directors, the Supervisors or chief executives of the Company) who had interests and/or short positions in the shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and which were entered in the register required to be kept by the Company pursuant to section 336 of the SFO.

## SECTION VI CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

### IV. THE CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

#### (I) Controlling Shareholder

##### 1 Legal person

Applicable  Not applicable

Name China Railway Signal and Communication (group) Corporation Limited

Leader or legal representative ZHOU Zhiliang

Date of establishment 7 January 1984

Main business Business scope: Dispatching expatriate labor required to undertake overseas projects that are compatible with the company's strength, scale, and performance; production of railway (including subway) equipment used in communications, signals, electricity, and automatic control; scientific research, survey, design, installation and construction of the afore-said projects, as well as construction of supporting projects thereof; import and export businesses; contracting overseas railways and electricity projects and international tender projects in PRC; contracting survey, consultation, design and supervision of the afore-said overseas projects; survey, design, installation, construction and ancillary building construction of communication, signal, electricity, and automatic control projects of roadway traffic, airport, port, industrial and mining enterprises; technical consultation and technical services related to the afore- said projects; leasing of the equipment and self-owned building. (Enterprises can freely choose the operating projects and carry out business activities according to laws; projects subject to approval according to laws shall be launched to carry out business activities with approval of the competent authorities and based on the content of the approval; business activities of the forbidden and restricted projects as required by the municipal industry policies are not allowed.)

Equity in other domestic and overseas listed companies controlled and invested during the reporting period China Railway Signal and Communication (group) Corporation Limited holds 36,686,852 RMB ordinary shares of Tianjin Keyvia Electric Co., Ltd. (stock code: 300407). The shareholding percentage is 12.03%.

Other explanations None



## SECTION VI CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

2 Natural person

Applicable  Not applicable

3 Special explanation for absence of the Company's controlling shareholder

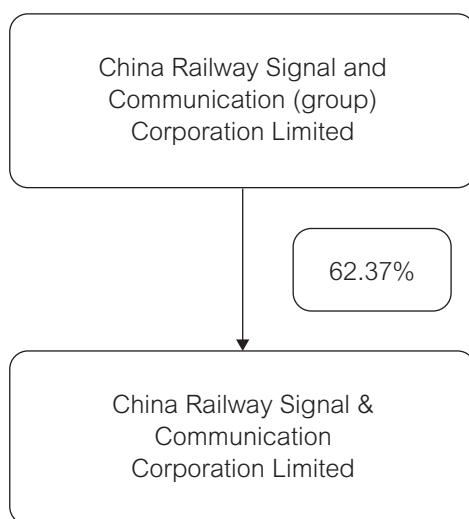
Applicable  Not applicable

4 Index and date of changes in controlling shareholder during the reporting period

Applicable  Not applicable

5 Diagram of the property rights and control relationship between the Company and the controlling shareholder

Applicable  Not applicable



## SECTION VI CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

### (II) Actual Controllers

#### 1 Legal person

Applicable  Not applicable

Actual controller of the Company – State-owned Assets Supervision and Administration Commission of the State Council, which is the ministry level institution directly under the State Council, and was set up in accordance with the Institutional Reform Plan of the State Council and the Notice of the State Council on Establishment of Institutions passed at the First Session of the 10th National People's Congress. The State-owned Assets Supervision and Administration Commission is authorized by the State Council to perform its duties as an investor on behalf of the State. The scope of supervision of the State-owned Assets Supervision and Administration Commission extends to the state-owned assets of central government owned enterprises (excluding financial enterprises).

#### 2 Natural person

Applicable  Not applicable

#### 3 Special explanation for absence of the Company's actual controllers

Applicable  Not applicable

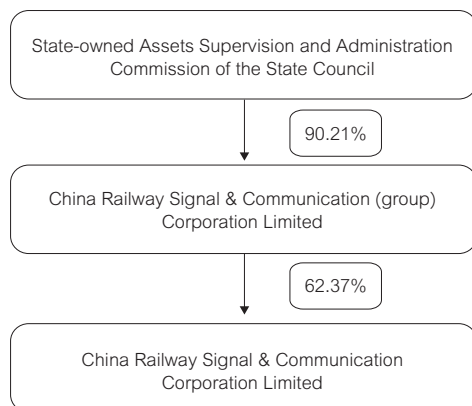
#### 4 Index and date of changes in actual controllers during the reporting period

Applicable  Not applicable

## SECTION VI CHANGES IN SHARES AND PARTICULARS OF SHAREHOLDERS

- 5 Diagram of the property rights and control relationship between the Company and the actual controllers

Applicable  Not applicable



- 6 Controlling the Company by the actual controllers through trust or other asset management methods

Applicable  Not applicable

### (III) Other Information of Controlling Shareholder and Actual Controllers

Applicable  Not applicable

### V. OTHER LEGAL PERSON HOLDING MORE THAN 10% OF THE SHARES

Applicable  Not applicable

### VI. EXPLANATION OF RESTRICTIONS ON REDUCTION OF HOLDING OF SHARES/DEPOSITARY RECEIPTS

Applicable  Not applicable

### VII. IMPLEMENTATION AND CHANGES OF ARRANGEMENTS RELATED TO DEPOSITARY RECEIPTS DURING THE REPORTING PERIOD

Applicable  Not applicable

### VIII. SHARES WITH SPECIAL VOTING RIGHTS

Applicable  Not applicable

## SECTION VII PARTICULARS OF PREFERENCE SHARES

Applicable  Not applicable

# SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

## I. CHANGES IN SHAREHOLDING AND REMUNERATION

### (I) The Changes in Shareholding and Remunerations of Current and Resigned Directors, Supervisors, Senior Management and Core Technicians During the Reporting Period

✓Applicable  Non Applicable

Unit: share

Name	Position (note)	Core technicians or not	Gender	Age	Start date of term of office	Termination date of office	Shareholding at the beginning of the year	Shareholding at the end of the year	Changes in shareholding during the year	Reason for change	Total before-tax remuneration obtained from the Company during the reporting period (RMB0'000)	Whether to receive any remuneration from any related party of the Company
ZHOU Zhiliang	Executive Director, Chairman	no	male	56	January 2012	August 2021	-	-	-	-	63.77	no
XU Zongxiang	Executive Director President	no	male	58	February 2020 December 2019	August 2021	-	-	-	-	46.44	no
YANG Yongsheng	Executive Director	no	male	52	August 2018	August 2021	-	-	-	-	50.27	no
CHEN Jintan	Independent Non-executive Director	no	male	66	May 2015	August 2021	-	-	-	-	6	no
CHAN Ka Keung Peter	Independent Non-executive Director	no	male	69	August 2018	August 2021	-	-	-	-	13.1	no
YAO Guiqing	Independent Non-executive Director	no	male	65	August 2018	August 2021	-	-	-	-	6	no
GUO Yongrong	Non-executive Director	no	male	57	March 2021	August 2021	-	-	-	-	0	no
KONG Ning	Chairman of the Supervisory Committee	no	male	56	March 2020	August 2021	-	-	-	-	34.8	no
LI Tianan	Supervisor	no	female	51	February 2020	August 2021	-	-	-	-	-	no
CHEN Shikui	Supervisor	no	male	49	February 2020	August 2021	-	-	-	-	48	no
HU Shaofeng	Employee Representative Supervisor	no	male	53	August 2018	August 2021	-	-	-	-	57.4	no
ZHAO Xiaodong	Chief Accountant	no	male	46	July 2016	-	-	-	-	-	57.4	no
HUANG Weizhong	Vice President	no	male	55	January 2019	-	-	-	-	-	57.4	no
	Vice President	no	male	55	April 2013	-	-	-	-	-	57.4	no

## SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Position (note)	Core technicians or not	Gender	Age	Start date of term of office	Termination date of term of office	Shareholding at the beginning of the year	Shareholding at the end of the year	Changes in shareholding during the year	Reason for change	Total before-tax remuneration obtained from the Company during the reporting period (RMB0 000)	Whether to receive any remuneration from any related party of the Company
ZHANG Zhihui	Vice President Chief Engineer	Yes	male	45	January 2019	-	-	-	-	-	57.4	no
QIU Wei	Secretary to the Board	no	female	47	October 2016	-	-	-	-	-	50.45	no
FU Gang	Chief Engineer of CRSC Research & Design Institute Group Co., Ltd. (CRSCD)	Yes	male	40	July 2018	April 2020	-	-	-	-	78.4	no
IMA Lilan	Vice President of Beijing CRSC Research & Design Institute Group Co., Ltd. (CRSCD)	Yes	female	54	June 2009	-	-	-	-	-	75	no
JIANG Ming	Deputy Chief Engineer of CRSC Research & Design Institute Group Co., Ltd. (CRSCD)	Yes	male	43	February 2017	-	-	-	-	-	90	no
LIU Zhen	Chief Engineer of the Basic Equipment Technology Research Institute of CRSC Research & Design Institute Group Co., Ltd. (CRSCD)	Yes	male	40	June 2017	June 2020	-	-	-	-	110	no
LUO Jing	Dean of the Basic Equipment Technology Research Institute of CRSC Research & Design Institute Group Co., Ltd. (CRSCD)	Yes	female	42	April 2018	July 2020	-	-	-	-	66	no
	Chairwoman of CRSC Institute of Smart City Research & Design Information Group Company Ltd. (轨道交通信息集团有限公司)				April 2020	-	-	-	-	-		
	Director of Information Center of China Railway Signal & Communication Corporation Limited*				February 2020	-	-	-	-	-		

## SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Position (note)	Core technicians or not	Gender	Age	Start date of term of office	Termination date of office	Shareholding at the beginning of the year	Shareholding at the end of the year	Changes in shareholding during the year	Reason for change	Total before-tax remuneration obtained from the Company during the reporting period (RMB'000)	Whether to receive any remuneration from any related party of the Company
DENG Hongyuan	The Director, the Deputy General Manager and Chief Engineer of CRSC Urban Rail Transit Technology Co., Ltd.	Yes	male	46	May 2018	-	-	-	-	-	66.4	no
JIANG Jianhua	The Vice president of Technology of CASCO Signal Ltd.	Yes	male	54	January 2011	-	-	-	-	-	219.33	no
CUI Ke	The Chief Engineer of the Research & Design Institute of CASCO Signal Ltd.	Yes	male	50	January 2018	-	-	-	-	-	146.22	no
LI Hongyan	The Chief Engineer of Security Technology Branch of CRSC Communication & Information Group Company Ltd. (鐵道通信信息集團有限公司安防技術分公司)	Yes	male	42	April 2017	June 2020	-	-	-	-	35.09	no
WANG Xiangdao	The Deputy General Manager of CRSC Railway Vehicles Co., Ltd.	Yes	male	56	May 2015	-	-	-	-	-	20.73	no
WANG Jiajie	The Director and Chief Engineer of CRSC Railway Vehicles Co., Ltd.	no	male	70	May 2015	January 2021	-	-	-	-	6	no
TIAN Liyan	Former Chairwoman of the Supervisory Committee	no	female	47	May 2015	February 2020	-	-	-	-	8.96	no
WU Zuowei	Former Supervisor	no	male	43	May 2018	February 2020	-	-	-	-	-	no
Total	/	/	/	/	/	/	/	/	/	/	1,470.56	/

## SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

- Notes:
1. “Total before-tax remuneration obtained from the Company during the reporting period” is the total before-tax remuneration obtained from the Company by the personnel in the table during their terms of office in 2020, excluding social insurance and annuities paid by the Company for individuals;
  2. The remuneration of Mr. XU Zongxiang as listed above includes one-month performance-related remuneration during the appraisal period of 2019, and the remaining 11 months of performance-related remuneration will be paid by his former employer CRRC;
  3. Mr. KONG Ning was appointed as a Supervisor in February 2020, and chairman of the supervisory committee in March 2020 (the remuneration as disclosed above is Mr. KONG Ning’s before-tax remuneration from February to December 2020), and Ms. TIAN Liyan no longer serves as the chairwoman of the supervisory committee;
  4. In February 2020, Ms. LI Tienan served as a Supervisor, and Mr. WU Zuwei ceased to serve as Supervisor;
  5. Ms. LI Tienan and Mr. WU Zuwei did not receive remuneration from the Company;
  6. In January 2021, Mr. WANG Jiajie ceased to serve as an independent non-executive Director because of his age;
  7. In March 2021, Mr. GUO Yonghong served as a non-executive Director and does not receive remuneration from the Company;
  8. Due to the difference in year, remuneration and statistical calibre for staff, the remunerations of persons in charge of the enterprises in the above table are inconsistent with those disclosed in the official website of the enterprise. Investors should pay attention to this.



## SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Major working experience
ZHOU Zhiliang	<p>Mr. ZHOU has been the Company's executive Director and chairman since January 2012 and is mainly responsible for overseeing the overall work of the Board and formulating the Company's business strategies and nomination of Directors and Senior Management. He has been the secretary of the Party Committee of the Company since June 2017. He has served as the Chairman of CRSC Group and the secretary of the Party Committee since May 2017. From January 2012 to May 2017, he served as the general manager and the deputy secretary of the Party Committee of CRSC Group. Mr. ZHOU was a vice president and a member of the Standing Committee of the Party Committee of China Railway Construction Corporation Limited (listed on the Hong Kong Stock Exchange, stock code: 1186; listed on the SSE, stock code: 601186) from October 2007 to January 2012, during which Mr. ZHOU served as the chairman of China Railway Construction Investment Group Co., Ltd. (中國鐵建投資有限公司) from March 2011 to January 2012. From December 2004 to October 2007, Mr. ZHOU was a deputy general manager and a member of the Standing Committee of the Party Committee of China Railway Construction Corp. (中國鐵道建築總公司). From November 2001 to December 2004, Mr. ZHOU was the director and deputy secretary of the Party Committee of MOR No.4 Survey &amp; Design Group Co., Ltd. (鐵道部第四勘察設計院). From January 2000 to November 2001, Mr. ZHOU served as the chairman of Labor Union of MOR No.4 Survey &amp; Design Group Co., Ltd. From November 1996 to January 2000, Mr. ZHOU served as the director at No.2 Railway Survey and Design Department(第二勘測設計研究處) of MOR No.4 Survey &amp; Design Group Co., Ltd.</p>
XU Zongxiang	<p>Mr. XU served as the president and executive Director of the Company since December 2019 and February 2020, respectively. He has served as the deputy Party secretary, director and general manager of CRSC Group since November 2019. Mr. XU successively held various positions in CRRC Corporation Limited from October 2012 to November 2019, including as an executive director from June 2017 to November 2019, a standing member of the Party Committee from May 2017 to November 2019, and a vice president and standing member of the Party Committee of CSR Corporation Limited from October 2012 to May 2015. He served as the deputy head of Zhuzhou Electric Locomotive Works, the director and general manager, director and general manager and deputy Party secretary, executive director and general manager and deputy Party secretary of CRRC Zhuzhou Locomotive Co., Ltd., a standing member of the Party Committee of CSR Group, and a deputy general manager of CRRC Group Co., Ltd.</p>

## SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Major working experience
YANG Yongsheng	<p>Mr. YANG has served as an executive Director of the Company since August 2018 and deputy secretary of the Party Committee of the Company since August 2017. He has been the adjunct professor of China Business Executives Academy, Dalian since June 2018. He has been the extramural tutor of the Executive Education of School of Economics Peking University since November 2017. He has been the deputy secretary of the Party Committee of CRSC Group since July 2017 and the employee representative director of CRSC Group since November 2017. Mr. YANG was the provisional secretary of the Party Committee and the Chairman of China Urban and Rural Construction Group Ltd. (中國城鄉建設集團有限公司) from April 2017 to July 2017. From February 2016 to April 2017, Mr. YANG was the secretary of the Party Committee and vice chairman of China Road &amp; Bridge Corporation. From December 2010 to February 2016, Mr. YANG served in several positions in China Communications Construction Company Limited, including serving as the deputy director of the general office, the general manager of the human resources department, the head of the organizational department of the Party Committee, the executive vice president of the management college and the executive deputy principal of the party school. Mr. YANG has been the vice director of the general manager department of Sinohydro Group Ltd. from March 2010 to December 2010. From July 1988 to July 2006, Mr. YANG served in several positions in No.5 Bureau of Sinohydro, including serving as the principal of the staff children secondary school, the director of the education department, the director of the human resources department, the head of the organizational department of the Party Committee, the director of the system reform office, vice director and the chief economist.</p>
CHEN Jin'en	<p>Mr. CHEN has been the independent non-executive Director since May 2015 and has held the position of director at China National Building Material Group Co., Ltd. from August 2016 to January 2021. He has served as a director of State Grid Corporation of China since July 2015. From March 2010 to August 2013, Mr. CHEN was the secretary of the Party Committee and vice chairman of China Energy Conservation and Environmental Protection Group (中國節能環保集團公司). Mr. CHEN has served as the independent non-executive director of Billion Industrial Holdings Limited (listed on the Stock Exchange, stock code: 2299) from September 2012 to March 2013. From 2001 to March 2010 Mr. CHEN also served several positions in China Energy Conservation and Environmental Protection Investment Co., Ltd. (中國節能環保投資公司), including serving as its secretary of the Party Committee and deputy general manager from October 2004 to March 2010, its vice chairman from September 2001 to October 2004. From November 2000 to September 2001, Mr. CHEN was the head of the working department of the supervisory committee of Central Work Committee for Enterprises (中央企業工委). From August 1998 to November 2000, Mr. CHEN was the deputy director of General Administration Office of Special Inspector of Ministry of Personnel (人事部稽查特派員總署辦公室). From July 1988 to August 1998, Mr. CHEN served as a deputy director, director and assistant supervisor of the Department of Title of Ministry of Personnel (人事部職稱司).</p>

## SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Major working experience
CHAN Ka Keung Peter	<p>He has served as an independent non-executive Director of the Company since August 2018. Mr. CHEN served as a non-executive director of Minmetals Resources Limited (listed on the Stock Exchange, stock code: 1208) since December 2019. He was the independent non-executive director of Metallurgical Corporation of China Ltd. (listed on the Stock Exchange, stock code: 1618; listed on the Shanghai Stock Exchange, stock code: 601618) from November 2014 to April 2020. He was the independent non-executive director of CRRC Corporation Limited (listed on the Stock Exchange, stock code: 1766; listed on the Shanghai Stock Exchange, stock code: 601766) from May 2015 to May 2018. Mr. CHAN served as a senior assistant of the Assurance Department, manager of the Tax Department and senior manager of China Service Department in Ernst &amp; Young Hua Ming LLP and the chief financial officer of Dransfield Group. Mr. CHAN served as a Beijing based partner, a Beijing-based managing partner of Tax and Investment Advisory Service Department and a managing partner of the NPA Transaction Advisory Service Department of Ernst &amp; Young Hua Ming LLP (special ordinary partnership) from January 1994 to December 2008. He served as a member of the executive committee of Hong Kong Chamber of Commerce in China, and served as the chairman of Hong Kong Chamber of Commerce in China in 2000 and 2003.</p>
YAO Guiqing	<p>Mr. YAO has served as an independent non-executive Director of the Company since August 2018. He served as a director of China General Technology Group Co., Ltd.(中國通用技術集團有限公司) since November 2018. He has served in several positions in China Railway Engineering Corporation from February 1990 to March 2018, including serving as its deputy secretary of the Party Committee, chairman of the labour union, employee representative director, general manager and vice chairman. From September 2007 to March 2018, Mr. YAO served in several positions in China Railway Group Ltd. (listed on the Stock Exchange, stock code: 390; listed on the Shanghai Stock Exchange, stock code: 601390), including serving as its vice president, deputy secretary of the Party Committee, chairman of the labour union, chairman of the supervisory committee and vice chairman; and he served as its executive director from August 2010 to March 2018. From December 1971 to February 1990, Mr. YAO served as the head of the organizational department of the committee of the Communist Youth League of China and the secretary to the committee of the Communist Youth League of China in Engineering No.3 Bureau of the Ministry of Railway* (中國鐵道部第三工程局).</p>

## SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Major working experience
GUO Yonghong	<p>Mr. GUO has been the independent non-executive Director since March 2021. He served as special external Director of Central Enterprises since August 2020. Mr. GUO Yonghong served as the chairman, secretary of the Party Committee and general manager of China Mobile Tietong Company Limited from March 2018 to August 2020, during which he served as the chairman and general manager of China Tietong Telecommunications Corporation from May 2018 to August 2020. From November 2015 to March 2018, he served as the chairman, general manager and a member of the Party Committee of China Mobile Group Chongqing Co., Ltd., during which he served as the secretary of the Party Committee from January 2017, and concurrently served as an executive director (from February 2018) and the general manager of Chongqing Communication Services Company* (重慶通信服務公司). From March 2008 to November 2015, he served as the chairman, general manager and a member of the Party Leadership Group of China Mobile Group Hubei Co., Ltd., during which he served as the secretary of the Party Leadership Group from March 2010 and the general manager of Hubei Communication Services Company from July 2011 to November 2015. From February 2007 to March 2008, he served as a director and the chief executive officer (CEO) of CMPak Limited. From July 2006 to June 2007, he served as the chairman, secretary of the Party Leadership Group and general manager of China Mobile Group Guizhou Co., Ltd., and from November 2000 to July 2006, he served as a director (from July 2001), deputy general manager and a member of the Party Leadership Group of Hebei Mobile Communication Company.</p>
KONG Ning	<p>Mr. KONG has served as a Supervisor of the Company since February 2020 and chairman of the Supervisory Committee since March 2020. He was a vice president of the Company from July 2016 to November 2019 and a member of the Standing Committee of the Party Committee of the Company from December 2010 to November 2019. He served as the Company's chief accountant from December 2010 to July 2016, and is mainly in charge of the financial work. Mr. KONG served as a member of the Standing Committee of the Party Committee of CRSC Corporation Group from December 2010 to November 2019. He served as the chief accountant of CRSC Group from November 2004 to May 2015. He served as the accountant in the finance department of China Huanqiu Contracting &amp; Engineering Co. Ltd. (中國寰球工程公司) and the head of finance department and the chief accountant of the HQCEC (HB) (華北規劃設計院) from August 2001 to November 2004. He served as deputy chief of financial department of Anhui Medicament Joint Venture Company (安徽省醫藥聯合經營公司) (renamed as Anhui Hua Shi Medicament Co., Ltd. (安徽華氏醫藥有限公司)) from April 1996 to August 2001.</p>

## SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Major working experience
CHEN Shikui	<p>Mr. CHEN has been the employee representative supervisor of the Company since August 2018. Since July 2020, he has been the director of risk management Center of the Company. He has been the head of the legal compliance department of the Company since July 2018. He has been a director of CRSC Construction Group Co., Ltd. (通號建設集團有限公司) since August 2016. He has served as the director of CRSC Communication &amp; Information Group Company Ltd. (通號通信信息集團有限公司) since February 2016. He has served as a supervisor of CRSC (Zhengzhou) Electrification Bureau Co., Ltd. (通號(鄭州)電氣化局有限公司) since May 2015. From November 2015 to July 2018, Mr. CHEN worked as the deputy head of the legal affairs department of the Company. From January 2010 to November 2015, Mr. CHEN served in several positions in Beijing National Railway Research &amp; Design Institute of Signal &amp; Communication Co., Ltd., including deputy general counsel, head of legal archives of the enterprise development and legal affairs department and head of enterprise development and legal affairs department. From August 2013 to November 2015, he was an assistant in the legal affairs department of the Company. From July 2007 to January 2010, he served as the assistant economist and economist of the eastern China region operation &amp; command department of China Railway 22nd Bureau Group Co., Ltd. From May 1997 to July 2007, Mr. CHEN worked in the People's Court of Heze City, Shandong Province and the People's Court of Mudan District, Heze City, Shandong Province.</p>

## SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Major working experience
LI Tienan	<p>Ms. LI served as an external Supervisor of the Company from February 2020. She has served as a supervisor of China Green Development and Investment Group Co., Ltd. since November 2020 and the general counsel of China Reform Asset Management Co., Ltd. (中國國新資產管理有限公司) since September 2020. She has served as the general manager of China Reform Asset Management Co., Ltd. (中國國新資產管理有限公司) since February 2020. She has served as the director of CRRC Corporation Limited since January 2020. Ms. LI served as the deputy general manager of China Reform Asset Management Co., Ltd. (中國國新資產管理有限公司) from March 2019 to February 2020. She has served as a supervisor of China Tower Corporation Limited (中國鐵塔股份有限公司) (listed on the Hong Kong Stock Exchange, stock code: 0788) since July 2019, a director of China Aviation Supplies Co., Ltd. (中國航空器材有限責任公司) since July 2019 and director of China Culture Development Corporation Ltd. (中國文化產業發展集團有限公司) since March 2019. She has been a director of Guoxin Ronghui Equity Investment Fund Management Co., Ltd. (國新融匯股權投資基金管理有限公司) since March 2019. Ms. LI served as a general manager of the legal department of CNIC Corporation Limited (國新國際投資有限公司) from September 2014 to March 2019, during which she also served as a general manager of the legal department of CNIC Consulting Corporation Limited (國新國際投資諮詢有限公司) from February 2017 to March 2019. Ms. LI served as a deputy general manager of the legal department of China Reform Holdings Corporation Ltd. (中國國新控股有限責任公司) from June 2011 to July 2014, during which she also served as a deputy general manager of the legal department of CNIC Corporation Limited (國新國際投資有限公司) from January 2013 to September 2014. Ms. LI served as a deputy general manager of the legal department of China National Coal Group Corp. (中國中煤能源集團有限公司) from April 2011 to June 2011, a general legal counsel and a director of the legal department of China Coal &amp; Coke Holdings Ltd. (中煤焦化控股有限責任公司) from August 2003 to April 2011, a contract director of the legal department of China National Coal Group Corp. (中國中煤能源集團有限公司) from December 2002 to August 2003, a lawyer of Jinde Law Firm from December 1999 to December 2002. and a First-level Superintendent of Pre-trial Division of Shenyang Public Security Bureau (瀋陽市公安局預審處) of Liaoning Province from August 1992 to December 1999.</p>

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Name	Major working experience
HU Shaofeng	<p>Mr. HU has served as the chief accountant and a member of the Standing Committee of the Party Committee of the Company since July 2016. He has served as the secretary to the Board of the Company since May 2013 to October 2019. He has served as a member of the Standing Committee of the Party Committee of CRSC Group since June 2016. From November 2016 to April 2020, he served as the director and vice chairman of Guangdong Utrust Financial Leasing Co., Ltd. (廣東粵財金融租賃股份有限公司). Mr. HU served as the director of CRSC Innovation Investment Company Ltd from August 2012 to February 2016. He served as the Company's deputy chief accountant from July 2012 to July 2016. Mr. HU served as deputy general manager, chief accountant and general counsel of China Railway Construction Heavy Industry Co., Ltd. (中國鐵建重工集團有限公司) from December 2011 to July 2012. Mr. HU served as the chief accountant and a member of the Standing Committee of the Party Committee of China Railway Track Systems Group Co., Ltd. (中鐵軌道系統集團有限公司) from May 2007 to December 2011. Mr. HU served as deputy chief accountant of the MOR No.4 Survey &amp; Design Group Co., Ltd. (鐵道部第四勘察設計院) from February 2004 to October 2006, as the director of financial department of the China Railway No. 4 Survey &amp; Design Group Co., Ltd. from February 2004 to April 2005, as the assistant to director and deputy director of financial department of the China Railway No. 4 Survey &amp; Design Group Co., Ltd. from February 2002 to February 2004.</p>
ZHAO Xiaodong	<p>Mr. ZHAO has served as a vice president of the Company since January 2019. He has held the positions of the member of the Standing Committee of the Party Committee at the Company and CRSC Group since December 2018. He has also served as the chairman of Beijing National Railway Research &amp; Design Institute of Signal &amp; Communication Co., Ltd. (CRSCD), a wholly-owned subsidiary of the Company, since April 2019. From October 2016 to December 2018, he served as an assistant to the president of the Company. From September 2015 to October 2016, he served several positions in CRSCD, including serving as a general manager, as director and as deputy secretary of the Party Committee. From November 2014 to September 2015, he held the positions of the deputy general manager and director at CRSCD, who is mainly in charge of the overall work of operation management. From July 2013 to November 2014, he served several positions in CRSCD, including serving as deputy general manager, as the dean of the Ground Control Research and Design Institute, the general manager of the System Integration Center and secretary of Party General Branch. From March 2012 to July 2013, he served as the dean of the Ground Control Research and Design Institute of CRSCD. From January 2011 to March 2012, he served as a director of CRSC Research &amp; Design Institute Station, during which period, he also served as manager of Beijing Guotie Xintong Technology Development Co., Ltd. (北京國鐵信通科技發展有限公司).</p>

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Name	Major working experience
HUANG Weizhong	Mr. HUANG has served as the vice president and a member of the Standing Committee of the Party Committee of the Company since April 2013. From November 2012 to September 2014, he served as the chairman of CRSCD, during which period, served as its secretary of the Party Committee. From November 2010 to November 2012, he served as the director and the general manager of CRSCD. From January 2004 to November 2010, he served as the vice president of CRSC Research & Design Institute. From December 1996 to January 2004, he served as the director of City Transport and Computer Application Research Institute of CRSCD.
ZHANG Zhihui	Mr. ZHANG has served as vice president of the Company since January 2019, and served as a member of the Standing Committee of the Party Committee of the Company since December 2018. Mr. ZHANG has been the chief engineer of the Company since October 2016. From November 2015 to October 2016, he served as the deputy chief engineer of the Company and the chief engineer of CRSCD. From March 2012 to November 2015, he served as the chief engineer and director of CRSCD. From June 2015 to November 2015, he also served as the dean of CRSCD Electrification Design Institute. From January 2005 to March 2012, he served as the director of CRSCD Signal Station.
QIU Wei	Ms. QIU has served as the secretary to the Board of the Company since October 2019. She has served as a director of China Railway Signal & Communication Shanghai Engineering Bureau Group Co., Ltd. (中國鐵路通信信號上海工程局集團有限公司) and a director of CRSC Urban Rail Transit Technology Co., Ltd. (通號城市軌道交通技術有限公司) since April 2020. She has served as the director of Guogai Shuangbai Development Fund Management Co., Ltd. (國改雙百發展基金管理有限公司) since July 2019. She has been the chairwoman of supervisory committee of CRSC Innovation Investment Co., Ltd. (通號創新投資有限公司) since February 2016. She has been the director of the development and planning department of the Company from September 2019 to February 2020. Ms. QIU served successively as the deputy director and director of the finance department of the Company from December 2012 to September 2019. Ms. QIU successively served as the head of the development and planning department and the head of the finance department of the Company from November 2008 to December 2012. She served as the manager of the finance department of Beijing Nera Stentofon Communication Equipment Co., Ltd. (北京挪拉斯特芬通信設備有限公司) from April 2003 to November 2008. Ms. QIU served as the audit supervisor of the supervision and audit department and an accountant of the funds settlement centre of China Railway Signal & Communication Corporation (中國鐵路通信信號集團公司, currently known as China Railway Signal and Communication (group) Corporation Limited (中國鐵路通信信號集團有限公司) from February 2001 to April 2003. Ms. QIU served successively as an assistant accountant of the finance department and an auditor of the audit department of China Railway Signal & Communication Company (中國鐵路通信信號總公司) from August 1995 to February 2001.



## SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Major working experience
FU Gang	<p>Mr. FU has served as the deputy secretary of the Party Committee (responsible for the work of the Party Committee), the director and the deputy general manager of CRSCD, a wholly-owned subsidiary of the Company, since April 2020. From July 2018 to April 2020, he served as the chief engineer of CRSCD. From February 2017 to July 2018, he served as assistant to general manager of CRSCD. He served as the senior engineer of CRSCD from January 2017 to February 2017; as the secretary to the General Party Branch and dean of the Signal &amp; Communication Design Institute of CRSC Research &amp; Design Institute Group Co., Ltd. from May 2016 to January 2017; as the dean of the Signal &amp; Communication Design Institute and the secretary to the General Party Branch of the Signal &amp; Communication Institute of CRSC Research &amp; Design Institute Group Co., Ltd. from July 2015 to May 2016; as the dean of the Signal &amp; Communication Design Institute and the secretary to the General Party Branch of the Signal &amp; Communication Institute of Beijing National Railway Research &amp; Design Institute of Signal &amp; Communication Co., Ltd. from October 2014 to July 2015; and as engineer, deputy director and director of the Technology Management Center, deputy dean, among other roles, of the Signal &amp; Communication Design Institute of Beijing National Railway Research &amp; Design Institute of Signal &amp; Communication Co., Ltd. from March 2011 to October 2014.</p>
MA Lilan	<p>Ms. MA has served as deputy chief engineer of CRSC Research &amp; Design Institute Group Co., Ltd., a wholly-owned subsidiary of the Company, since July 2015. Ms. MA served as the deputy chief engineer of CRSC Research &amp; Design Institute Group Co., Ltd. from March 2012 to July 2015, during which she also served as, among other roles, the director of the Quality Center and the chief engineer of the Signal &amp; Communication Institute; as the deputy chief engineer and director of General Engineer Office of the CRSC Research &amp; Design Institute from June 2009 to March 2012; She served as a senior engineer, deputy director of the General Engineer Office, director of the Technology Department and director of the General Engineer Office of CRSC Research &amp; Design Institute among other roles from December 1997 to June 2009.</p>

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Name	Major working experience
JIANG Ming	<p>Mr. JIANG has served as deputy chief engineer of CRSC Research &amp; Design Institute Group Co., Ltd., a wholly-owned subsidiary of the Company, since February 2017. Mr. JIANG served as chief engineer of Security Control Institute of CRSC Research &amp; Design Institute Group Co., Ltd. from May 2016 to November 2018; as chief engineer of Research Institute of CRSC Research &amp; Design Institute Group Co., Ltd. from July 2015 to May 2016; as chief engineer of Research Institute of Beijing National Railway Research &amp; Design Institute of Signal &amp; Communication Co., Ltd. from March 2012 to July 2015; he served as the dean of Research Institute of Beijing National Railway Research &amp; Design Institute of Signal &amp; Communication Co., Ltd. from December 2012 to October 2013; as engineer, senior engineer, chief engineer and among other roles of the R &amp; D Center of CRSC Research &amp; Design Institute from August 2007 to March 2012.</p>
LIU Zhen	<p>Mr. LIU has been the chief engineer of the Basic Equipment Technology Research Institute of CRSC Research &amp; Design Institute Group Co., Ltd. since June 2020, a wholly-owned subsidiary of the Company. He has been the chief engineer of the Basic Equipment Technology Research Institute of CRSC Research &amp; Design Institute Group Co., Ltd. from June 2017 to June 2020; as the senior engineer of CRSCD from January 2017 to June 2017; as the deputy director of Security Control Institute of the Hardware Research Institute of CRSCD from May 2016 to January 2017; as the deputy director of the Hardware Research Institute of CRSC Research &amp; Design Institute Group Co., Ltd. from January 2016 to May 2016 and as senior engineer of CRSC Research &amp; Design Institute Group Co., Ltd. from December 2012 to January 2016.</p>

## SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Major working experience
LUO Jing	<p>Ms. LUO has served as Party secretary and chairperson of CRSC Communication &amp; Information Group Company Ltd., a wholly-owned subsidiary of the Company since April 2020 and the director of Information Center of the Company since February 2020. From April 2018 to July 2020, she has been the chairman and Party branch secretary of CRSC Institute of Smart City Research &amp; Design Co., Ltd. Ms. LUO served as the vice chairperson and the head of Party organization of CRSC Institute of Smart City Research &amp; Design Co., Ltd., and director of Information Center and deputy director of the office of the Company from August 2016 to April 2018. From January 2016 to August 2016, she served as the deputy dean (chair) of the Smart City Engineering Research Institute (Information Center) and the deputy director of office of the Company, during which from February 2016 to August 2016, she served as a director of CRSC Communication &amp; Information Group Company Ltd., a wholly-owned subsidiary of the Company. From January 2015 to January 2016, she served as the director of Smart City Research &amp; Application Center of CRSC Communication &amp; Information Group Company Ltd. (通號通信信息集團有限公司智慧城市研究應用中心). From January 2014 to January 2015, she served as the deputy chief engineer of CRSC Communication &amp; Information Group Company Ltd., and the director of Smart City Research &amp; Application Center. From July 2013 to January 2014, she served as the deputy general manager and chief engineer of CRSC Information Industry Co., Ltd. From July 2009 to July 2013, she served successively as an assistant researcher, an associate researcher of Human Resource Development Center of Ministry of Housing and Urban-Rural Development (住房和城鄉建設部人力資源開發中心), and an associate researcher of China Academy of Urban Planning &amp; Design among other roles.</p>
DENG Hongyuan	<p>Since May 2018, Mr. DENG has served as a director, the deputy general manager and chief engineer of CRSC Urban Rail Transit Technology Co., Ltd., a wholly-owned subsidiary of the Company. From January 2017 to May 2018, he served as the deputy general manager and chief engineer of Beijing National Railway Research &amp; Design Institute of Signal &amp; Communication Co., Ltd. From April 2016 to January 2017, he served as the deputy chief engineer of Beijing National Railway Research &amp; Design Institute of Signal &amp; Communication Co., Ltd., during which he also served as the deputy general manager and chief engineer of Beijing Urban Transit Technology Co., Ltd. (北京通號國鐵城市軌道技術有限公司). From October 2014 to January 2015, he was the director of the Integration Center of Beijing National Railway Research &amp; Design Institute of Signal &amp; Communication Co., Ltd. He served successively as the deputy chief engineer, the chief engineer, the deputy branch dean, and the dean of the City Traffic Branch of Beijing National Railway Research &amp; Design Institute of Signal &amp; Communication (北京全路通信信號研究設計院城交分院) from September 2007 to December 2014, during which he also served as deputy general manager and deputy director of the Integration Center.</p>

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Name	Major working experience
JIANG Jianhua	Since January 2011, Mr. JIANG has served as the vice president of technology of the R&D Center of CASCO Signal Ltd., a subsidiary controlled by the Company. Since August 2019, he has served as a provisional member of the Party Committee of CASCO Signal Ltd. He has served as the vice president of technology of the Research & Design Institute of CASCO Signal Ltd. (卡斯柯信號有限公司研究設計院) since August 2015. From July 1998 to January 2011, he served successively as the deputy chief engineer and the chief engineer of CASCO Signal Ltd. From July 1988 to July 1998, he served successively as a software engineer, the deputy department manager and the department manager of the software department of CASCO Signal Ltd.
CUI Ke	Since January 2018, Mr. CUI has served as the chief engineer of the Research & Design Institute of CASCO Signal Ltd., a subsidiary controlled by the Company. From January 2014 to December 2017, he served as the urban rail product director of Urban Rail System Development Department of CASCO Signal Ltd.; from August 2010 to December 2013, he served as the urban rail technical director of R&D Department of CASCO Signal Ltd.; and from August 2000 to July 2010, he served as the department manager of the R&D Department of CASCO Signal Ltd.
LI Hongyan	Since June 2020, Mr. LI has served as the product manager of R&D center of CRSC Communication & Information Group Company Ltd., a wholly-owned subsidiary by the Company. Since April 2017 to June 2020, he has been the chief engineer of Security Technology Branch of CRSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司安防技術分公司). From January 2014 to April 2017, he served successively as the deputy chief engineer and chief engineer of CRSC Communication & Information Group Company Ltd. From September 2013 to July 2015, he served as the dean of Beijing Research Institute of CRSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司北京研究院). From January 2010 to September 2013, he served successively as the deputy manager and manager of the Technology Development Research Department of Beijing Guotie Huachen Communication Technology Co., Ltd. (北京國鐵華晨通信技術有限公司). From June 2006 to January 2010, he served successively as a senior engineer of the Engineering Technology Department (工程技術部) and the manager of Research & Development Department (研究開發部) of Beijing Nera Stentofon Communication Equipment Co., Ltd.

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Name	Major working experience
WANG Xiangtao	<p>Since August 2020, Mr. WANG has served as a director, the deputy general manager and chief engineer of CRSC Railway Vehicles Co., Ltd. Since May 2015, he has served as the deputy general manager of technology of CRSC Railway Vehicles Co., Ltd. From November 2016 to December 2020, Mr. WANG has been a director of CRSC Airbus Co., Ltd., a subsidiary invested by the Company. From May 2011 to April 2015, he served as the deputy general manager of technology of Xiangtan Electric Urban Rail Vehicle Co., Ltd. (湘電城軌車輛有限公司). From May 2009 to May 2011, he served as the deputy general manager of technology of Xiangtan Electric Urban Rail Equipment Co., Ltd. (湘電城軌裝備有限公司). From August 2007 to May 2011, he served as the institute director of the Vehicle Research Institute of Xiangtan Electric Heavy Equipment Co., Ltd. (湘電重型裝備有限公司車輛研究所), and as a supervisor of the same company. From June 2001 to August 2007, he served as the institute director of the Vehicle Research Institute of Xiangtan Electric Co., Ltd. From July 1985 to June 2001, he served as an engineer of the Technical Center of Xiangtan Electric Plant (湘潭電機廠技術中心)</p>
WANG Jiajie	<p>Mr. WANG has been the independent non-executive Director of the Company from May 2015 to January 2021. Mr. WANG is the arbitrator of China International Economic and Trade Arbitration Commission and the arbitrator of Beijing Arbitration Commission. From July 1999 to December 2010, Mr. WANG served in several positions in China General Technology (Group) Holding Co., Ltd. (中國通用技術(集團)控股有限責任公司), including serving as its general counsel from December 2004 to December 2010 and as the general manager of its legal department from July 1999 to December 2004. From December 1991 to July 1999, Mr. WANG also served in several positions in China National Technical Imp. &amp; Exp. Corp. (中國技術進出口總公司), including serving as the general manager of its legal department from November 1998 to July 1999; and the vice general manager of its legal department from December 1991 to November 1998.</p>

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Name	Major working experience
TIAN Liyan	<p>From May 2015 to February 2020, Ms. TIAN served as the chairwoman of the Supervisor Committee of the Company. From February 2016 to February 2020, Ms. TIAN has been the director of CRSC Innovation Investment Company Ltd. (通號創新投資有限公司). She has also served as the head of the audit department of the Company from May 2015 to September 2019 and the general counsel of the Company from September 2017 to December 2018. From August 2013 to July 2015, she served as general counsel of Beijing National Railway Research &amp; Design Institute of Signal &amp; Communication Co., Ltd. Ms. TIAN has served several positions in Thales Transport Automation Control Systems (Beijing) Co., Ltd. (北京泰雷茲交通自動化控制系統有限公司) from June 2012 to July 2015, including serving as its director from October 2013 to July 2015 and its supervisor from June 2012 to October 2013. From February 2007 to July 2015, she served as the chief accountant of CRSC Research &amp; Design Institute Group Co., Ltd. From November 2005 to February 2007, Ms. TIAN was a deputy chief accountant and head of the asset and finance department of CRSC Communication &amp; Information Group Company Ltd. From October 2005 to November 2005, Ms. TIAN was an accountant and deputy head of the asset and finance department of CRSC Communication &amp; Information Group Company Ltd. From July 1999 to October 2005, she served as an audit manager of the audit department of Deloitte Touche Tohmatsu CPA Ltd. (Beijing Branch).</p>
WU Zuowei	<p>From May 2018 to February 2020, Mr. Wu served as an external Supervisor of the Company. He has been the senior manager of the operation management department of China Reform Holdings Corporation Ltd since April 2020 and served as the head of the asset management division of the capital operation management department (subsequently renamed as the operation management department) of China Reform Holdings Corporation Ltd. from February 2018 to April 2020. Mr. WU served as a senior manager of the asset management department (subsequently renamed as the capital operation management department) of China Reform Holdings Corporation Ltd. from August 2012 to February 2018. He served as the deputy head of the strategic development department of Zhongbing Optoelectronics Technology Co., Ltd.* (中兵光電科技股份有限公司) (now known as North Navigation Control Technology Co., Ltd.* (中國兵器北方導航控制技術股份有限公司) and listed on the Shanghai Stock Exchange, Stock Code: 600435) from March 2011 to August 2012. He served as the deputy head of the operation planning department of Zhongbing Optoelectronics Technology Co., Ltd.* from May 2009 to March 2011. He successively served as a technician of the technology institute, a staff of the technical reform office, a staff of the development planning department, the deputy head of the asset management department, the deputy head of the asset operation department and the deputy head of the operation planning department of Beijing Huabei Optical Instrument Co., Ltd.* (北京華北光學儀器有限公司) from July 2002 to May 2009.</p>

## SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Other explanations

Applicable  Not Applicable

### (II) The Equity Incentives Granted to the Directors, Senior Management and Core Technicians during the Reporting Period

#### 1. Stock option

Applicable  Not Applicable

#### 2. The first type of restricted stocks

Applicable  Not Applicable

#### 3. The second type of restricted stocks

Applicable  Not Applicable

### (III) Directors', Supervisors' and the Company's Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 31 December 2020, none of the Directors, Supervisors or chief executives of the Company had any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") (including interests or short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Hong Kong Listing Rule, to be notified to the Company and the Hong Kong Stock Exchange.

### (IV) Securities Transactions Conducted by Directors and Supervisors

The Company has adopted a code of conduct no less exacting than that as provided in the Model Code as the code of conduct for all the Directors and Supervisors trading securities of the Company ("code of conduct"). All the Directors and Supervisors of the Company have confirmed that they have complied with the standards as stipulated by the code of conduct for the period ended 31 December 2020.

## SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### II. POSITIONS HELD BY CURRENT AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

#### (I) Positions Held in Shareholder Entities

✓ Applicable     Not Applicable

Name	Name of Shareholder Entity	Position held in the Shareholder Entity	Start date of term of office	Termination date of term of office
ZHOU Zhiliang	China Railway Signal and Communication (group) Corporation Limited	Secretary of the Party Committee, and Chairman	May 2017	–
XU Zongxiang	China Railway Signal and Communication (group) Corporation Limited	Deputy secretary of the Party Committee, Director, and general manager	November 2019	–
YANG Yongsheng	China Railway Signal and Communication (group) Corporation Limited	Deputy secretary of the Party Committee, Employee representative director	July 2017, November 2017	–
HU Shaofeng	China Railway Signal and Communication (group) Corporation Limited	A member of the Standing Committee of the Party Committee	June 2016	–
ZHAO Xiaodong	China Railway Signal and Communication (group) Corporation Limited	A member of the Standing Committee of the Party Committee	December 2018	–
Explanation on positions held in Shareholder entities		None		



## SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### (II) Positions Held in Other Entities

✓ Applicable    □ Not applicable

Name	Name of other entities	Positions held in other entities	Start date of term of office	Termination date of term of office
CHEN Jin'en	State Grid Corporation of China	Director	July 2015	June 2021
	China National Building Material Group Co., Ltd.	Director	August 2016	January 2021
CHAN Ka Keung Peter	Metallurgical Corporation of China Ltd.	Director	November 2014	April 2020
	MMG Limited	Director	December 2019	December 2022
YAO Guiqing	China General Technology Group Co., Ltd. (中國通用技術集團有限公司)	Director	November 2018	November 2021
GUO Yonghong	China Reform Holdings Corporation Ltd. (中國國新控股有限責任公司)	Special external Director of Central Enterprises	August 2020	–
CHEN Shikui	CRSC Construction Group Co., Ltd. (通號建設集團有限公司)	Director	August 2016	–
	CRSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司)	Director	February 2016	–
	CRSC (Zhengzhou) Electrification Bureau Co., Ltd. (通號(鄭州)電氣化局有限公司)	Supervisor	May 2015	–
LI Tienan	China Green Development and Investment Group Co., Ltd.	Supervisor	November 2020	–
	China Reform Asset Management Co., Ltd. (中國國新資產管理有限公司)	General Legal Adviser	September 2020	–
	China Reform Asset Management Co., Ltd. (中國國新資產管理有限公司)	General manager	February 2020	–
	CRRC Industrial Investment Co., Ltd. (中車產業投資有限公司)	Director	January 2020	–
	China Reform Asset Management Co., Ltd. (中國國新資產管理有限公司)	Deputy general manager	March 2019	February 2020
	China Northern Industry Co., Ltd. (中國北方工業有限公司)	Director	October 2019	–
	China Aviation Supplies Co., Ltd. (中國航空器材有限責任公司)	Director	July 2019	–
	China Tower Corporation Limited (中國鐵塔股份有限公司)	Supervisor	July 2019	–
	China Culture Development Corporation Ltd. (中國文化產業發展集團有限公司)	Director	March 2019	–
	Guoxin Ronghui Equity Investment Fund Management Co., Ltd. (國新融匯股權投資基金管理有限公司)	Director	March 2019	–

## SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Name of other entities	Positions held in other entities	Start date of term of office	Termination date of term of office
ZHAO Xiaodong	Beijing National Railway Research & Design Institute of Signal & Communication Co., Ltd. (北京全路通信信號研究設計院集團有限公司)	Chairman	April 2019	–
QIU Wei	CRSC Urban Rail Transit Technology Co., Ltd. (通號城市軌道交通技術有限公司)	Director	April 2020	–
	China Railway Signal & Communication Shanghai Engineering Bureau Group Co., Ltd. (中國鐵路通信信號上海工程局集團有限公司)	Director	April 2020	–
	Guogai Shuangbai Development Fund Management Co., Ltd. (國改雙百發展基金管理有限公司)	Director	July 2019	–
	CRSC Innovation Investment Company Ltd. (通號創新投資有限公司)	Chairwoman of the supervisory committee	February 2016	–
TIAN Liyan	CRSC Innovation Investment Company Ltd. (通號創新投資有限公司)	Director	February 2016	February 2020
WU Zuowei	China Reform Holdings Corporation Ltd. (中國國新控股有限責任公司)	Senior Manager of operation management department	April 2020	–
	China Reform Holdings Corporation Ltd. (中國國新控股有限責任公司)	Head of the asset management division of the capital operation management department	February 2018	April 2020
Explanation on positions held in other entities				

## SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### III. REMUNERATION OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND CORE TECHNICAL PERSONNEL

Applicable  Not Applicable

Unit: RMB0'000 Currency: RMB

The decision-making procedure for the remunerations of Directors, Supervisors and senior management

The Remuneration and Evaluation Committee of the Board makes recommendations to the Board on the remunerations of Directors and Senior Management of the Company. The Board shall make decision on remuneration and awards for senior management, and the general meetings shall make decision on remuneration matters for Directors and Supervisors.

The basis for determining remunerations of Directors, Supervisors and senior management

The remunerations of the Company's Directors, Supervisors and senior management are determined in accordance with the Articles of Association of China Railway Signal & Communication Corporation Limited\* and relevant rules.

Actual payment of remunerations of Directors, Supervisors and senior management

Ms. LI Tienan and Mr. WU Zuowei did not receive remunerations from the Company. The remuneration of other Directors, Supervisors and senior management shall be paid by the Company in accordance with relevant rules.

Total actual remunerations received by all Directors, Supervisors and senior management at the end of the reporting period

563.39

Total actual compensations received by core technical personnel at the end of the reporting period

907.17

## SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### IV. THE CHANGES IN THE COMPANY'S DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND CORE TECHNICAL PERSONNEL

✓ Applicable     Not applicable

Name	Position held	Changes	The reason of changes
TIAN Liyan	Chairperson of the Supervisory Committee	Resignation	Work needs
WU Zuowei	Supervisor	Resignation	Work needs
XU Zongxiang	Executive Director	Appointment	Work needs
KONG Ning	Chairperson of the Supervisory Committee	Appointment	Work needs
LI Tienan	Supervisor	Appointment	Work needs
WANG Jiajie	Independent Non-executive Director	Resignation	Age
GUO Yonghong	Non-executive Director	Appointment	Work needs

On 21 January 2020, the Proposal on Nominating Candidates for Shareholder Representative Supervisors of the Third Session of the Supervisory Committee of the Company was considered and approved at the sixth meeting of the third session of the Supervisory Committee, pursuant to which, Ms. TIAN Liyan and Mr. WU Zuowei resigned as Shareholder representative Supervisors of the third session of the Supervisory Committee of the Company due to work arrangements, and Mr. KONG Ning and Ms. LI Tienan were nominated as Shareholder representative Supervisors of the third session of the Supervisory Committee.

## SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

On 12 February 2020, the Proposal on Electing XU Zongxiang as Executive Director of China Railway Signal & Communication Corporation Limited\* was considered and approved at the first extraordinary general meeting for 2020 of the Company, pursuant to which, Mr. XU Zongxiang was elected as executive Director; the Proposal on Electing Shareholder Representative Supervisors of the Third Session of the Supervisory Committee of China Railway Signal & Communication Corporation Limited\* was also considered and approved at such meeting, pursuant to which, Mr. KONG Ning and Ms. LI Tienan were elected as shareholder representative Supervisors of the third session of the Supervisory Committee of the Company.

On 29 January 2021, the Proposal on the Nomination of Candidates for Non-executive Director of the Third Session of the Board of Directors of the Company was considered and approved at 24th meeting of the third session of the Board of Directors for 2021 of the Company, pursuant to which, Mr. WANG Jiajie resigned as the Independent Non-executive Director of the third session of the Board of Directors of the Company due to age reasons. According to work needs, Mr. GUO Yonghong was nominated as a candidate for Non-executive Director of the third session of the Board of Directors.

On 5 March 2021, the Proposal on Electing GUO Yonghong as Non-executive Director of China Railway Signal & Communication Corporation Limited was considered and approved at the first extraordinary general meeting for 2021 of the Company, pursuant to which, Mr. GUO Yonghong was elected as Non-executive Director of the third session of the Board of Directors of the Company.

### V. EXPLANATION ON PENALTIES IMPOSED BY SECURITIES REGULATORY AUTHORITIES IN THE RECENT THREE YEARS

Applicable  Not applicable

## SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### VI. EMPLOYEES OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES

#### (I) Employee

Number of in-service employees of the parent company	136
Number of in-service employees of major subsidiaries	20,500
Total number of in-service employees	20,636
Number of resigned and retired employees with expenses borne by the parent company and major subsidiaries	74

#### Professional composition

Category	Number of the current Period	Number of the corresponding period of last year
Production personnel	7,235	10,202
Sales personnel	1,152	1,208
Research and development personnel	4,310	4,235
Operation and management talent	4,680	3,963
Support staff	949	413
Others	2,310	154
Total	20,636	20,175

#### Educational background

Category	Number of the current Period	Number of the corresponding period of last year
Master degree	3,042	2,528
Bachelor degree	11,070	10,628
Associate degree	3,686	3,950
Secondary school diploma and below	2,838	3,069
Total	20,636	20,175

## SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### (II) Remuneration Policy

Applicable  Not applicable

In accordance with various policies and guidelines of the state in relation to income distribution and considering the requirements of modern enterprise system, the Company has been continuously improving the remuneration management system and established a salary determination and normal increment mechanism which is basically adapted to the labor market and linked with the enterprise benefits and labour productivity. The Company gives full play to the incentive and constraint functions that remuneration distribution may serve to attract and retain the core talents of the Company, and focuses on the cultivation and reward of scientific and technological talents and technical talents.

In terms of total remuneration adjustment, the Company strictly follows the management measures of total remuneration, and adheres to the basic principle of efficiency-based wages, i.e., the enterprises with high efficiency and benefit set high wage levels, which reflects the fairness of distribution, at the same time, support of standalone measures of total remuneration was provided to the team undertaking key core technology research projects to stimulate the enthusiasm of scientific research personnel; in terms of management of the remuneration of responsible persons, the remuneration of responsible persons are linked with the operating performance and the management of the Company, which has good guiding and supporting effects on achieving the operation and management objectives; in terms of the remuneration management of employees of the Company, the Company established a salary system based on basic wages and performance-based bonus, to reflect the job value orientation and work achievement orientation of internal income distribution, effectively enhance the working positivity of employees and improve the vitality of enterprises.

### (III) Training Plan

Applicable  Not applicable

In 2020, according to training management measures of CRSC, the Company prepared the 2020 Annual Training Plan of the Company based on employees' needs. To ensure the implementation of training plan, the Company cultivated talents by adopting the online and offline method, followed and supervised the implementation of training plan, and evaluated the training effect. In light of actual situation, each subsidiary organized the trainings for whole year. The training content included the work procedure of business, relevant specialized knowledge and business skills.

## SECTION VIII DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

All departments of the headquarters have carried out trainings according to the plan to strengthen the business training of the Group and the trainings on management ability and professional ability of the headquarters staff, and enhance the management and control ability of the Group.

In order to thoroughly study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, strengthen our consciousness of the need to maintain political integrity, think in big-picture terms, follow the leadership core, and keep in alignment with the central Party leadership; stay confident in the path, theory, system, and culture of socialism with Chinese characteristics; and uphold General Secretary Xi Jinping's core position on the Party Central Committee and in the Party as a whole, and uphold the Party Central Committee's authority and its centralized, unified leadership, we conscientiously implement the requirements of SASAC and the Party Committee of the Company, strengthen the political construction and capacity building of leading cadres, actively organize various kinds of Party building trainings, such as organizing web-based learning through the learning platform of China E-learning Academy for Leadership. The Company organized and completed the training of Guidance on Global Operations of Chinese Enterprises (中國企業全球化經營導航培訓), online training on Foreign Language for International Business (經貿外語網絡培訓), online training on News Dissemination Work of State-owned Enterprise (國有企業新聞宣傳工作網絡培訓), the trainings of Learning Managerial Know-how from the Famous Enterprise (Alibaba Group) (走進名企(阿里集團)學管理培訓) and "Benchmarking Famous Enterprises" for Learning Management from Huawei ("對標名企"華為學管理培訓), Seminar and Training on lean management for enterprises in the Northeast China (東北地區企業精益管理研討培訓) and others. The Company cultivates international talents, management talents, technical talents and skilled talents which meet the development of the Company by strengthening the trainings to enhance the quality of talents.

In 2020, the Company organized 3,591 trainings with 66,946 participants, of which 19,837 participants were management personnel, 31,439 participants were professional technicians (other than management personnel) and 15,670 participants were technical personnel. CRSC continues to improve the talent training system, which provides strong support for the realization of CRSC talent strategy.

### (IV) Labor Outsourcing

Applicable  Not applicable

Total number of working hours of outsourced labor	50.9 million hours
Total remuneration paid to outsourced labor	RMB1,400.9 million

### VII. OTHERS

Applicable  Not applicable



# SECTION IX CORPORATE GOVERNANCE REPORT

## I. RELEVANT EXPLANATIONS ON CORPORATE GOVERNANCE

Applicable  Not applicable

During the reporting period, the Company strictly complied with the requirements of national laws and regulations and the Code of Corporate Governance for Listed Companies of the CSRC, strengthened information disclosure, standardized corporate governance, and improved the corporate governance structure and supervision mechanism. The Directors and Supervisors of the Company worked diligently and responsibly. The Senior Management of the Company paid attention to the performance of their duties in strict accordance with the authorization of the Board of Directors, and safeguarded the best interests of the Company and all Shareholders.

The Company strives to maintain high standards of corporate governance to safeguard the interests of its Shareholders and to enhance corporate value and accountability.

In order to ensure that the Company is able to fully perform its obligations under the Hong Kong Listing Rules, the Company has established an effective corporate governance structure and, from time to time, reviews and improves its internal control and corporate governance mechanism.

The Company also operates in strict compliance with the Articles of Association of the Company, terms for reference for Board Committees, the Company Law and the requirements of relevant laws, regulations and regulatory documents, as well as the relevant rules and regulations of the Hong Kong Stock Exchange in relation to corporate information disclosure and investors' relations management and services.

The Company's corporate governance practices are based on the principles and code provisions as provided by the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules. The Board is of the view that the Company had complied with all the code provisions as set out in the Corporate Governance Code during the reporting period.

### SPECIAL ARRANGEMENT OF CORPORATE GOVERNANCE SUCH AS VIE STRUCTURE

Applicable  Not applicable

Reasons for any significant difference between corporate governance and relevant requirements of the CSRC

Applicable  Not applicable

## SECTION IX CORPORATE GOVERNANCE REPORT

### II. BRIEF INTRODUCTION TO THE GENERAL MEETINGS

Name of meeting	Time of meeting	Index of website designated for publication of the resolutions	Disclosure date of the publication of the resolutions
2020 First Extraordinary General Meeting	12 February 2020	www.hkexnews.hk http://www.sse.com.cn	12 February 2020
2019 Annual General Meeting, 2020 First A Shareholders Class Meeting, 2020 First H Shareholders Class Meeting	12 June 2020	www.hkexnews.hk http://www.sse.com.cn	12 June 2020

#### Explanation on the General Meetings

Applicable  Not applicable

1. On 12 February 2020, the Company held the first extraordinary general meeting in 2020 in an in-person manner. For details, please refer to the Announcement on Resolutions of the 2020 First Extraordinary General Meeting of China Railway Signal & Communication Corporation Limited dated 12 February 2020.
2. On 12 June 2020, the Company held the 2019 Annual General Meeting, the First A-share Class Meeting in 2020, and the First H-Share Class Meeting in 2020 in an in-person manner. For details, please refer to the Announcement on Resolutions of 2019 Annual General Meeting, the First A-share Class Meeting in 2020 and the First H-share Class Meeting in 2020 of China Railway Signal & Communication Corporation Limited dated 12 June 2020.

### III. SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, the Company will propose a separate resolution for each substantially separate issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Hong Kong Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange after each general meeting.

Shareholders who intend to put forward their enquiries to the Board could send their enquiries to the Company's headquarters in the PRC (at 20/F, CRSC Building A, 1 Compound, Automobile Museum South Road, Fengtai District, Beijing, PRC) or by email to ir@crsc.cn, or by fax at +86-10-51846610. H shareholders may contact Computershare Hong Kong Investor Services Limited, the H Share Registrar of the Company, if they have any enquiries about their shareholdings and entitlements to dividend.

## SECTION IX CORPORATE GOVERNANCE REPORT

### 1. Convening of Extraordinary General Meeting on Requisition by Shareholders

According to the Articles of Association of the Company, where shareholders request to hold an extraordinary general meeting or class meeting, the following procedures shall be followed:

- (I) Shareholders who individually or jointly hold 10% or more of the voting Shares at the proposed meeting may make a proposal to the Board on holding an extraordinary general meeting or class meeting by signing one or several written requests with same contents in the same format and define the meeting topic. The above shareholders shall guarantee that the contents of the proposal shall be in compliance with the laws, regulations and the Articles of Association of the Company. The Board shall convene such meeting as soon as possible upon receipt of the aforesaid written request. The aforesaid number of shares shall be calculated as of the close of the date on which such Shareholders request to convene the meeting in writing or, if it falls on a non-trading date, the prior trading date on which such shareholders request to convene the meeting in writing;
- (II) If the Board is unable to or fails to perform its duty of convening an extraordinary general meeting or class meeting, the Supervisory Committee shall convene and preside over such meeting in a timely manner; if the Supervisory Committee cannot convene and preside over such meeting, shareholders who individually or jointly hold more than 10% of the Company's shares for more than 90 consecutive days may independently convene and preside over such meeting.

### 2. Putting Forward Proposals at General Meetings

According to the Articles of Association of the Company, in the event the Company convenes a general meeting, the Board, the Supervisory Committee and shareholders individually or jointly holding more than 3% of the Company's shares are entitled to submit proposals in writing to the Company. Shareholders individually or jointly holding more than 3% of the Company's shares may submit ad hoc proposals to the convener in writing ten days prior to the general meeting. The convener shall issue a supplementary notice of the general meeting and announce the content of such ad hoc proposals within two days after receipt thereof. Except as provided above, the convener shall not amend the proposals set out in the notice of the general meeting or add any new proposals subsequent to the issue of the notice of the general meeting. The general meeting shall not carry out the voting and adopt resolutions on the proposals that are not stated in the notice of the general meeting or fail to meet the requirements under Article 76 of the Articles of Association of the Company.

## SECTION IX CORPORATE GOVERNANCE REPORT

### 3. Communication with Shareholders and Investors/Investors Relations

The Company considers effective communication with shareholders essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company also fully recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions. General meetings of the Company provide a forum for face-to-face communication between the Board and the shareholders. The chairman of the Board as well as chairmen of the Nomination Committee, the Remuneration and Evaluation Committee and the Audit and Risk Management Committee or, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available to answer questions at general meetings.

To promote effective communication, the Company establishes its website and posts latest information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information for public access.

## IV. PERFORMANCE OF DUTIES OF DIRECTORS

### (I) Directors and Board of Directors

#### 1. Composition of the Board

During the reporting period, the Board consists of executive Directors, namely Mr. ZHOU Zhiliang, Mr. XU Zongxiang and Mr. YANG Yongsheng and the independent non-executive Directors, namely Mr. WANG Jiajie, Mr. CHEN Jin'en, Mr. CHAN Ka Keung Peter and Mr. YAO Guiqing. Mr. XU Zongxiang was appointed as executive Director with approval by the shareholders at the Company's first extraordinary general meeting for 2020 held on 12 February 2020, and such appointment took effect from the same date. Mr. WANG Jiajie resigned as non-executive Director on 31 January 2021. With approval by the shareholders at the Company's first extraordinary general meeting for 2021 held on 5 March 2021, Mr. GUO Yonghong was appointed as the non-executive Director with effect on the same date.

There is no relationship (including financial, business, family or other material/relevant relationship(s)) among the members of the Board, especially between the chairman and the president.

Biographies of the Directors are set out in the section "Directors, Supervisors, Senior Management and Employees".

## SECTION IX CORPORATE GOVERNANCE REPORT

According to the requirements of the Articles of Association, every Director shall be elected or replaced by the general meeting and serve a term of three years. At the expiry of their terms, Directors may continue to serve as such if re-elected. The term of office of a Director shall commence from the date on which the resolution is passed at the general meeting and end upon expiry of the term of the incumbent Board. If an election is not held in a timely manner upon the expiry of the term of service of a Director, the incumbent Director shall continue to perform his or her duties as a Director in accordance with laws and the Articles of Association until the incoming Director assumes his or her position.

Under the code provision of the Corporate Governance Code, Directors are required to disclose to the issuer the number and nature of offices held in public companies or organizations and other significant commitments as well as the natures of such companies or organizations and the time involved in such offices. Each Director has agreed to disclose their commitments to the Company in a timely manner.

### 2. Independent non-executive Directors

For the year ended 31 December 2020, the Board had complied with the requirements of the Hong Kong Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has appointed a sufficient number of independent non-executive Directors in compliance with Rule 3.10A of the Hong Kong Listing Rules which requires the number of independent non-executive Directors represents at least one third of the Board.

The Company has received the annual written confirmation on independence from each of the independent non-executive Directors in accordance with Rule 3.13 of the Hong Kong Listing Rules. The Company is of the view that all independent non-executive Directors are independent in accordance with the independence guidelines set out in the Hong Kong Listing Rules.

### 3. Chairman of the Board and president

The roles, duties and responsibilities of the chairman of the Board and the president of the Company are held by different individuals and are explicitly defined in writing.

Mr. ZHOU Zhiliang serves as the chairman of Board of the Company, while Mr. XU Zongxiang acts as the president of the Company. The positions of chairman of the Board and president are held by different individuals to maintain independence as well as the balance of views and judgments.

## SECTION IX CORPORATE GOVERNANCE REPORT

According to the Articles of Association, the chairman of the Board is entitled to the following powers:

- (1) to preside over general meetings and to convene and preside over Board meetings;
- (2) to supervise and check on the implementation of resolutions of the Board;
- (3) to supervise and check on the work of the special committees;
- (4) to listen to the regular or non-regular work reports of the president and other Senior Management members of the Company and provide guidance on the execution of the resolutions of the Board;
- (5) to exercise special rights over the Company's affairs that are in line with the requirements under the laws and the interests of the Company when the chairman of the Board is unable to convene a Board meeting in time in the event of force majeure, critical crisis or situations resulting in significant effect to the production and operation of the Company and report to the Board and general meeting afterwards;
- (6) to nominate candidates for secretary to the Board of the Company;
- (7) to sign the share certificates, corporate bonds and other securities certificates issued by the Company;
- (8) to sign the significant documents of the Board and to represent the Company in signing with third parties important documents that are legally-binding;
- (9) to organize the formulation of various rules and regulations for the operation of the Board and coordinate the Board's work;
- (10) to review and approve the plan for using funds of the Board;
- (11) to exercise the duties and powers as the legal representative;
- (12) to exercise other duties and powers provided for in laws and regulations or the Articles of Association and those granted by the Board.

## SECTION IX CORPORATE GOVERNANCE REPORT

According to the requirement of the Articles of Association, the Company shall have one president, several vice presidents and one chief accountant; the president of the Company shall be accountable to the Board and exercise the following powers:

- (1) to lead the Company's production, operation and management, to organize the implementation of the resolutions of the Board and to report to the Board;
- (2) to organize the implementation of the Company's annual plan and investment plan;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft the Company's basic management system;
- (5) to formulate the specific rules and regulations of the Company;
- (6) to propose to the Board the appointment or dismissal of vice presidents and chief accountant of the Company;
- (7) to appoint or dismiss other management members of the Company other than those required to be appointed or dismissed by the Board in accordance with relevant principles and procedures;
- (8) to exercise other duties and powers conferred by the Articles of Association or the Board.

The chairman is responsible for the management of the operations of the Board, while the president is responsible for the operations of the Company. The chairman is required to keep close communication with the president and all Directors to keep them fully informed of all substantive matters relating to the Company's business development, and is also responsible for building and maintaining a highly efficient administrative support team to support him to discharge the assigned duties in this position.

#### 4. Term of office for Directors

Each of the Directors (including independent non-executive Directors) has entered into a service contract with the Company. The principal particulars of these service contracts comprise, among other things, (a) the term of office of three years commencing from the date when their respective appointments are approved by the Shareholders, and (b) termination provisions in accordance with their respective terms.

## SECTION IX CORPORATE GOVERNANCE REPORT

### 5. Nomination, appointment and removal of Directors

The procedures and processes for appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the structure, number of members and composition of the Board, advising on any proposed changes to the Board in response to the Company's strategies, and reviewing the independence of the independent non-executive Directors.

### 6. Duties of the Board

The Board shall be accountable to the general meeting. According to the requirement of the Articles of Association, duties of the Board shall include the exercise of the following functions and powers:

- (1) to convene general meetings and to report on its work to the general meeting;
- (2) to implement the resolutions of the general meeting;
- (3) to decide on the business plans and investment plans of the Company;
- (4) to formulate the annual financial budgets and final accounts of the Company;
- (5) to formulate the profit distribution plans and plans for making up losses of the Company;
- (6) to formulate plans for the increase or reduction of the registered capital of the Company;
- (7) to formulate plans for the issuance of corporate bonds, any class of Shares, warrants and other similar securities;
- (8) to formulate plans for significant acquisition by the Company, repurchase of Shares of the Company or merger, division, reorganization or dissolution of the Company and changes in the corporate form of the Company;
- (9) to decide on the provision by the Company of any external guarantee other than those to be approved by the general meeting as required by the Articles of Association;
- (10) to decide on significant acquisition or disposal within one year by the Company of assets not more than 30% of the latest audited total assets of the Company;
- (11) to decide on connected transactions other than those to be approved by the general meeting as required by laws and regulations and regulatory rules in the place where Shares of the Company are listed;



## SECTION IX CORPORATE GOVERNANCE REPORT

- (12) to decide on significant investment projects of the Company with the single amount not more than 30% of the latest audited net assets of the Company;
- (13) to decide on entrusted wealth management and asset mortgages or pledges with the accumulated amount not more than 30% of the latest audited net assets of the Company;
- (14) to decide on extra costs and expenses with the single amount not more than 10% of the latest audited net assets of the Company;
- (15) to decide on plans of external donation and sponsorship of the Company with the single amount not more than RMB5 million;
- (16) to formulate amendments to the Articles of Association, the Rules of Procedure for the general meeting and the Rules of Procedure for the Board;
- (17) to engage or dismiss the Company's president and secretary to the Board; to engage or dismiss vice presidents and the chief accountant of the Company, as proposed by the president, and decide on matters relating to their remuneration, rewards and punishments;
- (18) to decide on the establishment of the Company's internal management organization;
- (19) to decide on the establishment of each special committee under the Board and to consider and approve resolutions proposed by each special committee under the Board;
- (20) to formulate the basic management systems of the Company;
- (21) to formulate development strategies, long and medium term development plans and corporate culture development plans, and to monitor the implementation of such plans;
- (22) to decide on the Company's risk management system, including risk evaluation, financial control, internal audit and legal risk control, and to monitor the implementation of such systems;
- (23) to propose to the general meeting the appointment, removal or termination of reappointment of an accounting firm;
- (24) to listen to the work reports of the Company's president and inspect the work of the president and other Senior Management members;
- (25) to perform duties of corporate governance and to evaluate and improve the corporate governance of the Company regularly in accordance with the regulatory rules in the place where Shares of the Company are listed;

## SECTION IX CORPORATE GOVERNANCE REPORT

- (26) to formulate equity incentive scheme;
- (27) to manage the Company's information disclosure matters;
- (28) other duties and powers provided in laws and regulations, regulatory rules in the place where Shares of the Company are listed or specified in the Articles of Association or granted by the general meeting.

Resolutions by the Board on the matters mentioned above shall, be passed by the affirmative vote of more than one half of all the Directors with the exception of resolutions on the matters referred to in items (6), (7), (8), (16) and (26), which shall require the affirmative vote of at least two-thirds of all the Directors for adoption. Besides the affirmative vote of more than one half of all the Directors, the affirmative vote of at least two-thirds of all the Directors present is also required when the matters referred to in item (9) are considered by the Board.

The abovementioned duties and powers of the Board as well as any transaction or arrangement of the Company shall be proposed at the general meeting for approval as prescribed by the regulatory rules in the place where Shares of the Company are listed.

The duties and powers of the Board and the management have been defined in the Articles of Association. The Board is responsible for decision making in the Company's significant matters, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information and other significant financial and operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretary, with a view to ensuring that Rules of Procedure for Board meetings and all applicable laws, rules and regulations are followed. Upon making request to the Board, a Director is generally able to seek independent professional advice in appropriate circumstances at the Company's expense.

In strict accordance with the Articles of Association and the authorization of general meetings, the Board takes and fulfils its decision-making responsibilities seriously, supervises management's implementation of the resolutions of the Board to ensure their effective implementation, and implements the resolutions of the general meetings and reports the work to general meetings.

## SECTION IX CORPORATE GOVERNANCE REPORT

The day-to-day management, administration and operation of the Company are delegated to the president and the Senior Management. The Board shall be responsible for the fulfilment of the following corporate governance responsibilities:

- (1) to formulate, review and make recommendations on the corporate governance policies and practices of the Company;
- (2) to review and monitor the training and continuous professional development of Directors and Senior Management;
- (3) to review and monitor the Company's policies and practices with regard to complying with laws and regulatory requirements;
- (4) to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- (5) to review the Company's compliance with the Corporate Governance Code and disclosures made in the Corporate Governance Report of the annual report of the Company.

The Board and the Audit and Risk Management Committee have reviewed and approved the disclosures made in the Corporate Governance Report. The Board has also reviewed the Company's compliance with the corporate governance policies, practices, laws and regulatory requirements, and monitored and organized the training courses designed for Directors and Senior Management.

## SECTION IX CORPORATE GOVERNANCE REPORT

### (II) Directors' Attendance at Board Meetings and General Meetings

Name of Director	Independent director or not	Number of required attendances this year	Number of attendances in person	Attendance at Board meetings			Failure to attend meetings in person for two consecutive times	Attendance at the general meetings
				Number of attendances by means of telecommunications <sup>Note 3</sup>	Number of attendances by proxy	Number of absences		
ZHOU Zhiliang	No	7	7	2	0	0	No	2
XU Zongxiang <sup>Note 1</sup>	No	7	7	2	0	0	No	2
YANG Yongsheng	No	7	7	2	0	0	No	2
WANG Jiajie <sup>Note 2</sup>	Yes	7	7	2	0	0	No	0
CHEN Jin'en	Yes	7	7	3	0	0	No	0
CHAN Ka Keung Peter	Yes	7	7	6	0	0	No	0
YAO Guiqing	Yes	7	7	2	0	0	No	0

- Notes:
- On 12 February 2020, the Company's 2020 first extraordinary general meeting elected Mr. XU Zongxiang as an executive director of the Company's third session of the Board of Directors. The term of office is from the date of deliberation and approval at the general meeting of the Company to the end of the term of office of the third session of the Board of Directors.
  - Mr. WANG Jiajie resigned as an independent non-executive director of the Company on 29 January 2021.
  - Attendances by means of telecommunications include circulation of written resolutions.

The explanation of failure to attend meetings of the Board in person for two consecutive times

Applicable  Not applicable

Number of the Board meetings held for the year	7
Including: number of meetings held onsite	1
Number of meetings held by means of telecommunications	2
Number of meetings held onsite and by means of telecommunications simultaneously	4

## SECTION IX CORPORATE GOVERNANCE REPORT

During the reporting period, the Board focused on the continuous professional development of Directors and actively encouraged and organized Directors to participate in the trainings. In order to keep their knowledge and skills up to date as well as improve their capacities of duty performance, all members of the Board of Directors continued to learn all kinds of regulatory information and the latest regulatory documents in their daily duties, including relevant laws and regulations and regulatory documents such as corporate governance and Listing Rules, meanwhile they read industry, professional books and publications. Mr. ZHOU Zhiliang, Mr. XU Zongxiang and Mr. YANG Yongsheng attended the thematic training of Securities Law held by CSRC's Beijing Bureau. Mr. XU Zongxiang and Mr. YANG Yongsheng attended the first and third session of the thematic training for Directors and Supervisors in 2020 respectively. Mr. WANG Jiajie, Mr. CHEN Jin'en, Mr. CHAN Ka Keung Peter and Mr. YAO Guiqing, the independent non-executive Directors, successively attended the training courses for external Directors of Central Enterprises held by the SASAC. Thanks to such trainings, all Directors further understood the regulations of domestic and overseas regulatory institutions, code of conduct for the performance of duties as directors and requirements for information disclosure which A+H listed companies should follow.

### (III) Objections Raised by Independent Directors against Relevant Matters of the Company

Applicable  Not applicable

### (IV) Others

Applicable  Not applicable

## SECTION IX CORPORATE GOVERNANCE REPORT

### V. FOR IMPORTANT OPINIONS AND SUGGESTIONS PROPOSED BY THE SPECIAL COMMITTEES UNDER THE BOARD OF DIRECTORS IN DUTY PERFORMANCE DURING THE REPORTING PERIOD, ANY OBJECTIONS SHOULD BE DISCLOSED IN DETAIL

Applicable  Not applicable

In accordance with the relevant PRC laws and regulations and provisions with regard to the corporate governance practice prescribed in the Listing Rules and the Articles of Association, the Company has established five special committees under the Board of Directors, including the Strategy and Investment Committee, the Remuneration and Evaluation Committee, the Nomination Committee, the Audit and Risk Management Committee, and the Quality and Safety Committee. Members of the Remuneration and Evaluation Committee and the Audit and Risk Management Committee were all held by external directors, who accounted for the majority of the other three special committees, ensuring that external directors fully express their opinions and perform their duties efficiently.

#### (I) Audit and Risk Management Committee

During the reporting period, the Audit and Risk Management Committee currently consists of independent non-executive Directors Mr. CHAN Ka Keung Peter, Mr. WANG Jiajie and Mr. CHEN Jin'en. In particular, Mr. CHAN Ka Keung Peter is a member of the Hong Kong Institute of Certified Public Accountants, International Association of Accounting Professionals and CPA Australia, with rich knowledge and experience in accounting. He serves as chairman of the Audit and Risk Management Committee. The Audit and Risk Management Committee was mainly responsible for proposing the selection and replacement of the Company's external audit firm; supervising the Company's internal audit system; the communication, supervising and verifying the Company's internal audit; reviewing the financial information and its disclosure; reviewing risk management and internal systems; reviewing the Company's risk management strategies and solutions; risk control, management, supervision and evaluation of major decisions, major events, and important business processes.

During the reporting period, the Audit and Risk Management Committee strictly complied with the requirements of the Company's Working Rules for the Audit and Risk Management Committee of the Board of Directors and the Working Rules for the Annual Report of the Audit and Risk Management Committee of the Board of Directors and other system requirements, performed the duties of the committee independently and objectively, and actively carried out work centering on auditing and supervision, financial monitoring, internal control system construction and comprehensive risk management. The Audit and Risk Management Committee reviewed the Company's financial information and disclosure thereof, repeatedly examined and studied the financial information disclosed in the Company's reports and financial statements, carefully reviewed the proposals on the relevant financial reports of the Company; examined the implementation of the Company's internal control and risk management; guided the internal audit work of the Company, listened to the reports of internal audit department of the Company on auditing work and determined the audit work plan of the Company for 2020.

## SECTION IX CORPORATE GOVERNANCE REPORT

During the reporting period, the Audit and Risk Management Committee held five meetings and considered 10 proposals including regular performance reports of CRSC, report on internal control evaluation and summary and plan of internal audit work. The Committee proposed opinions from various aspects, such as operating cash flow management, account receivables, carrying out of internal audit and prevention of capital risks, which were accepted by the Board. The attendance rate of the committee members is as follows:

Name of Director	Number of meetings required to attend	Number of meetings actually attended	Number of meetings not attended
CHAN Ka Keung Peter	5	5	0
CHEN Jin'en	5	5	0
WANG Jiajie <sup>Note</sup>	5	5	0

Note: Mr. WANG Jiajie resigned as a member of the Audit and Risk Management Committee on 29 January 2021.

The Audit and Risk Management Committee has reviewed the annual results of the Group for the year ended 31 December 2019, the unaudited interim results of the Group for the six months ended 30 June 2020 and quarterly results of the Group for 31 March and 30 September 2020. The Audit and Risk Management Committee has discussed the accounting policies and practices adopted by the Company, internal control and financial reporting matters with the senior management of the Company, and has reviewed the effectiveness of the accounting policies and practices adopted by the Group, financial control, the risk management and internal control system and the internal audit function of the Group, and considers that the Group's risk management and internal control system and the operation of the internal audit department remain effective. Meanwhile, the Audit and Risk Management Committee had two meetings with external auditors.

The Audit and Risk Management Committee has also reviewed the compliance of the Company with the Corporate Governance Code and the corporate governance report of the Company.

The Audit and Risk Management Committee has also listened to the special report on major risk assessment and major risk measures of the Company in 2019, conducted special audit in this regard and proposed dynamic tracking of the implementation of major risk control measures, to ensure the efficiency and effectiveness of risk control measures.

## SECTION IX CORPORATE GOVERNANCE REPORT

### (II) Remuneration and Evaluation Committee

During the reporting period, the Remuneration and Evaluation Committee consists of independent non-executive Directors Mr. CHEN Jin'en, Mr. CHAN Ka Keung Peter and Mr. YAO Guiqing. Mr. CHEN Jin'en serves as chairman of the committee. The Remuneration and Evaluation Committee was mainly responsible for formulating and assessing the evaluation standards of the Company's directors and senior management; and formulating and reviewing the remuneration policies and plans of the Company's directors and senior management, and making recommendations to the Board of Directors.

During the reporting period, the Remuneration and Evaluation Committee of the Board of Directors strictly complied with the Company's Working Rules for the Remuneration and Evaluation Committee of the Board of Directors and other system requirements, and performed the duties of the committee independently and objectively.

During the reporting period, the Remuneration and Evaluation Committee held one meeting and considered and approved the Proposal on the Remuneration of Leaders of CRSC in 2019. Records of attendance of the members at the meeting of the Remuneration and Evaluation Committee are set out as follows:

Name of Director	Number of meetings required to attend	Number of meetings actually attended	Number of meetings not attended
CHEN Jin'en	1	1	0
CHAN Ka Keung Peter	1	1	0
YAO Guiqing	1	1	0

### (III) Nomination Committee

During the reporting period, the Nomination Committee consists of Chairman Mr. ZHOU Zhiliang, independent non-executive Directors Mr. WANG Jiajie, and Mr. YAO Guiqing serving as members. Mr. ZHOU Zhiliang serves as the chairman.

The Nomination Committee was accountable to the Board of Directors and was mainly responsible for researching the selection criteria, procedures and methods for Directors and senior management and making recommendations; reviewing candidates for Directors and senior management, and providing review opinions and appointment recommendations to the Board of Directors; reviewing the independence of Non-executive Directors; and making recommendations to the Board of Directors on the appointment or reappointment of Directors and senior management and the succession plans for the above-mentioned personnel.



## SECTION IX CORPORATE GOVERNANCE REPORT

During the reporting period, the Nomination Committee did not hold any meetings as there were no matters required to convene the Nomination Committee.

The Nomination Committee adopts the following procedures for selection and appointment of Directors and senior management members:

- (1) actively studying the Company's demands for new Directors and senior management members and preparing written materials;
- (2) searching for candidates for Directors and senior management members in the Company and its wholly-owned and holding (joint-stock) enterprises and the talent market;
- (3) gathering information of preliminary candidates, including occupation, education, job title, detailed work experience and all part-time jobs, and preparing written materials;
- (4) seeking the consent of the nominees for nomination;
- (5) convening a meeting of the Nomination Committee to conduct a qualification check of the preliminary candidates based on the appointment criteria for Directors and senior management members;
- (6) submitting to the Board its recommendations on the candidates for Directors and senior management members and relevant materials prior to the election of new Directors or the appointment of new senior management members;
- (7) implementing other follow-up work in accordance with the decisions and feedback of the Board.

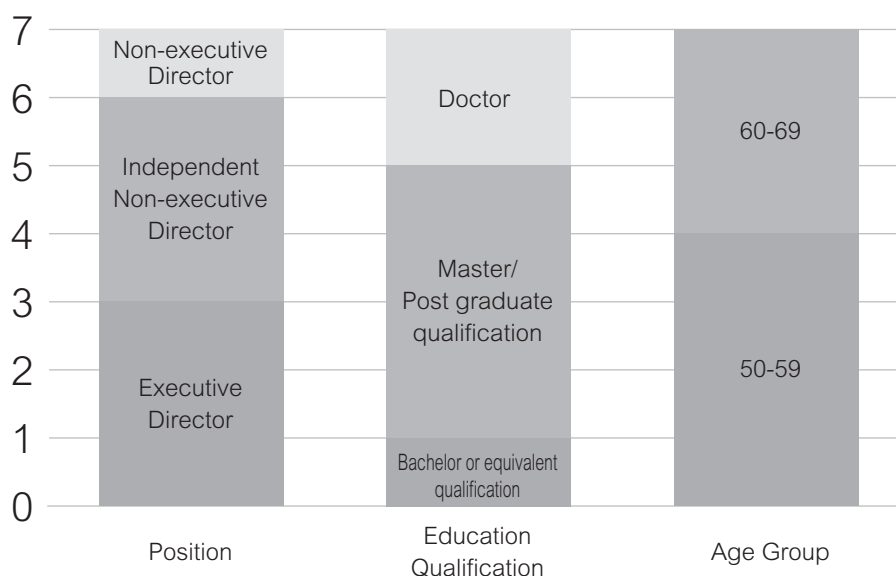
In reviewing the structure of the Board, the Nomination Committee considers Board members diversity from various aspects, including but not limited to cultural, educational background, professional experience, skills and knowledge. All appointments of Board members are based on meritocracy, and candidates are considered with due regard for the capacity, skill and experience required for the overall operation of the Board, so as to ensure the proper balance of the Board members.

## SECTION IX CORPORATE GOVERNANCE REPORT

### Diversity policy of Board members

The Company understands and strongly believes that diversity among Board members is an important element in maintaining the Company's competitive advantages and fostering the Company's sustainability. The Company considers the diversity of Board members from many aspects when determining the composition of the Board of Directors, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge, and service period. As the Nomination Committee makes recommendations or suggestions to the Board of Directors on the appointment of new Directors of the Company, it will fully take into account the benefits of diversity of Board members. Meanwhile, the Company considers the above factors based on its own business model and specific needs from time to time, and will ultimately come to a decision based on the strengths of the candidates and the contributions they can provide to the Board of Directors.

The table below shows the diversity position/overview of the Board of Directors of the Company as at the date of this report:



In the process of reviewing the composition of the Board of Directors, the Nomination Committee evaluated the skills and experience of each Director and their relevance to the Company's business, and arrived at a conclusion that the existing structure of the Company's Board of Directors is reasonable and their talent, experience, and professional knowledge are balanced and meet the Company's business needs, as well as being in line with the Company's adopted Board diversity policy.

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### (IV) Strategy and Investment Committee

During the reporting period, the Strategy and Investment Committee consists of chairman of the Board Mr. ZHOU Zhiliang Mr. XU Zongxiang and Mr. YANG Yongsheng, and independent non-executive Directors Mr. CHEN Jin'en and Mr. YAO Guiqing, and Mr. ZHOU Zhiliang serves as Chairman. The Strategy and Investment Committee was accountable to the Board of Directors, mainly responsible for researching the Company's development strategy and planning, and making recommendations on major investments, major investment and financing, major capital operations, asset management projects, and other major issues affecting the Company's development.

During the reporting period, the Strategy and Investment Committee held one meeting to discuss and judge the Company's development direction and ideas during the 14th Five-Year Plan period. Records of attendance of the members at the meeting of the Strategy and Investment Committee are set out as follows:

Name of Director	Number of meetings required to attend	Number of meetings actually attended	Number of meetings not attended
ZHOU Zhiliang	1	1	0
XU Zongxiang <sup>Note</sup>	1	1	0
YANG Yongsheng	1	1	0
CHEN Jin'en	1	1	0
YAO Guiqing	1	1	0

Note: In February 2020, Mr. XU Zongxiang serves as a member of the Strategy and Investment Committee.

### (V) Quality and Safety Committee

During the reporting period, the Quality and Safety Committee consists of executive Director Mr. XU Zongxiang and independent non-executive Directors Mr. WANG Jiajie and Mr. YAO Guiqing. Mr. XU Zongxiang serves as chairman. The Quality and Safety Committee was accountable to the Board of Directors and was mainly responsible for researching the Company's major quality and safety decisions, researching the Company's long-term quality and safety mechanism construction, and reviewing the Company's annual key work on quality and safety.

## SECTION IX CORPORATE GOVERNANCE REPORT

During the reporting period, the Quality and Safety Committee held one meeting and considered and approved the Report on the Safety and Quality Situation in 2020 and the Key Safety and Quality Works Arrangement in 2021 of the CRSC. Records of attendance of the members at the meeting of the Quality and Safety Committee are set out as follows:

Name of Director	Number of meetings required to attend	Number of meetings actually attended	Number of meetings not attended
XU Zongxiang <sup>Note 1</sup>	1	1	0
Mr. WANG Jiajie <sup>Note 2</sup>	1	1	0
YAO Guiqing	1	1	0

Notes: 1. In February 2020, Mr. XU Zongxiang served as the chairman of the Quality and Safety Committee.

2. On 29 January 2021, Mr. WANG Jiajie has resigned as a member of the Quality and Safety Committee.

### VI. SUPERVISORY COMMITTEE

As of the date of this report, the Supervisory Committee of the Company consists of 3 members, namely Mr. KONG Ning, Ms. LI Tienan and Mr. CHEN Shikui and Mr. KONG Ning served as the chairman. The Supervisory Committee is made up of representatives of the Shareholders and an appropriate proportion of representatives of the Company's staff. The actual proportion shall be stipulated in the Articles of Association of the Company, provided that the proportion of representatives of the Company's staff shall not be less than one-third.

Representatives of the Company's staff at the Supervisory Committee shall be democratically elected by the Company's staff at the staff representative assembly, general staff meeting or otherwise. A Supervisor shall serve a term of three years, and may seek re-election upon expiry of the said term. A Supervisor shall continue to perform his or her duties in accordance with the laws, administrative regulations and the Company's Articles of Association until a duly re-elected Supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his or her term of office or if the resignation of Supervisors results in the number of Supervisors being less than the quorum.

The Company received the resignation reports of Supervisors Ms. TIAN Liyan and Mr. WU Zuwei in January 2020. Due to work arrangements, Ms. TIAN Liyan and Mr. WU Zuwei tendered their resignations as Supervisors of the third session of the Supervisory Committee of the Company. After resignation, Ms. TIAN Liyan and Mr. WU Zuwei will not hold any position in the Company. Ms. TIAN Liyan and Mr. WU Zuwei shall continue to perform their duties as Supervisors before new Supervisors take office upon election. Upon approval by the shareholders at the Company's first extraordinary general meeting for 2020 on 12 February 2020, Mr. KONG Ning and Ms. LI Tienan were appointed as Shareholder representative Supervisors of the

## SECTION IX CORPORATE GOVERNANCE REPORT

third session of the Supervisory Committee of the Company and Ms. TIAN Liyan and Mr. WU Zuwei ceased to serve as Supervisors of the Company from 12 February 2020. The Supervisory Committee held a meeting of Supervisory Committee on 25 March 2020 where the Supervisory Committee considered and approved, among other matters, the resolution on electing KONG Ning as chairman of the Supervisory Committee, electing Mr. KONG Ning as the chairman of the third session of the Supervisory Committee of the Company for a term commencing from the date of approval at the meeting until the expiration of the term of the third session of the Supervisory Committee.

The Supervisory Committee shall be accountable to the general meeting and may exercise the following powers:

- (1) to review the Company's financial position;
- (2) to supervise the Directors, president and other senior management in their performance of their duties of the Company and to propose the removal of Directors and senior management who have violated laws, regulations, the Articles of Association or resolutions of general meetings;
- (3) when the acts of a Director, president and other senior management are detrimental to the Company's interests, to require him/her to correct such acts;
- (4) to propose the convening of extraordinary general meetings and to convene and preside over general meetings when the Board fails to perform the duty of convening and presiding over general meetings according to laws;
- (5) to put forward proposals to general meetings;
- (6) to review and issue written review comments on the periodic reports of the Company prepared by the Board;
- (7) to initiate proceedings against Directors and the senior management in accordance with relevant laws;
- (8) to initiate investigations into any irregularities identified in the operation of the Company and, where necessary, to engage professional institutions, such as an accounting firm and a law firm, to assist its work;
- (9) other powers authorized by the Articles of Association or general meeting.

## SECTION IX CORPORATE GOVERNANCE REPORT

During the reporting period, Supervisory Committee had during the year monitored Directors and managers' performance of functions and lawful operation of the Company, reviewed periodical reports of the Company prepared by the Board, reviewed the financial statements of the Company and conducted daily supervision and paid close attention to possible risks that may occur during the Company's operation.

### VII. EXPLANATION OF THE SUPERVISORY COMMITTEE ON DISCOVERY OF THE COMPANY'S RISKS

Applicable  Not applicable

### VIII. EXPLANATION OF THE COMPANY ON LOSING INDEPENDENCE OR INDEPENDENT MANAGEMENT ABILITY WITH RESPECT TO ISSUES CONCERNING BUSINESS, PERSONNEL, ASSETS, INSTITUTIONS, FINANCE, ETC. WITH ITS CONTROLLING SHAREHOLDERS

Applicable  Not applicable

The Company is strictly independent from its controlling shareholder in business, personnel, assets, institutions, finance, etc., without losing independence or independent management ability.

On 4 December 2019, Mr. XU Zongxiang served as the Company's president. Regarding his serving concurrently as general manager of the Controlling Shareholder CRSC Group, the Company has obtained the Letter on Approving the Exemption of the Senior Management of China Railway Signal and Communication (group) Corporation Limited from Restrictions on Concurrent Positions as Senior Management (Letter No. 15 [2020] of the Department of Listed Company Supervision) Jobs issued by the Department of Listed Company Supervision, CSRC in January 2020, which agreed to exempt Mr. XU Zongxiang from restrictions on Concurrent Positions as Senior Management, and the Company published the Announcement of CRSC on Exempting the President and Senior Management of the Company from Restrictions on Concurrent Positions as Senior Management on 21 January 2020.

In case of horizontal competition, the Company's relevant solutions, work progress and follow-up work plans.

Applicable  Not applicable

## SECTION IX CORPORATE GOVERNANCE REPORT

### IX. ESTABLISHMENT AND IMPLEMENTATION OF EVALUATION AND INCENTIVE MECHANISMS FOR SENIOR MANAGEMENT DURING THE REPORTING PERIOD

Applicable  Not applicable

The Company establishes a standardized and sound governance structure, under which it implements annual performance assessment and evaluation for senior management members, and comprehensively assesses and evaluates management team members from such aspects as performance in the work in charge, personal target behaviour and teamwork. The remunerations of senior management consist of basic salary (position salary) and performance-based salary, which are determined based on the Company's performance and personal assessment for the current year.

### X. WHETHER THE SELF-EVALUATION REPORT ON INTERNAL CONTROL IS DISCLOSED

Applicable  Not applicable

For details, please refer to the report on China Railway Signal & Communication Corporation Limited\* 2020 annual internal control evaluation disclosed by the Company at the website of SSE on the same day.

Explanation of any significant defects in internal control during the reporting period

Applicable  Not applicable

### XI. RELEVANT INFORMATION ABOUT AUDIT REPORT ON INTERNAL CONTROL

Applicable  Not applicable

Please refer to the internal control audit report published on the SSE website ([www.sse.com.cn](http://www.sse.com.cn)) on the same day for details.

Whether to disclose the audit report of internal control: Yes

Opinion type of internal control audit report: Standard report without reserved opinions

### XII. RISK MANAGEMENT AND INTERNAL CONTROL

#### (I) Accountability and Audit

Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2020. The Directors consider that the Group has adequate resources to continue in business for the foreseeable future and are not aware of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

## SECTION IX CORPORATE GOVERNANCE REPORT

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements.

The management has provided the Board with such explanation and information necessary to enable the Board to carry out an informed assessment of the Company's consolidated financial statements which are put to the Board for approval.

### (II) Risk Management and Internal Control Systems

#### 1. Risk management and internal control management responsibilities

The Board of the Company is responsible for determining the overall risk management objectives, risk tolerance, major risk management solutions and internal control construction implementation plans of the Company and is accountable to the general meeting for the effectiveness of overall risk management and internal control. The management of the Company is responsible for organizing, establishing and improving the Company's overall risk management and internal control system. The legal compliance department of the Company is responsible for the construction and overall operation of the overall risk management and internal control system as well as the organization, coordination and centralized management of overall risk management and internal control. The audit department of the Company is responsible for evaluating the effectiveness of overall risk management and internal control, and conducting internal control audit and supervision. Such risk management and internal control management are designed to manage rather than eliminating the risk of failure to meet business objectives and to only provide a reasonable, but not absolute, assurance that there will be no material misrepresentations or losses.

#### 2. Risk management and internal control management systems and procedures

The Company has formulated the Measures for the Administration of Overall Risk Management and Internal Control of the Company and the Measures for the Administration of Risk Evaluation of the Company. In accordance with the regulations, the legal compliance department of the Company conducts a comprehensive risk evaluation on the whole system of the Company at the beginning of each year to examine the effectiveness of overall risk management and control in the previous year and identify the major risks that will be faced in the next year and the countermeasures taken by it. The audit department of the Company conducts an internal control assessment at the beginning of each year to assess the effectiveness of internal control of the whole system, identify any internal control defects and implement the rectification of internal control defects. The legal compliance department and audit department of the Company report to the Audit and Risk Management Committee on risk management and internal control, including but not limited to the effectiveness and defects of internal control of the Company, overall risk evaluation results and management and control measures.



## SECTION IX CORPORATE GOVERNANCE REPORT

### 3. Non-compliance report policy and procedure

The discipline inspection and supervision department of the Company is responsible for accepting reports on corrupt practices of internal staff of the Company, the violation of the Company's rules and regulations, the dereliction of duty or malfeasance, etc., and carrying out investigation and handling in accordance with the Interim Provisions on Handling the Violation of Discipline and Non-compliance by Staff of the Company. Employees, customers, suppliers and other stakeholders of the Company can obtain the report telephone number from the official website of CRSC. Specifically, in accordance with the Implementation Measures for Handling Complaints about Tender and Bidding of the Company, it takes the lead in forming an investigation team to conduct investigations into complaints about the tender and bidding of equipment and materials of CRSC and their handling, and makes decisions on handling and gives replies, etc. according to law pursuant to permissions.

### 4. Key business risks and internal control

In accordance with the requirements of the Guidelines for Overall Risk Management of Central Enterprises of SASAC, the Company implements risk management in the operation of all its businesses and effectively manages and controls its business activities through the internal control system and the internal control process. In accordance with the Measures for the Administration of Rules and Regulations of Stock Company, the legal compliance department of the Company is responsible for the construction and improvement of the internal control system and evaluating and improving the effectiveness, operability and system coordination of the Company's internal rules and regulations each year. In accordance with the Interim Measures for Investment Management of Stock Company, the Interim Measures for Investment Management of Capital Operation Projects of Stock Company and other regulations, the relevant business departments of the Company conduct special risk evaluations on important management activities such as investment and generate special risk evaluation reports as an important basis for decision making.

### 5. Overall situation of risk management and internal control for 2020

In 2020, the legal compliance department and the audit department of the Company organized all functional departments and enterprises of all levels to conduct overall risk evaluations, internal control assessments, rationalize internal control system and procedure, and continue to improve the internal control system, conduct investigations on special risk, track the implementation of major risk control measures, and give risk warning at the beginning of the year in accordance with the regulations and the requirements of the Board of Directors and management of the Company and organized special risk evaluations on and took countermeasures against each major project in order to improve the Company's overall risk management and internal control management system and ensure that the Company's risks are controllable, the internal control system and procedure continue to be effective and internal control measures are effectively implemented. For the year ended 31 December 2020, the Board has reviewed the Company's risk management and internal control system through the legal compliance department and the audit department and considers that the system is still effective and sufficient.

## SECTION IX CORPORATE GOVERNANCE REPORT

Meanwhile, the Audit and Risk Management Committee has reviewed the effectiveness of the Group's risk management and internal control systems, covering annual material risks and response measures, financial monitoring, internal control and risk management system. The Audit and Risk Management Committee has also considered the adequacy of the Group's resources, employee qualifications and experience in respect of accounting and financial reporting functions, and has reported the relevant matters to the Board. No significant defect in internal control was identified in relevant review.

### 6. Handling and releasing inside information

In accordance with the Company's information disclosure management regulation, the Company has defined the scope of inside information and relevant staff, established a sensitive information submission and release approval mechanism and reviewed the content of the list on a regular basis so as to quickly identify and promptly report any material which may constitute inside information. When receiving any material which may constitute inside information, the information disclosure management department will immediately evaluate the information and monitor the information before the release of the information to ensure that only a small number of those who need to know the information receive such information and ensure that these persons are well aware of their confidentiality responsibility. If such material is judged to be inside information, the information disclosure management department will coordinate the release of inside information as soon as possible through the electronic publication system operated by the Stock Exchange.

## XIII. SPECIAL ARRANGEMENT OF CORPORATE GOVERNANCE SUCH AS VIE STRUCTURE

Not applicable.

## XIV. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

For the year ended 31 December 2020, the remuneration paid/payable to the Company's independent auditor, Ernst & Young Hua Ming LLP, is set out below:

	<b>Amount</b> <b>(RMB in thousand)</b>
Interim review	1,600
Annual audit	6,900
Non-auditor services	500
Total fees	9,000

## SECTION IX CORPORATE GOVERNANCE REPORT

### XV. AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

On 25 March 2020, the Board considered and approved, among other things, the proposal to amend the Articles of Association of the Company. In light of the Company's initial public offering of A shares and actual conditions of listing on the STAR Market SSE, and according to the requirements of the Official Reply of the State Council regarding Adjusting the Application of Provisions to Matters Including the Notice Period for Convention of Shareholders' Meetings by Overseas Listed Companies (No. 97 [2019] of the State Council), in the spirit of caution, suitability and necessity, the Board proposed to amend relevant provisions of the Articles of Association on registered capital and registration of change of the register of members, notice period and convening procedure of the general meeting. The amended Articles of Association has been approved by shareholders by a special resolution at the 2019 annual general meeting of the Company, and took effect from 12 June 2020. The full text of the Articles of Association has been published on the websites of the Stock Exchange and the Company. For details, please refer to the announcement dated 25 March 2020 and the circular dated 15 May 2020 published by the Company on the website of the Stock Exchange.

### XVI. DIVIDEND POLICY

The dividend policy of the Company has been defined in the Articles of Association of the Company. According to the Articles of Association, the Company shall withdraw 10% of profits as the statutory reserve fund of the Company when the Company distributes the annual profits after taxation. If the statutory reserve fund of the Company is insufficient to make up for the losses of the preceding year, the profits of the current year shall first be used to make up for the said losses before any statutory reserve fund is withdrawn as per above. After statutory reserve fund is withdrawn by the Company out of the profits after taxation, discretionary reserve fund may also be withdrawn out of the same as per a resolution made at a general meeting.

The Company may distribute dividends in the form of cash, shares or other forms as permitted by laws and regulations and the regulatory rules in the place where the shares are listed. cash dividends and other monies paid by the Company to A shareholders shall be paid in RMB. Cash dividends and other monies paid by the Company to holders of overseas-listed foreign shares shall be stated and announced in RMB and paid in foreign currency. Foreign currency needed by the Company to pay cash dividends and other monies to holders of overseas-listed foreign shares shall be obtained pursuant to relevant state regulations on foreign exchange. In distributing dividends to shareholders, the Company shall withhold and pay taxes payable by the shareholders for their dividend income pursuant to PRC tax laws.

After the profit distribution plan has been resolved at the shareholders' general meeting of the Company, the Board of the Company shall complete the dividends (or shares) distribution within 2 months after the convention of the Shareholders' general meeting.

## SECTION IX CORPORATE GOVERNANCE REPORT

### XVII. JOINT COMPANY SECRETARIES

Ms. QIU Wei and Ms. NG Wing Shan are the joint company secretaries of the Company. Ms. NG Wing Shan serves as the assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited and her main contact person is Ms. QIU. Ms. NG and Ms. QIU undertook no less than 15 hours of relevant professional training for the year ended 31 December 2020.

### XVIII. OTHERS

Applicable  Not applicable

## SECTION X PARTICULARS OF CORPORATE BONDS

Applicable  Not applicable

# INDEPENDENT AUDITOR'S REPORT

## I. AUDIT REPORT

Applicable  Not applicable

### AUDIT REPORT

Ernst & Young Hua Ming (2021) Shen Zi No.61172338\_A02  
China Railway Signal & Communication Corporation Limited\*

To the Shareholders of China Railway Signal & Communication Corporation Limited

## I. OPINION

We have audited the financial statements of China Railway Signal & Communication Corporation Limited ("CRSC"), which comprise the consolidated and company balance sheets as at 31 December 2020, and the consolidated and company income statements, the statements of changes in shareholders' equity and the cash flow statements for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements of CRSC give a true and fair view, in all material respects, of the consolidated and company financial position as of 31 December 2020, and the consolidated and company financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

## II. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of CRSC in accordance with the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## III. KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

# INDEPENDENT AUDITOR'S REPORT

## AUDIT REPORT (Continued)

Ernst & Young Hua Ming (2021) Shen Zi No.61172338\_A02  
China Railway Signal & Communication Corporation Limited\*

### III. KEY AUDIT MATTER (Continued)

#### Key audit matters

#### How our audit addressed the key audit matters

##### *Revenue from construction contract*

The revenue of China Railway Signal & Communication Corporation Limited is mainly derived from construction contracts for which CRSC recognises revenue according to performance progress. Recognition of revenue in accordance with performance progress may involve significant management judgements and estimates, including estimated contract revenue, estimated contract costs, and work progress. When conditions change, the relating judgements and estimates may vary. During the execution of contracts, the management of China Railway Signal & Communication Corporation Limited evaluated and revised the estimated contract revenue and estimated contract costs based on factors such as scope of contract delivery and estimation to completion. The recognition of revenue from construction contract has a significant effect on financial statements.

We tested and evaluated the internal control of revenue recognition of China Railway Signal & Communication Corporation Limited. We obtained major construction contracts, reviewed key contract terms and evaluated the rationality of estimated contract revenue and estimated contract costs.

We performed sampling inspection of relevant documents to review contract costs incurred; recalculated the performance progress and revenue based on incurred costs and estimated contract costs; carried out cut-off test procedures to check whether relevant contract costs are recorded in the appropriate accounting period; and underwent an analytical review process for the gross profit margin of major construction contracts.

For the accounting policies and the disclosure of information for the recognition of construction contract revenue, please refer to Note V.38 and Note VII.61 to the financial statements.

# INDEPENDENT AUDITOR'S REPORT

## AUDIT REPORT (Continued)

Ernst & Young Hua Ming (2021) Shen Zi No.61172338\_A02  
China Railway Signal & Communication Corporation Limited\*

### III. KEY AUDIT MATTER (Continued)

#### *Impairment of account receivable and contract assets*

CRSC recognises provision for impairment of accounts receivable and contract assets based on expected credit losses, which involves significant judgements and estimations of the management. Specific factors considered by the management in its recoverability analysis include ageing, customers' repayment plans, historical settlement records, credit ratings and historical repayment records, and other qualitative and quantitative data available to the management. The management also evaluated the expected changes in the credit risk of the debtor based on the above data combined with economic policies, macroeconomic indicators, industry risks and other factors, and considered forward-looking information. The balance of accounts receivable and contract assets of CRSC was significant, and the impairment of accounts receivable and contract assets had significant impacts on the financial statements.

For the accounting policies and the disclosure of information for provision for impairment of accounts receivable and contract assets, please refer to Note V.10, 16 and Note VII.5, 10 to the financial statements.

We tested and evaluated the internal control of CRSC's accrual process for provision for impairment of accounts receivable and contract assets, reviewed the management's analysis and evaluation of historical data of receivables and analysis of historical settlement of contract assets, and checked relevant supporting documents for selected samples to review the accuracy of the ageing of receivables.

For individual recognition of impairment provision for receivables and contract assets, we realised the reasons for the management's judgement and evaluated the rationality of the impairment provision.

For the recognition of impairment provision for receivables and contract assets by reference to the credit risk portfolio, we reviewed the management's settings for the credit risk portfolio, evaluated the rationality of the impairment loss rate in combination with the consideration of historical audit experience and forward-looking information, and selected samples to review the rationality of the credit risk portfolio classification and impairment provision.



# INDEPENDENT AUDITOR'S REPORT

## AUDIT REPORT (Continued)

Ernst & Young Hua Ming (2021) Shen Zi No.61172338\_A02  
China Railway Signal & Communication Corporation Limited\*

### IV. OTHER INFORMATION

The management of CRSC is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our independent auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### V. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENT

The management of CRSC is responsible for the preparation of the financial statements that give a true and fair view in accordance with Accounting Standard for Business Enterprises, and for designing, implementing and maintaining the necessary internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing CRSC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate CRSC or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CRSC's financial reporting process.

### VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# INDEPENDENT AUDITOR'S REPORT

## AUDIT REPORT (Continued)

Ernst & Young Hua Ming (2021) Shen Zi No.61172338\_A02  
China Railway Signal & Communication Corporation Limited\*

### VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with China Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to users of financial statements in our independent auditor's report on the related disclosures in the financial statements or, if such disclosures are inadequate, to issue unqualified opinion. Our conclusions are based on the information obtained up to the date of our independent auditor's report. However, future events or conditions may cause CRSC to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within CRSC to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit, and remain full responsible for our audit opinion.

# INDEPENDENT AUDITOR'S REPORT

## AUDIT REPORT (Continued)

Ernst & Young Hua Ming (2021) Shen Zi No.61172338\_A02  
China Railway Signal & Communication Corporation Limited\*

### VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit and deserve attention.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our independent auditor's report unless laws or regulations precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Ernst & Young Hua Ming LLP**

*PRC Certified public accountant*  
*ZHANG Xiaoliang*  
*(Engagement Partner)*

*PRC Certified public accountant*  
*HE Qiongyi*

Beijing, China

26 March 2021

# CONSOLIDATED BALANCE SHEET

31 December 2020

## II. FINANCIAL STATEMENTS

### CONSOLIDATED BALANCE SHEET

31 December 2020

Prepared by: China Railway Signal & Communication Corporation Limited\*

Unit: Yuan Currency:RMB

ITEM	Notes	31 December 2020	31 December 2019
<b>Current assets:</b>			
Cash and bank balances	VII.1	22,740,631,687.08	24,000,333,948.30
Balances with clearing companies		—	—
Placements with banks and other financial institutions		—	—
Held-for-trading financial assets		—	—
Derivative financial assets		—	—
Notes receivable		—	—
Accounts receivable	VII.5	18,290,953,101.67	16,757,628,007.95
Receivables for financing	VII.6	2,230,124,457.61	1,478,647,844.54
Prepayments	VII.7	605,757,702.28	924,649,290.25
Premiums receivable		—	—
Reinsurance accounts receivable		—	—
Deposits receivable from reinsurance treaty		—	—
Other receivables	VII.8	1,476,276,378.69	1,148,124,174.34
Including: Interest receivable		—	—
Dividends receivable		14,040,000.00	—
Financial assets held under resale agreements		—	—
Inventories	VII.9	2,489,187,213.72	2,200,762,577.00
Contract assets	VII.10	36,043,391,206.89	33,034,982,342.51
Assets held for sale		—	—
Non-current assets due within one year	VII.12	145,843,169.16	19,022,697.66
Other current assets	VII.13	1,046,543,972.68	940,133,548.13
<b>Total current assets</b>		<b>85,068,708,889.78</b>	<b>80,504,284,430.68</b>

# CONSOLIDATED BALANCE SHEET

31 December 2020

ITEM	Notes	31 December 2020	31 December 2019
<b>Non-current assets:</b>			
Loans and advances to customers		–	–
Debt investment	VII.14	273,172,183.50	273,172,183.50
Other debt investment		–	–
Long-term receivables	VII.16	8,384,707,579.19	6,422,130,017.28
Long-term equity investments	VII.17	1,109,033,216.35	981,541,601.50
Other equity instrument investments	VII.18	1,019,867,488.13	806,064,229.20
Other non-current financial assets		–	–
Investment properties	VII.20	211,520,858.93	217,533,676.51
Fixed assets	VII.21	4,204,231,031.03	4,329,298,247.74
Construction in progress	VII.22	1,421,305,987.45	160,740,323.63
Productive biological assets		–	–
Oil and gas assets		–	–
Right-of-use assets	VII.25	139,559,591.19	158,427,539.85
Intangible assets	VII.26	2,507,196,579.31	2,416,808,796.77
Development expenditure	VII.27	139,208,125.21	47,507,051.83
Goodwill	VII.28	305,324,128.58	305,324,128.58
Long-term prepaid expenses	VII.29	52,132,184.27	56,221,830.76
Deferred income tax assets	VII.30	288,190,592.17	331,374,950.05
Other non-current assets	VII.31	203,923,885.50	502,162,296.48
Total non-current assets		<u>20,259,373,430.81</u>	<u>17,008,306,873.68</u>
<b>Total assets</b>		<u><b>105,328,082,320.59</b></u>	<u><b>97,512,591,304.36</b></u>

# CONSOLIDATED BALANCE SHEET

31 December 2020

ITEM	Notes	31 December 2020	31 December 2019
<b>Current liabilities:</b>			
Short-term borrowings	VII.32	<b>491,584,392.53</b>	238,066,170.39
Borrowings from central bank		–	–
Placements from banks and other financial institutions		–	–
Held-for-trading financial liabilities		–	–
Derivative financial liabilities		–	–
Bills payable	VII.35	<b>1,974,383,429.57</b>	1,278,194,766.35
Accounts payable	VII.36	<b>44,705,884,497.10</b>	39,943,249,975.12
Receipts in advance		–	–
Contract liabilities	VII.38	<b>6,832,166,619.11</b>	7,177,237,816.91
Financial assets sold for repurchase		–	–
Customers deposits and deposits from banks and other financial institutions		–	–
Amount paid for agency securities trading		–	–
Amount paid for agency securities underwriting		–	–
Employee benefits payable	VII.39	<b>600,135,460.14</b>	587,348,839.09
Taxes payable	VII.40	<b>930,587,455.57</b>	916,296,853.22
Other payables	VII.41	<b>1,979,340,519.78</b>	1,120,169,597.60
Including: Interest payable		–	–
Dividends payable		–	34,391,330.43
Fees and commissions payable		–	–
Reinsurance accounts payable		–	–
Liabilities held for sale		–	–
Non-current liabilities due within one year	VII.43	<b>216,094,781.87</b>	257,586,818.00
Other current liabilities	VII.44	<b>338,315,519.02</b>	240,541,829.73
<b>Total current liabilities</b>		<b><u>58,068,492,674.69</u></b>	<b><u>51,758,692,666.41</u></b>

# CONSOLIDATED BALANCE SHEET

31 December 2020

ITEM	Notes	31 December 2020	31 December 2019
<b>Non-current liabilities:</b>		–	–
Insurance contract reserve		–	–
Long-term borrowings	VII.45	<b>1,995,641,575.20</b>	1,941,098,540.80
Bonds payable		–	–
Including: Preference shares		–	–
Perpetual bonds		–	–
Lease liabilities	VII.47	<b>80,677,106.29</b>	75,374,177.82
Long-term payables	VII.48	<b>77,846,656.30</b>	74,981,014.21
Long-term employee benefits payable	VII.49	<b>574,084,000.00</b>	660,246,000.00
Estimated liabilities	VII.50	<b>41,449,064.17</b>	73,524,439.45
Deferred income	VII.51	<b>150,934,432.75</b>	155,820,852.92
Deferred tax liabilities	VII.30	<b>41,619,296.79</b>	48,176,031.73
Other non-current liabilities		–	–
Total non-current liabilities		<b>2,962,252,131.50</b>	3,029,221,056.93
<b>Total liabilities</b>		<b>61,030,744,806.19</b>	<b>54,787,913,723.34</b>
<b>Shareholders' equity:</b>		–	–
Share capital	VII.53	<b>10,589,819,000.00</b>	10,589,819,000.00
Other equity instruments	VII.54	<b>2,800,000,000.00</b>	2,800,000,000.00
Including: Preference shares		–	–
Perpetual bonds		<b>2,800,000,000.00</b>	2,800,000,000.00
Capital reserve	VII.55	<b>15,964,304,189.86</b>	15,964,398,557.22
Less: treasury stocks		–	–
Other comprehensive income	VII.57	<b>-207,690,607.13</b>	-272,865,585.12
Special reserve	VII.58	<b>306,215,150.31</b>	412,165,921.09
Surplus reserve	VII.59	<b>1,597,958,257.98</b>	1,342,479,759.71
General risk reserve		–	–
Retained earnings	VII.60	<b>11,512,862,059.38</b>	10,283,609,709.60
Total equity attributable to Shareholders of the parent company		<b>42,563,468,050.40</b>	41,119,607,362.50
Non-controlling shareholder interests		<b>1,733,869,464.00</b>	1,605,070,218.52
Total Shareholders' equity		<b>44,297,337,514.40</b>	42,724,677,581.02
<b>Total liabilities and Shareholders' equity</b>		<b>105,328,082,320.59</b>	<b>97,512,591,304.36</b>

Legal Representative: ZHOU Zhiliang Chief Financial Officer: HU Shaofeng Head of Accounting Department: ZHANG Shihu

# PARENT COMPANY'S BALANCE SHEET

31 December 2020

Prepared by: China Railway Signal & Communication Corporation Limited

Unit: Yuan Currency: RMB

Item	Notes	31 December 2020	31 December 2019
<b>Current assets:</b>			
Cash and bank balances		17,956,276,961.76	19,237,599,410.15
Held-for-trading financial assets		—	—
Derivative financial assets		—	—
Notes receivable		—	—
Accounts receivable	XVII. 1	2,125,968,045.27	2,191,166,790.85
Receivables for financing		375,836,342.66	626,265,688.56
Prepayments		221,994,542.23	347,440,401.68
Other receivables	XVII. 2	7,018,129,988.69	6,438,023,339.85
Including: Interest receivable		—	—
Dividends receivable		699,665,430.31	249,665,430.31
Inventories		31,462,526.72	—
Contract assets		1,741,149,049.63	1,652,006,155.11
Assets held for sale		—	—
Non-current assets due within one year		41,366,628.24	767,827.47
Other current assets		133,245,711.04	82,849,952.98
<b>Total current assets</b>		<b>29,645,429,796.24</b>	<b>30,576,119,566.65</b>



# PARENT COMPANY'S BALANCE SHEET

31 December 2020

Item	Notes	31 December 2020	31 December 2019
<b>Non-current assets:</b>			
Debt investment		273,172,183.50	273,172,183.50
Other debt investment		—	—
Long-term receivables		1,751,698,274.44	379,891,751.29
Long-term equity investments	XVII. 3	16,987,641,187.31	16,391,064,832.98
Other equity instrument investments		476,408,221.20	476,408,221.20
Other non-current financial assets		—	—
Investment properties		1,498,455,649.52	1,536,429,244.36
Fixed assets		551,997,027.00	566,043,569.32
Construction in progress		712,876.28	4,290,783.53
Productive biological assets		—	—
Oil and gas assets		—	—
Right-of-use assets		648,678.18	—
Intangible assets		467,381,583.52	475,132,006.77
Development expenditure		—	—
Goodwill		—	—
Long-term prepaid expenses		—	—
Deferred income tax assets		21,013,747.78	19,150,297.26
Other non-current assets		41,477,131.04	125,525,324.69
Total non-current assets		<u>22,070,606,559.77</u>	<u>20,247,108,214.90</u>
<b>Total assets</b>		<u>51,716,036,356.01</u>	<u>50,823,227,781.55</u>

# PARENT COMPANY'S BALANCE SHEET

31 December 2020

Item	31 December 2020	31 December 2019
<b>Current liabilities:</b>		
Short-term borrowings	400,000,000.00	–
Held-for-trading financial liabilities	–	–
Derivative financial liabilities	–	–
Bills payable	110,307,696.00	–
Accounts payable	4,655,727,585.73	4,842,936,842.45
Receipts in advance	–	–
Contract liabilities	808,883,636.03	1,098,443,771.29
Employee benefits payable	25,357,541.30	25,100,010.53
Taxes payable	26,355,117.49	56,439,643.28
Other payables	12,115,806,084.42	11,462,182,244.05
Including: Interests payable	–	–
Dividends payable	–	–
Liabilities held for sale	–	–
Non-current liabilities due within one year	422,419.64	–
Other current liabilities	30,351,127.68	28,994,307.85
<b>Total current liabilities</b>	<b>18,173,211,208.29</b>	<b>17,514,096,819.45</b>
<b>Non-current liabilities:</b>		
Long-term borrowings	–	–
Bonds payable	–	–
Including: Preference shares	–	–
Perpetual bonds	–	–
Lease liabilities	20,064.93	–
Long-term payables	–	–
Long-term employee benefits payable	70,216,000.00	75,866,000.00
Estimated liabilities	686,646.49	2,511,736.34
Deferred income	4,229,365.49	4,081,692.25
Deferred tax liabilities	–	–
Other non-current liabilities	–	–
<b>Total non-current liabilities</b>	<b>75,152,076.91</b>	<b>82,459,428.59</b>
<b>Total liabilities</b>	<b>18,248,363,285.20</b>	<b>17,596,556,248.04</b>

# PARENT COMPANY'S BALANCE SHEET

31 December 2020

Item	31 December 2020	31 December 2019
<b>Shareholders' equity:</b>		
Share capital	10,589,819,000.00	10,589,819,000.00
Other equity instruments	2,800,000,000.00	2,800,000,000.00
Including: Preference shares	—	—
Perpetual bonds	2,800,000,000.00	2,800,000,000.00
Capital reserve	16,356,470,432.63	16,356,470,432.63
Less: treasury stocks	—	—
Other comprehensive income	-47,706,142.52	-49,451,003.24
Special reserve	30,739,738.39	37,577,577.81
Surplus reserve	1,597,958,257.98	1,342,479,759.71
Retained earnings	2,140,391,784.33	2,149,775,766.60
Total Shareholders' equity	<u>33,467,673,070.81</u>	<u>33,226,671,533.51</u>
<b>Total liabilities and Shareholders' equity</b>	<u>51,716,036,356.01</u>	<u>50,823,227,781.55</u>

Legal Representative: ZHOU Zhiliang Chief Financial Officer: HU Shaofeng Head of Accounting Department: ZHANG Shihu

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

January to December 2020

Unit: Yuan Currency: RMB

Item	Notes	2020	2019
I. Total revenue	VII.61	<b>40,124,476,710.76</b>	41,646,286,792.57
Including: Revenue		<b>40,124,476,710.76</b>	41,646,286,792.57
Interest income		—	—
Premiums earned		—	—
Fees and commissions income		—	—
II. Total cost of sales		<b>35,526,041,582.65</b>	37,220,022,565.63
Including: Cost of sales	VII.61	<b>31,269,101,236.91</b>	32,112,103,467.88
Interest expenses		—	—
Fees and commissions expense		—	—
Surrenders		—	—
Net payments for insurance claims		—	—
Net provisions for insurance contract reserve		—	—
Policy dividend expenses		—	—
Reinsurance costs		—	—
Taxes and surcharges	VII.62	<b>230,083,398.31</b>	260,018,767.25
Selling and distribution expenses	VII.63	<b>782,685,977.22</b>	878,468,933.38
General and administrative expenses	VII.64	<b>2,059,557,214.11</b>	2,530,027,201.64
Research and development expenses	VII.65	<b>1,434,273,399.90</b>	1,583,455,766.97
Finance costs	VII.66	<b>-249,659,643.80</b>	-144,051,571.49
Including: Interest expense		<b>42,795,594.41</b>	121,490,363.95
Interest income		<b>415,063,581.21</b>	305,460,588.36
Add: Other income	VII.67	<b>216,220,467.27</b>	213,181,016.26
Investment income (with “-” for loss)	VII.68	<b>58,689,540.14</b>	372,775,072.48
Including: Share of profits of associates and joint ventures		<b>60,364,356.23</b>	50,057,361.46
Derecognition of income from financial assets measured at amortized cost		<b>-23,907,670.65</b>	—
Foreign exchange gains (with “-” for losses)		—	—
Net gains from hedging exposure (with “-” for loss)		—	—
Gains from changes in fair values (with “-” for loss)		—	—
Credit impairment losses (with “-” for loss)	VII.71	<b>-16,062,175.36</b>	-18,930,589.80
Assets impairment losses (with “-” for loss)	VII.72	<b>-13,806,313.28</b>	-12,497,212.16
Gains from disposal of assets (with “-” for loss)	VII.73	<b>171,224,991.74</b>	-1,382,312.77
III. Operating profits (with “-” for losses)		<b>5,014,701,638.62</b>	4,979,410,200.95
Add: Non-operating income	VII.74	<b>26,100,278.36</b>	61,799,594.90
Less: Non-operating expenses	VII.75	<b>4,929,393.37</b>	13,735,278.90
IV. Total profits (with “-” for total losses)		<b>5,035,872,523.61</b>	5,027,474,516.95
Less: Income tax expenses	VII.76	<b>796,452,326.62</b>	850,426,160.91

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

January to December 2020

Item	Notes	2020	2019
V. Net profit(with "-" for net losses)		<b>4,239,420,196.99</b>	4,177,048,356.04
(I) Classified by continuity of operation			
1. Net profit from continuing operation (with "-" for net losses)		<b>4,239,420,196.99</b>	4,177,048,356.04
2. Net profit from discontinued operations (with "-" for net losses)		-	-
(II) Classified by the ownership			
1. Net profit attributable to the owners of parent company (with "-" for net losses)		<b>3,819,046,319.02</b>	3,815,874,901.39
2. Net profit attributable to non-controlling interests (with "-" for net losses)		<b>420,373,877.97</b>	361,173,454.65
VI. Net other comprehensive income, net of tax		<b>65,174,977.99</b>	-24,393,918.30
(I) Net other comprehensive income attributable to the owners of the parent company, net of tax	VII.77	<b>65,174,977.99</b>	-24,393,918.30
1. Other comprehensive income not to be reclassified to profit or loss		<b>40,842,000.00</b>	-28,696,000.00
(1) Changes of the re-measurement of defined benefit plans	VII.77	<b>40,842,000.00</b>	-28,696,000.00
(2) Other comprehensive income under equity method that can not be reclassified to profit or loss		-	-
(3) Change in fair value of other investments in equity instruments		-	-
(4) Changes in fair value of the Company's own credit risks		-	-
2. Other comprehensive income to be reclassified to profit or loss		<b>24,332,977.99</b>	4,302,081.70
(1) Other comprehensive income that may be transferred to profit or loss under equity method		-	-
(2) Change in fair value of other debt investments		-	-
(3) Impairment provisions for receivables for financing	VII.77	<b>4,099,803.48</b>	-
(4) Provision for credit impairment of other debt investments		-	-
(5) Hedging reserve arising from cash flows	VII.77	<b>20,833,093.25</b>	4,251,224.77
(6) Exchange differences on translation of foreign operations	VII.77	<b>-599,918.74</b>	50,856.93
(7) Others		-	-
(II) Other comprehensive income attributable to non-controlling interests, net of tax		-	-

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

January to December 2020

Item	Notes	2020	2019
VII. Total comprehensive income		<b>4,304,595,174.98</b>	4,152,654,437.74
(I) Total comprehensive income attributable to Shareholders of the parent company		<b>3,884,221,297.01</b>	3,791,480,983.09
(II) Total comprehensive income attributable to non-controlling interests		<b>420,373,877.97</b>	361,173,454.65
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		<b>0.34</b>	0.38
(II) Diluted earnings per share (RMB/share)		<b>0.34</b>	0.38

For the business combination under common control occurred during the current period, net profit of the acquiree realised before business combination was RMB0. Net profit of the acquiree realised during the last year was RMB0.

Legal Representative: ZHOU Zhiliang Chief Financial Officer: HU Shaofeng Head of Accounting Department: ZHANG Shihu

# PARENT COMPANY'S INCOME STATEMENT

January to December 2020

Unit: Yuan Currency: RMB

Item	Notes	2020	2019
I. Operating Revenue	XVII. 4	<b>4,964,888,395.45</b>	5,928,077,472.53
Less: Cost of sales	XVII. 4	<b>4,462,560,583.42</b>	5,549,253,869.98
Taxes and surcharges		<b>35,616,228.94</b>	39,345,668.76
Selling expenses		<b>13,307,679.45</b>	18,866,431.82
administrative expenses		<b>214,495,256.88</b>	236,530,736.16
Research and development expenses		<b>156,392,974.48</b>	37,439,063.07
Finance costs		<b>-174,333,023.56</b>	-74,219,248.23
Of: Interest expense		<b>114,618,702.36</b>	175,756,521.41
Interest income		<b>361,353,630.70</b>	259,014,205.99
Plus: Other income		<b>1,457,633.07</b>	1,833,000.00
Investment income (with "-" for loss)	XVII. 5	<b>2,402,375,225.82</b>	2,329,743,079.15
Of: profits from investment in associates and joint ventures		<b>16,031,789.17</b>	10,837,720.66
Derecognition of income from financial assets measured at amortized cost		<b>-18,648,016.99</b>	—
Net gains from exposure hedges (with "-" for loss)		—	—
Gains from changes in fair values (with "-" for loss)		—	—
Credit impairment losses (with "-" for loss)		<b>-9,606,360.24</b>	-15,988,269.14
Assets impairment losses (with "-" for loss)		<b>-747,251.23</b>	2,845,783.78
Gains from disposal of assets (with "-" for loss)		<b>14,252.69</b>	8,522,358.13
II. Operating profit (with "-" for loss)		<b>2,650,342,195.95</b>	2,447,816,902.89
Plus: Non-operating income		<b>135,150.95</b>	32,869,035.24
Less: Non-operating expenses		<b>47,415.51</b>	23,692.31
III. Total profit (with "-" for total loss)		<b>2,650,429,931.39</b>	2,480,662,245.82
Less: Income tax expenses		<b>95,644,948.73</b>	99,859,982.61
IV. Net profit (with "-" for net loss)		<b>2,554,784,982.66</b>	2,380,802,263.21
(I) Net profit from continuing operations (with "-" for net loss)		<b>2,554,784,982.66</b>	2,380,802,263.21
(II) Net profit of discontinued operations (with "-" for net loss)		—	—

# PARENT COMPANY'S INCOME STATEMENT

January to December 2020

Item	Notes	2020	2019
V. Other comprehensive income, net of tax		<b>1,744,860.72</b>	1,489,996.76
(I) Other comprehensive income not reclassified to profit or loss		<b>1,679,000.00</b>	1,503,000.00
1. Changes of the re-measurement of defined benefit plans		<b>1,679,000.00</b>	1,503,000.00
2. Other comprehensive income under equity method that cannot be reclassified into profit or loss		—	—
3. Change in fair value of other investments in equity instruments		—	—
4. Changes in fair value of the Company's own credit risk		—	—
(II) Other comprehensive income reclassified to profit or loss		<b>65,860.72</b>	-13,003.24
1. Other comprehensive income that may be transferred to profit or loss under equity method		—	—
2. Change in fair value of other debt investments		—	—
3. Amount of financial assets reclassified to other comprehensive income		—	—
4. Credit impairment provisions for other debt investments		—	—
5. Hedging reserve arising from cash flows		—	—
6. Exchange differences on translation of foreign operations		<b>65,860.72</b>	-13,003.24
7. Others		—	—
VI. Total comprehensive income		<b>2,556,529,843.38</b>	2,382,292,259.97
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		—	—
(II) Diluted earnings per share (RMB/share)		—	—

Legal Representative: ZHOU Zhiliang Chief Financial Officer: HU Shaofeng Head of Accounting Department: ZHANG Shihu



# CONSOLIDATED STATEMENT OF CASH FLOWS

January to December 2020

Unit: Yuan Currency: RMB

Item	Notes	2020	2019
<b>I. Cash flows generated from operating activities:</b>			
Cash received from the sale of goods or rendering of services		<b>35,154,086,249.89</b>	38,547,322,958.43
Net increase in customer deposits received and interbank deposits		—	—
Net increase of borrowings from central bank		—	—
Net increase in placements from other financial institutions		—	—
Cash received from original insurance contract premium		—	—
Net cash received from reinsurance business		—	—
Net increase in savings and investment funds		—	—
Interests, service charges and commission received		—	—
Net increase of placements from banks and other financial institutions		—	—
Net increase of returned business capital		—	—
Net cash received from accounts payables to brokerage clients		—	—
Refunds of taxes		<b>172,267,260.76</b>	199,581,740.40
Cash received relating to other operating activities	VII.78(1)	<b>838,161,091.10</b>	601,852,044.89
Sub-total of cash inflows from operating activities		<b>36,164,514,601.75</b>	39,348,756,743.72
Cash paid for purchase of goods and services received		<b>24,799,251,218.27</b>	26,392,033,781.71
Net increase in loans and advances to customers		—	—
Net increase in deposits with the central bank and interbank funds		—	—
Cash paid for original insurance contract compensation		—	—
Net increase in placements with banks and other financial institutions		—	—
Interests, service charges and commission paid		—	—
Cash paid for bonus of guarantee slip		—	—
Cash paid to and on behalf of employees		<b>5,032,861,332.46</b>	5,073,281,185.76
Cash paid for all types of taxes		<b>2,299,590,102.50</b>	2,685,108,450.87
Cash paid relating to other operating activities	VII.78(2)	<b>1,025,435,995.44</b>	1,826,972,540.51
Sub-total of cash outflows from operating activities		<b>33,157,138,648.67</b>	35,977,395,958.85
Net cash flow generated from operating activities	VII.79(1)	<b>3,007,375,953.08</b>	3,371,360,784.87

# CONSOLIDATED STATEMENT OF CASH FLOWS

January to December 2020

Item	Notes	2020	2019
<b>II. Cash flows generated from investing activities:</b>			
Cash received from disposal of investments		5,693,165.69	185,852,739.72
Cash received from return on investment		36,653,935.88	61,958,760.28
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		197,320,693.26	10,112,468.95
Net cash received from disposal of subsidiaries and other operating units		–	–
Decrease in unsecured/pledged and unrestricted time deposits with maturity over three months		1,509,313,788.42	–
Cash received relating to other investing activities	VII.78(3)	235,301,688.31	1,761,265,043.32
Sub-total of cash inflows from investing activities		<u>1,984,283,271.56</u>	<u>2,019,189,012.27</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,748,944,621.60	819,998,883.45
Cash paid for investments		337,922,258.93	594,104,014.52
Increase in unsecured/pledged and unrestricted time deposits with maturity over three months		–	5,135,277,835.34
Net cash paid on acquisition of subsidiaries and other operating units		–	–
Cash paid relating to other investing activities	VII.78(4)	34,665,734.37	67,227,316.24
Sub-total of cash outflows from investing activities		<u>2,121,532,614.90</u>	<u>6,616,608,049.55</u>
Net cash flows generated from investing activities		<u>-137,249,343.34</u>	<u>-4,597,419,037.28</u>
<b>III. Cash flows generated from financing activities:</b>			
Cash received as capital contributions		10,243,764.18	10,568,705,566.04
Of: Cash received by subsidiaries from minority Shareholders' investment		10,243,764.18	187,715,000.00
Cash received from borrowings		957,515,124.08	4,026,119,058.00
Cash received related to other fund-raising activities		–	–
Sub-total of cash inflows from financing activities		<u>967,758,888.26</u>	<u>14,594,824,624.04</u>
Cash paid on repayments of borrowings		607,997,305.08	3,886,916,163.90
Cash paid on distribution of dividends or profits and for interest expenses		2,612,846,276.59	2,337,938,526.70
Of: dividends and profits paid by subsidiaries to minority Shareholders		–	–
Cash paid relating to other financing activities	VII.78(6)	213,531,369.67	122,493,338.69
Sub-total of cash outflows from financing activities		<u>3,434,374,951.34</u>	<u>6,347,348,029.29</u>
Net cash flows generated from financing activities		<u>-2,466,616,063.08</u>	<u>8,247,476,594.75</u>

# CONSOLIDATED STATEMENT OF CASH FLOWS

January to December 2020

Item	Notes	2020	2019
<b>IV. Effect of fluctuations in exchange rates on cash and cash equivalents</b>		<b>-73,602,157.71</b>	25,328,564.25
<b>V. Net increase in cash and cash equivalents</b>	VII.79(1)	<b>329,908,388.95</b>	7,046,746,906.59
Plus: Balance of Cash and cash equivalents at the beginning of the period	VII.79(1)	<b>17,854,952,684.12</b>	10,808,205,777.53
<b>VI. Balance of Cash and cash equivalents at the end of the period</b>	VII.79(1)	<b>18,184,861,073.07</b>	17,854,952,684.12

Legal Representative: ZHOU Zhiliang Chief Financial Officer: HU Shaofeng Head of Accounting Department: ZHANG Shihu

# STATEMENT OF CASH FLOWS OF THE PARENT COMPANY

January to December 2020

Unit: Yuan Currency: RMB

Item	2020	2019
<b>I. Cash flows generated from operating activities:</b>		
Cash received from the sale of goods or rendering of services	5,060,449,688.44	9,256,502,967.91
Refunds of taxes	22,144,841.94	70,942,309.15
Cash received relating to other operating activities	738,941,948.63	279,443,430.50
Sub-total of cash inflows from operating activities	5,821,536,479.01	9,606,888,707.56
Cash paid for purchase of goods and services received	4,768,397,688.45	7,417,252,069.55
Cash paid to and on behalf of employees	132,628,705.40	101,355,188.45
Cash paid for all types of taxes	164,168,446.20	267,590,180.65
Cash paid relating to other operating activities	883,099,413.52	393,860,535.49
Sub-total of cash outflows from operating activities	5,948,294,253.57	8,180,057,974.14
Net cash flow generated from operating activities	-126,757,774.56	1,426,830,733.42
<b>II. Cash flows generated from investing activities:</b>		
Cash received from disposal of investments	47,735,696.03	144,044,000.00
Cash received from return on investment	2,061,885,082.59	1,907,108,490.63
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	442,068.09	48,134.23
Decrease in unsecured/pledged and unrestricted time deposits with maturity over three months	1,503,498,100.00	—
Net cash received from disposal of subsidiaries and other operating units	—	—
Cash received relating to other investing activities	429,945,732.62	1,857,394,902.28
Sub-total of cash inflows from investing activities	4,043,506,679.33	3,908,595,527.14
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	34,946,539.94	102,165,523.97
Cash paid for investments	678,048,680.00	1,138,295,164.50
Increase in unsecured/pledged and unrestricted time deposits with maturity over three months	—	5,571,982,800.00
Net cash paid on acquisition of subsidiaries and other operating units	—	—
Cash paid relating to other investing activities	964,040,469.59	99,329,438.08
Sub-total of cash outflows from investing activities	1,677,035,689.53	6,911,772,926.55
Net cash flows generated from investing activities	2,366,470,989.80	-3,003,177,399.41

# STATEMENT OF CASH FLOWS OF THE PARENT COMPANY

January to December 2020

Item	2020	2019
<b>III. Cash flows generated from financing activities:</b>		
Cash received as capital contributions	–	10,380,990,566.04
Cash received from borrowings	400,000,000.00	2,500,000,000.00
Cash received related to other fund-raising activities	–	–
Sub-total of cash inflows from financing activities	400,000,000.00	12,880,990,566.04
Cash paid on repayments of borrowings	–	3,500,000,000.00
Cash paid on distribution of dividends or profits and for interest expenses	2,322,295,113.89	2,027,723,755.81
Cash paid relating to other financing activities	–	26,648,192.82
Sub-total of cash outflows from financing activities	2,322,295,113.89	5,554,371,948.63
Net cash flows generated from financing activities	-1,922,295,113.89	7,326,618,617.41
<b>IV. Effect of fluctuations in exchange rates on cash and cash equivalents</b>	-72,131,047.72	25,312,529.16
<b>V. Net increase in cash and cash equivalents</b>	245,287,053.63	5,775,584,480.58
Plus: Balance of cash and cash equivalents at the beginning of the period	13,492,113,566.38	7,716,529,085.80
<b>VI. Balance of cash and cash equivalents at end of the period</b>	13,737,400,620.01	13,492,113,566.38

Legal Representative: ZHOU Zhiliang Chief Financial Officer: HU Shaofeng Head of Accounting Department: ZHANG Shihu

# CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

January to December 2020

Unit: Yuan Currency: RMB

Item	2020														
	Equity attributable to owners of the parent Company														
	Other equity instruments			Other comprehensive income			Total owners' equity								
	Actual capital received (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury stocks	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Others	Subtotal	Minority shareholder interests	Total owners' equity
I. Closing balance of last year	10,899,819,000.00	-	2,800,000,000.00	-	15,964,399,557.22	-	-272,865,385.12	412,165,921.09	1,342,479,759.71	-	10,283,609,769.60	-	41,119,607,362.50	1,665,070,718.52	42,724,677,681.02
Plus: changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of errors in prior periods	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the year	10,899,819,000.00	-	2,800,000,000.00	-	15,964,399,557.22	-	-272,865,385.12	412,165,921.09	1,342,479,759.71	-	10,283,609,769.60	-	41,119,607,362.50	1,665,070,718.52	42,724,677,681.02
III. Increases (decreases) during the period (with "-" for decrease)	-	-	-	-	-49,367.35	-	65,174,977.99	-105,950,770.78	255,479,499.27	-	1,229,252,340.78	-	1,443,850,867.90	128,759,245.48	1,572,659,933.38
(I) Total comprehensive income	-	-	-	-	-	-	65,174,977.99	-	-	-	3,819,046,319.02	-	3,884,221,297.01	420,373,977.97	4,304,595,174.98
(II) Capital contributions and withdrawals by owners	-	-	-	-	-270,138.00	-	-	-	-	-	-	-	-270,138.00	-5,530,945.82	-5,801,083.82
1. Common shares contributed by owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payment recorded in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Capital contributions from minority Shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	10,243,764.18	10,243,764.18
5. Acquisition of minority Shareholders' equity	-	-	-	-	-270,138.00	-	-	-	-	-	-	-	-270,138.00	-15,504,572.00	-15,774,710.00

# CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

January to December 2020

		2020																												
		Equity attributable to owners of the parent Company																												
		Other equity instruments																												
Item	Actual capital received (or share capital)	Preference shares		Perpetual bonds		Others		Capital reserve		Less: treasury stocks		Other comprehensive income		Special reserve		Surplus reserve		General risk reserve		Undistributed profits		Others		Subtotal		Minority shareholder interests		Total owners' equity		
		Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury stocks	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Others	Subtotal	Minority shareholder interests	Total owners' equity															
(III) Profit distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
1. Appropriation of surplus reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Distribution to shareholders		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3. Distribution to other holders of equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4. Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(IV) Gains and loss directly included in owners' equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(V) Special reserve		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriated in current period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Used in current period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance during the period		10,889,819,000.00	-	2,800,000,000.00	-	2,800,000,000.00	-	15,964,304,189.86	-	306,215,150.31	-	306,215,150.31	-	1,537,953,257.99	-	11,512,862,059.98	-	42,563,468,650.40	-	1,733,869,164.00	-	1,733,869,164.00	-	44,297,337,514.40	-	-	-	-	-	-





# CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

January to December 2020

Item	2019												
	Equity attributable to owners of the parent Company												
	Other equity instruments				Less: treasury stocks			Other comprehensive income		Minority shareholder interests		Total owners' equity	
	Actual capital received (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Others	Subtotal		
(III) Profit distribution	-	-	-	-	-	-	238,080,226.32	-	-2,208,650,208.87	-	-1,970,569,983.55	-304,383,837.28	-2,274,953,920.83
1. Appropriation of surplus reserves	-	-	-	-	-	-	238,080,226.32	-	-2,208,650,208.87	-	-1,970,569,983.55	-	-
2. Accual of general risk reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
3. distribution to owners (or shareholders)	-	-	-	-	-	-	-	-	-1,757,963,800.00	-	-1,757,963,800.00	-282,861,765.28	-2,040,825,565.28
4. Distribution to other holders of equity	-	-	-	-	-	-	-	-	-190,205,555.55	-	-190,205,555.55	-	-190,205,555.55
5. Others	-	-	-	-	-	-	-	-	-22,400,628.00	-	-22,400,628.00	-27,522,172.00	-43,922,800.00
(IV) Gains and loss directly included in owners' equity	-	-	-	-	586,169.91	-	-	-	-	-	586,169.91	-	586,169.91
(V) Special reserve	-	-	-	-	-	39,319,215.42	-	-	-	-	39,319,215.42	-1,618,022.86	37,701,212.56
1. Appropriated in current period	-	-	-	-	-	423,300,667.73	-	-	-	-	423,300,667.73	14,881,130.55	438,181,798.28
2. Used in current period	-	-	-	-	-	-383,981,452.31	-	-	-	-	-383,981,452.31	-16,490,133.41	-400,471,585.72
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance during the period	10,693,819,000.00	-	2,800,000,000.00	-	15,964,386,357.22	412,165,921.09	1,342,479,759.71	-	10,283,609,709.60	-	41,119,607,382.50	1,665,070,218.52	42,724,677,601.02

Legal Representative: ZHOU Zhiliang

Chief Financial Officer: HU Shaofeng

Head of Accounting Department: ZHANG Shihu

# PARENT COMPANY'S STATEMENT OF CHANGES IN OWNERS' EQUITY

January to December 2020

Unit: RMB Currency: RMB

Item	2020										Total Owners' equity
	Actual capital received (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury stocks	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	
I. Closing balance of last year	10,589,819,000.00	-	2,800,000,000.00	-	16,358,470,432.63	-	-49,451,003.24	37,577,577.81	1,342,479,759.71	2,149,775,766.60	33,226,671,533.51
Plus: changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
Correction of errors in prior periods	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance of the year	10,589,819,000.00	-	2,800,000,000.00	-	16,358,470,432.63	-	-49,451,003.24	37,577,577.81	1,342,479,759.71	2,149,775,766.60	33,226,671,533.51
III. Increases/(decreases) during the period (with "+" for decrease)	-	-	-	-	-	-	1,744,860.72	-6,837,839.42	255,478,498.27	-9,383,982.27	241,001,537.30
(I) Total comprehensive income	-	-	-	-	-	-	1,744,860.72	-	-	2,554,784,982.66	2,556,529,843.38
(II) Capital contributions and withdrawals by owners	-	-	-	-	-	-	-	-	-	-	-
1. Common shares contributed by owners	-	-	-	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payment recorded in owners' equity	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	-	255,478,498.27	-2,564,188,964.93	-2,308,690,466.66
1. Appropriation of surplus reserves	-	-	-	-	-	-	-	-	255,478,498.27	-255,478,498.27	-
2. Distribution to owners (or shareholders)	-	-	-	-	-	-	-	-	-	-2,117,963,800.00	-2,117,963,800.00
3. Others	-	-	-	-	-	-	-	-	-	-190,726,666.66	-190,726,666.66

# PARENT COMPANY'S STATEMENT OF CHANGES IN OWNERS' EQUITY

January to December 2020

Item	2020										Total Owners' equity	
	Actual capital received (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury stocks	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits		
(VII) Internal transfer of owners' equity	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer of capital reserve into capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer of surplus reserve into capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-
3. Recover of loss by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
4. Changes in defined benefit plan transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
5. Other comprehensive income transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Special reserve	-	-	-	-	-	-	-	-6,837,839.42	-	-	-	-6,837,839.42
1. Appropriated in current period	-	-	-	-	-	-	-	13,130,325.73	-	-	-	13,130,325.73
2. Used in current period	-	-	-	-	-	-	-	-19,968,165.15	-	-	-	-19,968,165.15
(VIII) Others	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance during the period	10,589,819,000.00	-	2,800,000,000.00	-	16,356,470,432.63	-	-47,706,142.62	30,739,738.39	1,597,958,257.98	2,140,391,784.33	33,467,673,070.81	

# PARENT COMPANY'S STATEMENT OF CHANGES IN OWNERS' EQUITY

January to December 2020

2019

Item	Other equity instruments							Total owners' equity
	Actual capital received (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury stocks	Other comprehensive income	
I. Closing balance of last year	8,789,819,000.00	-	2,800,000,000.00	-	7,802,128,059.41	-	-50,941,000.00	22,441,213,864.50
Plus: changes in accounting policies	-	-	-	-	-	-	-	-
Correction of errors in prior periods	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
II. Opening balance of the year	8,789,819,000.00	-	2,800,000,000.00	-	7,802,128,059.41	-	-50,941,000.00	22,441,213,864.50
III. Increases/(decreases) during the period (with "+" for decrease)	1,800,000,000.00	-	-	-	8,554,342,373.22	-	1,489,996.76	10,785,457,669.01
(I) Total comprehensive income	-	-	-	-	-	-	1,489,996.76	2,382,292,259.97
(II) Capital contributions and withdrawals by owners	1,800,000,000.00	-	-	-	8,554,342,373.22	-	-	10,354,342,373.22
1. Common shares contributed by owners	1,800,000,000.00	-	-	-	8,554,342,373.22	-	-	10,354,342,373.22
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-
3. Share-based payment recorded in Shareholders' equity	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	-1,948,169,355.55
1. Appropriation of surplus reserves	-	-	-	-	-	-	-	-
2. Distribution to owners (or shareholders)	-	-	-	-	-	-	-	-1,757,963,800.00
3. Others	-	-	-	-	-	-	-	-190,205,555.55
IV. Profit distribution	-	-	-	-	-	-	-	-1,948,169,355.55
1. Appropriation of surplus reserves	-	-	-	-	-	-	-	-
2. Distribution to owners (or shareholders)	-	-	-	-	-	-	-	-1,757,963,800.00
3. Others	-	-	-	-	-	-	-	-190,205,555.55

# PARENT COMPANY'S STATEMENT OF CHANGES IN OWNERS' EQUITY

January to December 2020

Item	2019										Total owners' equity	
	Actual capital received (or share capital)	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury stocks	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits		
(II) Internal transfer of Shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer of capital reserve into capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-
2. Transfer of surplus reserve into capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-	-
3. Recover of loss by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
4. Changes in defined benefit plan transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
5. Other comprehensive income transferred to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Special reserve	-	-	-	-	-	-	-3,007,608.63	-	-	-	-	-3,007,608.63
1. Appropriated in current period	-	-	-	-	-	-	2,368,274.32	-	-	-	-	2,368,274.32
2. Used in current period	-	-	-	-	-	-	-5,375,882.95	-	-	-	-	-5,375,882.95
(VII) Others	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance during the period	10,589,819,000.00	-	2,800,000,000.00	-	16,356,470,432.63	-	-49,451,003.24	37,577,577.81	1,342,479,759.71	2,148,775,766.60	33,226,671,533.51	

Legal Representative: ZHOU Zhiliang

Chief Financial Officer: HU Shaofeng

Head of Accounting Department: ZHANG Shihu

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## III. CORPORATE INFORMATION

### 1. Company profile

Applicable  Not applicable

China Railway Signal & Communication Corporation Limited (the “Company”) is a joint stock company limited liability company jointly sponsored on 29 December 2010 by China Railway Signal & Communication Corporation (renamed as China Railway Signal and Communication (group) Corporation Limited in 2017, hereinafter referred to as the “CRSC Group”) as the promoter, in association with China National Machinery Industry Corporation, China Chengtong Holdings Group Ltd., China Reform Holdings Corporation Ltd., and CICC Jiacheng Investment Management Co., Ltd. (these four companies are collectively referred to as the “Other Promoters”) approved by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) (the “SASAC”) via Guo Zi Gai Ge [2010] No. 876 on 17 August 2010 in accordance with the relevant provisions of laws and administrative regulations of the PRC. The Company’s headquarters are at 20th floor of Block A, CRSC Building, 1 Compound Automobile Museum South Road, Fengtai District, Beijing.

Upon approval of the China Securities Regulatory Commission’s Reply on Issuance of Overseas Listed Foreign Shares by China Railway Signal & Communication Corporation Limited (Zheng Jian Xu Ke [2015] No. 1630), the Company has issued 1,789,819,000 H Shares with a nominal value of RMB1 each at an issue price of HK\$6.30 per share that were listed on the Hong Kong Stock Exchange from July to September 2015. The total amount of funds raised before deducting the issuance expenses was approximately HK\$11,275,859,700 and such H Shares commenced for trading on the Main Board of the Hong Kong Stock Exchange in August and September 2015. The Company’s four state-owned shareholders, the CRSC Group, China National Machinery Industry Corporation, China Chengtong Holdings Group Ltd. and China Reform Holdings Corporation Ltd., converted a total of 178,982,000 state-owned legal person shares to H Shares during August and September 2015, which were then transferred to the National Council for Social Security Fund of the People’s Republic of China.

According to the China Securities Regulatory Commission’s Approval for Consent to the Registration of China Railway Signal & Communication Corporation Limited’s Initial Public Offering (Zheng Jian Xu Ke [2019] No. 1135), as of 16 July 2019, the Company has issued 1,800,000,000 ordinary shares with a nominal value of RMB1 each at an issue price of RMB5.85 per share that were listed on the Sci-Tech innovation board of the Shanghai Stock Exchange. The total amount of funds raised before deduction of issuance expenses was RMB10,530,000,000.00 and such ordinary shares were commenced for trading on the Shanghai Stock Exchange’s Sci-Tech innovation board on 22 July 2019.

As of 31 December 2020, the Company has accumulatively issued a total issued share capital of 10,589,819,000 shares with the accumulated share capital amounting RMB10,589,819,000.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## III. CORPORATE INFORMATION (Continued)

### 1. Company profile (Continued)

The Company and its subsidiaries (collectively referred to as the “Group”) are mainly engaged in the following businesses: design and integration of rail transportation control system which mainly include the provision of comprehensive planning for investigation, design and control systems for rail transportation control system; equipment manufacturing of rail transportation control system which mainly includes production and sales of signal systems, communication systems, infrastructure equipment, information systems and other products; and system implementation services for rail transportation control system which include provision of construction, installation, testing, operation and maintenance services for rail transportation control system; and provision of services relating to municipal engineering projects and other construction projects.

The parent company and the ultimate controlling party of the Company is the CRSC Group based in the PRC.

The financial statements were approved by resolution by the Board of Directors of the Company on 26 March 2021.

### 2. Scope of consolidated financial statements

Applicable  Not applicable

The scope of consolidation of the consolidated financial statements was determined on the basis of control. For changes during this year, please refer to Note IX. 1.

## IV. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

### 1. Basis of preparation

The financial statements have been prepared in accordance with Accounting Standards for Business Enterprises – Basic Standards issued by the Ministry of Finance and the specific accounting standards, application guidelines, interpretations and other relevant provisions (collectively referred to as the “Accounting Standards for Business Enterprises”) promulgated and revised thereafter.

The financial statements are presented on a going concern basis.

The financial statements have been prepared under the historical cost as the pricing principle, except for certain financial instruments. If the assets are impaired, the corresponding provisions for impairment shall be made in accordance with related requirements.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## IV. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Continued)

### 2. Continuing operations

Applicable  Not applicable

There were no events or circumstances that resulted in material doubts about the Group's ability of continuing operations within 12 months since the end of the Reporting Period.

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimates are as following:

Applicable  Not applicable

According to the characteristics of its production and operation, the Group formulated a series of specific accounting policies and made accounting estimates, the detail of which are mainly reflected in:

### 1. Statement of compliance with accounting Standards for Business enterprises

The financial statements present fairly and fully the financial position at 31 December 2020 and operating results and cash flows of the Company and the Group as of 2020 in accordance with Accounting Standards for Business Enterprises.

### 2. Accounting period

The accounting year of the Company is from 1 January to 31 December of each calendar year.

### 3. Operating cycle

Applicable  Not applicable

Operating cycle refers to the period from the purchase of assets of an enterprise for the purpose of processing to the realization of cash or cash equivalents. The Group's operating cycle is usually 12 months.

### 4. Functional currency

The functional currency of and the currency adopted for the preparation of these financial statements by the Group is RMB. Unless otherwise stated, all financial statements are denominated in RMB.



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 5. Accounting methods for business combinations involving entities under common control and business combinations involving entities not under common control

Applicable  Not applicable

Business combinations are classified into business combinations involving entities under common control and business combinations involving entities not under common control.

#### (1) Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For a business combination involving entities under common control, the party that, on the combination date, obtains control of another entity participating in the combination is the acquirer, while the other entity participating in the combination is the acquiree. The combination date is the date on which the acquirer effectively obtains control of the acquiree.

Assets and liabilities (including the goodwill recognised by the ultimate controlling party in acquisition of the acquiree) that are obtained by the acquirer in a business combination shall be measured at their carrying amounts at the date of combination as recorded by the ultimate controlling party. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of the shares issued as consideration) shall be adjusted to share premium under capital reserve and the balance of the capital reserve transferred under the original system. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

#### (2) Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination. For a business combination involving entities not under common control, the party that, on the acquisition date, obtains control of another entity participating in the combination is the acquirer, while the other entity participating in the combination is the acquiree. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The acquiree's identifiable assets, liabilities and contingent liabilities acquired by the acquirer in a business combination involving entities not under common control shall be measured at their fair values on the acquisition date.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 5. Accounting methods for business combinations involving entities under common control and business combinations involving entities not under common control (Continued)

#### (2) Business combinations involving entities not under common control (Continued)

Goodwill is measured at cost being the excess of the aggregate of the fair value of the consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree over the acquirer's interest in the fair value of the acquiree's net identifiable net assets. If the aggregate of the fair value of consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree is lower than the acquirer's interest in the fair value of the acquiree's net identifiable net assets, the difference is, after reassessment of the fair value of each identifiable asset, liability and contingent liability acquired from the acquiree and the fair value of consideration transferred (or the fair value of the equity securities issued) and any fair value of the acquirer's previously held equity interest in the acquiree, recognised in profit or loss for the current period.

### 6. Preparing methods of consolidated financial statements

Applicable    Not applicable

The scope of consolidation in the consolidated financial statements is determined on the basis of control, including the financial statements of the Company and all of its subsidiaries. Subsidiaries refer to the entities controlled by the Company (including an enterprise, a separable part of the invested company, and the structured entities controlled by the Company, etc.).

When preparing the consolidated financial statements, the subsidiaries shall adopt the accounting year and accounting policies consistent with the Company. Assets, liabilities, equity, revenues, expenses and cash flows arising from all transactions between companies within the Group are eliminated in full on combinations.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of initial owners' equity of the subsidiary, the excess amount is still allocated against minority interests.

For a subsidiary that is acquired in a business combination involving enterprises not under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements from the date on which the Group obtains control, until the Group ceases its control. In the preparation of the consolidated financial statements, the financial statements of the subsidiaries shall be adjusted based on the fair values of the identifiable assets, liabilities and contingent liabilities determined on the acquisition date.

# NOTES TO FINANCIAL STATEMENTS

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 6. Preparing methods of consolidated financial statements (Continued)

For a subsidiary that is acquired in a business combination involving enterprises under common control, the operating results and cash flows of the acquiree shall be included in the consolidated financial statements from the beginning of the period of combination. In the preparation of the comparative consolidated financial statements, the relative items of the previous financial statements shall be adjusted, and treated as if the reporting entity formed after the combination has existed since the ultimate controlling party began to implement the control.

If changes in relevant facts and circumstances gives rise to one or more changes in controlling factors, the Group will reassess whether it controls the investee.

Changes in the equity of the minority shareholders without a loss of control is accounted for as an equity transaction.

### 7. Accounting treatment of joint arrangement and joint operations

Applicable  Not applicable

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

A party of joint venture recognises its interest in a joint operation: its assets held separately and its share of any assets held jointly; its liabilities, assumed separately and its share of any liabilities assumed jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expenses incurred separately and its share of any expenses incurred jointly.

### 8. Recognition Standard for cash and cash equivalents

Cash comprises the Group's cash on hand and deposits that can be withdrawn on demand at any time; Cash equivalents are short-term, highly liquid investments held by an enterprise, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

# NOTES TO FINANCIAL STATEMENTS

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 9. Foreign currency transactions and foreign currency translations

Applicable  Not applicable

The Group translates the amounts of foreign currency transactions into its functional currency.

Foreign currency transactions are initially recorded using the functional currency spot exchange rate ruling at the date of transactions. At the balance sheet date, monetary items denominated in foreign currencies are translated into functional currencies at the spot exchange rates ruling at the balance sheet date. All differences are recognised in profit or loss, except those related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalisation for the purpose of acquisition or construction of qualifying assets. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated into functional currencies using the foreign spot exchange rates at the transaction dates and do not change the amounts of functional currency. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange spot rate at the date the fair value is determined; the exchange differences are recognised in profit or loss or other comprehensive income depending on the nature of the non-monetary items.

For foreign operations, the Group translates its functional currencies into RMB in preparing the financial statements. All assets and liabilities in the balance sheet are translated at the spot exchange rates ruling at the balance sheet date; the shareholders' equity, with the exception of "retained earnings", is translated at the spot exchange rates ruling at the transaction dates; income and expenditure in the statement of profit or loss are translated at the spot exchange rates at the transaction dates. Exchange fluctuations arising from the translations mentioned above are recognised as other comprehensive income. When an overseas business is disposed of, the component of other comprehensive income related to the overseas business will be transferred to profit or loss in the same period and part of the disposal will be calculated according to the disposal ratio.

Foreign currency cash flows and cash flows of overseas subsidiaries are translated into RMB at the spot exchange rates ruling at the dates of the cash flows. The effect of changes in exchange rates on cash is presented as a reconciled item separately in the statement of cash flows.

### 10. Financial instruments

Applicable  Not applicable

Financial instruments refer to contracts that form the financial assets of an enterprise and form financial liabilities or equity instruments of other units.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 10. Financial instruments (Continued)

#### Recognition and derecognition of financial instruments

The Group recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.

A financial asset (or part of a financial asset, or a portion of a group of similar financial assets) is derecognised if it meets the following conditions, that is, it is written off from its account and balance sheet:

- (1) The rights to receive cash flows from financial assets expire;
- (2) Transfer the right to receive cash flows from financial assets, or undertake the obligation to pay the full amount of received cash flows to third parties in a timely manner under the “pass-through agreement”; and (a) transfer substantially all the risks and rewards of ownership of the financial asset, or (b) abandon the control of the financial asset, although the Group does not substantially transfer or retain almost all of the risks and rewards of ownership of the financial asset.

If the liability of a financial liability has been fulfilled, revoked or expired, the financial liability shall be derecognised. If an existing financial liability is replaced by another financial liability of the same creditor with substantially different terms, or if the terms of the existing liability are substantially all modified, such replacement or modification shall be deemed to have derecognised the original liability and to have recognised the new liability, the difference of which shall be included in the profit or loss for the period.

Financial assets traded in regular ways are recognised and derecognised on a trading date. Trading of financial assets in regular ways refers to the collection or delivery of financial assets within the time limit stipulated by regulations or common practices in accordance with the contractual terms. Trading day is the date on which the Group undertakes to buy or sell the financial assets.

#### Classification and measurement of financial assets

The financial assets of the Group are classified upon the initial recognition based on the business model of the Group’s corporate management financial assets and the characteristics of the financial assets’ contractual cash flows: financial assets measured at fair value through profit or loss (FVTPL), financial assets measured at amortised cost, and financial assets measured at fair value through other comprehensive income (FVTOCI). All affected financial assets would be reclassified if and only if the Group changes its business model for managing financial assets.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 10. Financial instruments (Continued)

#### Classification and measurement of financial assets (Continued)

Financial assets are measured at fair value at initial recognition. However, if the accounts receivable or bills receivable arising from the sale of goods or the provision of services do not contain significant financing components or do not consider financing components not exceeding one year, the financial assets shall be initially measured at the transaction price.

For financial assets measured at fair value through profit or loss, the related transaction costs are directly recognised in profit or loss for the period. Transaction costs of other types of financial assets are included in the value initially recognised.

Subsequent measurement of financial assets depends on their classification:

#### *Debt instrument investments measured at amortised cost*

Financial assets are classified as financial assets measured at amortised cost if they meet the following conditions: the business model for managing the financial assets is to collect contractual cash flows; the contractual terms of the financial assets stipulate that cash flows on a specific date are solely for the payments of the principals and interest incurred from the outstanding principal amount. Such financial assets are recognised as interest income using the effective interest rate method. The gains or losses arising from derecognition, modification or impairment are recognised in profit or loss for the period.

#### *Debt instrument investments measured at fair value through other comprehensive income*

Financial assets are classified as financial assets measured at fair value through other comprehensive income if they meet the following conditions: the Group's business model for managing the financial assets is to both collect contractual cash flows and sell the financial assets; the contractual terms of the financial assets stipulate that cash flows on a specific date are solely for the payments of the principals and interest incurred from the outstanding principal amounts. Such financial assets are recognised as interest income using the effective interest rate method. Other changes in fair values are included in other comprehensive income except for interest income, impairment losses and exchange differences which are recognised in profit or loss for the period. When the financial assets are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are transferred from it and included in profit or loss for the period.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 10. Financial instruments (Continued)

#### Classification and measurement of financial assets (Continued)

##### *Equity instrument investments measured at fair value through other comprehensive income*

The Group irrevocably chooses to designate certain non-trading equity instrument investments as financial assets measured at fair value through other comprehensive income, and only the relevant dividend income (excluding dividend income explicitly recovered as part of investment cost) is included in profit or loss for the period. Subsequent changes in fair value are included in other comprehensive income with no impairment provision required. When the financial assets are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are transferred from it and included in retained earnings.

##### *Financial assets measured at fair value through profit or loss*

Financial assets other than the above-mentioned financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. For such financial assets, fair value is used for subsequent measurement, and all changes in fair value are recognised in profit or loss for the period.

#### Classification and measurement of financial liabilities

Upon initial recognition, financial liabilities of the Group are classified as financial liabilities at fair value through profit or loss and other financial liabilities. For financial liabilities measured at fair value through profit or loss, the relevant transaction fee is directly recognised in profit or loss for the period, and the related transaction fee of other financial liabilities is included in their initial amount recognised.

Subsequent measurement of financial liabilities depends on their classification:

##### *Financial liabilities measured at fair value through profit or loss*

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading (including derivatives that are financial liabilities) and those designated as financial liabilities at fair value through profit or loss upon initial recognition. Held-for-trading financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value. Except for hedging accounting, all changes in fair value are recognised in profit or loss for the period. Financial liabilities designated to be measured at fair value through profit or loss are subsequently measured at fair value. Changes in fair value caused by changes in the Group's own credit risk are recognised in other comprehensive income, while other changes in fair value are included in profit or loss for the period. When changes in fair value caused by changes in the Group's own credit risk included in other comprehensive income may result in or enlarge accounting mismatches in profit or loss, the Group shall include all changes in fair value (including the amount of impact of changes in its own credit risk) in profit or loss for the period.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 10. Financial instruments (Continued)

#### Classification and measurement of financial assets (Continued)

##### *Financial liabilities measured at fair value through profit or loss (Continued)*

Only if one of the following conditions is met can financial liabilities be designated as financial liabilities at fair value through profit or loss at initial recognition:

- (1) It can eliminate or significantly reduce accounting mismatch.
- (2) The financial instrument portfolio is managed, evaluated and reported to key management on fair value basis according to the documented written risk management or investment strategy.
- (3) Hybrid instruments that contain one or more embedded derivatives, unless the embedded derivatives have no significant effect on the cash flow of the hybrid instrument, or the embedded derivatives should obviously not be separated from the related hybrid instruments.
- (4) Hybrid instruments containing embedded derivatives that need to be separated but cannot be measured individually after it has been acquired or on the subsequent dates of balance sheet.

A financial liability designated as financial liabilities measured at fair value through profit or loss for the period by enterprises at initial recognition shall not be reclassified as other financial liabilities; other financial liabilities shall not be re-designated as financial liabilities measured at fair value through profit or loss for the period after initial recognition.

##### *Other financial liabilities*

For such financial liabilities, subsequent measurement is made at amortised cost using effective interest method.

#### Impairment of financial assets

Based on expected credit losses, the Group performs impairment testing on the financial assets at amortised cost, debt instrument investments measured at fair value through other comprehensive income, lease receivables, contract assets, loan commitments, and financial guarantee contracts and recognises loss allowance.

For receivables that do not contain significant financing components and contractual assets, the Group uses a simplified measurement approach to measure loss allowance at the full lifetime expected credit loss.



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 10. Financial instruments (Continued)

#### Impairment of financial assets (Continued)

For lease receivables, receivables that contain significant financing components and contractual assets, the Group uses a simplified measurement approach to measure loss allowance at the full lifetime expected credit loss.

In addition to the above-mentioned financial assets, loan commitments and financial guarantee contracts using the simplified measurement method, the Group assesses whether its credit risk has increased significantly since the initial recognition on each balance sheet date. If the credit risk has not increased significantly since the initial recognition, it is at the first stage, and the Group measures loss allowance according to the amount of expected credit losses during the next 12 months and calculates the interest income according to the book balance and the actual interest rate; if the credit risk has increased significantly since the initial recognition, but no credit impairment has occurred, it is at the second stage, and the Group measures loss allowance at the full lifetime expected credit loss and calculates the interest income according to the book balance and the actual interest rate. If credit impairment occurs after the initial recognition, it is at the third stage, and the Group measures loss allowance at the full lifetime expected credit loss and calculates the interest income according to the amortised cost and the actual interest rate. For financial instruments with relatively low credit risk only on the balance sheet date, the Group assumes that their credit risk has not increased significantly since the initial recognition.

The Group evaluates the expected credit losses of financial instruments on individual items and portfolios. Taking into account the credit risk characteristics of different customers, the Group evaluates the expected credit losses of receivables based on the combination of aging.

Please refer to Note X.3 for the Group's criteria for judging the significant increase in credit risk, the definition of credit-impaired assets, the assumption of measuring expected credit losses, and disclosures.

When the Group no longer reasonably expects to be able to recover all or part of the contractual cash flows of the financial assets, the Group will write down the carrying amount of the financial assets directly.

#### Offsetting of financial instruments

If the following conditions are met, financial assets and financial liabilities are presented in the balance sheet with the net amount after offsetting each other; there is a currently enforceable legal right to offset the recognised amount; net settlement, or simultaneous realisation of the financial assets and settlement of the financial liabilities is planned.

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 10. Financial instruments (Continued)

#### Financial guarantee contracts

A financial guarantee contract is a contract by which the issuer pays a specified amount to a contract holder who has suffered a loss when the specific debtor fails to pay the debt when due in accordance with terms of the debt instrument. Financial guarantee contracts are measured at fair value at initial recognition. Except for the financial guarantee contracts that are designated as financial liabilities at fair value through profit and loss, the other financial guarantee contracts are subsequently measured after initial recognition according to the amount of expected credit loss allowance determined on the balance sheet date and the balance of the initial recognition amount after deducting the accumulated amortisation amount recognised according to the revenue recognition principle, whichever is higher.

#### Derivative financial instruments

The Group uses derivative financial instruments, such as forward contracts, forward commodity contracts and interest rate swaps, to hedge exchange rate risk, commodity price risk and interest rate risk, respectively. Derivative financial instruments are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently measured at their fair values. Derivative financial instruments with a positive fair value are recognised as an asset, and that with a negative fair value is recognised as a liability.

Other than hedging accounting, gains or losses arising from changes in the fair value of derivatives are directly recognised in profit or loss for the period.

#### Transfer of financial assets

The Group derecognises a financial asset when it has transferred substantially all the risks and rewards of ownership of the financial asset to the transferee; the Group does not derecognise the financial asset when it retains substantially all the risks and rewards of ownership of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of financial assets, the related accounting treatments of such financial assets are as follows: if the control of the financial assets is abandoned, the financial assets are derecognised and the assets and liabilities arising are recognised. If the control of the financial assets is not abandoned, the relevant financial assets are recognised according to the extent to which they continue to be involved in the transferred financial asset and the related liabilities are recognised accordingly.

If the transferred financial assets continue to be involved through the provision of financial guarantee method, the assets that continue to be involved are recognised according to carrying amount of the financial assets and the financial guarantee amount, whichever is lower. The amount of the financial guarantee is the maximum amount of the consideration received that will be required to be repaid.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 11. Bills receivable

Methods for determining and accounting of ECL of bills receivable

Applicable  Not applicable

### 12. Accounts receivable

Method for determining and accounting of expected credit loss of accounts receivable

Applicable  Not applicable

Please refer to Note V. 10.

### 13. Receivable for financing

Applicable  Not applicable

Please refer to Note V. 10.

### 14. Other receivables

Methods for determining and accounting of ECL of other receivables

Applicable  Not applicable

Please refer to Note V. 10.

### 15. Inventories

Applicable  Not applicable

The Group's inventories include commodities, raw materials, semi-finished goods and turnover materials.

Inventories are initially measured at cost. Cost of inventories comprises costs of purchase, costs of processing and other costs. The actual cost of inventories transferred out is determined using the weighted average method. Turnover materials include low value consumables and packing materials, which are amortised using immediate write off.

Inventories are accounted for using the perpetual inventory system.

# NOTES TO FINANCIAL STATEMENTS

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 15. Inventories (Continued)

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the cost is higher than the new realizable value, provision for impairment of inventories is made and recognized in profit or loss for the period. If the factors that give rise to the provision in prior years are not in effect in the current year, as a result that the net realisable value of inventories is higher than their carrying amount, the original amount of the written-down is reversed within previously impaired amount and the reversed amount is included in profit or loss for the period.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated selling expenses and relevant taxes. Provision is considered on a category basis for inventories in large quantity and with relatively low unit prices and on an individual basis for all other inventories.

### 16. Contract assets

#### (1). Method and standard for determination of contract assets

Applicable  Not applicable

The Group lists contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Group will present the net amount after offsetting the contract assets with the contract liabilities under the same contract.

Contractual assets are the right to receive consideration for goods or services that have been transferred to a customer, and that right depends on other factors beyond the passage of time.

#### (2). Methods for determining and accounting of ECL of contract assets

Applicable  Not applicable

For details of how to determine the expected credit losses of contractual assets and accounting treatment methods, please refer to Note V.10.

### 17. Asset held for sale

Applicable  Not applicable

### 18. Debt investments

#### Methods for determining and accounting of ECL of debt investments

Applicable  Not applicable

Please refer to Note V.10.

### 19. Other debt investments

#### Methods for determining and accounting of ECL of other debt investments

Applicable  Not applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 20. Long-term receivables

Methods for determining and accounting of ECL of long-term receivables

Applicable  Not applicable

Please refer to Note V.10.

### 21. Long-term equity investments

Applicable  Not applicable

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates.

Long-term equity investments are initially measured at its initial investment cost when acquired. For a long-term equity investment acquired through business combination involving enterprises under common control, the initial investment cost is the attributable share of the carrying amount of the owners' equity of the acquiree in the ultimate controlling party's consolidated financial statements on the date of combination. The difference between initial investment cost and the carrying amount of the consolidated consideration is adjusted to capital reserve (if the balance of capital reserve is not sufficient to absorb the difference, any excess shall be adjusted to retained earnings). For other comprehensive income before the combination date, the same basis as direct disposal of the related assets or liabilities of the investee is adopted when the investment is disposed of. Shareholders' equity recognised as a result of changes in Shareholders' equity other than net profit or loss, other comprehensive income and profits distribution of the investee is transferred to profit or loss for the period when the investment is disposed of. Among which, after the disposal, the long-term equity investments will still be carried forward in proportion, and if it is converted into financial instruments after the disposal, it will be carried forward in full. For a long-term equity investment acquired through business combination not involving enterprises under common control, the combination cost is taken as the initial investment cost (if the business combination not involving enterprises under common control is realised step by step through multiple transactions, the initial investment cost will be the sum of the carrying amount of the equity investment held by the acquiree prior to the acquisition date and the new investment cost on the acquisition date). The combination cost includes the sum of the assets paid by the purchaser, the liabilities incurred or assumed, and the fair value of the issued equity securities. For other comprehensive income held before the acquisition date and recognised as a result of the adoption of the equity method, the same basis as direct disposal of the related assets or liabilities of the invest is adopted when the investments are disposed of. Shareholders' equity recognised as a result of changes in Shareholders' equity other than net profit or loss, other comprehensive income and profit distribution of the investee is transferred to the profit or loss for the period when the investment is disposed of. Among which, after the disposal, the long-term equity investments will still be transferred in proportion, and if it is converted into financial instruments after the disposal, it will be transferred in full.

# NOTES TO FINANCIAL STATEMENTS

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 21. Long-term equity investments (Continued)

In addition to the long-term equity investments acquired by the long-term investment formed by business combination, the initial investment cost is determined according to the following methods: if acquired by cash payment, the actual purchase price and the expenses, taxes and other required expenditures directly related to the long-term equity investment will be taken as the initial investment cost; if acquired through issuing equity securities, the fair value of the issued equity instruments will be taken as the initial investment cost.

The long-term equity investments that the Company can exercise control over the investee is accounted for using the cost method in the Company's individual financial statements. Control refers to having the power to the investee to enjoy variable returns by participating in the relevant activities of the investee and having the ability to use the power of the investee to influence the amount of returns.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment shall be adjusted. The cash dividends or profits declared by the Investee are recognised as investment income for the period.

When the Group has joint control or significant influence over the investee, the long-term equity investments shall be accounted for using the equity method. Joint control is the contractually agreed sharing of control over an arrangement, and exists only when the decision making about the relevant activities requires the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, it will be classified as the initial investment cost of the long-term equity investment. Where the initial investment cost of the long-term investment is less than the Group's share of the fair value of the investee's identifiable net assets at the time of investment, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 21. Long-term equity investments (Continued)

Under the equity method, after a long-term equity investment is acquired, the Group recognises its share of the net profit or loss and other comprehensive income of the investee for the period as investment income or loss and other comprehensive income for the period, respectively, and adjusts the carrying amount of the long-term equity investment. When recognizing the share of the net profit or loss of the investee to be entitled, based on the fair value of the investee's identifiable assets at the time of acquiring the investment, in accordance with the Group's accounting policies and accounting periods, the Group will offset the profits or losses arising from internal transactions between associates and joint ventures to calculate the portion attributable to the investor in proportion to be enjoyed (but if the losses of internal transaction are asset impairment losses, they shall be fully recognised). The net profit of the investee is recognised after the adjustment, except that the assets that are invested or sold constitute businesses. The portion to be enjoyed shall be calculated according to the profit or cash dividend declared to be distributed by the investee, and the carrying amount of the long-term equity investment shall be reduced accordingly.

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero, except that the Group has incurred obligations to assume additional losses. For changes in shareholders' equity other than net profit or loss, other comprehensive income and profit distribution of the investee, the carrying amount of long-term equity investment shall be adjusted and recognised in shareholders' equity.

For disposal of a long-term equity investment, the difference between the carrying amount and the actual price is recognised in profit or loss for the period. For long-term equity investments under the equity method, if the equity method is adopted due to the termination of the disposal, other comprehensive income related to the original equity method is accounted for on the same basis as the investee's directly disposes of the related assets or liabilities. Shareholders' equity recognised as a result of changes in Shareholders' equity other than net profit or loss, other comprehensive income and profit distribution of the investee is all transferred to profit or loss for the period; under the equity method, other comprehensive income related to the original equity method is accounted for on the same basis as the investee's direct disposal of relevant assets or liabilities, and is transferred to the profit or loss for the period in proportion. Shareholders' equity recognised as a result of changes in Shareholders' equity other than net profit or loss, other comprehensive income and profit distribution of the investee is transferred to the profit or loss for the period according to the corresponding proportion.

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 22. Investment properties

Applicable  Not applicable

#### (1). In respect of investment properties measured at cost:

An investment property is a property held to earn rentals or for capital appreciation or for both purposes. It includes leased land use rights and leased buildings.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment properties are included in the cost of the investment properties when it is probable that economic benefits associated with an investment property will flow to the Group and the cost can be measured reliably. Otherwise, they are recognised in profit or loss for the period in which they are incurred.

The Group uses the cost model for subsequent measurement of investment properties, and adopts a depreciation or amortisation policy for the investment properties which is consistent with that for buildings and land use rights.

### 23. Fixed assets

#### (1). Recognition criteria

Applicable  Not applicable

A fixed asset is recognised only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditures incurred for the fixed asset that meet the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognised. Otherwise, such subsequent expenditures shall be recognised in profit or loss for the period in which they are incurred.

Fixed assets are initially measured at cost, and taking into account the impact of factors such as projected disposal costs. The purchase cost of a fixed asset comprises its purchase price, related taxes and any directly attributable expenditure for bringing the asset to its working condition for its intended use.



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 23. Fixed assets (Continued)

#### (2). Depreciation method

Applicable  Not applicable

Depreciation is calculated on the straight-line basis to write off the cost of each item of fixed assets to its residual value over its estimated useful life. The estimated useful lives, estimated residual value and annual depreciation rates of fixed assets are as follows:

Categories	Depreciation method	Useful life (year)	Residual value rate	Annual depreciation rate
Houses and buildings	Average age method	20-40 years	3%-10%	2.25%-4.85%
Machinery equipment	Average age method	5-10 years	3%-10%	9.00%-19.40%
Means of transportation vehicles	Average age method	5-8 years	3%-10%	11.25%-19.40%
Electronic equipment and others	Average age method	3-10 years	3%-10%	9.00%-32.33%

The Group reviews the useful life, estimated net residual value of a fixed asset and the depreciation method applied at least once at each year-end, and make adjustments when necessary.

#### (3). The basis, valuation and depreciation method for the fixed assets acquired under financing leases

Applicable  Not applicable

### 24. Construction in progress

Applicable  Not applicable

Construction in progress is recognised based on the actual construction expenditures incurred. It includes all types of expenditures necessary to be incurred during the construction period, capitalised borrowing costs on related borrowings before the asset is ready for intended use, and other relevant expenditures.

Construction in progress is transferred to fixed assets, intangible assets and investment properties when the asset is ready for its intended use.

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 25. Borrowing costs

Applicable    Not applicable

Borrowing costs refer to interest and other related costs arising from the Group's borrowing. Borrowing costs include interest, amortisation of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised when such costs fulfil the conditions of capitalisation, whereas other borrowing costs are recorded in profit or loss for the period. Qualifying assets are assets (fixed assets, inventories, etc.) that necessarily take a substantially long period of time for acquisition, construction or production to get ready for their intended use or sale.

The capitalisation of borrowing costs commences only when all of the following conditions are satisfied:

- (1) Expenditures for the asset have been incurred;
- (2) Borrowing costs have been incurred; and
- (3) Activities relating to the acquisition, construction or production of the asset that are necessary to bring the asset to get ready for its intended use or sale have commenced.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Any borrowing costs subsequently incurred shall be recognised in profit or loss for the period in which they are incurred.

During the capitalisation period, the amount of interest to be capitalised for each accounting period shall be determined as follows:

- (1) for specific borrowings, the borrowing costs eligible for capitalisation are the actual interest costs incurred during the current period deducted by any temporary interest or investment income;
- (2) for general borrowings, the borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the excess amounts of cumulative expenditures on the asset over the weighted average of cumulative expenditures on the asset of specific borrowings multiplying the weight average rate of general borrowings.

# NOTES TO FINANCIAL STATEMENTS

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 25. Borrowing costs (Continued)

Capitalisation of borrowing costs shall be suspended during periods in which the acquisition, construction or production of qualifying assets is interrupted abnormally for a continuous period of more than three months except the necessary procedures for the assets to get ready for their intended use or sale. The borrowing costs incurred during the suspension period shall be recognised as expenses in profit or loss for the period until the acquisition, construction or production of the asset is resumed.

### 26. Biological assets

Applicable  Not applicable

### 27. Oil and gas assets

Applicable  Not applicable

### 28. Right-of-use assets

Applicable  Not applicable

The Group's right-of-use assets include buildings, means of transportation vehicles.

On the commencement date of the lease term, the Group recognises its right to use the leased assets over the lease term as right-of-use assets, the amount of which includes: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date of the lease term less any lease incentives already received; any initial direct costs incurred by the lessee; an estimate of costs to be incurred by the lessee in dismantling and removing the leased asset, restoring the site on which it is located or restoring the leased asset to the condition required by the terms and conditions of the lease. The Group depreciates the right-of-use assets by using the straight-line method. If it is reasonable to determine the ownership of the leased asset at the expiration of the lease term, the Group shall depreciate the leased assets over the remaining useful life. If it is not reasonable to determine that the ownership of the leased assets can be obtained at the expiry of the lease term, the Group shall depreciate the leased assets over the lease term or the remaining useful life of the leased assets, whichever is shorter.

The Group shall remeasure lease liabilities according to the present value of the changed lease payments and adjust the book value of the right-of-use assets accordingly. However, if the carrying amount of the right-of-use assets is reduced to zero, yet there is still a further reduction in the measurement of the lease liabilities, the Group recognises any remaining amount of the remeasurement in profit or loss for the period.

# NOTES TO FINANCIAL STATEMENTS

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 29. Intangible assets

#### (1). Valuation methods, useful life and impairment test

Applicable  Not applicable

Intangible assets are recognised only when it is probable that the economic benefits associated with the asset will flow into the Group and the costs can be measured reliably. Intangible assets are measured initially at cost. Intangible assets acquired through business combination not involving enterprises under common control with a fair value that can be reliably measured are recognised separately as intangible assets and measured at fair value.

The useful life of the intangible assets shall be determined according to the period over which it is expected to generate economic benefits for the Group. An intangible asset shall be regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

The useful lives of each category of intangible assets are as follows:

Item	Useful life
Land use rights	50 years
Patents	5-8 years
Software	5 years
Unfinished contract	2-3 years
Customer relationships	5-9 years

Land use rights obtained by the Group are usually accounted for as intangible assets. The land use rights of the self-developed buildings including plants are measured as intangible assets and buildings are measured as fixed assets, respectively. With respect to the land use rights purchased together with buildings, the acquisition cost is allocated between the two parts proportionately, or otherwise, is wholly accounted for as fixed assets.

Intangible assets with finite useful lives are amortised over their useful lives using the straight-line method. The Group reviews the useful lives and the amortisation method for intangible assets with finite useful lives at least once at each year-end, and makes adjustments when necessary.

# NOTES TO FINANCIAL STATEMENTS

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 29. Intangible assets (Continued)

#### (2). Accounting policies for internal research and development expenditure

Applicable  Not applicable

The Group classifies the expenditure in an internal research and development project into expenditure at the research phase and expenditure at the development phase. Expenditure at the research phase is recognised in profit or loss for the period in which it is incurred. Expenditure at the development phase is capitalised when the Group can demonstrate all of the followings: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; how the intangible asset will generate probable future economic benefits. Among other things, the Group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and its ability to measure reliably the expenditure attributable to the intangible asset during its development. Expenditure at the development phase that does not meet the above criteria is recognised in profit or loss for the period in which it is incurred.

### 30. Long-term impairment of assets

Applicable  Not applicable

The Group determines the impairment of assets other than inventories, contract assets, deferred income taxes and financial assets based on the following methods:

The Group assesses at the balance sheet date whether there is any indication that the assets may be impaired. If any indication exists that such assets may be impaired, the Group estimates the recoverable amount of the asset and performs impairment tests. Goodwill arising in a business combination and an intangible asset with an indefinite useful life shall be tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired. Intangible assets that have not been ready for intended use are tested for impairment each year.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The Group estimates the recoverable amount on an individual basis. If it is difficult to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group shall be based on whether major cash inflows generated by the asset group are independent from the cash inflows from other assets or asset groups.

# NOTES TO FINANCIAL STATEMENTS

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 30. Long-term impairment of assets (Continued)

When the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount shall be reduced to its recoverable amount by the Group. The reduced amount is recognised in profit or loss for the current period. A provision for impairment loss of the asset is recognised accordingly.

For the purpose of impairment testing for goodwill, the carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis to each of the related asset groups; if it is difficult to allocate to the related asset groups, it is allocated to each of the related set of asset groups. Each of the related asset groups or set of asset groups is an asset group or set of asset groups that is able to benefit from the synergies of the business combination and is not larger than a reportable segment determined by the Group.

In testing an asset group or a set of asset groups including goodwill for impairment, if there is indication of impairment, the Group shall first test the asset group or the set of asset groups excluding goodwill for impairment. It shall determine and compare the recoverable amount with the related carrying amount and recognise any impairment loss. After that, the Group shall test the asset group or set of asset groups including goodwill for impairment. The carrying amount of the related asset group or set of asset group is compared to its recoverable amount. If the recoverable amount of the asset group or set of asset groups is lower than its carrying amount, an impairment loss is first reduced by the carrying amount of the goodwill allocated to the asset group or set of asset groups and then, the carrying amount of other assets (excluding goodwill) within the asset group or set of asset groups pro rata based on the carrying amount of each asset.

Once the above impairment loss is recognised, it shall not be reversed in subsequent accounting periods.

### 31. Long-term prepayments

Applicable  Not applicable

Long-term prepayments are amortised on the straight-line basis. The amortisation period is as follows:

	<b>Amortisation period</b>
Costs of improvements to fixed assets under operating leases	2-5 years

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 32. Contract liabilities

#### Methods for determining contract liabilities

Applicable  Not applicable

Contractual liabilities are the obligation spent to transfer goods or services to customers at a price received or receivable, such as amounts that the business has received prior to the transfer of promised goods or services.

The Group will present the net amount after offsetting the contract assets with the contract liabilities under the same contract.

### 33. Employee benefits

Employee compensation includes short-term compensation, and after-service benefits, termination benefits and other long-term employee benefits provided in various forms of consideration other than share-based payment given by the Group in exchange for service rendered by employees or compensations for the termination of employment relationship. The benefits that the Group provides to the spouse, children and dependents of the employees, the late employees' family and other beneficiaries also shall be deemed as employee benefits.

#### (1). Accounting methods for short-term remuneration

Applicable  Not applicable

During an accounting period when employees render services, short-term remuneration actually incurred are recognised as a liability, and charged to profit or loss or in related costs of assets for the current period.

#### (2). Accounting methods for post-employment benefits

Applicable  Not applicable

##### *Post-employment benefits (defined contribution plan)*

If employees of the Group participate in the basic pension insurance and unemployment insurance plans managed by local governments, the relevant expenditures are recorded in the relevant asset costs or profit or loss for the current period when incurred. In addition, the Group provides an annuity plan for its eligible employees in accordance with the Labour Law. The Group's withdrawals and deposits for its employees are calculated based on a certain percentage of the total salary of the employees and the length of service.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 33. Employee benefits (Continued)

#### (2). Accounting methods for post-employment benefits (Continued)

##### *Post-employment benefits (defined benefit plans)*

In addition to the above-mentioned benefit plans, the Group provides supplementary retirement benefits to its retired employees. These plans include monthly pension benefits, medical reimbursement benefits, annual medical insurance premiums and funeral benefits for employees after their retirement. The amount of the subsidies is determined based on the period during which the employee serves the Group and the relevant subsidy benefit policy.

These benefit plans beyond the scope of overall planning are considered to be based on a defined benefit plan. The defined benefit plan is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligations determined at the market yield of the government bonds during the defined benefit obligation period, and discounted over estimated future cash outflow. If there is an asset in the defined benefit plan, the present value of the defined benefit obligation minus the fair value of the asset of the defined benefit plan will be recognised as the net liability or net asset of the defined benefit plan. The change in the net liability or net asset of the defined benefit plan is divided into three parts: service cost, net interest on the net liability or net asset of the defined benefit plan, and changes due to re-measurement of net liability or net asset of the defined benefit plan for other comprehensive income.

Any remeasurement caused by the defined benefit plans, including actuarial gains or losses, changes in the impact of the asset cap (net of the amounts included in the net interest on defined benefit plan obligation) and return on the asset in the plan (net of the amounts included in the net interest on defined benefit plan obligation) is recognised in the balance sheet immediately and recorded in shareholders' equity through other comprehensive income in the accounting period the re-measurement occurred, and shall not be reversed to profit or loss in the subsequent accounting periods.

The previous service costs should be recognised as current expenses at the earlier of the following dates: when the Group modifies the defined benefit plans; and when the Group recognises relevant restructuring costs or termination benefits.

Net interest equals to the net liability or asset in defined benefit plan multiply by the discount rate. The Group recognised changes in the net defined benefit plan obligation as management expenses in the statement of profit or loss and other comprehensive income. Those changes include service costs, including current service costs, previous service costs and gains and losses on settlement, and net interest, including the interest income of the asset in the plan, interest expenses of the obligation under the plan and interest of the impact of the asset cap.



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 33. Employee benefits (Continued)

#### (3). Accounting methods for termination benefits

Applicable  Not applicable

The Group recognises a liability for employee remuneration arising from termination benefits, and charged to current profit or loss at the earlier of the following dates: when the Group can no longer withdraw the offer of those benefits unilaterally due to proposed termination of employment or proposal for rundown; and when the entity recognises costs or expenses for restructuring that related to the payment of termination benefits.

For the employee's internal retirement plan, the Group will use the salary of the early retired employee to be paid by the enterprise on a monthly basis and the social insurance premium as the termination benefits from the period when the employee stops providing the service to the normal retirement date, and account for them adopting the same principle as the above-mentioned termination benefits. The specific terms of each termination benefit and the employee's internal retirement plan vary according to the relevant employee's position, service years and regions and other factors.

#### (4). Accounting methods for other long-term employee benefits

Applicable  Not applicable

Other long-term employee benefits provided to employees shall be recognised in accordance with the relevant provisions of post-employment benefits and used to measure net liabilities or net assets of other long-term employee benefits, but the changes are recognised in profit or loss for the period or related asset costs.

### 34. Lease liabilities

Applicable  Not applicable

On the commencement date of the lease term, the Group recognises the present value of the lease payments that have not been paid as lease liabilities, except for short-term leases and low-value asset leases. In calculating the present value of the lease payments, the Group uses the leased interest rate as the discount rate; if the interest rate of the lease cannot be determined, the lessee's incremental borrowing rate is used as the discount rate. The Group calculates interest expenses of lease liabilities in each period of the lease term based on the constant periodic interest rate and recognises the interest expenses in profit or loss for the current period, except for those that are stipulated to be recognised in related asset costs. The variable lease payments that are not included in the measurement of the lease liabilities are recognised in profit or loss when incurred, except for those that are stipulated to be recognised in related asset costs.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 34. Lease liabilities (Continued)

After the commencement date of the lease term, in the event of change in the actual fixed payment amount, change in the amount expected to be payable under a residual value guaranteed, change in the index or ratio used to determine the lease payment, or change in the assessment results or actual exercise rights of the call option, renewal option or termination option, the Group re-measures the lease liability based on the present value of the changed lease payments.

### 35. Provisions

Applicable  Not applicable

Except for contingent consideration and contingent liabilities assumed in business combinations involving enterprises not under common control, the Group recognises an obligation related to a contingency as a provision when all of the following conditions are satisfied:

- (1) the obligation is a present obligation assumed by the Group;
- (2) it is probable that an outflow of economic benefits from the Group will be required to settle the obligation; and
- (3) the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, with a comprehensive consideration of factors such as the risks, uncertainty and time value of money relating to a contingency. The carrying amount of a provision is reviewed at each balance sheet date. If there is clear evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the best estimation.

### 36. Share-based payment

Applicable  Not applicable

### 37. Preference shares, perpetual bonds and other financial instruments

Applicable  Not applicable

The perpetual bonds issued by the Group have no maturity date. After the maturity date, the Group has the right to make unlimited renewals. For coupon interest of perpetual bonds, the Group has the right to make deferred payment. Those that the Group has no contractual obligation to pay cash or other financial assets shall be classified as equity instruments.

# NOTES TO FINANCIAL STATEMENTS

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 38. Revenue

#### (1). Accounting policies adopted for revenue recognition and measurement

Applicable  Not applicable

The Group recognises revenue when a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Acquiring “control” of the goods or services means being able to dominate the use of the goods or the provision of the services and obtain almost all of the economic benefits therefrom.

##### Sales agreement of goods

The sales agreement of goods entered into between the Group and its customers usually only includes the performance obligations of the transferred goods. The Group usually recognises the revenue at the time of transfer of control, taking into account the following factors: obtaining the current collection rights of the goods, transfer of the key risks and rewards of the ownership of the goods, transfer of the legal ownership of the goods, transfer of physical assets of goods and customers’ acceptance of the goods.

##### Service agreement

The service agreement entered into between the Group and its customers usually includes performance obligations such as technology development. As the services provided by the Group during the performance of the agreement have irreplaceable uses, and during the entire contract period, the Group has the right to take the revenue from the completion of performance of the agreement accumulated to date as the performance obligation performed within a certain period of time, and recognise the revenue based on the performance progress, except where the performance progress cannot be reasonably determined. The Group determines the performance progress for the services provided in accordance with the input method. When the performance progress cannot be reasonably determined, if the costs incurred by the Group are expected to be compensated, the revenue will be recognised based on the amount of costs incurred, until the performance progress can be reasonably determined.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 38. Revenue (Continued)

#### (1). Accounting policies adopted for revenue recognition and measurement (Continued)

##### Construction contract

The construction contract entered into between the Group and its customers usually includes performance obligations such as construction services. As the customers can control the assets under construction in the performance of the Group, the Group considers them as performance obligations within a certain period of time, and recognises the revenue based on the performance progress, except where the performance progress cannot be reasonably determined. The Group determines the performance progress for the services provided in accordance with the input method and the costs occurred. When the performance progress cannot be reasonably determined, if the costs incurred by the Group are expected to be compensated, the revenue will be recognised based on the amount of costs incurred, until the performance progress can be reasonably determined.

##### Significant financing component

If the contract includes significant financing component, the Group determines the transaction price based on the amount payable under the assumption that the customer pays that amount payable in cash when “control” of the goods is obtained by the customer. By discounting the nominal amount of the contract consideration to the discount rate of the current selling price of the goods, the difference between the transaction price determined and the contract consideration of the contract committed shall be amortised within the contract period using effective interest rate method.

If the Group expects that the period between when the Group transfers a promised good to a customer and when the customer pays for that good will be one year or less, the Group needs not to consider the significant financing component.

# NOTES TO FINANCIAL STATEMENTS

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 38. Revenue (Continued)

#### (1). Accounting policies adopted for revenue recognition and measurement (Continued)

##### Quality assurance obligation

According to the contractual agreement, legal provisions, etc., the Group provides quality assurance for the goods sold or assets constructed. For assurance-type quality assurance to the customers to ensure that the goods sold meet the established standards, the Group performs accounting treatment in accordance with Note VII. 50. For service-type quality assurance for a separate service provided in addition to ensuring to the customers that the goods sold meet the established standards, the Group considers it as a single performance obligation, and according to the relative proportion of the individual selling prices for providing quality assurance for goods and services, amortises part of the transaction price to the service-type quality assurance, and recognises the revenue when the customer obtains control of the service. In assessing whether the quality assurance provides a separate service in addition to ensuring to the customers that the goods sold meet the established standards, the Group considers whether the quality assurance is a statutory requirement, a quality assurance period and the nature of the Group's commitment to perform its tasks and other factors.

##### Principal/agent

For the Group to obtain control of the goods or other assets from a third party and then transfer it to the customer, the Group has the right to determine the price of the goods traded at its own discretion, that is, the Group is a principal if it controls the specified good before that good is transferred to a customer, and the revenue shall be recognised based on the total consideration received or receivable; otherwise, the Group is an agent, and the revenue shall be recognised based on the amount of commission or handling fee that is expected to be charged, and such amount shall be determined based on the net amount of the total consideration received or receivable after deducting the prices payable to other related parties or according to the established commission amount or proportion.

# NOTES TO FINANCIAL STATEMENTS

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 38. Revenue (Continued)

#### (1). Accounting policies adopted for revenue recognition and measurement (Continued)

##### Change in contract

When there is a change to the construction contract entered into between the Group and its customers:

- (1) If the change in contract adds a clearly distinguishable construction service and contract price, and the new contract price reflects the individual selling price of the new construction service, the Group will consider the change in contract as a separate contract for accounting treatment;
- (2) If the change in contract does not fall within the circumstances stated in item (1) above, and the transferred construction service and the construction service which has not been transferred can be clearly distinguished at the date of change in contract, the Group considers it as termination of the original contract, and at the same time, the non-performance part of the original contract and the modified part of the contract will be combined into a new contract for accounting treatment;
- (3) If the change in contract does not fall within the circumstances stated in item (1) above, and the transferred construction service and the construction service which has not been transferred cannot be clearly distinguished at the date of change in contract, the Group will make the modified part of the contract as an integral part of the original contract for accounting treatment, of which the impact on the recognised revenue as a result of such change will be adjusted as the revenue for the period on the date of change in contract.

#### (2). Differences between the accounting policies for revenue recognition due to different business models adopted by similar business

Applicable  Not applicable

### 39. Assets related to contract costs

Applicable  Not applicable

The Group's assets relating to contract costs include costs of obtaining a contract and costs to fulfil a contract. The assets are presented as inventories, other current assets and other non-current assets based on its liquidity.

# NOTES TO FINANCIAL STATEMENTS

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 39. Assets related to contract costs (Continued)

The Group shall recognise as an asset the incremental costs of obtaining a contract with a customer if the entity expects to recover those costs, unless the asset amortisation period does not exceed one year.

If the costs incurred in fulfilling a contract with a customer are not within the scope of other standards (for example, inventories, fixed assets or intangible assets), the Group shall recognise an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- (1) the costs relate directly to a current or anticipated contract that the entity can specifically identify, including direct labour cost, directly material cost, manufacturing overheads (or similar expenditure), costs that are explicitly chargeable to the customer under the contract and other costs that are incurred only because of the contract;
- (2) the costs enhance resources of the entity that will be used in satisfying performance obligations in the future;
- (3) the costs are expected to be recovered.

The Group amortises the asset relating to contract costs on a basis that is consistent with the revenue recognition relating to the asset and recognises it in profit or loss.

The Group shall recognise an impairment loss in profit or loss to the extent that the carrying amount of an asset relating to contract costs exceeds:

- (1) the remaining amount of consideration that the entity expects to receive in exchange for the goods to which the asset relates;
- (2) the costs that relate directly to providing those goods.

If the factors of impairment in the previous period have changed, and the difference between (1) minus (2) is higher than the book value of the asset, it should be transferred back to the original provision for impairment of assets, and included in the current profit or loss, but the reversed book value of the subsequent asset shall not exceed the book value of the asset on the date of reversal, assuming no provision for impairment.

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 40. Government grants

Applicable  Not applicable

Government grants are recognised only when the attached conditions are met and they can be received. Government grants are measured at the amount received or receivable when in the form of a monetary asset, and at fair value when in the form of a non-monetary asset. Where the fair value is not reliably determinable, the government grants are measured at the nominal amount.

Government documents stipulate that if the long-term assets are obtained by acquisitions, constructions or other forms, the grants should be recognised as the government grants related to assets. If the government documents are unclear, they should be judged on the basis of the basic conditions necessary for obtaining such grants, if the long-term assets are obtained by acquisitions, constructions or other forms, the grants should be recognised as the government grants related to assets, and the others should be recognised as income-related government grants.

For government grants related to income, where the grant is a compensation for related expenses or losses to be incurred in the subsequent periods, the grant is recognised as deferred income, and included in profit or loss over the periods in which the related costs are recognised or adjusted against the relevant cost; where the grant is a compensation for related expenses or losses already incurred by the Group, the grant is recognised immediately in profit or loss for the current period or is adjusted against the relevant cost.

Government grants related to assets are adjusted against the book value of the assets or recognised as deferred income and evenly distributed in profit or loss over the useful period of related assets in a reasonable and systematic way. Government grants measured at their nominal amounts shall be recognised immediately in profit or loss for the current period. If the relevant assets are sold, transferred, disposed of or ruined before their useful life ends, the undistributed relevant deferred income shall be transferred to the gain from asset disposal for the current period.

### 41. Deferred tax assets/deferred tax liabilities

Applicable  Not applicable

Income tax comprises current and deferred tax. Income tax is recognised as income tax expense or income in profit or loss for the current period, except for the adjusted goodwill resulting from a business combination or those relating to a transaction or event which is included directly in shareholders' equity, they are included in the shareholder's equity.

Current income tax liabilities or assets for the current and prior periods are measured at the amount of income tax expected to be paid or recovered according to the requirements of tax laws.



# NOTES TO FINANCIAL STATEMENTS

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 41. Deferred tax assets/deferred tax liabilities (Continued)

For temporary differences between the carrying amounts of assets and liabilities at the balance sheet date and tax bases, and temporary differences between the carrying amounts and the tax bases of items which have not been recognised as assets and liabilities but the tax bases of which can be determined for tax purposes, deferred taxes are provided using the liability method of the balance sheet.

A deferred tax liability is recognised for all taxable temporary differences, except:

- (1) where the taxable temporary differences arise from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction which contains both of the following characteristics: (i) the transaction is not a business combination; and (ii) at the time of the transaction, it affects neither accounting profit nor taxable profit or deductible loss.
- (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

A deferred tax asset is recognised for deductible temporary differences, carryforward of unused deductible tax losses and tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of deductible tax losses and tax credits can be utilised, except:

- (1) where the deferred tax asset arises from a transaction that is not a business combination and, at the time of the transaction, neither the accounting profit nor taxable profit or deductible loss is affected.
- (2) in respect of the deductible temporary differences associated with investments in subsidiaries, associates and joint ventures that satisfy all of the following conditions simultaneously, a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will be reversed in the foreseeable future and taxable profit will be available for deducting against the deductible temporary differences in the future.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences of the manner by which the Group expects to recover the assets or settle the liabilities at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable to obtain sufficient taxable profit in future periods to deduct the income of deferred income tax assets. Deferred tax assets which have not been recognised are reassessed at the balance sheet date and are recognised to the extent that it is probable to have sufficient taxable profit available to deduct all or part of the deferred tax asset to be recovered.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 41. Deferred tax assets/deferred tax liabilities (Continued)

When all of the following conditions are satisfied simultaneously, the deferred income tax assets and deferred income tax liabilities are listed in the net amount after offsetting: the Group has a legal right to settle current tax assets and income tax liabilities on a net basis; the deferred income tax assets and deferred income tax liabilities are related to the income tax payable by the same tax payer to the same taxation authority or related to different tax payers, but during the period when each of the significant deferred income tax assets and deferred income tax liabilities is reversed, the tax payer involved intends to settle the current income tax asset and current income tax liability on a net basis, or simultaneously obtain assets and pay off the debts.

### 42. Leases

#### (1). Accounting method for operating leases

Applicable  Not applicable

#### Recognition of lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or more identified assets for a period of time in exchange of consideration. To determine whether the right to control the use of identified assets within a certain period of time under a contract has been transferred, the Group assesses whether a client in the contract has the right to use almost all of the economic benefits arising from the use of the identified assets during the period of use, and has the right to dominate the use of identified assets during this period of use.

#### Recognition of separate lease

Where a contract concurrently contains multiple separate leases, the Group splits the contract and conducts accounting treatment for all separate leases respectively. Where the following conditions are concurrently met, use of the rights of identified assets shall constitute a separate lease in the contract:

- (1) A lessee may earn profits from separate use of the assets or joint use with other resources readily available;
- (2) There is no high dependence or high correlation between the assets and other assets in the contract.

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 42. Leases (Continued)

#### (1). Accounting method for operating leases (Continued)

##### Split of leased and non-leased parts

Where a contract concurrently includes both leased and non-leased parts, the Group, as the lessor, shall split the leased and non-leased parts and conduct accounting treatment.

##### Assessment of lease term

The lease term is the period during which the Group has the right to use the leased asset and is irrevocable. The Group has the option to renew the lease, that is, it has the right to choose to renew the lease, and reasonably determine that the option will be exercised. The lease term also includes the period covered by the option to renew the lease. The Group has the option to terminate the lease, that is, it has the right to choose to terminate the lease of the asset but reasonably determine that the option will not be exercised. The lease term includes the period covered by the option to terminate the lease. In the event of a major event or change within the Group's controllable scope, and affecting whether the Group reasonably determines that the option will be exercised, the Group reassesses whether it reasonably determines that it will exercise the option to renew the lease, call option or not to exercise the option to terminate the lease.

##### As a lessee

For the general accounting treatment of the Group as a lessee, please refer to Note V. 28 and Note V. 34.

##### *Modification of lease*

Modification of lease is the modification of lease scope, lease consideration, and lease term beyond the original contract terms, including the addition or termination of the rights of use of one or more leased assets, and the extension or shortening of the lease period stipulated in the contract.

If the modification of lease happens and meets the following conditions, the Group will conduct accounting treatment for the modification of lease as a separate lease:

- (1) the modification of lease expands the scope of lease by increasing the rights of use of one or more leased assets;
- (2) the increased consideration and the individual price of the expanded part of lease are equivalent after adjustment is made in accordance with the contract situation.

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 42. Leases (Continued)

#### (1). Accounting method for operating leases (Continued)

##### As a lessee (Continued)

##### *Modification of lease (Continued)*

If accounting treatment for the modification of lease as a separate lease is not conducted, the Group shall redetermine the lease term on the effective date of modification of lease and discount the modified lease payments using the revised discount rate, in order to remeasure the lease liabilities. When calculating the present value of the lease payments after modification, the Group adopts the interest rate contained in the lease for the remaining lease periods as the discount rate; if the lease interest rate contained in the lease for the remaining lease periods cannot be readily determined, the Group's incremental borrowing increase shall then be used as the discount rate on the effective date of modification of lease.

In view of the consequences of the above adjustment of the lease liabilities, the Group conducts accounting treatment based on each of the following cases accordingly:

- (1) if the modification of lease results in a narrower scope of lease or a shorter lease term, the Group reduces the book value of the right-of-use assets to reflect the partial or complete termination of the lease. The Group recognises the gain or loss relevant to the partial or complete termination of the leases in the current profit or loss;
- (2) for other modification of lease, the Group adjusts the book value of the right-of-use assets accordingly.

##### *Short-term leases and low-value asset leases*

On the commencement date of the lease term, the Group shall recognise leases with a lease term of less than 12 months and not including a call option as a short-term lease; single leases with a value of less than RMB50,000 when being a new asset are recognised as low-value asset leases. If the Group subleases or expects to sublease the leased assets, the original leases shall not be recognised as low-value asset lease. The Group chooses not to recognise short-term leases and low-value asset leases as right-of-use assets and lease liabilities. During each period over the lease term, short-term leases and low-value asset leases shall be recognised in the related asset cost or current profit and loss on a straight-line basis.

# NOTES TO FINANCIAL STATEMENTS

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 42. Leases (Continued)

#### (1). Accounting method for operating leases (Continued)

##### As a lessor

On the commencement date of the lease term, all leases with risks and rewards incident to the ownership of the leased assets are substantially transferred into finance leases, and all other leases are operating leases. The Group classifies the sublease with reference to the right-of-use assets arising from the original lease as a sub-lessor.

##### *As a lessor of a finance lease*

At the commencement date, the Group recognises finance lease receivables and derecognises financial leased assets. The Group initially measures finance lease receivables in the amount of net investment in the lease. Net investment in the lease is the sum of unguaranteed residual value and the present value of lease payments not received at the commencement date being discounted at the interest rate contained in the lease.

The Group calculates and recognises interest income in each period during the lease term based on a constant periodic rate of interest. The variable lease payments that are not included in the measurement of the net investment in the lease are recognised in profit or loss when incurred.

##### *As the lessor of a finance lease*

Lease payments under an operating lease are recognised in current profit or loss on a straight-line basis in each period over the lease term. Contingent rents are recognised in profit or loss in the period in which they actually arise.

In case of modification of an operating lease changes, the Group shall treat it as a new lease from the effective date of modification, and the amount of the advance receipt or receivable related to the lease before the modification shall be regarded as the collection amount of the new lease.

#### (2). Accounting method for financing leases

Applicable  Not applicable

#### (3). Methods for determining and accounting of lease under new lease standards

Applicable  Not applicable

Please refer to Note V. 42(1) for details.

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 43. Other significant accounting policies and estimates

Applicable    Not applicable

#### (1) Hedge accounting

In respect of the methods of hedge accounting, the Group's hedging is classified as:

- 1) fair value hedge, which is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment (excluding foreign exchange risk).
- 2) cash flow hedge, which is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction; or a foreign currency risk in an unrecognised firm commitment.
- 3) hedge of net investment in overseas operations.

At the inception of a hedge relationship, the Group officially designates the hedge relationship and prepares formal written documentation of the hedge relationship, risk management objectives and risk management strategies. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness. Hedge effectiveness is the extent to which the changes in cash flow of hedging instruments can offset the cash flow of hedged items caused by hedged risk. Such hedges are assessed on an ongoing basis to meet the requirements for hedge effectiveness on the initial designated date and beyond.

If the hedging instrument expires or is sold, terminated or exercised (but the rollover or replacement of part of a hedging instrument under the hedging strategy is not treated as an expiration or a contract termination), or due to a change in the risk management objective, the hedging relationship no longer meets the risk management objective, or when the hedging no longer meets other conditions of the hedge accounting method, the Group terminates the use of hedge accounting.

Where the hedging relationship no longer meets the hedging effectiveness requirements due to the hedging ratio, but the risk management objectives for the designated hedging relationship have not changed, the Group rebalances the hedging relationship.

# NOTES TO FINANCIAL STATEMENTS

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 43. Other significant accounting policies and estimates (Continued)

#### (1) Hedge accounting (Continued)

Hedges which meet the criteria for hedge accounting are accounted for as follow:

##### Cash flow hedge

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss and other comprehensive income.

If an anticipated transaction under hedge is subsequently recognised as non-financial assets or non-financial liabilities, or an anticipated transaction of non-financial assets or non-financial liabilities forms a definitive undertaking in fair value hedging, cash flow hedging reserve previously recognised in other comprehensive income shall be transferred out and included in the amount of initial recognition of such assets or liabilities. In respect of the remaining cash flow hedge, if an anticipated sale occurs in the same period when the expected cash flow under hedge affects profit or loss, cash flow hedging reserve recognised in other comprehensive income shall be transferred out and included in current profit or loss.

When stops using hedging accounting for cash flow hedge, if the hedged future cash flow is still expected to occur, the amount previously included in other comprehensive income will not be transferred out until the expected transaction occurs or the commitment is confirmed to be fulfilled. If the hedged future cash flow is expected to no longer occur, the amount of accumulated cash flow hedging reserve recognised in other comprehensive income shall be transferred out and included in current profit and loss.

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 43. Other significant accounting policies and estimates (Continued)

#### (1) Hedge accounting (Continued)

##### Cost of hedging

The Group separates the intrinsic value and time value of an option contract and designates as the hedging instrument only the change in intrinsic value of an option; or separates the forward element from the spot element of a forward contract and designates as the hedging instrument only the change in the value of the spot element; or separates the foreign currency basis spread of the financial instruments and designates as the hedging instrument only the financial instruments which foreign currency basis spread is separated, the Group recognises the time value of an option, forward element of a forward contract and the part of the hedged items that are relevant to the fair value changes of foreign currency basis spread of the financial instrument into other comprehensive income. If the characteristics of the hedged items are related to the transaction, the same accounting treatment with the cash flow hedge reserve shall be applied. If the characteristics of the hedged items are related to the period of time, the above fair value change shall be amortised on a systematic and reasonable basis over the time when the hedged item affects the profit or loss or other comprehensive income, transferred from other comprehensive income to profit or loss for the current period.

#### (2) Profit distribution

The Company's cash dividends are recognised as liabilities upon approval by the Shareholders' general meeting.

#### (3) Production safety expenses

Production safety expenses provided for as required were included in cost of product or the current profit and loss, and credited in special reserve. And the funds are treated separately depending on whether fixed assets are resulted when being used: funds related to expenditure is offset against special reserve directly while those forming fixed assets will consolidate expenditure incurred and recognized as fixed assets when such assets are ready for their intended use, at the same time offsetting equivalent amounts in the special reserve and recognizing equivalent amounts of accumulated depreciation.



# NOTES TO FINANCIAL STATEMENTS

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 43. Other significant accounting policies and estimates (Continued)

#### (4) Fair value measurement

The Group measures listed equity investment instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability or in the most advantageous market for the asset or liability when a principal market is absent. The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other supporting information are available to measure fair value, giving priority to the use of relevant observable inputs, and using unobservable inputs only when observable inputs are unavailable or not feasible to obtain.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole: Level 1-Quoted (unadjusted) market prices in active markets for identical assets or liabilities; Level 2-Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; Level 3-Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 44. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements, estimations and assumption that affect the reported amounts and disclosures of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the balance sheet date. However, uncertainty about these assumptions and estimations could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

#### *Operating leases – the Group as lessor*

The Group has entered into operating leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

#### *Determination of progress towards completion of the performance of obligations for construction contracts*

The Group uses the input method to determine the progress towards completion of the performance obligations for the construction contracts. To be specific, the Group determines the progress towards completion of the performance obligations on the basis of the percentage of the accumulative actual construction costs incurred to the expected total costs. The accumulative actual costs include the direct and indirect costs incurred during the process of transferring goods to the customers. The Group believes that the construction contract price with the customers is determined on the basis of the construction costs, and the actual construction costs as a percentage of the estimated total costs can accurately reflect the progress of the construction service. The Group determines the progress of contract performance based on the proportion of the cumulative actual construction costs to the estimated total costs, and recognizes revenue accordingly. In view of the long duration of construction contracts, which may span several accounting periods, the Group will review and revise the budget as the construction contracts progress, and adjust the income recognition amount accordingly.

#### Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are described below.

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 44. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

#### Estimation uncertainty (Continued)

##### *Construction contracts and labour service results*

The Group recognises revenue based on the percentage of completion of individual contracts providing construction contracts and labour services. The management estimates the percentage of project completion based on the actual costs involved in the total budgeted costs and also estimates the relevant contract revenue. Due to the nature of the activities carried out in the contracts, the dates of the activities and the dates of completion of the activities are usually classified into different accounting periods. The Group will review and revise the budget and contract cost estimates as the contracts progress (if the actual contract revenue is less than the estimated or actual contract costs, provision for the estimated contract losses is to be made).

##### *Impairment of financial instruments and contract assets*

The Group has adopted the expected credit loss model to evaluate the impairment of financial instruments and contract assets. The application of the expected credit loss model requires significant judgement and estimates and the consideration of all reasonable and soundly based information, including forward-looking information. In making such judgement and estimates, the Group estimates the projected movements of the debtor's credit risk according to past repayment records, economic policies, macro-economic indicators and industry risks, etc. Differences in estimates may have an impact on the provision for Impairment. A provision for impairment may not be equal to the actual amount of impairment losses in the future.

##### *Impairment of non-current assets other than financial assets (excluding goodwill)*

The Group assesses whether there are any indicators of impairment for non-current assets other than financial assets as at the balance sheet date. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such an indicator exists. Other non-current assets other than financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its present value of future cash flows. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 44. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

#### Estimation uncertainty (Continued)

##### *Impairment of goodwill*

Goodwill is tested for impairment at least annually. For the purpose of impairment testing, the present value of future cash flows, which are generated from asset groups or sets of asset groups considered together with allocated goodwill, is estimated. The Group estimates the present value of future cash flows from asset groups or sets of asset groups by forecasting the related cash flow and selecting a suitable discount rate.

##### *Fair value of non-listed equity investments*

Non-listed equity investments are valued as expected future cash flows based on the current discount rate of other financial instruments with similar contractual terms and risk characteristics. This requires the Group to estimate future cash flows, credit risks, fluctuations and discount rates and is therefore uncertain.

##### *Impairment of inventories*

The Group determines the write-down for obsolescence of inventories. These estimates are made with reference to aged inventory analyses, projections of expected future sales of goods and management experience and judgement. Based on this review, write-down of inventories will be made when the carrying amounts of inventories decline below their estimated net realizable values. Due to changes in market conditions, actual sales of goods may be different from estimation and profit or loss in the current period could be affected by differences in this estimation.

##### *Development expenditures*

Determination of the capitalisation amount requires estimation of future cash flows of the related assets, choosing a suitable discount rate and estimation of beneficial useful lives in order to calculate the present value by management.

##### *Deferred tax assets*

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

# NOTES TO FINANCIAL STATEMENTS

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 44. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

#### Estimation uncertainty (Continued)

##### *Measurement of defined benefit scheme obligations*

The Group has recognised the supplementary retirement benefits under the defined benefit scheme as a liability. The estimated amount of these welfare expenses and liabilities shall be calculated and paid on the basis of various assumptions. These assumptions include the discount rate, the growth rate of welfare expenses during relevant period, as well as other factors. Deviations between actual results and actuarial assumptions will affect the accuracy of the relevant accounting estimates. Although the management believes that the above assumptions are reasonable, any changes in assumptions shall still affect the estimated liabilities of the relevant supplementary pension insurance and other external welfare plans.

##### *Useful lives and residual values of fixed assets*

The useful lives of fixed assets are estimated based on historical experience of the Group with similar assets used in a similar way. If useful lives of the fixed assets are estimated to be shorter than previously estimated, the Group will increase the depreciation rates accordingly, or dispose of those assets that are idle or technically obsolete.

In determining the useful lives and net residual values of fixed assets, the Group periodically reviews the changes in market conditions, estimated physical wear and tear, and the maintenance of an asset. The estimation of the useful life of the asset is based on historical experience of the Group with similar assets that are used in a similar way. The depreciation amount will be adjusted if the estimated useful lives and/or the net residual values of fixed assets are less than previous estimation. Useful lives and net residual values are reviewed, at the end of each reporting period, based on changes in circumstances.

##### *Quality guarantee*

The Group will make a reasonable estimate of the warranty rate for the contract combination with similar characteristics based on historical warranty data and current warranty conditions, taking into account all relevant information such as product improvement and market changes. The estimate of the warranty rate may not be equal to the actual warranty rate in the future. The Group re-evaluates the warranty rate at least on each balance sheet date and determines the estimated liabilities based on the re-evaluated warranty rate.

# NOTES TO FINANCIAL STATEMENTS

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 44. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

#### Estimation uncertainty (Continued)

##### *Lessee's incremental borrowing rate*

For a lease whose rate cannot be readily determined, the Group adopts lessee's incremental borrowing rate as the discount rate in estimating the present value of the lease payment. When determining the incremental borrowing interest rate, the Group uses the observable interest rate as a reference basis for determining the incremental borrowing rate according to the economic environment in which it is located and, on this basis, adjusts the reference interest rate according to the specific circumstances of the lease business, such as its own conditions, the underlying asset's condition, the lease term and the amount of the lease liability for obtaining an appropriate incremental borrowing rate.

### 45. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

#### (1). Changes in significant accounting policies

Applicable    Not applicable

##### *Changes in presentation of financial statement*

To meet the requirements of Q&A On The Implementation of Accounting Standards For Business Enterprises issued by the Ministry of Finance in December 2020, the group reclassifies the contract asset impairment loss originally included in "credit impairment loss" in the income statement to "contract asset impairment loss", and retroactively adjusts the comparative data accordingly. The impact of the change of accounting policy has no impact on the merger and the company's net profit and owner's equity.

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 45. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Continued)

#### (1). Changes in significant accounting policies (Continued)

##### *Changes in presentation of financial statement (Continued)*

The changes in presentation of financial statement has the following impact:

2019

The Group

Unit: Yuan Currency: RMB

	<b>Carrying amount listed under the original standard Amount for the current period</b>	<b>Impact of other changes in financial statement presentation</b>	<b>Carrying amount listed under the new standard Amount for the current period</b>
Credit impairment loss	-33,715,270.74	14,784,680.94	-18,930,589.80
Asset impairment reversal/loss	2,287,468.78	-14,784,680.94	-12,497,212.16
	<b><u>-31,427,801.96</u></b>	<b><u>-</u></b>	<b><u>-31,427,801.96</u></b>

The Company

Unit: Yuan Currency: RMB

	<b>Carrying amount listed under the original standard Amount for the current period</b>	<b>Impact of other changes in financial statement presentation</b>	<b>Carrying amount listed under the new standard Amount for the current period</b>
Credit impairment loss	-13,142,485.36	-2,845,783.78	-15,988,269.14
Asset impairment reversal	-	2,845,783.78	2,845,783.78
	<b><u>-13,142,485.36</u></b>	<b><u>-</u></b>	<b><u>-13,142,485.36</u></b>

# NOTES TO FINANCIAL STATEMENTS

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## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

### 45. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Continued)

(2). Changes in significant accounting estimates

Applicable  Not applicable

(3). Relevant information about adjustment to the initial adoption of financial statement of the beginning of the current year by the initial adoption of new revenue standards or new lease standards since 2020

Applicable  Not applicable

(4). Description of retrospective adjustment of the previous comparative data by the initial adoption of new revenue standards and new lease standards since 2020

Applicable  Not applicable

### 46. Others

Applicable  Not applicable



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VI. TAXATION

### 1. Main taxes and tax rates

Main taxes and tax rates

Applicable  Not applicable

Category	Tax determination basis	Tax rate
Value-added tax	Except for construction and installation enterprises of the Group, if the Group is recognized as general VAT taxpayer, it shall pay output tax at the tax rate of 6%, 9% and 13% of the taxable income, and the value-added tax is paid according to the difference after deducting the input tax amount that is allowed to be deducted in the current period.	6%-13%
Urban maintenance and construction tax	Levied on the basis of 5%-7% turnover taxes paid.	5%-7%
Educational surcharge	Levied on the basis of 3% turnover taxes paid.	3%
Local educational surcharge	Levied on the basis of 1%-2% turnover taxes paid.	1%-2%
Property tax	Based on 1.2% of the residual value of the original value of the property minus 10%-30%, or 12% of the rental income of the property.	—
Stamp duty	Based on the taxable amount and the applicable tax rate stated on the tax payment certificate.	—
Land use tax	Based on the actual area of land occupied and the applicable tax rate of the location of the land.	—

Each of the overseas subsidiaries of the Company calculates and pays taxes in accordance with applicable taxes and tax rates required by local tax laws.

Disclosure statement of taxable entities subject to different enterprise income tax rates

Applicable  Not applicable

Please refer to Note VI. 2 for details.

## VI. TAXATION (Continued)

### 2. Tax preferential

Applicable  Not applicable

#### Refund-upon-collection policy for VAT for software enterprises

According to the Notice of the State Council on Issuing Several Policies on Further Encouraging the Development of the Software and Integrated Circuit Industries (Guo Fa [2011] No. 4) issued by the State Council, CRSC Research & Design Institute Group Co., Ltd., CASCO Signal Ltd., CRSC Communication & Information Group Company Ltd., and CRSC Wanquan Signal Equipment Company Ltd. enjoy the refund-upon-collection policy for VAT for software enterprises.

#### Tax preferential policy for high-new technology enterprises

Beijing Xiandai Signal & Communication Engineering Consultant Ltd.:

Beijing Xiandai Signal & Communication Engineering Consultant Ltd. applied in 2014 and was finally recognised as a high-new technology enterprise on 30 October 2014. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2020, and obtained the updated high-new technology enterprise certificate on 21 October 2020. The certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2020 to 2023.

Shenyang Railway Signal Co., Ltd.:

Shenyang Railway Signal Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2012. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2018, and obtained the updated high-new technology enterprise certificate on 12 October 2018. The certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2018 to 2021.

Tianjin Railway Signal Co., Ltd.:

Tianjin Railway Signal Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2012. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2018, and obtained the updated high-new technology enterprise certificate on 23 November 2018. The certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2018 to 2021.

# NOTES TO FINANCIAL STATEMENTS

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## VI. TAXATION (Continued)

### 2. Tax preferential (Continued)

#### Tax preferential policy for high-new technology enterprises (Continued)

Xi'an Railway Signal Co., Ltd.:

Xi'an Railway Signal Co., Ltd. applied in 2015 and was finally recognised as a high-new technology enterprise on 19 November 2015. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2018, and obtained the updated high-new technology enterprise certificate on 29 October 2018. The certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2018 to 2021.

Beijing Railway Signal Co., Ltd.:

Beijing Railway Signal Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2011. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2020, and passed the vetting process of the Administration of High-tech Enterprise Certification of Beijing Office on 2 December 2020, with the result announced. The company paid corporate income tax at the preferential tax rate of 15% from 2020 to 2023.

Shanghai Railway Communication Co., Ltd.:

Shanghai Railway Communication Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2011. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2020, and passed the vetting process of the Administration of High-tech Enterprise Certification of Shanghai Office on 3 September 2020, with the result announced. The company paid corporate income tax at the preferential tax rate of 15% from 2020 to 2023.

Shanghai Deuta Electronic & Electrical Equipment Co., Ltd.:

Shanghai Deuta Electronic & Electrical Equipment Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2012. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2018, and obtained the updated high-new technology enterprise certificate on 2 November 2018. The certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2018 to 2021.

## VI. TAXATION (Continued)

### 2. Tax preferential (Continued)

#### Tax preferential policy for high-new technology enterprises (Continued)

Tianshui Railway Cable Co., Ltd.:

Tianshui Railway Cable Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2012. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2018, and obtained the updated high-new technology enterprise certificate on 23 July 2018. The certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2018 to 2021.

Jiaozuo Railway Cable Co., Ltd.:

Jiaozuo Railway Cable Co., Ltd. was finally recognised as a high-new technology enterprise in 2013. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2019, and obtained the updated high-new technology enterprise certificate on 3 December 2019. The certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2019 to 2022.

CRSC Research & Design Institute Group Co., Ltd.:

CRSC Research & Design Institute Group Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2011. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2020, and obtained the updated high-new technology enterprise certificate on 2 December 2020. The certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2020 to 2023.

Beijing Nera Stentofon Communication Equipment Co., Ltd.:

Beijing Nera Stentofon Communication Equipment Co., Ltd. applied and was finally recognised as a high-new technology enterprise in 2011. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2020, and obtained the updated high-new technology enterprise certificate on 2 December 2020. The certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2020 to 2023.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VI. TAXATION (Continued)

### 2. Tax preferential (Continued)

#### Tax preferential policy for high-new technology enterprises (Continued)

CRSC Communication & Information Group Company Ltd.:

CRSC Communication & Information Group Company Ltd. applied and was finally recognised as a high-new technology enterprise in 2011. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2020, and obtained the updated high-new technology enterprise certificate on 2 December 2020. The certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2020 to 2023.

Shanghai China Railway Communication & Signal Testing Co., Ltd.:

Shanghai China Railway Communication & Signal Testing Co., Ltd. applied in 2015 and was finally recognised as a high-new technology enterprise on 30 October 2015. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2018, and passed the vetting process of the Administration of the High-Tech Enterprises Certification of Shanghai Office on 16 November 2018, with the result announced, and obtained the updated high-new technology enterprise certificate on 27 November 2018. The company shall pay corporate income tax at the preferential tax rate of 15% from 2018 to 2021.

CRSC Wanquan Signal Equipment Co., LTD.:

CRSC Wanquan Signal Equipment Co., LTD. applied and was finally recognised as a high-new technology enterprise in 2012. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2018, and obtained the updated high-new technology enterprise certificate on 30 November 2018. The certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2018 to 2021.

CASCO Signal Ltd.:

CASCO Signal Ltd. applied and was finally recognised as a high-new technology enterprise in 2014. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2020, and passed the vetting process of the Administration of the High-Tech Enterprises Certification of Shanghai Office on 4 September 2020, with the result announced. The company shall pay corporate income tax at the preferential tax rate of 15% from 2020 to 2023.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VI. TAXATION (Continued)

### 2. Tax preferential (Continued)

#### Tax preferential policy for high-new technology enterprises (Continued)

CRSC Communication & Information Group Shanghai Company Ltd.:

CRSC Communication & Information Group Shanghai Company Ltd. applied in 2014 and was finally recognised as a high-new technology enterprise on 4 September 2014. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2020, and obtained the updated high-new technology enterprise certificate on 18 November 2020. The certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2020 to 2023.

CRSC Information Industry Co., Ltd.:

CRSC Information Industry Co., Ltd. applied in 2015 and was finally recognised as a high-new technology enterprise on 21 July 2015. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2018, and obtained the updated high-new technology enterprise certificate on 10 September 2018. The certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2018 to 2021.

Shanghai Xinhai Information Transportation Information Technology Co., Ltd.:

Shanghai Xinhai Information Transportation Information Technology Co., Ltd. applied in 2016 and was finally recognised as a high-new technology enterprise on 24 November 2016. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2019, and obtained the updated high-new technology enterprise certificate on 28 October 2019. The certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2019 to 2022.

Chengdu Railway Communication Equipment Co., Ltd.:

Chengdu Railway Communication Equipment Co., Ltd. applied in 2014 and was finally recognised as a high-new technology enterprise on 9 July 2014. In August 2020, its high-tech enterprise qualification review materials were submitted to the competent authority, and the updated high-tech enterprise qualification certificate was obtained on 11 September 2020. The certificate is valid for three years. The Company shall pay corporate income tax at a preferential tax rate of 15% from 2020 to 2023.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VI. TAXATION (Continued)

### 2. Tax preferential (Continued)

#### Tax preferential policy for high-new technology enterprises (Continued)

CRSCE Beijing Research & Design Experiment Center Ltd.:

CRSCE Beijing Research & Design Experiment Center Ltd. applied in 2015 and was finally recognised as a high-new technology enterprise on 24 November 2015. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2018, and obtained the updated high-new technology enterprise certificate on 31 October 2018. The certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2018 to 2021.

CRSC Engineering Bureau Group Information Technology Co., Ltd.:

CRSC Engineering Bureau Group Information Technology Co., Ltd. applied in 2015 and was finally recognised as a high-new technology enterprise on 21 July 2015. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2018, and obtained the updated high-new technology enterprise certificate on 10 September 2018. The certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2018 to 2021.

CRSC Engineering Bureau Group Construction Engineering Co., Ltd.:

CRSC Engineering Bureau Group Construction Engineering Co., Ltd. applied to the Hunan Provincial Science & Technology Department, Hunan Provincial Department of Finance, Hunan Provincial Tax Service, State Taxation Administration and Hunan Provincial Local Taxation Bureau in 2016 and was finally recognised as a high-new technology enterprise on 6 December 2016. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2019, and obtained the updated high-new technology enterprise certification on 20 September 2019 and the certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2019 to 2022.

CRSC (Changsha) Railway Traffic Control Technology Co., Ltd.:

CRSC (Changsha) Railway Traffic Control Technology Co., Ltd. applied to the Hunan Provincial Science & Technology Department, Hunan Provincial Department of Finance, Hunan Provincial Tax Service, State Taxation Administration and Hunan Provincial Local Taxation Bureau in 2017 and was finally recognised as a high-new technology enterprise on 1 December 2017. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2020 and obtained updated high-new technology enterprise certification on 11 September 2020. The certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2020 to 2023.

## VI. TAXATION (Continued)

### 2. Tax preferential (Continued)

#### Tax preferential policy for high-new technology enterprises (Continued)

CRSC Engineering Bureau Group Tianjin Equipment Engineering Ltd.:

CRSC Engineering Bureau Group Tianjin Equipment Engineering Ltd. applied to Tianjin Science and Technology Committee, Tianjin Municipal Finance Bureau, Tianjin Municipal Office, SAT and Tianjin Municipal Local Taxation Bureau in 2016 and was finally recognised as a high-new technology enterprise on 9 December 2016. The company submitted the high-tech enterprise qualification review materials to the competent authorities in 2019, and obtained the updated high-new technology enterprise certification on 28 October 2019 and the certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2019 to 2022.

CRSC Institute of Smart City Research & Design:

CRSC Institute of Smart City Research & Design applied to Beijing Science and Technology Committee, Beijing Municipal Finance Bureau, Beijing Municipal Office, SAT and Beijing Municipal Local Taxation Bureau in 2018 and was finally recognised as a high-new technology enterprise on 19 July 2018. The certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2018 to 2021.

CRSC Railway Vehicles Co., Ltd.:

CRSC Railway Vehicles Co., Ltd. applied to Beijing Science and Technology Committee, Beijing Municipal Finance Bureau, Beijing Municipal Office, SAT and Beijing Municipal Local Taxation Bureau in 2019 and was finally recognised as a high-new technology enterprise on 20 September 2019. The certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2019 to 2022.

Beijing Guo Tie Hua Chen Communication Technology Co., Ltd.:

Beijing Guo Tie Hua Chen Communication Technology Co., Ltd. applied to Beijing Science and Technology Committee, Beijing Municipal Finance Bureau, Beijing Municipal Tax Service, SAT and Beijing Municipal Local Taxation Bureau in 2020 and was finally recognised as a high-new technology enterprise on 2 December 2020. The certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2020 to 2023.



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VI. TAXATION (Continued)

### 2. Tax preferential (Continued)

#### Tax preferential policy for high-new technology enterprises (Continued)

CRSC Urban Rail Transit Technology Co., Ltd.:

CRSC Urban Rail Transit Technology Co., Ltd. applied to Beijing Science and Technology Committee, Beijing Municipal Finance Bureau, Beijing Municipal Tax Service, SAT and Beijing Municipal Local Taxation Bureau in 2020 and was finally recognised as a high-new technology enterprise on 21 October 2020. The certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2020 to 2023.

Changsha Architectural Design Institute Co., Ltd.:

Changsha Architectural Design Institute Co., Ltd. applied to the Hunan Provincial Science & Technology Department, Hunan Provincial Department of Finance, Hunan Provincial Tax Service, State Taxation Administration and Hunan Provincial Local Taxation Bureau in 2020 and was finally recognised as a high-new technology enterprise on 3 December 2020. The certificate is valid for three years. The company shall pay corporate income tax at the preferential tax rate of 15% from 2020 to 2023.

#### Preferential taxation policies for the western development

According to the Notice on the further implementation of the relevant tax policies of the western development strategy (Cai Shui [2011], No. 58) published by the Ministry of Finance, General Administration of Customs and SAT, from 1 January 2011 to 31 December 2020, an enterprise in western area engaged in industries encouraged is subjected to the enterprise income tax rate of 15%. Xi'an Railway Signal Co., Ltd. is eligible for the preferential tax policies related to the western development strategy.

#### Preferential taxation policies for small low-profit enterprises

According to the Notice of the Ministry of Finance and the State Administration of Taxation on Expanding the Scope of Preferential Income Tax Policies for Small Low-Profit Enterprises (Cai Shui [2018], No. 77), for small low-profit enterprises whose annual taxable income is less than RMB1 million (including RMB1 million), their income tax shall be based on the taxable income minus 50% and at the enterprise income tax rate of 20%. Xi'an Tonghao Railway Signal Product Inspection Station Co., Ltd. is eligible for the preferential tax policies for small low-profit enterprises.

### 3. Others

Applicable     Not applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Cash and bank balances

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Cash on hand	714,559.72	1,441,606.54
Bank deposits	22,553,878,450.32	23,732,556,802.97
Other monetary funds	186,038,677.04	266,335,538.79
<b>Total</b>	<b>22,740,631,687.08</b>	<b>24,000,333,948.30</b>
Including: Total amount deposited abroad	1,055,918,155.65	1,068,559,495.78
	<b>31 December 2020</b>	31 December 2019
Balance of monetary funds for the year	22,740,631,687.08	24,000,333,948.30
Less: Non-pledged/secured and unrestricted time deposits with maturity of three months or above	4,369,731,936.97	5,879,045,725.39
Less: Other monetary funds with restricted use	186,038,677.04	266,335,538.79
Closing balance of cash and cash equivalents for the year	18,184,861,073.07	17,854,952,684.12
Less: Opening balance of cash and cash equivalents for the year	17,854,952,684.12	10,808,205,777.53
Net increase in cash and cash equivalents	329,908,388.95	7,046,746,906.59

As at 31 December 2020, the Group's cash and bank balances deposited abroad were RMB1,055,918,155.65 (31 December 2019: RMB1,068,559,495.78).

As at 31 December 2020, the Group's cash and bank balances with title restrictions were RMB186,038,677.04 (31 December 2019: RMB266,335,538.79), please see Note VII. 81.

Interest income from demand deposits is earned at the bank's interest rate on the demand deposits. The Group determines the period of maturity of short-term time deposit on the basis of its needs for cash and earns the interest income at the bank's corresponding interest rate on the time deposits.

### 2. Held-for-trading financial assets

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 3. Derivative financial assets

Applicable  Not Applicable

### 4. Notes receivable

#### (1). Classified presentation of notes receivable

Applicable  Not Applicable

#### (2). Notes receivable pledged by the Company at the end of the period

Applicable  Not Applicable

#### (3). Notes receivable endorsed or discounted by the Company at the end of the period and not yet due on the balance sheet date

Applicable  Not Applicable

#### (4). Notes transferred to accounts receivable by the Company due to the drawer's failure to perform the contract at the end of the period

Applicable  Not Applicable

#### (5). Disclosure by classification with the method of provision of bad debts

Applicable  Not Applicable

Single provision for bad debt:

Applicable  Not Applicable

Provision withdrawn for bad debt on a combination basis:

Applicable  Not Applicable

If provisions for bad debts are made as per the general model of ECL, please make disclosure with reference to other receivables:

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 4. Notes receivable (Continued)

#### (6). Provision for bad debts

Applicable  Not Applicable

#### (7). The situation of the write-off of notes receivable for the period

Applicable  Not Applicable

Other explanation

Applicable  Not Applicable

### 5. Accounts receivable

#### (1). Disclosure by ageing

Applicable  Not Applicable

Unit: Yuan Currency: RMB

<b>Ageing</b>	<b>Closing gross carrying amount</b>	Opening gross carrying amount
Within 1 year	<b>13,946,081,208.74</b>	13,118,530,821.64
1 to 2 years	<b>2,878,538,196.13</b>	2,508,398,816.01
2 to 3 years	<b>1,304,304,788.12</b>	938,711,660.18
Over 3 years	<b>844,987,732.06</b>	841,875,581.18
Less: provision for bad debt of accounts receivable	<b>-682,958,823.38</b>	-649,888,871.06
<b>Total</b>	<b><u>18,290,953,101.67</u></b>	<u>16,757,628,007.95</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 5. Accounts receivable (Continued)

#### (1). Disclosure by ageing (Continued)

Movements in the provision for bad debts of accounts receivable are listed as follows:

	Closing balance	Opening balance
Opening balance for the year	649,888,871.06	580,136,528.11
Provision for the year	149,711,197.22	157,745,859.75
Transfer of contract assets	—	97,129,012.18
Reversal for the year	-116,044,346.90	-183,386,094.10
Write-off for the year	-596,898.00	-1,736,434.88
Closing balance for the year	682,958,823.38	649,888,871.06

#### (2). Disclosure by the method of provision of bad debts

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Categories	Closing balance					Opening balance				
	Gross carrying amount		Provision for bad debt			Gross carrying amount		Provision for bad debt		
	Amount	Proportion	Amount	Percentage of provision	Book value	Amount	Proportion	Amount	Percentage of provision	Book value
		(%)		(%)			(%)		(%)	
Single provision for bad debt:	847,286,696.05	4.47	52,137,991.88	6.15	795,148,704.17	1,247,585,433.08	7.17	65,993,584.68	5.29	1,181,591,848.40
Provision withdrawn for bad debt on a combination basis:	18,126,625,229.00	95.53	630,820,831.50	3.48	17,495,804,397.50	16,159,931,445.93	92.83	583,895,286.38	3.61	15,576,036,159.55
Total	18,973,911,925.05	100.00	682,958,823.38	3.60	18,290,953,101.67	17,407,516,879.01	100.00	649,888,871.06	3.73	16,757,628,007.95

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020  
RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 5. Accounts receivable (Continued)

#### (2). Disclosure by the method of provision of bad debts (Continued)

Single provision for bad debt:

2020

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Name	Closing balance			
	Gross carrying amount	Provision for bad debt	Percentage of provision (%)	Reasons for provision
Accounts receivable of single provision for bad debt	<u>847,286,696.05</u>	<u>52,137,991.88</u>	6.15	Note

2019

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Name	Closing balance			
	Gross carrying amount	Provision for bad debt	Percentage of provision (%)	Reasons for provision
Accounts receivable of single provision for bad debt	<u>1,247,585,433.08</u>	<u>65,993,584.68</u>	5.29	Note

Descriptions of single provision for bad debt:

Applicable  Not Applicable

Note: The Group shall make provision for bad debts in whole or in part based on its aging and business conditions with other companies.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 5. Accounts receivable (Continued)

#### (2). Disclosure by the method of provision of bad debts (Continued)

Provision withdrawn for bad debt on a combination basis:

Applicable  Not Applicable

Items of provision on group basis: aging group

2020

Unit: Yuan Currency: RMB

Name	Closing balance		Percentage of provision (%)
	Accounts receivable	Provision for bad debt	
Within 1 year	13,849,110,814.57	69,245,554.08	0.50
1 to 2 years	2,476,224,407.24	123,811,220.36	5.00
2 to 3 years	1,043,185,063.92	104,318,506.39	10.00
Over 3 years	<u>758,104,943.27</u>	<u>333,445,550.67</u>	43.98
Total	<u>18,126,625,229.00</u>	<u>630,820,831.50</u>	/

2019

Unit: Yuan Currency: RMB

Name	Closing balance		Percentage of provision (%)
	Accounts receivable	Provision for bad debt	
Within 1 year	12,051,236,699.69	60,256,183.50	0.50
1 to 2 years	2,442,209,891.67	122,110,494.58	5.00
2 to 3 years	937,127,187.35	93,712,718.74	10.00
Over 3 years	<u>729,357,667.22</u>	<u>307,815,889.56</u>	42.20
Total	<u>16,159,931,445.93</u>	<u>583,895,286.38</u>	/

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020  
RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 5. Accounts receivable (Continued)

#### (2). Disclosure by the method of provision of bad debts (Continued)

Recognition standards and descriptions of provision withdrawn for bad debt on a combination basis:

Applicable  Not Applicable

If provisions for bad debts are made as per the general model of ECL, please make disclosure with reference to other receivables:

Applicable  Not Applicable

#### (3). Provision for bad debts

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Category	Opening balance	Increase/decrease during the period			Other changes	Closing balance
		Provision	Recovery or reversal	Write-off or cancellation		
Accounts receivable	649,888,871.06	149,711,197.22	116,044,346.90	596,898.00	-	682,958,823.38
Total	<u>649,888,871.06</u>	<u>149,711,197.22</u>	<u>116,044,346.90</u>	<u>596,898.00</u>	<u>-</u>	<u>682,958,823.38</u>

Significant amounts recovered or reversed to bad debts in the period:

Applicable  Not Applicable

#### (4). The situation of the write-off of accounts receivable for the period

Applicable  Not Applicable



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 5. Accounts receivable (Continued)

#### (5). Top five accounts receivable by closing balance collection of the borrowers

Applicable  Not Applicable

As at 31 December 2020, top five debtors with the largest balance of accounts receivables are as follows:

Unit: Yuan Currency: RMB

Name of entity	Gross carrying amount	Provision for bad debt	Proportion of total accounts receivable (%)
Aggregation of the top five borrowers with the largest closing balance of accounts receivables	<u>1,814,689,208.29</u>	<u>75,658,020.96</u>	<u>9.56</u>
Total	<u>1,814,689,208.29</u>	<u>75,658,020.96</u>	<u>9.56</u>

As at 31 December 2019, top five debtors with the largest balance of accounts receivables are as follows:

Unit: Yuan Currency: RMB

Name of entity	Gross carrying amount	Provision for bad debt	Proportion of total accounts receivable (%)
Aggregative of the top five borrowers with the largest closing balance of accounts receivables	<u>2,100,235,212.99</u>	<u>66,843,050.45</u>	<u>12.07</u>
Total	<u>2,100,235,212.99</u>	<u>66,843,050.45</u>	<u>12.07</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020  
RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 5. Accounts receivable (Continued)

#### (6). Accounts receivable derecognized due to the transfer of financial assets

Applicable  Not Applicable

In 2020, the Group's non-recourse accounts receivable were factored to financial institutions. The book balance of the derecognized accounts receivable was RMB618,740,764.35 (2019: RMB1,849,251,870.04).

#### (7). Amount of assets or liabilities resulting from accounts receivable transfer and its continuing involvement

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 6. Receivables for financing

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Bank acceptance bills	863,523,297.58	805,952,389.88
Commercial acceptance bills	1,366,601,160.03	672,695,454.66
Total	2,230,124,457.61	1,478,647,844.54

As at 31 December 2020, the ownership of notes receivable with book value of RMB52,492,742.32 (as at 31 December 2019, book value of RMB67,084,139.66) was restricted, see Note VII. 81.

Pledged bills receivable are as follows:

Item	Closing balance	Opening balance
Bank acceptance bills	2,561,294.29	5,824,991.90
Commercial acceptance bills	49,931,448.03	61,259,147.76
Total	52,492,742.32	67,084,139.66

The Group endorses or discounts some of the bank acceptance bills in the daily fund management. The business model for managing the above-mentioned acceptances receivable is aimed at both collection of contractual cash flow and the sale. As a result, the Group reclassifies the notes receivable as financial assets measured at fair value through other comprehensive income, and states them as receivables for financing.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 6. Receivables for financing (Continued)

The bills receivable that has been endorsed or discounted but have not expired on the balance sheet date are listed as follows:

	2020		2019	
	Derecognized	Not derecognized	Derecognized	Not derecognized
Bank acceptance bills	<b>934,167,212.36</b>	<b>179,206,712.21</b>	541,594,787.67	88,668,931.24
Commercial acceptance bills	–	<b>211,897,708.43</b>	–	268,535,267.23
	<b><u>934,167,212.36</u></b>	<b><u>391,104,420.64</u></b>	<b><u>541,594,787.67</u></b>	<b><u>357,204,198.47</u></b>

The increase/decrease and fair value change of receivables for financing in the period:

Applicable  Not Applicable

If provisions for bad debts are made as per the general model of ECL, please make disclosure with reference to other receivables:

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 7. Prepayments

#### (1). Prepayments set out by aging

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Aging	Closing balance		Opening balance	
	Amount	Amount Proportion (%)	Amount	Amount Proportion (%)
Within 1 year	472,144,564.94	77.94	857,270,707.00	92.71
1 to 2 years	91,270,604.64	15.07	41,751,200.05	4.51
2 to 3 years	22,292,073.25	3.68	10,879,140.91	1.18
Over 3 years	20,050,459.45	3.31	14,748,242.29	1.60
Total	<u>605,757,702.28</u>	<u>100.00</u>	<u>924,649,290.25</u>	<u>100.00</u>

As at the balance sheet date, large-amount prepayments with an age of over one year are as follows:

Unit: Yuan Currency: RMB

	Amount
Total prepayments of the top five debtors aged more than one year	<u>53,334,566.91</u>

Reasons for delayed settlement of significant prepayments with an age of over one year:

The above large prepayments aged more than one year are not settled in time mainly due to relevant projects were not completed or the materials and equipment were not received.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020  
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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 7. Prepayments (Continued)

#### (2). Top five entities with the largest closing balances of prepayments by subjects of prepayment

Applicable  Not Applicable

Unit: Yuan Currency: RMB

<b>Name of debtor</b>	<b>Gross carrying amount</b>	<b>Proportion of total prepayments (%)</b>
Aggregate closing balance of top five other receivables	<u>182,562,853.11</u>	<u>30.14</u>

Other explanation

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 8. Other receivables

Presentation of item

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Dividends receivable	14,040,000.00	—
Other receivables	1,462,236,378.69	1,148,124,174.34
Total	1,476,276,378.69	1,148,124,174.34

Other explanation:

Applicable  Not Applicable

#### Interests receivable

##### (1). Classification of interest receivable

Applicable  Not Applicable

##### (2). Significant overdue interest

Applicable  Not Applicable

##### (3). Provision for bad debts

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 8. Other receivables (Continued)

#### Dividends receivable

##### (1). Dividend receivable

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item (or investee)	Closing balance	Opening balance
Siemens Signaling Company Ltd.	<u>14,040,000.00</u>	<u>—</u>

##### (2). Significant dividends receivable with an age over 1 year

Applicable  Not Applicable

##### (3). Provision for bad debts

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 8. Other receivables (Continued)

#### Other receivables

#### (1). Disclosure by ageing

Applicable  Not Applicable

Unit: Yuan Currency: RMB

<b>Aging</b>	<b>Closing book balance</b>	Opening Book balance
Within 1 year		
Of which: within 1 year by category		
Sub-total within 1 year	<b>927,892,982.96</b>	739,748,185.28
1 to 2 years	<b>316,965,342.43</b>	246,590,228.55
2 to 3 years	<b>96,318,738.55</b>	83,947,773.12
Over 3 years	<b>248,784,561.00</b>	235,156,779.28
Less: Provision for bad debts of other receivables	<b>127,725,246.25</b>	157,318,791.89
Total	<b><u>1,462,236,378.69</u></b>	<u>1,148,124,174.34</u>

#### (2). Classified by nature

Applicable  Not Applicable

Unit: Yuan Currency: RMB

<b>Nature of accounts</b>	<b>Closing book balance</b>	Opening Book balance
Performance and tender bonds	<b>739,114,286.03</b>	696,894,809.40
Advance payments	<b>403,588,447.38</b>	218,867,757.37
Various deposits	<b>117,916,591.33</b>	103,956,939.32
Dividends receivable	<b>14,040,000.00</b>	—
Others	<b>329,342,300.20</b>	285,723,460.14
Less: provision for bad debts of other receivables	<b>127,725,246.25</b>	157,318,791.89
Total	<b><u>1,476,276,378.69</u></b>	<u>1,148,124,174.34</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 8. Other receivables (Continued)

#### (3). Provision for bad debts

Applicable  Not Applicable

2020

Unit: Yuan Currency: RMB

Provision for bad debt	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL (non-credit impaired)	Lifetime ECL (credit-impaired)	
Amounts due as at 1 January 2020	31,058,385.67	55,329,140.77	70,931,265.45	157,318,791.89
Amounts due for the period as at 1 January 2020				
– Transferred to stage 2	–	–	–	–
– Transferred to stage 3	–	–	–	–
– Reversed to stage 2	–	–	–	–
– Reversed to stage 1	–	–	–	–
Provision for the period	21,617,877.48	–	–	21,617,877.48
Reversal for the period	9,481,090.20	36,683,130.57	5,047,202.35	51,211,423.12
Write-off for the period	–	–	–	–
Other changes	–	–	–	–
Amount as at 31 December 2020	<u>43,195,172.95</u>	<u>18,646,010.20</u>	<u>65,884,063.10</u>	<u>127,725,246.25</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 8. Other receivables (Continued)

#### (3). Provision for bad debts (Continued)

2019

	Unit: Yuan    Currency: RMB			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL (non-credit impaired)	Lifetime ECL (credit-impaired)	Total
Amount due as				
at 1 January 2019	39,364,329.22	56,046,745.19	51,439,305.71	146,850,380.12
Amounts due for the period as				
at 1 January 2019				
– Transferred to stage 2	–	–	–	–
– Transferred to stage 3	–	-12,822,871.56	12,822,871.56	–
– Reversed to stage 2	–	–	–	–
– Reversed to stage 1	–	–	–	–
Provision for the period	6,204,135.23	22,167,898.54	6,669,088.18	35,041,121.95
Reversal for the period	11,392,342.92	10,062,631.40	–	21,454,974.32
Write-off for the period	2,146,284.15	–	–	2,146,284.15
Cancellation for the period	–	–	–	–
Other changes	-971,451.71	–	–	-971,451.71
	<u>31,058,385.67</u>	<u>55,329,140.77</u>	<u>70,931,265.45</u>	<u>157,318,791.89</u>
Amounts due as				
at 31 December 2019	<u>31,058,385.67</u>	<u>55,329,140.77</u>	<u>70,931,265.45</u>	<u>157,318,791.89</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 8. Other receivables (Continued)

#### (3). Provision for bad debts (Continued)

Explanation about obvious changes in gross carrying amounts of other receivables for which loss provision has changed in the period:

Applicable  Not Applicable

2020

Unit: Yuan Currency: RMB

	Stage 1 12-month ECL	Stage 2 Lifetime ECL (non-credit impaired)	Stage 3 Lifetime ECL (credit-impaired)	Total
Amounts due as at 1 January 2020	1,178,723,209.79	55,329,140.77	71,390,615.67	1,305,442,966.23
Amounts due for the period as at 1 January 2020				
– Transferred to stage 2	–	–	–	–
– Transferred to stage 3	–	–	–	–
– Reversed to stage 2	–	–	–	–
– Reversed to stage 1	–	–	–	–
Increase	860,120,112.68	–	–	860,120,112.68
Derecognized	543,579,825.94	32,021,628.03	–	575,601,453.97
Cancellation for the period	–	–	–	–
Other changes	–	–	–	–
Amounts due as at 31 December 2020	<u>1,495,263,496.53</u>	<u>23,307,512.74</u>	<u>71,390,615.67</u>	<u>1,589,961,624.94</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 8. Other receivables (Continued)

#### (3). Provision for bad debts (Continued)

2019

	Unit: Yuan    Currency: RMB			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL (non-credit impaired)	Lifetime ECL (credit-impaired)	Total
Provision for bad debt				
Balance on 1 January 2019	1,156,641,515.22	276,533,078.68	51,439,305.71	1,484,613,899.61
Amounts due for the period as at 1 January 2019				
– Transferred to stage 2	–	–	–	–
– Transferred to stage 3	–	-19,951,309.96	19,951,309.96	–
– Reversed to stage 2	–	–	–	–
– Reversed to stage 1	–	–	–	–
Increase	809,092,808.66	–	–	809,092,808.66
Derecognized	774,348,826.02	201,252,627.95	–	975,601,453.97
Cancellation for the period	2,146,284.15	–	–	2,146,284.15
Other changes	-10,516,003.92	–	–	-10,516,003.92
Amount due as at 31 December 2019	<u>1,178,723,209.79</u>	<u>55,329,140.77</u>	<u>71,390,615.67</u>	<u>1,305,442,966.23</u>

Amount of provision for bad debt for the period and basis for evaluating whether credit risk of financial instruments increase significantly:

Applicable     Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 8. Other receivables (Continued)

#### (4). Provision for bad debts

Applicable  Not applicable

2020

Unit: Yuan Currency: RMB

Category	Opening balance	Increase/decrease during the period			Closing balance
		Provision	Recovery or reversal	Write-off or cancellation	
Total	<u>157,318,791.89</u>	<u>21,617,877.48</u>	<u>51,211,423.12</u>	<u>-</u>	<u>127,725,246.25</u>

In 2020, provisions for bad debts of RMB21,617,877.48 (2019: RMB35,041,121.95) were made, and provisions for bad debts of RMB51,211,423.12 (2019: RMB21,454,974.32) were recovered or reversed.

In 2020, none of other receivables has been written off (2019: RMB2,146,284.15).

Including significant amounts of provision for bad debts recovered or reversed in the period:

Applicable  Not Applicable

#### (5). The situation of the write-off of other receivables for the period

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 8. Other receivables (Continued)

#### (6). Top five accounts receivable by closing balance collection of the borrowers

Applicable  Not Applicable

As at 31 December 2020, top five debtors with the largest balance of other receivables are as follows:

Unit: Yuan Currency: RMB

Name of entity	Nature of receivable	Closing balance	Aging	Proportion of the closing balance of other receivables (%)	Provision for bad debt Closing balance
Aggregate closing balance of top five other receivables	Receivable current payments	<u>278,537,314.40</u>	/	<u>17.52</u>	<u>40,541,324.40</u>

As at 31 December 2019, top five debtors with the largest balance of other receivables are as follows:

Unit: Yuan Currency: RMB

Name of entity	Nature of receivable	Closing balance	Aging	Proportion of the closing balance of other receivables (%)	Provision for bad debt Closing balance
Aggregate closing balance of top five other receivables	Receivable current payments	<u>313,800,521.43</u>	/	<u>24.04</u>	<u>95,621,465.17</u>

#### (7). Receivables involving government subsidies

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 8. Other receivables (Continued)

#### (8). Other receivables derecognized due to the transfer of financial assets

Applicable  Not Applicable

In 2020, none of the Group's other receivables were derecognized due to being factored to financial institutions with no right of recourse (2019: RMB441,752,441.81).

#### (9). Amount of assets or liabilities resulting from transfer of other receivables and continuing involvement

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

### 9. Inventories

#### (1). Inventory classification

Applicable  Not Applicable

2020

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for decline in value of inventories/ provision for impairment of contract performance cost	Carrying amount	Gross carrying amount	Provision for decline in value of inventories/ provision for impairment of contract performance cost	Carrying amount
Raw materials	1,032,481,415.00	5,782,725.14	1,026,698,689.86	781,311,660.39	5,619,190.97	775,692,469.42
Work-in-progress	587,445,245.10	335,739.16	587,109,505.94	486,197,098.97	-	486,197,098.97
Finished goods	863,227,861.78	49,216.54	863,178,645.24	923,335,095.53	523,909.72	922,811,185.81
Turnover materials	12,201,160.95	788.27	12,200,372.68	16,061,822.80	-	16,061,822.80
Total	<u>2,495,355,682.83</u>	<u>6,168,469.11</u>	<u>2,489,187,213.72</u>	<u>2,206,905,677.69</u>	<u>6,143,100.69</u>	<u>2,200,762,577.00</u>

As at 31 December 2020 and 31 December 2019, the Group had no capitalized borrowing costs in the closing balance of inventories and no inventories with restricted ownership.



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 9. Inventories (Continued)

#### (2). Provision for decline in value of inventories and provision for impairment of contract performance cost

Applicable  Not applicable

2020

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period		Decrease during the period		Closing balance
		Provision	Others	Reversal or write-off	Others	
Raw materials	5,619,190.97	198,718.35	-	35,184.18	-	5,782,725.14
Work-in-progress	-	335,739.16	-	-	-	335,739.16
Finished goods	523,909.72	49,216.54	-	523,909.72	-	49,216.54
Turnover materials	-	788.27	-	-	-	788.27
<b>Total</b>	<b>6,143,100.69</b>	<b>584,462.32</b>	<b>-</b>	<b>559,093.90</b>	<b>-</b>	<b>6,168,469.11</b>

2019

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period		Decrease during the period		Closing balance
		Provision	Others	Reversal or write-off	Others	
Raw materials	5,920,362.09	-	-	301,171.12	-	5,619,190.97
Work-in-progress	1,814,658.14	-	-	1,814,658.14	-	-
Finished goods	1,696,377.95	510,235.27	-	1,682,703.50	-	523,909.72
<b>Total</b>	<b>9,431,398.18</b>	<b>510,235.27</b>	<b>-</b>	<b>3,798,532.76</b>	<b>-</b>	<b>6,143,100.69</b>

#### (3). Explanation about inclusion of capitalized amount of the borrowing cost in the closing balance of inventories

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 9. Inventories (Continued)

#### (4). Explanation about current amortization amount of contract performance cost

Applicable  Not Applicable

#### Other explanation

Applicable  Not Applicable

### 10. Contract assets

#### (1). Information of contract assets

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Completed but not yet settled	36,161,573,166.49	-118,181,959.60	36,043,391,206.89	33,139,898,460.16	-104,916,117.65	33,034,982,342.51
Total	<u>36,161,573,166.49</u>	<u>-118,181,959.60</u>	<u>36,043,391,206.89</u>	<u>33,139,898,460.16</u>	<u>-104,916,117.65</u>	<u>33,034,982,342.51</u>

#### (2). Amount of and reason for significant change in carrying amount within the reporting period

Applicable  Not applicable

#### (3). Provision for impairment of contract assets in the period

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Provision for the period	Reversal for the period	Cancellation or write-off for the period	Reason
Provisions for impairment of contract assets	22,221,628.80	-8,955,786.85	—	/
Total	<u>22,221,628.80</u>	<u>-8,955,786.85</u>	<u>—</u>	<u>/</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 10. Contract assets (Continued)

#### (3). Provision for impairment of contract assets in the period (Continued)

Contract assets of the Group are derived from provision of construction services to customers and recognition of revenue over a period of time. At time of settlement of project-related payments, any such contract asset turns into the unconditional right to collect payments and is transferred into the receivables.

In 2020, the Group updated progress in the fulfillment of construction contracts and service providing contracts. Part of the fulfillment progress has not yet been settled, therefore results in the increase in the carrying amount of contract assets of 9.11%; in 2019, significant changes in the gross carrying amount of the contract assets that affect the changes in the provision for loss include the settlement of primary land development project in Tongren, which resulted in a decrease in the gross carrying amount by 3.12% and accordingly a decline in the Lifetime ECL.

As at 31 December 2020, the ECL rate of the contract assets was 0.33% (31 December 2019: 0.32%).

If provisions for bad debts are made as per the general model of ECL, please make disclosure with reference to other receivables:

Applicable  Not applicable

Other explanation:

Applicable  Not applicable

### 11. Assets held for sale

Applicable  Not applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 12. Non-current assets due within one year

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Project quality deposit due within one year	146,078,975.30	19,118,289.09
Less: Provision for bad debt	235,806.14	95,591.43
Total	<u>145,843,169.16</u>	<u>19,022,697.66</u>

Significant debt investments and other debt investments at the end of the period:

Applicable  Not applicable

### 13. Other non-current financial assets

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
VAT input to be deducted	1,028,755,807.04	888,464,432.91
Prepaid corporate income tax	12,481,868.92	44,653,703.27
Others	5,306,296.72	7,015,411.95
Total	<u>1,046,543,972.68</u>	<u>940,133,548.13</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 14. Debt investment

#### (1). Information of debt investment

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Shandong Railway Development Fund Co., Ltd. (山東鐵路發展基金有限公司)	273,172,183.50	-	273,172,183.50	273,172,183.50	-	273,172,183.50
Total	273,172,183.50	-	273,172,183.50	273,172,183.50	-	273,172,183.50

The Company completed its investment in Shandong Railway Development Fund Co., Ltd. on 28 January 2019, with the investment return to be paid by Shandong Development Fund as per 10% off the benchmark interest rate for more-than-5-year loans issued by PBoC (the prevailing interest rate  $4.9\% \times 0.9 = 4.41\%$ ), and the interest was commenced on a phased basis from the date on which such investment capital was received, subject to adjustment according to interest rate of the central bank in the end period. At the end of the tenth anniversary of the date on which the project cooperation is commenced (i.e., 28 January 2029), Shandong Railway Development Fund Co., Ltd. will receive the equity equivalent to the Company's original capital contribution in lump sum. Therefore, the Company mainly holds the investment for the purpose of obtain contractual cash flows, and cash flows generated on specific dates are solely for the payment of the investment principal and interests incurred from the outstanding amount, and they fall into financial assets measured at amortized cost, therefore, the investment is stated as debt investment.

The Company has assessed that its credit risk has not significantly increased since the initial recognition on the balance sheet date, therefore the Company did not make provision for impairment according to the amount equivalent to the ECL for the next 12 months.

#### (2). Significant debt investments at the end of the period

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 14. Debt investment (Continued)

#### (3). Provision for impairment

Applicable  Not Applicable

Amount of provision for impairment for the period and basis for evaluating whether credit risk of financial instruments increase significantly

Applicable  Not Applicable

Other explanation

Applicable  Not Applicable

### 15. Other debt investment

#### (1). Other debt investment

Applicable  Not Applicable

#### (2). Other significant debt investments at the end of the period

Applicable  Not Applicable

#### (3). Provision for impairment

Applicable  Not Applicable

Amount of provision for the period and basis for evaluating whether credit risk of financial instruments increase significantly

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 16. Long-term receivables

#### (1). Long-term receivables

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance			Discount rate
	Gross carrying amount	Provision for bad debt	Carrying amount	Gross carrying amount	Provision for bad debt	Carrying amount	
receivables of "Build-Transfer" project (Note 1)	132,273,640.83	661,368.21	131,612,272.62	98,209,322.09	491,046.61	97,718,275.48	
receivables of "Build-Operate-Transfer" project (Note 2)	4,431,461,527.52	49,907,059.57	4,381,554,467.95	3,943,062,472.22	45,583,709.94	3,897,478,762.28	
Project receivables	3,886,430,002.18	14,889,163.56	3,871,540,838.62	2,438,248,316.26	11,315,336.74	2,426,932,979.52	
Total	<u>8,450,165,170.53</u>	<u>65,457,591.34</u>	<u>8,384,707,579.19</u>	<u>6,479,520,110.57</u>	<u>57,390,093.29</u>	<u>6,422,130,017.28</u>	/

Note 1: The Group signed repurchase agreements in relation to municipal engineering investment and construction with the relevant government bodies, under which those bodies authorize companies of the Group undertaking "build-transfer" projects to implement the investment and financing functions on their behalf to develop municipal projects. Those companies shall, after the completion of the "build-transfer" projects, hand over the projects to such bodies, and then those agencies shall pay the repurchase price within the time limit specified in the repurchase agreement.

Note 2: The Group signed construction and franchise agreements in relation to municipal engineering with the relevant government bodies, under which those bodies authorize companies of the Group undertaking "build-operate-transfer" projects to implement the investment and financing functions on their behalf develop municipal projects and maintain franchised operation. Those companies shall, after the end of the franchise period, hand over the projects to such bodies, and then those agencies shall pay the repurchase price within the time limit specified in the repurchase agreement.

The Group evaluated whether or not the credit risk of the said long-term receivables has been significantly increased since the initial recognition on each balance sheet date. If such credit risk has not significantly increased since the initial recognition, the Group made provisions for loss at the amount equivalent to ECL for the next 12 months; and if the credit risk has significantly increased since the initial recognition but no credit impairment has occurred, the Company made provisions for loss at the amount equivalent to the lifetime ECL.

As at 31 December 2020, the Group's long-term receivables of RMB4,092,306,736.92 (31 December 2019: RMB3,586,890,185.27), which were formed by the earning rights of the franchise pledged and all proceeds thereunder it, were used to obtain long-term loans of RMB1,900,360,668.00 (31 December 2019: RMB1,664,299,760.80) (Notes VII.45 and 81).

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020  
RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 16. Long-term receivables (Continued)

#### (2). Provision for bad debts

Applicable  Not Applicable

2020

Unit: Yuan Currency: RMB

Opening balance for the year	Increase/decrease during the year			Closing balance for the year
	Provision	Recovery or reversal	Write-off or cancellation	
57,390,093.29	8,266,702.45	199,204.40	-	65,457,591.34

2019

Unit: Yuan Currency: RMB

Opening balance for the year	Increase/decrease during the year			Closing balance for the year
	Provision	Recovery or reversal	Write-off or cancellation	
26,805,651.32	33,642,701.03	3,058,259.06	-	57,390,093.29

Explanation about obvious changes in gross carrying amount of long-term receivables for which loss provision has changed in the period:

Applicable  Not Applicable

Amount of provision for bad debt for the period and basis for evaluating whether credit risk of financial instruments increase significantly:

Applicable  Not Applicable

#### (3). Long-term receivables derecognized due to the transfer of financial assets

Applicable  Not Applicable



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 16. Long-term receivables (Continued)

#### (4). Amount of assets or liabilities resulting from transfer of long-term receivables

Applicable  Not Applicable

Other explanation

Applicable  Not Applicable

### 17. Long-term equity investments

Applicable  Not Applicable

Unit: Yuan Currency: RMB

	31 December 2020	31 December 2019
Investments in joint ventures	232,579,525.12	236,048,139.20
Investments in associates	876,453,691.23	745,493,462.30
Subtotal	1,109,033,216.35	981,541,601.50
Less: Provision for impairment of long-term equity investment	—	—
Total	1,109,033,216.35	981,541,601.50

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 17. Long-term equity investments (Continued)

2020

Unit: Yuan Currency: RMB

Investee	Note	Increase/decrease for the period							Closing balance of provision for impairment			
		Opening balance	Increase in investment	Decrease in investment	Investment gains/ losses confirmed under equity method	Other comprehensive income adjustment	Other equity changes	Declared and paid cash dividends or profits		Provision for impairment	Others	Closing balance
I. Joint ventures												
Xian Schalbau Electric Corp., Ltd. (西安沙堡特电气有限公司)		159,544,966.71	-	-	19,729,268.32	-	-	25,500,000.00	-	-	153,773,635.03	-
Wenzhou-Hangwen High-Speed Railway Investment Partnership (LLP) (温州温高铁路投资合伙企业(有限合伙))		76,503,772.49	-	-	-	-	-	-	-	-	76,503,772.49	-
CRSC Smart Data Technology (Beijing) Co., Ltd. (CRSC Smart Technology) (趣普数据科技(北京)有限公司(趣普科技))	Note 1	-	675,000.00	-	1,627,117.60	-	-	-	-	-	2,302,117.60	-
Subtotal		236,048,739.20	675,000.00	-	21,356,385.92	-	-	25,500,000.00	-	-	232,579,525.12	-

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 17. Long-term equity investments (Continued)

Investee	Note	Increase/decrease for the period											
		Opening balance	Increase in investment	Decrease in investment	Investment gains/ losses confirmed under equity method	Other comprehensive income adjustment	Other equity changes	Declared and paid cash dividends or profits	Provision for impairment	Others	Closing balance	Closing balance of provision for impairment	
<b>II. Associates</b>													
Spring Integrated Pipeline Construction Co., Ltd. ("Spring Pipeline") (四平市綜合管廊建設運營有限公司)	Note 2	134,715,266.36	90,048,680.00	-	-	-	-	-	-	-	-	224,763,946.36	-
CRSC Private Equity Fund (Limited Partnership) ("CRSC Hengqin") (橫琴通號深澤投資基金(有限合伙))		5,274,704.87	-	-	4,436,930.54	-	-	-	-	-	-	9,711,635.41	-
Siemens Signalling Company Ltd. ("SSCX") (西門子信號有限公司)		73,632,221.76	-	-	13,205,338.02	-	-	14,040,000.00	-	-	-	72,797,559.78	-
CSCEC Fostian Joint Investment Co., Ltd. ("CSCEC Fostian") (佛山中建交通聯合投資有限公司)		18,001,674.57	-	-	3,405,413.92	-	-	8,903,935.88	-	-	-	12,503,152.61	-
CRSC (Beijing) Electronic Technology Co., Ltd. ("CRSC Electronics") (通號(北京)電子科技有限公司)		2,750,331.71	-	-	10,536.90	-	-	-	-	-	-	2,760,868.61	-
Guangdong Ultrast Financial Leasing Co., Ltd. ("Guangdong Ultrast Financial Leasing") (廣東聯財金融租賃股份有限公司)		313,638,566.72	-	-	15,906,091.10	-	-	-	-	-	-	329,544,657.82	-
China Tieqiang Railway Operation Co., Ltd. ("China Tieqiang Railway") (中鐵通號運營有限公司)		19,941,435.04	-	-	5,923,375.68	-	175,770.64	2,550,000.00	-	-	-	23,690,581.36	-
CRSC Tianshui Tram Co., Ltd. ("Tianshui Tram") (天水通號有軌電車有限公司)		177,539,261.27	-	-	-3,279,715.85	-	-	-	-	-	-	174,259,545.42	-
Zhongguancun Chipsea Prioritizing Technology Co., Ltd. ("Chipsea Prioritizing") (中關村芯海疊科技有限公司)	Note 3	-	20,000,000.00	-	-	-	-	-	-	-	-	20,000,000.00	-
China Liantou (Shanghai) Data Intelligent Technology Co., Ltd. (China Liantou Technology) (中聯埃(上海)數據智能科技有限公司)	Note 4	-	6,000,000.00	-	-	-	-	-	-	-	-	6,000,000.00	-
CRSC Changxing (Zhejiang) Technology Co., Ltd. ("CRSC Changxing Technology") (通號興行(浙江)科技股份有限公司)		-	1,656,200.00	-	-500,000.00	-	-	-	-	-734,456.14	-	421,743.86	-
Subtotal		745,493,462.30	117,704,880.00	-	39,007,970.31	-	175,770.64	25,193,935.88	-	-734,456.14	-	876,453,691.23	-
Total		961,541,601.50	116,379,880.00	-	60,364,356.23	-	175,770.64	50,993,935.88	-	-734,456.14	-	1,109,033,216.35	-

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 17. Long-term equity investments (Continued)

2019

Unit: Yuan Currency: RMB

Investee	Opening balance	Increase/decrease for the period							Closing balance of provision for impairment	
		Increase in investment	Decrease in investment	Investment gains/ losses confirmed under equity method	Other comprehensive income adjustment	Other equity changes	Declared and paid cash dividends or profits	Provision for impairment		Others
<b>I. Joint ventures</b>										
Wenzhou-Hangzhou High-Speed Railway Investment Partnership (LLP) (“Wenzhou-Hangzhou High-Speed Railway”) (温州温高铁路投资基金(有限合伙))	-	76,500,000.00	-	3,772.49	-	-	-	-	76,503,772.49	-
Xian Sanchibau Electric Corp., Ltd. (“Sanchibau”) (西安沙尔基电气有限公司)	161,420,044.90	-	-	23,624,321.81	-	-	25,500,000.00	-	159,544,366.71	-
CRSC Smart Technology Co., Ltd. (“Smart Technology”) (成都智慧科技有限公司)	15,647,639.72	-	15,647,639.72	-	-	-	-	-	-	-
Sichuan Development CRSC Urban Investment Co., Ltd. (“Sichuan Development”) (四川成都建设城市投资有限公司)	56,733,823.16	-	56,733,823.16	-	-	-	-	-	-	-
Beijing CRSC Beijing Real Estate Co., Ltd. (“Beijing Real Estate”) (北京通筑北房置业有限公司)	-	20,400,000.00	20,400,000.00	-	-	-	-	-	-	-
Beijing CRSC Construction and Development Co., Ltd. (“CRSC Construction and Development”) (北京通筑建设开发有限公司)	19,669,812.76	-	19,669,812.76	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>253,491,320.54</b>	<b>96,900,000.00</b>	<b>112,471,275.64</b>	<b>23,628,094.30</b>	<b>-</b>	<b>25,500,000.00</b>	<b>-</b>	<b>-</b>	<b>236,048,139.20</b>	<b>-</b>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 17. Long-term equity investments (Continued)

Investee	Opening balance	Increase/decrease for the period							Closing balance of provision for impairment		
		Increase in investment	Decrease in investment	Investment gains/ losses confirmed under equity method	Other comprehensive income adjustment	Other equity changes	Declared and paid cash dividends or profits	Provision for impairment		Others	
<b>II. Associates</b>											
Spring Integrated Pipeline Construction Co., Ltd. ("Spring Pipeline") (四平市綜合管廊建設運營有限公司)	134,715,266.36	-	-	-	-	-	-	-	-	134,715,266.36	-
CRSC Aibus Co., Ltd. ("Aibus") (通號空中快車有限公司)	20,248,799.36	-	19,746,169.95	-502,629.41	-	-	-	-	-	-	-
CRSC Private Equity Fund (Limited Partnership) ("CRSC Hengqin") (橫琴通號股權投資基金(有限合夥))	4,660,898.97	-	-	623,945.90	-	-	-	-	-	-	-
Siemens Signalling Company Ltd. ("SSCX") (西門子信號有限公司)	78,427,662.44	-	-	14,104,539.32	-	-	-	-	-	-	73,632,221.76
Guizhou Jiantong Real Estate Development Co., Ltd. ("Guizhou Jiantong") (貴州建通房地產開發有限公司)	22,548,652.50	-	21,615,415.95	-933,236.55	-	-	-	-	-	-	-
CSCEC Foshan Joint Investment Co., Ltd. ("CSCEC Foshan") (佛山中交交通聯合投資有限公司)	82,300,609.21	-	64,240,000.00	-58,394.64	-	-	-	-	-	-	18,001,674.57
CRSC (Beijing) Electronic Technology Co., Ltd. ("CRSC Electronics") (通號(北京)電子科技有限公司)	3,680,751.98	-	-	-1,130,420.27	-	-	-	-	-	-	2,750,331.71
Guangdong Utrust Financial Leasing Co., Ltd. ("Guangdong Utrust Financial Leasing") (廣東粵邦金融租賃股份有限公司)	302,243,054.50	-	-	11,395,512.22	-	-	-	-	-	-	313,638,566.72
China Tietong Railway Operation Co., Ltd. ("China Tietong Railway") (中鐵通號運營有限公司)	13,941,677.43	-	-	5,501,367.70	-	-	-	589,169.91	-	-	19,941,435.04
CRSC Transhui Tram Co., Ltd. ("Transhui Tram") (天水通號有軌電車有限公司)	88,761,761.27	88,777,500.00	-	-	-	-	-	-	-	-	177,539,261.27
CRSC Changxing (Zhejiang) Technology Co., Ltd. ("CRSC Changxing Technology") (通號揚州(浙江)科技股份有限公司)	810,966.12	1,004,331.02	-	-1,815,297.14	-	-	-	-	-	-	-
Subtotal	752,430,080.14	88,781,831.02	105,601,565.90	27,184,967.13	-	589,169.91	-	-	-	18,900,000.00	745,493,462.30
Total	1,005,921,400.68	166,681,831.02	218,072,861.54	50,813,061.43	-	589,169.91	-	-	-	44,400,000.00	981,541,601.50

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 17. Long-term equity investments (Continued)

#### Key information of joint ventures and associates

2020

	Principal place of business/place of registration	Nature of business	Registered capital	Shareholding by the Group (%)		Voting ratio of the Group (%)
				Direct	Indirect	
Joint venture						
Schaltbau	Xi'an City	Manufacturing of product	US\$4,400,000.00	–	50.00	33.00
Wenzhou-Hangzhou High-Speed Railway	Wenzhou City	Commercial services	5,010,000,000.00	29.99	–	29.99
Tongzhi Technology	Beijing City	Technology development	10,000,000.00	–	45.00	45.00
Associates						
SSCX	Xi'an City	Manufacturing of product	€5,220,000.00	–	30.00	30.00
CSCEC Foshan	Guangzhou City	Investment project construction	16,000,000.00	11.00	–	20.00
Siping Pipeline	Siping City	Project contracting	1,125,608,500.00	20.00	–	20.00
CRSC Hengqin	Zhuhai City	Equity investment management	200,000,000.00	–	40.00	33.00
CRSC Electronics	Beijing City	Manufacturing of product	10,000,000.00	–	49.00	49.00
Guangdong Utrust Financial Leasing	Guangzhou City	Financial leasing	1,000,000,000.00	30.00	–	30.00
China Tietong Railway	Wenzhou City	Rail transit operation	50,000,000.00	–	30.00	30.00
Tianshui Tram	Tianshui City	Project contracting	498,400,000.00	35.63	–	40.00
CRSC Changxing Technology	Taizhou City	Rail transit supplies	22,000,000.00	–	49.00	49.00
Zhonglian Investment Technology	Shanghai City	Data technology	100,000,000.00	–	20.00	20.00
Chipsea Prioritizing	Beijing City	Technology development	100,000,000.00	–	20.00	20.00

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 17. Long-term equity investments (Continued)

#### Key information of joint ventures and associates (Continued)

2019

	Principal place of business/place of registration	Nature of business	Registered capital	Shareholding by the Group (%)		Voting ratio of the Group (%)
				Direct	Indirect	
Joint venture						
Schaltbau	Xi'an City	Manufacturing of product	US\$4,400,000.00	–	50.00	33.00
Wenzhou-Hangwen High-Speed Railway	Wenzhou City	Commercial services	5,010,000,000.00	29.99	–	29.99
Associates						
SSCX	Xi'an City	Manufacturing of product	€5,220,000.00	–	30.00	30.00
CSCEC Foshan	Guangzhou City	Investment project construction	16,000,000.00	11.00	–	20.00
Siping Pipeline	Siping City	Project contracting	1,125,608,500.00	20.00	–	20.00
CRSC Hengqin	Zhuhai City	Equity investment management	200,000,000.00	–	40.00	33.00
CRSC Electronics	Beijing City	Manufacturing of product	10,000,000.00	–	49.00	49.00
Guangdong Utrust Financial Leasing	Guangzhou City	Financial leasing	1,000,000,000.00	30.00	–	30.00
China Tietong Railway	Wenzhou City	Rail transit operation	50,000,000.00	–	30.00	30.00
Tianshui Tram	Tianshui City	Project contracting	498,400,000.00	35.63	–	40.00
CRSC Changxing Technology	Taizhou City	Rail transit supplies	22,000,000.00	–	49.00	49.00

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 17. Long-term equity investments (Continued)

#### Key information of joint ventures and associates (Continued)

##### Other explanation

- Note 1: On 14 April 2020, CRSC Institute of Smart City Research & Design, a subsidiary of the Company, and Aerospace Harmony Wisdom Technologies Co., Ltd. jointly established CRSC Smart Technology. As of 31 December 2020, the Company has actually contributed RMB675,000. According to the company's articles of association, Aerospace Harmony Wisdom Technologies Co., Ltd. holds 55% of the shares, and CRSC Institute of Smart City Research & Design holds 45% of the shares. The voting rights are exercised in proportion to the actual paid-in capital (the proportion of voting rights) and the resolution at the general meeting must be approved by Shareholders representing more than two-thirds of the voting rights, therefore CRSC Institute of Smart City Research & Design and Aerospace Harmony Wisdom Technologies Co., Ltd. jointly control CRSC Smart Technology.
- Note 2: On 21 January 2020, the Company paid the third registered capital of RMB90,048,700 for Siping Pipeline, and the capital contribution requirement has been completed. As of 31 December 2020, the Company has invested a total of RMB224,763,900, accounting for 20% of the total registered capital of the project company. According to the company's articles of association, the company's board of directors shall be composed of five directors, and the CRSCE shall appoint two directors. One person shall have one vote when voting on the resolution of the board, and resolutions must be approved by more than two-thirds of all directors. Based on the above considerations, the Company classified it as an associate company.
- Note 3: On 19 October 2020, CRSCD, a subsidiary of the Company, and five other companies including Beijing Smartchip Microelectronics Technology Company Limited jointly established Zhongguancun Chipsea Optimal Technology Co., Ltd. (中關村芯海擇優科技有限公司). The registered capital of the company is RMB100 million, and the proportions of the six parties are: 35%, 20%, 15%, 10%, 10% and 10%, wherein CRSCD accounts for 20% with subscribed and contributed capital of RMB20 million. As of 31 December 2020, CRSCD has completed a total investment of RMB20 million in accordance with the investment agreement. According to the company's articles of association, except for special matters that need to be unanimously approved, resolutions on other matters are approved by more than 2/3 of the voting rights held by all Shareholders at the general meeting, and the voting rights are exercised in proportion to the actual paid-in capital. The company's board of directors shall be composed of five directors, and CRSCD shall appoint one director. One person shall have one vote when voting on the resolution of the board, and all resolutions must be approved by more than two-thirds of all directors. Based on the above considerations, the Company classified it as an associate company.
- Note 4: On 27 September 2020, CRSCS, a subsidiary of the Company, Mars (Shanghai) Information Technology Co., Ltd. (馬邏斯(上海)信息科技有限公司) and Shanghai Chenghui Industrial Partnership (Limited Partnership) (上海澄輝實業合夥企業(有限合夥)) jointly established China United Investment (Shanghai) Digital Technology Co., Ltd. (中聯投(上海)數字科技有限公司). The registered capital of the company is RMB100 million, and the shareholding proportions of the three parties are: 50%, 30% and 20%. As of 31 December 2020, CRSCS has completed the first investment of RMB6 million in accordance with the investment agreement. According to the company's articles of association, the company's board of directors shall be composed of five directors, and CRSCS shall appoint one director. One person shall have one vote when voting on the resolution of the board, and all resolutions must be approved by more than three-fifths of all directors. Based on the above considerations, the Company classified it as an associate company.

As of 31 December 2020 and 31 December 2019, the ability of investees in which the Group hold long-term equity investments to transfer funds to the Group has not been restricted.



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 17. Long-term equity investments (Continued)

#### Key information of joint ventures and associates (Continued)

The following table sets out a summary of the financial information of the Group's insignificant joint ventures:

Unit: Yuan Currency: RMB

	2020	2019
Total book value of investment	<u>232,579,525.12</u>	<u>236,048,139.20</u>
Total amount of the following items calculated on the basis of shareholding percentage		
Net profit	<u>21,356,385.92</u>	<u>23,628,094.30</u>
Total comprehensive income	<u>21,356,385.92</u>	<u>23,628,094.30</u>

The following table sets out a summary of the financial information of the Group's insignificant associates:

Unit: Yuan Currency: RMB

	2020	2019
Total book value of investment	<u>876,453,691.23</u>	<u>745,493,462.30</u>
Total amount of the following items calculated on the basis of shareholding percentage		
Net profit	<u>39,007,970.31</u>	<u>27,184,967.13</u>
Total comprehensive income	<u>39,007,970.31</u>	<u>27,184,967.13</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 18. Other equity instrument investments

#### (1). Other equity instrument investments

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Beijing Yawan High Speed Railway Co., Ltd. (北京雅萬高速鐵路有限公司)	323,916,888.00	323,916,888.00
China Railway International (USA) Co., Ltd. (中國鐵路國際(美國)有限公司)	–	5,739,120.00
Taizhou-Hangshaotai High-Speed Railway Investment Management Partnership (LLP) (台州杭紹台高鐵投資管理合夥企業(有限合夥))	124,171,906.93	–
Ganzhou-Shenzhen Railway (Guangdong) Company Limited (贛深鐵路(廣東)有限公司)	100,000,000.00	100,000,000.00
Beijing Rail Transit Operation Control System National Engineering Research Center Co., Ltd. (北京軌道交通運行控制系統國家工程研究中心 有限公司)	2,141,159.20	2,141,159.20
Hunan Maglev Group Co., Ltd. (湖南磁浮集團股份有限公司)	100,000,000.00	100,000,000.00
Lunan High Speed Railway Co., Ltd. (魯南高速鐵路有限公司)	369,637,534.00	274,267,062.00
<b>Total</b>	<b>1,019,867,488.13</b>	<b>806,064,229.20</b>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 18. Other equity instrument investments (Continued)

#### (1). Other equity instrument investments (Continued)

2020

Unit: Yuan Currency: RMB

Item	Cost	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income for the year		Reason for designating as fair value through other comprehensive income
				Equity instruments derecognized in the year	Equity instrument still held Other equity instruments	
Beijing Yawan High Speed Railway Co., Ltd. (北京雅萬高速鐵路有限公司)	323,916,888.00	-	323,916,888.00	-	-	It is expected to be strategically held for a long time
Taizhou-Hangshaotai High-Speed Railway Investment Management Partnership (LLP) (台州杭紹台高鐵投資管理合夥企業(有限合夥))	124,171,906.93	-	124,171,906.93	-	-	It is expected to be strategically held for a long time
Ganzhou-Shenzhen Railway (Guangdong) Company Limited (贛深鐵路(廣東)有限公司)	100,000,000.00	-	100,000,000.00	-	-	It is expected to be strategically held for a long time
Beijing Rail Transit Operation Control System National Engineering Research Center Co., Ltd. (北京軌道交通運行控制系統國家工程研究中心有限公司)	2,141,159.20	-	2,141,159.20	-	-	It is expected to be strategically held for a long time
Hunan Maglev Group Co., Ltd. (湖南磁浮集團股份有限公司)	100,000,000.00	-	100,000,000.00	-	-	It is expected to be strategically held for a long time
Lunan High Speed Railway Co., Ltd. (魯南高速鐵路有限公司)	369,637,534.00	-	369,637,534.00	-	-	It is expected to be strategically held for a long time
<b>Total</b>	<b>1,019,867,488.13</b>	<b>-</b>	<b>1,019,867,488.13</b>	<b>-</b>	<b>-</b>	

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 18. Other equity instrument investments (Continued)

#### (1). Other equity instrument investments (Continued)

2019

Unit: Yuan Currency: RMB

Item	Cost	Changes in fair value accumulated in other comprehensive income	Fair value	Dividend income for the year		Reason for designating as fair value through other comprehensive income
				Equity instruments derecognized in the year	Equity instrument still held Other equity instruments	
Beijing Yawan High Speed Railway Co., Ltd. (北京雅萬高速鐵路有限公司)	323,916,888.00	-	323,916,888.00	-	-	It is expected to be strategically held for a long time
China Railway International (USA) Co., Ltd. (中國鐵路國際(美國)有限公司) (Note)	5,739,120.00	-	5,739,120.00	-	-	It is expected to be strategically held for a long time
Ganzhou-Shenzhen Railway (Guangdong) Company Limited (贛深鐵路(廣東)有限公司)	100,000,000.00	-	100,000,000.00	-	-	It is expected to be strategically held for a long time
Beijing Rail Transit Operation Control System National Engineering Research Center Co., Ltd. (北京軌道交通運行控制系統國家工程研究中心有限公司)	2,141,159.20	-	2,141,159.20	-	-	It is expected to be strategically held for a long time
Shanxi Haixin Iron and Steel Co., Ltd. (山西海鑫鋼鐵有限公司)	716,815.00	-	-	-	-	Insolvency
Hunan Maglev Group Co., Ltd. (湖南磁浮集團股份有限公司)	100,000,000.00	-	100,000,000.00	-	-	It is expected to be strategically held for a long time
Lunan High Speed Railway Co., Ltd. (魯南高速鐵路有限公司)	274,267,062.00	-	274,267,062.00	-	-	It is expected to be strategically held for a long time
<b>Total</b>	<u>806,781,044.20</u>	<u>-</u>	<u>806,064,229.20</u>	<u>-</u>	<u>-</u>	

Note: China Railway International (USA) Co., Ltd. was dissolved and liquidated in 2020. The Group recovered the other equity instruments investment of RMB5,739,120.00 this year, and recognized total other comprehensive losses of RMB45,954.31 and transferred to retained earnings (2019: nil).

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 18. Other equity instrument investments (Continued)

#### (2). Information of non-trading equity instrument investment

Applicable  Not applicable

Other explanation:

Applicable  Not applicable

### 19. Other non-current financial assets

Applicable  Not applicable

Other explanation:

Applicable  Not applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 20. Investment properties

Measurement model for investment properties

#### (1). Investment properties measured under cost method

2020

Unit: Yuan Currency: RMB

Item	Buildings	Land use rights	Total
I. Original book value			
1. Opening balance	234,163,170.34	118,614,400.00	352,777,570.34
2. Increase during the current period	7,747,529.72	–	7,747,529.72
(1) Acquisition	–	–	–
(2) Inventories/fixed assets/transferred from construction in progress	7,747,529.72	–	7,747,529.72
3. Decrease during the current period	1,082,818.14	–	1,082,818.14
(1) Disposal	1,082,818.14	–	1,082,818.14
(2) Other transfer-out	–	–	–
4. Closing balance	<u>240,827,881.92</u>	<u>118,614,400.00</u>	<u>359,442,281.92</u>
II. Accumulated depreciation and accumulated amortization			
1. Opening balance	108,508,367.54	26,735,526.29	135,243,893.83
2. Increase during the current period	10,302,318.79	2,742,105.27	13,044,424.06
(1) Provision or amortization	10,118,314.96	2,742,105.27	12,860,420.23
(2) Inventories/fixed assets/transferred from construction in progress	184,003.83	–	184,003.83
3. Decrease during the current period	366,894.90	–	366,894.90
(1) Disposal	366,894.90	–	366,894.90
4. Closing balance	<u>118,443,791.43</u>	<u>29,477,631.56</u>	<u>147,921,422.99</u>
III. Carrying amount			
1. Closing carrying amount	<u>122,384,090.49</u>	<u>89,136,768.44</u>	<u>211,520,858.93</u>
2. Opening carrying amount	<u>125,654,802.80</u>	<u>91,878,873.71</u>	<u>217,533,676.51</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 20. Investment properties (Continued)

#### (1). Investment properties measured under cost method (Continued)

2019

Unit: Yuan Currency: RMB

Item	Buildings	Land use rights	Total
I. Original book value			
1. Opening balance	234,163,170.34	118,614,400.00	352,777,570.34
2. Increase during the current period	–	–	–
3. Decrease during the current period	–	–	–
4. Closing balance	234,163,170.34	118,614,400.00	352,777,570.34
II. Accumulated depreciation and accumulated amortization			
1. Opening balance	98,376,334.92	23,993,421.02	122,369,755.94
2. Increase during the current period	10,132,032.62	2,742,105.27	12,874,137.89
(1) Provision or amortization	10,132,032.62	2,742,105.27	12,874,137.89
3. Decrease during the current period	–	–	–
4. Closing balance	108,508,367.54	26,735,526.29	135,243,893.83
III. Carrying amount			
1. Closing carrying amount	125,654,802.80	91,878,873.71	217,533,676.51
2. Opening carrying amount	135,786,835.42	94,620,978.98	230,407,814.40

Investment properties of the Group comprise two buildings in Mainland China, which were valued on 31 December 2020 based on the valuation conducted by Vocation (Beijing) International Asset Assessment Co., Ltd., an independent professionally qualified valuer, at RMB471,045,500.00 (31 December 2019: RMB443,519,800.00).

#### (2). Information of investment properties to which a certificate of title has not been obtained

Applicable  Not applicable

Other explanation

Applicable  Not applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020  
RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 21. Fixed assets

#### Presentation of item

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Fixed assets	4,204,231,031.03	4,329,298,247.74
Disposal of fixed asset	—	—
Total	<u>4,204,231,031.03</u>	<u>4,329,298,247.74</u>

Other explanation:

Applicable  Not applicable



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 21. Fixed assets (Continued)

#### (1). Information about fixed assets

Applicable  Not applicable

2020

Unit: Yuan Currency: RMB

Item	Buildings	Machinery equipment	Means of transportation vehicles	Electronic equipment and others	Total
I. Original book value:					
1. Opening balance	4,333,395,628.45	987,994,643.88	442,535,612.46	1,205,776,277.66	6,969,702,162.45
2. Increase during the current period	8,651,318.09	96,395,828.30	9,545,852.91	157,771,689.88	272,364,689.18
(1) Acquisition	8,282,006.42	43,758,017.61	9,466,206.89	157,203,728.38	218,709,959.30
(2) Transferred from construction in progress	369,311.67	52,637,810.69	79,646.02	567,961.50	53,654,729.88
3. Decrease during the current period	32,183,685.22	28,766,842.84	16,725,919.30	25,328,563.57	103,005,010.93
(1) Disposal or retirement	24,436,155.50	28,766,842.84	16,725,919.30	25,328,563.57	95,257,481.21
(2) Investment properties	7,747,529.72	-	-	-	7,747,529.72
4. Closing balance	4,309,863,261.32	1,055,623,629.34	435,355,546.07	1,338,219,403.97	7,139,061,840.70
II. Accumulated depreciation					
1. Opening balance	893,879,564.57	657,684,416.68	331,997,582.78	756,810,232.62	2,640,371,796.65
2. Increase during the current period	110,774,458.95	92,360,809.00	54,188,494.82	116,169,059.75	373,492,822.52
(1) Provision	110,774,458.95	92,360,809.00	54,188,494.82	116,169,059.75	373,492,822.52
3. Decrease during the current period	14,824,534.62	27,020,640.09	13,845,565.53	23,375,187.32	79,065,927.56
(1) Disposal or retirement	14,640,530.79	27,020,640.09	13,845,565.53	23,375,187.32	78,881,923.73
(2) Investment properties	184,003.83	-	-	-	184,003.83
4. Closing balance	989,829,488.90	723,024,585.59	372,340,512.07	849,604,105.05	2,934,798,691.61
III. Provision for impairment					
1. Opening balance	-	32,118.06	-	-	32,118.06
2. Closing balance	-	32,118.06	-	-	32,118.06
IV. Carrying amount					
1. Closing carrying amount	3,320,033,772.42	332,566,925.69	63,015,034.00	488,615,298.92	4,204,231,031.03
2. Opening carrying amount	3,439,516,063.88	330,278,109.14	110,538,029.68	448,966,045.04	4,329,298,247.74

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 21. Fixed assets (Continued)

#### (1). Information about fixed assets (Continued)

2019

Unit: Yuan Currency: RMB

Item	Buildings	Machinery equipment	Means of transportation vehicles	Electronic equipment and others	Total
I. Original book value:					
1. Opening balance	3,934,027,616.54	840,551,330.13	435,159,819.18	1,049,879,454.05	6,259,618,219.90
2. Increase during the current period	527,256,557.94	181,270,499.39	28,877,056.72	172,599,540.33	910,003,654.38
(1) Acquisition	724,828.94	106,810,153.34	28,877,056.72	152,744,411.92	289,156,450.92
(2) Transferred from construction in progress	526,531,729.00	74,460,346.05	–	19,855,128.41	620,847,203.46
3. Decrease during the current period	127,888,546.03	33,827,185.64	21,501,263.44	16,702,716.72	199,919,711.83
(1) Disposal or retirement	–	33,827,185.64	19,760,111.61	11,207,311.70	64,794,608.95
(2) Disposal of a subsidiary	–	–	1,741,151.83	620,212.91	2,361,364.74
(3) Other decreases	127,888,546.03	–	–	4,875,192.11	132,763,738.14
4. Closing balance	<u>4,333,395,628.45</u>	<u>987,994,643.88</u>	<u>442,535,612.46</u>	<u>1,205,776,277.66</u>	<u>6,969,702,162.45</u>
II. Accumulated depreciation					
1. Opening balance	792,383,718.73	587,149,899.38	291,664,086.58	651,955,429.46	2,323,153,134.15
2. Increase during the current period	101,495,845.84	92,249,454.98	59,388,728.64	114,499,460.26	367,633,489.72
(1) Provision	101,495,845.84	92,249,454.98	59,388,728.64	114,383,429.64	367,517,459.10
(2) Other increases	–	–	–	116,030.62	116,030.62
3. Decrease during the current period	–	21,714,937.68	19,055,232.44	9,644,657.10	50,414,827.22
(1) Disposal or retirement	–	21,714,937.68	18,475,861.84	9,155,833.13	49,346,632.65
(2) Disposal of a subsidiary	–	–	579,370.60	488,823.97	1,068,194.57
4. Closing balance	<u>893,879,564.57</u>	<u>657,684,416.68</u>	<u>331,997,582.78</u>	<u>756,810,232.62</u>	<u>2,640,371,796.65</u>
III. Provision for impairment					
1. Opening balance	–	32,118.06	–	–	32,118.06
2. Closing balance	–	32,118.06	–	–	32,118.06
IV. Carrying amount					
1. Closing carrying amount	<u>3,439,516,063.88</u>	<u>330,278,109.14</u>	<u>110,538,029.68</u>	<u>448,966,045.04</u>	<u>4,329,298,247.74</u>
2. Opening carrying amount	<u>3,141,643,897.81</u>	<u>253,369,312.69</u>	<u>143,495,732.60</u>	<u>397,924,024.59</u>	<u>3,936,432,967.69</u>

Note: Other decreases related to buildings are mainly the original temporarily-estimated values subject to actual cost adjustment on the basis of the final completion statement.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 21. Fixed assets (Continued)

#### (1). Information about fixed assets (Continued)

As at 31 December 2020, the original value of fixed assets of the Group which have been fully provided for depreciation but are still in use was RMB1,378,535,858.20 (31 December 2019: RMB1,273,593,019.80).

As at 31 December 2020 and 31 December 2019, none of main fixed assets for production and operation of the Group became temporarily idle.

As at 31 December 2020 and 31 December 2019, the Group had no fixed assets with title restriction.

#### (2). Temporarily-idle fixed assets

Applicable  Not applicable

#### (3). Fixed assets leased in through financial leases

Applicable  Not applicable

#### (4). Fixed assets leased out through operating leases

Applicable  Not applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020  
RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 21. Fixed assets (Continued)

#### (5). Fixed assets for which title certificates have not been obtained

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Carrying amount	Reason for failure to obtain title certificate
Buildings	<u>1,496,158,425.95</u>	<u>In progress</u>

As at the approval date of this financial statement, the Group was applying for title certificate and handling registration or transfer procedures for houses and buildings with book values totaling RMB1,496,158,425.95 as of 31 December 2020. The management of the Group believed that the Group has the right to legally and effectively occupy and use the above-mentioned houses, and also believed that the above matters will not have any significant adverse impact on the overall financial position of the Group as at 31 December 2020.

Other explanation:

Applicable  Not applicable

Disposal of fixed assets

Applicable  Not applicable

### 22. Construction in progress

Presentation of item

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Construction in progress	1,421,305,987.45	160,740,323.63
Construction materials	—	—
Total	<u>1,421,305,987.45</u>	<u>160,740,323.63</u>

Other explanation:

Applicable  Not applicable

Construction in progress

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 22. Construction in progress (Continued)

#### (1). Construction in progress

Applicable  Not applicable

#### (2). Changes in important projects under construction for the current period

Applicable  Not applicable

2020

Unit: Yuan Currency: RMB

Project name	Opening balance	Increase during the period	Transferred into		Closing balance	Proportion of total project investment in the budget (%)	Source of fund
			Transferred into fixed assets during the period	Transferred into long-term prepaid expenses during the period			
Technology upgrade of rail transportation safety control system	82,457,989.34	3,108,771.25	-	-	85,566,760.59	99.82	Equity fund
CRSC Changsha Industrial Park Project	12,503,476.88	13,114,207.73	-	-	25,617,684.61	99.53	Equity fund
One Center Tower II (壹中心2號樓) Renovation Project	-	1,225,522,120.84	-	-	1,225,522,120.84	97.20	Equity fund
CRSC Electrochemical Science and Technology Mansion (通號電化科創大廈)	1,232,794.32	18,387,479.02	-	-	19,620,273.34	9.81	Equity fund
Others	64,546,063.09	57,105,022.17	-53,654,729.88	-2,424,176.17	64,979,148.07		Equity fund
Total	160,740,323.63	1,317,237,601.01	-53,654,729.88	-2,424,176.17	1,421,305,987.45	/	/

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 22. Construction in progress (Continued)

#### (2). Changes in important projects under construction for the current period (Continued)

2019

Unit: Yuan Currency: RMB

Project name	Opening balance	Increase during the period	Transferred into fixed assets during the period	Transferred into long-term prepaid expenses during the year	Closing balance	Proportion of total project investment in the budget (%)	Source of fund
Technology upgrade of rail transportation safety control system	112,544,252.80	5,318,339.13	-35,404,602.59	-	82,457,989.34	99.78	Equity fund
CRSC Changsha Industrial Park Project	448,149,601.17	78,125,933.07	-513,772,057.36	-	12,503,476.88	99.04	Equity fund
Others	77,032,401.13	64,900,301.50	-71,670,543.51	-4,483,301.71	65,778,857.41	/	Equity fund
<b>Total</b>	<b>637,726,255.10</b>	<b>148,344,573.70</b>	<b>-620,847,203.46</b>	<b>-4,483,301.71</b>	<b>160,740,323.63</b>	<b>/</b>	<b>/</b>

As at 31 December 2020 and 31 December 2019, the Group had no construction in progress with title restriction.

As at 31 December 2020 and 31 December 2019, there was no need to make provisions for construction in progress of the Group.

#### (3). Provision for impairment of construction in progress made during the period

Applicable  Not applicable

Other explanation

Applicable  Not applicable

#### Construction materials

#### (4). Construction materials

Applicable  Not applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 23. Productive biological assets

#### (1). Productive biological assets measured under cost method

Applicable  Not applicable

#### (2). Productive biological assets measured at fair value

Applicable  Not applicable

Other explanation

Applicable  Not applicable

### 24. Oil and gas assets

Applicable  Not applicable

### 25. Right-of-use assets

Applicable  Not applicable

2020

Unit: Yuan Currency: RMB

Item	Means of transportation vehicles		Total
	Buildings		
I. Original book value			
1. Opening balance	236,870,638.45	2,024,535.35	238,895,173.80
2. Increase during the current period	66,853,123.08	–	66,853,123.08
3. Decrease during the current period	31,580,461.46	293,534.10	31,873,995.56
4. Closing balance	<u>272,143,300.07</u>	<u>1,731,001.25</u>	<u>273,874,301.32</u>
II. Accumulated depreciation			
1. Opening balance	79,511,525.30	956,108.65	80,467,633.95
2. Increase during the current period	74,181,171.93	26,049.77	74,207,221.70
3. Decrease during the current period	20,164,813.14	195,332.38	20,360,145.52
4. Closing balance	<u>133,527,884.09</u>	<u>786,826.04</u>	<u>134,314,710.13</u>
III. Carrying amount			
1. Closing carrying amount	<u>138,615,415.98</u>	<u>944,175.21</u>	<u>139,559,591.19</u>
2. Opening carrying amount	<u>157,359,113.15</u>	<u>1,068,426.70</u>	<u>158,427,539.85</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 25. Right-of-use assets (Continued)

2019

Unit: Yuan Currency: RMB

Item	Buildings	Means of transportation vehicles	Total
I. Original book value			
Closing balance of last year	—	—	—
Plus: changes in accounting policies	119,534,605.43	1,987,105.37	121,521,710.80
1. Opening balance	119,534,605.43	1,987,105.37	121,521,710.80
2. Increase during the current period	117,336,033.02	37,429.98	117,373,463.00
3. Closing balance	<u>236,870,638.45</u>	<u>2,024,535.35</u>	<u>238,895,173.80</u>
II. Accumulated depreciation			
1. Opening balance	—	—	—
2. Increase during the current period	79,511,525.30	956,108.65	80,467,633.95
3. Closing balance	<u>79,511,525.30</u>	<u>956,108.65</u>	<u>80,467,633.95</u>
III. Carrying amount			
1. Closing carrying amount	<u>157,359,113.15</u>	<u>1,068,426.70</u>	<u>158,427,539.85</u>
2. Opening carrying amount	<u>119,534,605.43</u>	<u>1,987,105.37</u>	<u>121,521,710.80</u>



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 26. Intangible assets

#### (1). Information about intangible assets

Applicable  Not applicable

2020

Unit: Yuan Currency: RMB

Item	Land use rights	Patents	Software	Unfinished contract	Customer relationships	Total
I. Original book value						
1. Opening balance	2,460,811,798.92	435,973,623.12	312,220,509.63	169,921,119.24	244,325,834.78	3,623,252,885.69
2. Increase during the current period	2,437,379.15	208,313,068.17	32,234,230.89	-	-	242,984,678.21
(1) Acquisition	13,202.98	78,187.74	32,234,230.89	-	-	32,325,621.61
(2) Transferred from development expenditure	-	208,234,880.43	-	-	-	208,234,880.43
(3) Transferred from construction in progress	2,424,176.17	-	-	-	-	2,424,176.17
3. Decrease during the current period	11,871,052.05	-	177,046.87	-	-	12,048,098.92
(1) Disposal	11,871,052.05	-	-	-	-	11,871,052.05
(2) Other transfer to/out	-	-	177,046.87	-	-	177,046.87
4. Closing balance	<u>2,451,378,126.02</u>	<u>644,286,691.29</u>	<u>344,277,693.65</u>	<u>169,921,119.24</u>	<u>244,325,834.78</u>	<u>3,854,189,464.98</u>
II. Accumulated amortization						
1. Opening balance	344,949,858.92	296,515,686.09	258,987,766.47	169,921,119.24	136,069,658.20	1,206,444,088.92
2. Increase during the current period	51,186,500.63	23,861,265.59	41,330,977.01	-	27,213,931.64	143,592,674.87
(1) Provision	51,186,500.63	23,861,265.59	41,330,977.01	-	27,213,931.64	143,592,674.87
3. Decrease during the current period	2,866,831.25	-	177,046.87	-	-	3,043,878.12
(1) Disposal	2,866,831.25	-	-	-	-	2,866,831.25
(2) Other transfer to/out	-	-	177,046.87	-	-	177,046.87
4. Closing balance	<u>393,269,528.30</u>	<u>320,376,951.68</u>	<u>300,141,696.61</u>	<u>169,921,119.24</u>	<u>163,283,589.84</u>	<u>1,346,992,885.67</u>
III. Carrying amount						
1. Closing carrying amount	<u>2,058,108,597.72</u>	<u>323,909,739.61</u>	<u>44,135,997.04</u>	<u>-</u>	<u>81,042,244.94</u>	<u>2,507,196,579.31</u>
2. Opening carrying amount	<u>2,115,861,940.00</u>	<u>139,457,937.03</u>	<u>53,232,743.16</u>	<u>-</u>	<u>108,256,176.58</u>	<u>2,416,808,796.77</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 26. Intangible assets (Continued)

#### (1). Information about intangible assets (Continued)

2019

Unit: Yuan Currency: RMB

Item	Land use rights	Patents	Software	Unfinished contract	Customer relationships	Total
I. Original book value						
1. Opening balance	2,454,218,896.69	433,153,296.49	274,818,562.86	169,921,119.24	244,325,834.78	3,576,437,710.06
2. Increase during the current period	6,592,902.23	2,830,186.06	40,434,061.79	-	-	49,857,150.08
(1) Acquisition	6,592,902.23	1,071,536.98	40,434,061.79	-	-	48,098,501.00
(2) Internal research and development	-	1,758,649.08	-	-	-	1,758,649.08
3. Decrease during the current period	-	9,859.43	3,032,115.02	-	-	3,041,974.45
(1) Disposal	-	-	391,135.29	-	-	391,135.29
(2) Disposal of subsidiaries	-	-	1,093,904.73	-	-	1,093,904.73
(3) Other transfer-to/out	-	9,859.43	1,547,075.00	-	-	1,556,934.43
4. Closing balance	<u>2,460,811,798.92</u>	<u>435,973,623.12</u>	<u>312,220,509.63</u>	<u>169,921,119.24</u>	<u>244,325,834.78</u>	<u>3,623,252,885.69</u>
II. Accumulated amortization						
1. Opening balance	293,906,132.37	272,753,954.51	224,340,792.83	169,921,119.24	108,815,756.56	1,069,737,755.51
2. Increase during the current period	51,043,726.55	23,767,948.50	36,244,366.12	-	27,253,901.64	138,309,942.81
(1) Provision	51,043,726.55	23,767,948.50	36,244,366.12	-	27,253,901.64	138,309,942.81
3. Decrease during the current period	-	6,216.92	1,597,392.48	-	-	1,603,609.40
(1) Disposal	-	-	391,135.29	-	-	391,135.29
(2) Disposal of subsidiaries	-	-	1,090,226.57	-	-	1,090,226.57
(3) Other transfer-to/out	-	6,216.92	116,030.62	-	-	122,247.54
4. Closing balance	<u>344,949,858.92</u>	<u>296,515,686.09</u>	<u>258,987,766.47</u>	<u>169,921,119.24</u>	<u>136,069,658.20</u>	<u>1,206,444,088.92</u>
III. Carrying amount						
1. Closing carrying amount	<u>2,115,861,940.00</u>	<u>139,457,937.03</u>	<u>53,232,743.16</u>	<u>-</u>	<u>108,256,176.58</u>	<u>2,416,808,796.77</u>
2. Opening carrying amount	<u>2,160,312,764.32</u>	<u>160,399,341.98</u>	<u>50,477,770.03</u>	<u>-</u>	<u>135,510,078.22</u>	<u>2,506,699,954.55</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 26. Intangible assets (Continued)

#### (1). Information about intangible assets (Continued)

As at 31 December 2020 and 31 December 2019, the Group had no intangible assets with title restriction.

As at 31 December 2020, the intangible assets derived from internal research and development accounted for 8.31% of the closing carrying amount of intangible assets (31 December 2019:3.41%).

As of the approval date of this financial statement, the Group has obtained the title certificates and completed the procedures for registration for the land use rights as at 31 December 2020.

#### (2). Information about land use rights for which a certificate of title has not been obtained

Applicable  Not applicable

Other explanation:

Applicable  Not applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 27. Development expenditure

Applicable  Not applicable

2020

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period		Closing balance
		Internal development expenditure	Recognised as intangible assets	Transferred to profit or loss for the period	
Development expenditure	<u>47,507,051.83</u>	<u>793,832,628.56</u>	<u>208,234,880.43</u>	<u>493,896,674.75</u>	<u>139,208,125.21</u>

2019

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period		Closing balance
		Internal development expenditure	Recognised as intangible assets	Transferred to profit or loss for the period	
Development expenditure	<u>30,019,437.59</u>	<u>61,980,160.37</u>	<u>1,758,649.08</u>	<u>42,733,897.05</u>	<u>47,507,051.83</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 28. Goodwill

#### (1). Original carrying amount of goodwill

Applicable  Not applicable

2020

Unit: Yuan Currency: RMB

Name of investee or matters resulting in goodwill	Opening balance	Increase during the period Arising from business combination	Decrease during the period Disposal	Closing balance
CRSC CASCO	201,027,354.70	-	-	201,027,354.70
Changsha Architectural Design Institute Co., Ltd (長沙市建築 設計院有限責任公司) ("Changsha Design Institute")	37,429,932.37	-	-	37,429,932.37
Zhengzhou Zhongyuan CRSC (Zhengzhou) Zhong'an Engineering Co., Ltd. (中國鐵路 通信信號(鄭州)中安工程有限公司) ("Zhengzhou Zhong'an")	30,525,980.16	-	-	30,525,980.16
CRSC Wanquan	27,673,509.65	-	-	27,673,509.65
CRSC First Construction Co., Ltd. (通號建設集團第一工程有限公司) ("First Construction") (Note)	3,865,524.80	-	-	3,865,524.80
CRSC First Construction Co., Ltd. (通號建設集團第一工程有限公司) ("First Construction") (Note)	3,802,223.24	-	-	3,802,223.24
Shanghai Deuta Electronic & Electrical Equipment Co., Ltd. (上海德意達電子電器設備有限公司) ("Shanghai Deuta")	669,345.89	-	-	669,345.89
Others	330,257.77	-	-	330,257.77
<b>Total</b>	<b>305,324,128.58</b>	<b>-</b>	<b>-</b>	<b>305,324,128.58</b>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 28. Goodwill (Continued)

#### (1). Original carrying amount of goodwill (Continued)

2019

Unit: Yuan Currency: RMB

Name of investee or matters resulting in goodwill	Opening balance	Increase during the period	Decrease during the period	Closing balance
		Arising from business combination	Disposal	
CRSC CASCO	201,027,354.70	–	–	201,027,354.70
Changsha Design Institute	37,429,932.37	–	–	37,429,932.37
Zhengzhou Zhongyuan	30,525,980.16	–	–	30,525,980.16
Zhengzhou Zhong'an	27,673,509.65	–	–	27,673,509.65
CRSC Wanquan	3,865,524.80	–	–	3,865,524.80
CRSC Guizhou Construction Co., Ltd. (Note)	3,802,223.24	–	–	3,802,223.24
Shanghai deuta	669,345.89	–	–	669,345.89
Others	330,257.77	–	–	330,257.77
<b>Total</b>	<b>305,324,128.58</b>	<b>–</b>	<b>–</b>	<b>305,324,128.58</b>

Note: CRSC Guizhou Construction Co., Ltd. changed its name to CRSC First Construction Co., Ltd. on 24 February 2020.

#### (2). Provision for impairment of goodwill

Applicable  Not applicable

#### (3). Information about the asset group or combination of asset groups to which the goodwill belongs

Applicable  Not applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 28. Goodwill (Continued)

- (4). Explain the process of goodwill impairment test, key parameters (e.g. forecast period growth rate, stable period growth rate, profit rate, discount rate, forecast period, etc. in case of present value of expected future cash flow, if applicable) and the recognition method of goodwill impairment loss

Applicable  Not applicable

The Group allocates the carrying amount of goodwill of CRSC CASCO to the asset group that can benefit from the synergies of the business combination, and performs impairment test on this basis. The recoverable amount of the asset group is determined based on the higher of its net fair value less costs of disposal and the present value of estimated future cash flows of the asset group; indicating that the asset group is not impaired if either of which is more than the carrying amount of the asset group.

The asset group of CRSC CASCO in this year is consistent with the asset group determined at the acquisition date and the goodwill impairment test in previous years. The determination of an asset group is based on whether the main cash inflow of the asset group is independent of other assets, as well as the way for the enterprise management to manage production and operation activities, and the decision-making method for the continued use or disposal of assets. In this year, CRSC CASCO confirmed that CRSC CASCO asset group portfolio was the smallest unit of asset groups with the combination of goodwill and its relevant assets based on the cash flow generated from goodwill. The cash flow generated from this asset group is independent of other assets or other asset groups, and the recoverable amount of the asset group is the present value of the estimated future cash flows of CRSC CASCO. The amounts of key assumptions of the asset group related to impairment tests were consistent with the Group's historical experience and external information. The key assumptions made by management in determining the present value of the cash flow forecast are as follows:

	31 December 2020	31 December 2019
Forecast period	5 years	5 years
Discount rate	16.99%	17.48%
Average growth rate of income in the forecast period	5.00%	5.00%

As at 31 December 2020 and 31 December 2019, the goodwill of the CRSC CASCO asset group has not been impaired and therefore no provision for impairment was required.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 28. Goodwill (Continued)

- (4). Explain the process of goodwill impairment test, key parameters (e.g. forecast period growth rate, stable period growth rate, profit rate, discount rate, forecast period, etc. in case of present value of expected future cash flow, if applicable) and the recognition method of goodwill impairment loss (Continued)

The Group conducted impairment test on the allocation of goodwill resulting from the acquisition of CRSC Wanquan, Zhengzhou Zhong'an, Zhengzhou Zhongyuan, First Construction and Changsha Design Institute to the asset group. The combination of asset groups is the combination which the goodwill combined with smallest asset groups related to it, and the cash flow generated from this asset group was independent from other assets or other asset groups, which was consistent with the combination of asset groups determined at the date of purchase and during the impairment test for prior years. The recoverable amount was determined according to the present value of the expected future cash flows of those subsidiaries, and the expected future cash flows were determined according to the cash flow forecast based on the 5-year financial budget approved by the management. The pre-tax discount rates used in the cash flow forecast were 16.99%, 14.43%, 14.43%, 14.43% and 15.00% respectively (17.48%, 15.07%, 15.07%, 15.07% and 19.52% respectively in 2019). After testing, the management of the Group believes that the goodwill generated by the acquisition of CRSC Wanquan, Zhengzhou Zhong'an, Zhengzhou Zhongyuan, First Construction and Changsha Design Institute has not been impaired, so no provision for impairment is required.

Assumptions were used to calculate the present value of the expected future cash flows of CRSC CASCO, CRSC Wanquan, Zhengzhou Zhong'an, Zhengzhou Zhongyuan, First Construction and Changsha Design Institute as at 31 December 2020 and 31 December 2019. The following details the key assumptions made by the management in determining the cash flow forecast for goodwill impairment test:

**Budget gross margin**-The determination basis was to appropriately increase the average gross margin that was realized in the year before the budget year on the basis of the expected efficiency improvement and the expected market development.

**Discount rate**-The discount rate adopted was the pre-tax discount rate that reflects the specific risks of the relevant asset group.

The amounts of key assumptions of the asset group related to impairment tests were consistent with the Group's historical experience and external information.



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 28. Goodwill (Continued)

#### (5). Impact of goodwill impairment test

Applicable  Not applicable

Other explanation

Applicable  Not applicable

### 29. Long-term prepaid expenses

Applicable  Not applicable

2020

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Transferred from construction in progress	Amortisation for the period	Closing balance
Costs of improvements to fixed assets under operating leases	56,221,830.76	34,204,164.64	593,031.14	-38,886,842.27	52,132,184.27
Total	56,221,830.76	34,204,164.64	593,031.14	-38,886,842.27	52,132,184.27

2019

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Transferred from construction in progress	Amortisation for the period	Closing balance
Costs of improvements to fixed assets under operating leases	41,748,151.25	37,237,038.92	4,483,301.71	-27,246,661.12	56,221,830.76
Total	41,748,151.25	37,237,038.92	4,483,301.71	-27,246,661.12	56,221,830.76

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 30. Deferred tax assets/liabilities

#### (1). Deferred tax assets not offset

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	950,141,971.66	199,951,041.14	920,850,782.92	192,664,670.60
Unrealized profits in intra-group transactions	164,914,639.63	41,228,659.90	356,759,192.18	89,189,798.03
Deferred income	148,076,033.16	26,008,505.94	140,543,597.77	24,449,200.36
Estimated liabilities	60,105,682.80	10,435,420.88	77,143,802.01	12,548,661.36
Unpaid employee benefits payable	43,180,336.63	8,507,615.61	40,668,594.04	8,609,387.78
Others	9,529,118.75	2,059,348.70	19,845,073.91	3,913,231.92
Total	<u>1,375,947,782.63</u>	<u>288,190,592.17</u>	<u>1,555,811,042.83</u>	<u>331,374,950.05</u>

#### (2). Deferred tax liabilities not offset

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Depreciation of fixed assets	56,201,327.99	8,430,199.21	49,476,712.54	7,421,506.88
Fair value adjustment of business combination not under common control	130,948,320.34	32,737,080.08	163,018,099.40	40,754,524.85
Floating profit and loss in portion of positions of copper futures	3,013,450.00	452,017.50	—	—
Total	<u>190,163,098.33</u>	<u>41,619,296.79</u>	<u>212,494,811.94</u>	<u>48,176,031.73</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 30. Deferred tax assets/liabilities (Continued)

#### (3). Deferred tax assets or liabilities stated on a net basis after offset

Applicable  Not applicable

#### (4). Breakdown of unrecognised deferred tax assets

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Deductible temporary difference	26,539,688.22	26,278,334.06
Deductible loss	294,623,403.71	317,478,949.16
Total	321,163,091.93	343,757,283.22

Note: The Group believes that it is not likely to generate taxable income for deducting the above deductible temporary differences and deductible losses in the future. The deferred income tax assets of the above items as a result are not recognized.

#### (5). Deductible loss for which no deferred tax assets are recognised will become due in the following years

Applicable  Not applicable

Unit: Yuan Currency: RMB

Year	Closing balance	Opening balance	Remarks
2020	—	13,160,440.49	
2021	95,906,394.74	97,492,106.90	
2022	100,020,681.17	103,115,295.05	
2023	63,219,209.87	82,380,951.08	
2024	13,098,485.21	21,330,155.64	
2025	22,378,632.72	—	
Total	294,623,403.71	317,478,949.16	/

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 30. Deferred tax assets/liabilities (Continued)

- (5). Deductible loss for which no deferred tax assets are recognised will become due in the following years (Continued)

Changes in deferred tax assets/liabilities are as follows:

Unit: Yuan Currency: RMB

	<b>31 December 2020</b>	31 December 2019
Deferred income tax assets		
Beginning of the year	<b>331,374,950.05</b>	335,864,583.78
Deferred tax assets included in profit or loss for the year	<b>-43,184,357.88</b>	-3,799,808.38
Acquisition (disposal) of subsidiaries	—	-689,825.35
End of the year	<b><u>288,190,592.17</u></b>	<u>331,374,950.05</u>

Unit: Yuan Currency: RMB

	<b>31 December 2020</b>	31 December 2019
Deferred tax liabilities		
Beginning of the year	<b>48,176,031.73</b>	48,598,827.97
Deferred tax liabilities included in profit or loss for the year	<b>-6,556,734.94</b>	-422,796.24
End of the year	<b><u>41,619,296.79</u></b>	<u>48,176,031.73</u>

Other explanation:

Applicable  Not applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 31. Other non-current assets

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Gross carrying amount	Impairment provision	Carrying amount	Gross carrying amount	Impairment provision	Carrying amount
Retention money receivables	320,827,602.11	774,719.13	320,052,882.98	196,030,744.12	953,149.98	195,077,594.14
Prepayment for fixed assets	29,714,171.68	-	29,714,171.68	326,107,400.00	-	326,107,400.00
Less: Non-current assets due within one year	<u>-146,078,975.30</u>	<u>-235,806.14</u>	<u>-145,843,169.16</u>	<u>-19,118,289.09</u>	<u>-95,591.43</u>	<u>-19,022,697.66</u>
Total	<u>204,462,798.49</u>	<u>538,912.99</u>	<u>203,923,885.50</u>	<u>503,019,855.03</u>	<u>857,558.55</u>	<u>502,162,296.48</u>

Other explanation:

Changes in impairment provision for long-term retention money receivables:

Unit: Yuan Currency: RMB

	2020	2019
Opening balance for the year	953,149.98	552,915.43
Provision for the year	459,241.59	942,945.23
Reversal for the year	<u>637,672.44</u>	<u>542,710.68</u>
Closing balance for the year	<u>774,719.13</u>	<u>953,149.98</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 32. Short-term borrowings

#### (1). Breakdown of short-term borrowings

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Notes	Closing balance	Opening balance
Pledged borrowings	Note 1	52,492,742.32	67,084,139.66
Guaranteed borrowings	Note 2	–	10,000,000.00
Credit borrowings		439,091,650.21	160,982,030.73
Total		491,584,392.53	238,066,170.39

Description of short-term borrowing classification:

Note 1: As at 31 December 2020, the book value of bank acceptance bills and commercial acceptance bills pledged by the Group were RMB2,561,294.29 and RMB49,931,448.03, respectively, which was used to obtain short-term loans of RMB52,492,742.32 (31 December 2019: the book value of bank acceptance bills and commercial acceptance bills pledged by the Group was RMB5,824,991.90 and RMB61,259,147.76, respectively, which was used to obtain short-term loans of RMB67,084,139.66. Please see note VII. 81)

Note 2: As at 31 December 2019, the subsidiaries of the Company obtained short-term borrowings of RMB10,000,000.00 by way of guarantee provided by Shanghai Re-guarantee Co., Ltd. at an annual interest rate of 5.22%. The above-mentioned borrowings were expired on 17 April 2020 and 6 May 2020, respectively.

As at 31 December 2020, the interest rate on the above borrowings ranged from 2.50% to 4.35% (As at 31 December 2019, such rate ranged from 4.35% to 5.22%).

As at 31 December 2020 and 31 December 2019, the Group had no unpaid overdue short-term borrowing balance payable.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 32. Short-term borrowings (Continued)

#### (2). Overdue but unpaid short-term borrowings

Applicable  Not applicable

Major overdue but unpaid short-term borrowings:

Applicable  Not applicable

Other explanation

Applicable  Not applicable

### 33. Financial liabilities held-for-trading

Applicable  Not applicable

### 34. Derivative financial liabilities

Applicable  Not applicable

### 35. Bills payable

#### (1). Breakdown of bills payable

Applicable  Not applicable

Unit: Yuan Currency: RMB

Type	Closing balance	Opening balance
Commercial acceptance	1,129,030,230.29	567,040,551.95
Bank acceptance	845,353,199.28	711,154,214.40
Total	1,974,383,429.57	1,278,194,766.35

As at 31 December 2020 and 31 December 2019, the Group had no unpaid overdue bills payable.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020  
RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 36. Accounts payable

#### (1). Breakdown of accounts payable

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Within 1 year	37,368,575,551.13	31,408,960,382.42
1 to 2 years	4,429,474,511.68	5,314,143,581.59
2 to 3 years	1,706,698,954.74	2,027,145,128.81
Over 3 years	1,201,135,479.55	1,193,000,882.30
Total	<u>44,705,884,497.10</u>	<u>39,943,249,975.12</u>

#### (2). Major accounts payable aged over one year

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Reason for unsettlement or carrying forward
Total of the top five accounts payable aged over one year	<u>429,242,346.54</u>	Project payment or materials payment, not settled

Other explanation

Applicable  Not applicable



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 37. Receipts in advance

(1). Breakdown of advance receipts

Applicable  Not applicable

(2). Major advance receipts aged over one year

Applicable  Not applicable

Other explanation

Applicable  Not applicable

### 38. Contract liabilities

(1). Breakdown of contract liabilities

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Advances	1,864,042,735.13	2,030,173,889.89
Incomplete project, settled	4,968,123,883.98	5,147,063,927.02
Total	6,832,166,619.11	7,177,237,816.91

(2). Amount of and reason for significant change in carrying amount within the reporting period

Applicable  Not applicable

Other explanation:

Applicable  Not applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 39. Employee benefits payable

#### (1). Breakdown of employee benefits payable

Applicable  Not applicable

2020

Unit: Yuan Currency: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
I. Short-term benefits	508,911,354.82	4,626,539,847.77	4,606,086,694.14	529,364,508.45
II. Post-employment benefits (defined contribution plan)	25,178,087.48	378,823,608.33	381,202,140.91	22,799,554.90
III. Dismissal benefits	50,396.79	4,598,187.52	4,598,187.52	50,396.79
IV. Other benefits due within one year	53,209,000.00	40,303,000.00	45,591,000.00	47,921,000.00
Total	<u>587,348,839.09</u>	<u>5,050,264,643.62</u>	<u>5,037,478,022.57</u>	<u>600,135,460.14</u>

2019

Unit: Yuan Currency: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
I. Short-term benefits	430,553,999.00	4,502,551,312.26	4,424,193,956.44	508,911,354.82
II. Post-employment benefits (defined contribution plan)	25,753,611.93	591,330,221.87	591,905,746.32	25,178,087.48
III. Dismissal benefits	24,936.79	3,245,943.00	3,220,483.00	50,396.79
IV. Other benefits due within one year	57,037,000.00	50,133,000.00	53,961,000.00	53,209,000.00
Total	<u>513,369,547.72</u>	<u>5,147,260,477.13</u>	<u>5,073,281,185.76</u>	<u>587,348,839.09</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 39. Employee benefits payable (Continued)

#### (2). Breakdown of short-term remunerations

✓ Applicable    □ Not applicable

2020

Unit: Yuan    Currency: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
I. Wages, bonuses, allowances and subsidies	126,227,908.50	3,412,542,203.13	3,456,112,187.88	82,657,923.75
II. Employee welfare benefits	186,930,166.84	287,688,892.83	236,743,682.83	237,875,376.84
III. Social insurance premiums	56,448,781.27	310,136,874.99	311,476,755.30	55,108,900.96
Including: Medical insurance premiums	54,814,788.75	292,745,887.72	293,890,242.49	53,670,433.98
Industrial injury insurance premiums	625,117.75	7,147,058.47	7,233,203.50	538,972.72
Maternity insurance premiums	1,008,874.77	10,243,928.80	10,353,309.31	899,494.26
IV. Housing provident fund	992,638.99	340,480,395.11	338,189,860.45	3,283,173.65
V. Labor union funds and staff education funds	138,116,520.67	106,968,866.90	94,887,440.85	150,197,946.72
VI. Other short-term remunerations	195,338.55	168,722,614.81	168,676,766.83	241,186.53
<b>Total</b>	<b>508,911,354.82</b>	<b>4,626,539,847.77</b>	<b>4,606,086,694.14</b>	<b>529,364,508.45</b>

2019

Unit: Yuan    Currency: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
I. Wages, bonuses, allowances and subsidies	96,482,752.26	3,239,357,595.77	3,209,612,439.53	126,227,908.50
II. Employee welfare benefits	150,178,698.19	287,417,236.87	250,665,768.22	186,930,166.84
III. Social insurance premiums	46,700,764.40	349,606,659.34	339,858,642.47	56,448,781.27
Including: Medical insurance premiums	44,618,290.05	317,777,340.55	307,580,841.85	54,814,788.75
Industrial injury insurance premiums	1,224,547.20	13,447,691.30	14,047,120.75	625,117.75
Maternity insurance premiums	857,927.15	18,381,627.49	18,230,679.87	1,008,874.77
IV. Housing provident fund	2,614,536.84	305,336,471.71	306,958,369.56	992,638.99
V. Labor union funds and staff education funds	134,131,806.52	108,051,852.29	104,067,138.14	138,116,520.67
VI. Other short-term remunerations	445,440.79	212,781,496.28	213,031,598.52	195,338.55
<b>Total</b>	<b>430,553,999.00</b>	<b>4,502,551,312.26</b>	<b>4,424,193,956.44</b>	<b>508,911,354.82</b>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020  
RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 39. Employee benefits payable (Continued)

#### (3). Breakdown of defined contribution plan

Applicable  Not applicable

2020

Unit: Yuan Currency: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
1. Basic pension insurance	14,912,018.30	222,711,237.15	226,421,440.30	11,201,815.15
2. Unemployment insurance	771,114.99	8,876,145.74	8,972,631.61	674,629.12
3. Enterprise annuity payment	9,494,954.19	147,236,225.44	145,808,069.00	10,923,110.63
Total	<u>25,178,087.48</u>	<u>378,823,608.33</u>	<u>381,202,140.91</u>	<u>22,799,554.90</u>

2019

Unit: Yuan Currency: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
1. Basic pension insurance	19,073,429.32	443,713,658.62	447,875,069.64	14,912,018.30
2. Unemployment insurance	649,663.64	16,959,492.13	16,838,040.78	771,114.99
3. Enterprise annuity payment	6,030,518.97	130,657,071.12	127,192,635.90	9,494,954.19
Total	<u>25,753,611.93</u>	<u>591,330,221.87</u>	<u>591,905,746.32</u>	<u>25,178,087.48</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 40. Taxes payable

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Value-added tax	446,934,275.58	392,787,322.99
Enterprise income tax	370,343,712.56	426,702,488.42
Individual income tax	72,934,389.07	67,813,206.44
Urban maintenance and construction tax	18,191,692.40	13,083,911.62
Educational surcharge	10,905,841.34	9,753,488.04
Land use tax and property tax	3,526,376.91	3,384,509.36
Others	7,751,167.71	2,771,926.35
Total	<u>930,587,455.57</u>	<u>916,296,853.22</u>

### 41. Other payables

Presentation of item

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Dividends payable	–	34,391,330.43
Other payables	<u>1,979,340,519.78</u>	<u>1,085,778,267.17</u>
Total	<u>1,979,340,519.78</u>	<u>1,120,169,597.60</u>

Other explanation:

Applicable  Not applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 41. Other payables (Continued)

#### Interest payable

(1). *Classified presentation*

Applicable  Not applicable

#### Dividends payable

(1). *Classified presentation*

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Guizhou Construction Engineering Group Co., Ltd. (貴州建工集團有限公司)	—	32,021,628.03
ZHAO Zhengping	—	744,054.24
Shanghai Suwei Communication Technology Co., Ltd. (上海蘇威通信科技有限公司)	—	564,806.00
Jiangxi Huide Xinda Industry Co., Ltd. (江西省匯德信達實業有限公司)	—	564,806.00
WU Jiang	—	496,036.16
Total	—	34,391,330.43

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 41. Other payables (Continued)

#### Other payables

(1). Breakdown of other payables by nature

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Current payments	1,178,444,909.70	459,889,003.51
Deposits and margins	575,169,985.25	367,034,023.87
Acquisition of fixed assets	184,291,801.72	219,495,027.90
Public facility maintenance funds	17,800,854.64	14,522,807.26
Others	23,632,968.47	24,837,404.63
Total	<u>1,979,340,519.78</u>	<u>1,085,778,267.17</u>

(2). Other major accounts payable aged over one year

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Reason for unsettlement or carrying forward
Total of the top five other accounts payable aged over one year	<u>84,342,526.58</u>	/

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 41. Other payables (Continued)

Other payables (Continued)

(2). Other major accounts payable aged over one year (Continued)

Other explanation:

Applicable  Not applicable

Aging of other payables

Unit: Yuan Currency: RMB

Aging	31 December 2020	31 December 2019
Within 1 year	1,673,136,246.93	847,335,342.26
1-2 years	245,206,795.40	103,632,368.41
2-3 years	13,391,925.65	34,345,406.29
Over 3 years	47,605,551.80	100,465,150.21
Total	<u>1,979,340,519.78</u>	<u>1,085,778,267.17</u>

### 42. Liabilities held for sale

Applicable  Not Applicable

### 43. Non-current liabilities due within one year

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term loans due within one year	128,719,092.80	154,346,670.00
Long-term payables due within one year	42,421,794.65	30,665,104.29
Lease liabilities due within one year	44,953,894.42	72,575,043.71
Total	<u>216,094,781.87</u>	<u>257,586,818.00</u>



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 44. Other current liabilities

Other current liabilities

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Provisions	20,230,658.56	18,664,590.73
Output VAT to be transferred	318,084,860.46	221,877,239.00
Total	<u>338,315,519.02</u>	<u>240,541,829.73</u>

Increase or decrease in short-term bonds payable:

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

### 45. Long-term borrowings

#### (1). Breakdown of long-term borrowings

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Notes	Closing balance	Opening balance
Pledged borrowings	Note 1	1,900,360,668.00	1,664,299,760.80
Mortgage borrowings		–	–
Guaranteed borrowings	Note 2	224,000,000.00	231,000,000.00
Credit borrowings		–	200,145,450.00
Less: Long-term borrowings due within one year		<u>-128,719,092.80</u>	<u>-154,346,670.00</u>
Total		<u>1,995,641,575.20</u>	<u>1,941,098,540.80</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 45. Long-term borrowings (Continued)

#### (1). Breakdown of long-term borrowings (Continued)

Description of long-term borrowing classification:

Note 1: As at 31 December 2020, the Group's long-term receivables of RMB4,092,306,736.92 derived from the pledged income right in and to the franchise and all proceeds thereunder were used to obtain long-term loans of RMB1,900,360,668.00. As at 31 December 2019, the book value of bank acceptances and commercial acceptances secured by the Group was RMB5,824,991.90 and RMB61,259,147.76, respectively, which were made for obtaining short-term borrowings of RMB67,084,139.66 (Notes VII. 16 and 81).

Note 2: As at 31 December 2020 and 31 December 2019, the Group's guaranteed borrowings amounted to RMB224,000,000.00 was guaranteed by the Company's third-tier subsidiary First Construction for its subsidiary Yibin Tonghao Hongshun Project Management Co., Ltd. (宜賓通號鴻順項目管理有限責任公司).

As at 31 December 2020, the long-term borrowing balance due within one to five years was RMB764,900,000.00, and the long-term borrowing balance due over five years was RMB1,230,741,575.20. (As at 31 December 2019, the long-term borrowing balance due within one to five years was RMB128,719,092.80, and the long-term borrowing balance due over five years was RMB1,812,379,448.00.)

The above borrowings are bank borrowings and other borrowings made with variable annual interest rates ranging from 4.90% to 5.39%.

Other explanations, including interest rate range:

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 46. Bonds payable

#### (1). Bonds payable

Applicable  Not Applicable

#### (2). Increase or decrease in bonds payable (excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)

Applicable  Not Applicable

#### (3). Explanation about the conditions and timing of conversion of convertible corporate bonds

Applicable  Not Applicable

#### (4). Explanation about other financial instruments classified as financial liabilities

Basic information on preferred shares, perpetual bonds and other financial instruments that are outstanding at the end of the period

Applicable  Not Applicable

Statement on changes in preferred shares, perpetual bonds and other financial instruments that are outstanding at the end of the period

Applicable  Not Applicable

Explanation about basis for classifying other financial instruments as financial liabilities:

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 47. Lease liabilities

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Lease liabilities	125,631,000.71	147,949,221.53
Less: lease liabilities due within one year	-44,953,894.42	-72,575,043.71
Total	<u>80,677,106.29</u>	<u>75,374,177.82</u>

Other explanation:

The book value of lease liabilities and its changes for the year are as follows:

Unit: Yuan Currency: RMB

	Closing balance	Opening balance
Opening balance for the year	147,949,221.53	114,677,184.12
Increase for the year	64,708,268.93	120,247,153.58
Interest expense	7,800,474.53	8,841,977.74
Decrease for the year – lease payments	-83,636,649.91	-95,817,093.91
Decrease for the year – modification of lease	-11,190,314.37	–
Closing balance for the year	<u>125,631,000.71</u>	<u>147,949,221.53</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 48. Long-term payables

#### Presentation of item

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term payables	77,846,656.30	74,981,014.21
Special payables	—	—
Total	<u>77,846,656.30</u>	<u>74,981,014.21</u>

Other explanation:

Applicable  Not Applicable

#### Long-term payables

(1). Breakdown of long-term payables by nature

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Construction quality guarantee deposits	120,268,450.95	105,646,118.50
Less: long-term payables due within one year	<u>-42,421,794.65</u>	<u>-30,665,104.29</u>
Total	<u>77,846,656.30</u>	<u>74,981,014.21</u>

#### Special payables

(2). Breakdown of special payables by nature

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 49. Long-term employee benefits payable

Applicable  Not Applicable

#### (1). Statement on long-term employee benefits payable

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Net liabilities under defined benefit plans (supplemental retirement benefit)	599,609,000.00	683,080,000.00
Long-term dismissal benefits (internal retirement plan)	22,396,000.00	30,375,000.00
Less: Remunerations payable within one year	47,921,000.00	53,209,000.00
Total	574,084,000.00	660,246,000.00

The Group provides an integrated external supplemental retirement benefit plan (defined benefit plans) for its retired employees. These plans include monthly pension benefits, medical reimbursement benefits, annual medical insurance premiums, and funeral benefits for employees who are retired. The amount of the subsidy is determined based on the period during which the employee serves the Group and the relevant subsidy and welfare policy.

Some employees of the Group have gone through internal retirement. The internal retirement payables are accrued in the relevant legal entities within the Group during the period in which the Group has entered into relevant agreements/documents with relevant employees or informing individual employees of the specific internal retirement terms. The specific terms of internal retirement vary depending on factors such as the position of the relevant employee, length of service and the region of service.

The plan is subject to interest rate risk, risk of changes in life expectancy of pension beneficiaries, and stock market risks.

The Group's supplementary retirement benefits and internal retirement payable in each year are calculated by the independent actuary, Towers Watson Management Consulting, using the projected unit credit method.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 49. Long-term employee benefits payable (Continued)

#### (1). Statement on long-term employee benefits payable (Continued)

The following table shows the main actuarial assumptions used on the balance sheet date:

	31 December 2020	31 December 2019
Discount rate	3.25%	3.25%
Mortality rate	<b>Average mortality rate of residents in Mainland China</b>	Average mortality rate of residents in Mainland China
Average life expectancy	16	17
Average annual growth rate of medical expenses	8.00%	8.00%
Growth rate of supplementary pension benefits for retired personnel	3.00%	3.00%
Annual growth rate of benefits for internal retired personnel	4.50%	4.50%

Relevant plans recognised in profit or loss are as follows:

	2020	2019
Historical service costs included in management expenses (Note)	-26,631,000.00	-
Actuarial (profit)/loss included in management expenses	-588,000.00	675,000.00
Net interests included in management expenses	22,202,000.00	23,924,000.00
	<b>-5,017,000.00</b>	<b>24,599,000.00</b>

Unit: Yuan Currency: RMB

Note: In 2020, the local government of Shenyang Railway Signal Co., Ltd., the Company's three-tier subsidiary, has assumed the funds for social management services for retirees of state-owned enterprises. Therefore, Shenyang Railway Signal Co., Ltd. cancelled the expenses beyond the scope of overall planning for retirees and reversed the past service costs included in management expenses totaling RMB26,631,000.00.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 49. Long-term employee benefits payable (Continued)

#### (1). Statement on long-term employee benefits payable (Continued)

Relevant plans recognised in other comprehensive income are as follows:

Unit: Yuan Currency: RMB

	2020	2019
Actuarial loss due to changes in financial assumptions	–	19,950,000.00
Actuarial (profit)/loss due to empirical differences	<u>-40,842,000.00</u>	<u>8,746,000.00</u>
	<u><b>-40,842,000.00</b></u>	<u><b>28,696,000.00</b></u>

#### (2). Changes in defined benefit plans

Present value of obligations under defined benefit plans:

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred during the previous period
I. Opening balance	713,455,000.00	714,121,000.00
II. The defined benefit cost included in the current profit and loss	-5,017,000.00	24,599,000.00
1. Current service costs	-26,631,000.00	–
2. Past service costs	–	–
3. Settlement gains (losses indicated by “-”)	588,000.00	-675,000.00
4. Net interests	22,202,000.00	23,924,000.00
III. The defined benefits cost included in other comprehensive income	-40,842,000.00	28,696,000.00
1. Actuarial gains (losses indicated by “-”)	40,842,000.00	-28,696,000.00
IV. Other changes	-45,591,000.00	-53,961,000.00
1. Consideration paid at settlement	–	–
2. Benefits paid	-45,591,000.00	-53,961,000.00
V. Closing balance	<u><b>622,005,000.00</b></u>	<u><b>713,455,000.00</b></u>



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 49. Long-term employee benefits payable (Continued)

#### (2). Changes in defined benefit plans (Continued)

The following table provides a quantitative sensitivity analysis on the key assumptions used:

2020

Unit: Yuan Currency: RMB

	Increase (%)	Obligations under defined benefit plans Increase/ (decrease)	Decrease (%)	Obligations under defined benefit plans Increase/ (decrease)
Discount rate	0.25	-16,957,000.00	0.25	17,797,000.00
Average growth rate of medical expenses	1.00	31,842,000.00	1.00	-26,477,000.00

2019

Unit: Yuan Currency: RMB

	Increase (%)	Obligations under defined benefit plans Increase/ (decrease)	Decrease (%)	Obligations under defined benefit plans Increase/ (decrease)
Discount rate	0.25	-20,114,000.00	0.25	21,142,000.00
Average growth rate of medical expenses	1.00	40,455,000.00	1.00	-33,431,000.00

The above sensitivity analysis is to infer the impact of reasonable change occurring to the key assumptions on the balance sheet date on the obligations under the defined benefit plans. Sensitivity analysis is made on the basis of changes in significant assumptions while other assumptions remain unchanged. Since changes in assumptions are often not isolated from each other, sensitivity analysis might not represent actual changes in the obligations under defined benefit plans.

Plan assets:

Applicable  Not Applicable



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020  
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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 49. Long-term employee benefits payable (Continued)

#### (2). Changes in defined benefit plans (Continued)

Net liabilities (net assets) under defined benefit plans:

Applicable  Not Applicable

Explanation about impacts of the details of the defined benefit plan and its associated risks on the Company's future cash flow, timing, and uncertainty:

Applicable  Not Applicable

Explanation about key actuarial assumptions and sensitivity analysis results of defined benefit plans

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 50. Estimated liabilities

✓ Applicable     Not applicable

Unit: Yuan    Currency: RMB

	2020	2020	2020
	Product quality guarantee deposits <sup>(note)</sup>	Pending onerous contracts and others	Total
Opening balance for the year	79,538,007.83	12,651,022.35	92,189,030.18
Increase for the year	16,161,265.23	–	16,161,265.23
Reversal for the year	-15,213,564.95	-1,803,198.82	-17,016,763.77
Use for the year	-29,653,808.91	–	-29,653,808.91
Closing balance for the year	50,831,899.20	10,847,823.53	61,679,722.73
Including: estimated liabilities due within one year	-20,230,658.56	–	-20,230,658.56
	<b>30,601,240.64</b>	<b>10,847,823.53</b>	<b>41,449,064.17</b>

Unit: Yuan    Currency: RMB

	2019	2019	2019
	Product quality guarantee deposits <sup>(note)</sup>	Pending onerous contracts and others	Total
Opening balance for the year	88,154,716.16	11,893,451.33	100,048,167.49
Increase for the year	54,644,227.25	757,571.02	55,401,798.27
Reversal for the year	-21,998,150.89	–	-21,998,150.89
Use for the year	-41,262,784.69	–	-41,262,784.69
Closing balance for the year	79,538,007.83	12,651,022.35	92,189,030.18
Including: estimated liabilities due within one year	-18,664,590.73	–	-18,664,590.73
	<b>60,873,417.10</b>	<b>12,651,022.35</b>	<b>73,524,439.45</b>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 50. Estimated liabilities (Continued)

Other descriptions (including the relevant important assumptions and estimates of the significant estimated liabilities) are as follow:

Note: The Group estimates the quality guarantee deposits according to the sales revenue and the estimated warranty rate taking into account the different stages of the product life cycle of different products. The estimated rate of warranty occurrence is based on the historical experience data of the actual occurrence of warranty for the same type of products, and may be estimated according to significant changes due to the different stages of product life cycle of different products and similar products. As at the balance sheet date, the quality guarantee deposits that the Group expects to incur in the future under the above method shall be included into the profit or loss for the period.

### 51. Deferred income

Deferred income

Applicable  Not applicable

2020

Unit: Yuan Currency: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Government grants related to assets	74,951,361.26	537,357.00	2,126,715.16	73,362,003.10
Government grants related to income	80,869,491.66	35,911,733.59	39,208,795.60	77,572,429.65
Total	<u>155,820,852.92</u>	<u>36,449,090.59</u>	<u>41,335,510.76</u>	<u>150,934,432.75</u>

2019

Unit: Yuan Currency: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Government grants related to assets	79,013,543.46	8,528,909.81	12,591,092.01	74,951,361.26
Government grants related to income	72,357,334.94	62,892,594.88	54,380,438.16	80,869,491.66
Total	<u>151,370,878.40</u>	<u>71,421,504.69</u>	<u>66,971,530.17</u>	<u>155,820,852.92</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 51. Deferred income (Continued)

Item related to government grants

Applicable  Not applicable

As at 31 December 2020, liabilities related to government grants were as follows:

Unit: Yuan Currency: RMB

Liability item	Opening balance	Additions of grants for the period	Included in		Closing balance	Related to assets/income
			non-operating income for the period	Included in other income for the period		
Demolition grants	69,439,838.83	-	-1,808,959.03	-	67,630,879.80	Assets
Industrial development fund	15,200,000.00	-	-	-15,200,000.00	-	Income
Research grants	65,669,491.66	35,911,733.59	-	-24,008,795.60	77,572,429.65	Income
Others	5,511,522.43	537,357.00	-	-317,756.13	5,731,123.30	Assets

As at 31 December 2019, liabilities related to government grants were as follows:

Unit: Yuan Currency: RMB

Liability item	Opening balance	Additions of grants for the period	Included in		Closing balance	Related to assets/income
			non-operating income for the period	Included in other income for the period		
Demolition grants	65,064,299.17	8,528,909.81	-4,153,370.15	-	69,439,838.83	Assets
Industrial development fund	18,963,867.00	15,200,000.00	-	-18,963,867.00	15,200,000.00	Income
Research grants	53,393,467.94	47,692,594.88	-	-35,416,571.16	65,669,491.66	Income
Others	13,949,244.29	-	-	-8,437,721.86	5,511,522.43	Assets

Other explanation:

Applicable  Not Applicable

### 52. Other non-current liabilities

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 53. Share capital

Applicable  Not applicable

Unit: Yuan Currency: RMB

	Opening balance	New shares	Bonus shares	Changes for the period (+, -)		Subtotal	Closing balance
				Conversion of provident fund into shares	Others		
CRSC Group	6,604,426,424.00	-	-	-	-	-	6,604,426,424.00
China National Machinery Industry Corporation (中國機械工業集團有限公司)	63,507,192.00	-	-	-	-	-	63,507,192.00
China Chengtong Holdings Group Limited (中國誠通控股集團有限公司)	63,507,192.00	-	-	-	-	-	63,507,192.00
China Guoxin Holding Co., Ltd. (中國國新控股有限責任公司)	63,507,192.00	-	-	-	-	-	63,507,192.00
CICC Jiacheng Investment Management Co., Ltd. (中金佳成投資管理有限公司)	26,070,000.00	-	-	-	-	-	26,070,000.00
National Council for Social Security Fund (全國社保基金理事會)	178,982,000.00	-	-	-	-	-	178,982,000.00
Overseas-listed H shares	1,789,819,000.00	-	-	-	-	-	1,789,819,000.00
Domestic-listed A shares	1,800,000,000.00	-	-	-	-	-	1,800,000,000.00
Total number of shares	<u>10,589,819,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,589,819,000.00</u>

Other explanation:

According to the Reply of China Securities Regulatory Commission on Approving the Registration of Initial Public Offering of Shares of China Railway Signal & Communication Corporation Limited (Zheng Jian Xu Ke [2019] No. 1135), as of 16 July 2019, the Company has issued 1,800,000,000 ordinary shares with a par value of RMB1.00 on the SSE Star Market at an issuance price of RMB5.85 per share. The total amount of funds raised before deduction of issuance expenses was RMB10,530,000,000.00 and such ordinary shares were commenced for trading on the SSE Star Market on 22 July 2019.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 54. Other equity instruments

- (1). Basic information on preferred shares, perpetual bonds and other financial instruments that are outstanding at the end of the period

Applicable  Not applicable

On 3 August 2018, Bridge Trust Co., Ltd. (百瑞信託有限責任公司) made a renewable debt investment to the Company using the fund under the trust plan, with an investment amount of RMB2,800,000,000.00. The initial investment period is 3 years, and the interest rate of the initial investment period is fixed at 6.7% per year. The Group has the right to choose to defer the interest payment. After the expiration, the Group has the right to choose renewal; the reset rate during the renewal period jumped 300 basis points based on the annual interest rate applicable to the previous investment period. The Group classified it as other equity instruments.

- (2). Statement on changes in preferred shares, perpetual bonds and other financial instruments that are outstanding at the end of the period

Applicable  Not applicable

Unit: Yuan Currency: RMB

Outstanding financial instruments	Beginning of the period		Increase for the period		Decrease for the period		End of the period	
	Number	Carrying amount	Number	Carrying amount	Number	Carrying amount	Number	Carrying amount
Bridge-Hengyi 622 Collective Fund Trust Plan	28,000,000	2,800,000,000.00	-	-	-	-	28,000,000	2,800,000,000.00
<b>Total</b>	<b>28,000,000</b>	<b>2,800,000,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,000,000</b>	<b>2,800,000,000.00</b>

Unit: Yuan Currency: RMB

Equity attributable to shareholders of the parent  
 Equity attributable to ordinary shareholders of the parent  
 Equity attributable to other equity holders of the parent  
 Including: Dividends distributed during the period  
 Accumulated retained dividends

**31 December 2020**

**39,763,468,050.40**

**2,800,000,000.00**

**190,726,666.66**

**-**

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 54. Other equity instruments (Continued)

#### (2). Statement on changes in preferred shares, perpetual bonds and other financial instruments that are outstanding at the end of the period (Continued)

Changes (increase or decrease) during the period, reasons for such changes and basis for relevant accounting treatment of other equity instruments:

Applicable  Not Applicable

Other explanation

Applicable  Not Applicable

### 55. Capital reserve

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Capital premium				
(share capital premium)	15,538,873,267.94	–	–	15,538,873,267.94
Fiscal appropriation	8,670,000.00	–	–	8,670,000.00
Acquisition of minority interest of subsidiaries	9,510,776.86	–	270,138.00	9,240,638.86
Adjustment on long-term equity under interest method	680,972.47	175,770.64	–	856,743.11
Others	406,663,539.95	–	–	406,663,539.95
<b>Total</b>	<b>15,964,398,557.22</b>	<b>175,770.64</b>	<b>270,138.00</b>	<b>15,964,304,189.86</b>



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 56. Treasury stocks

Applicable  Not Applicable

### 57. Other comprehensive income

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Opening balance	Amounts before income tax during the period	Amount for the period			Less: Income tax expenses	Amount attributable to the parent company after tax	Amount attributable to the minority shareholders after tax	Closing balance
			Less: Amount transferred to profit or loss from other comprehensive income	Less: Amount transferred to retained earnings from other comprehensive income	Less: Income tax expenses				
I. Other comprehensive income									
not reclassified into profit or loss	-273,904,000.00	40,842,000.00	-	-	-	40,842,000.00	-	-233,062,000.00	
Including: Changes of the re-measurement of defined benefit plan	-273,904,000.00	40,842,000.00	-	-	-	40,842,000.00	-	-233,062,000.00	
II. Other comprehensive income									
reclassified to profit or loss	1,038,414.88	24,332,977.99	-	-	-	24,332,977.99	-	25,371,392.87	
Provision for impairment of receivables financing	-	4,099,803.48	-	-	-	4,099,803.48	-	4,099,803.48	
Effective portion of gains or losses on cash flow hedging	939,724.27	20,833,093.25	-	-	-	20,833,093.25	-	21,772,817.52	
Differences on translation of foreign currency financial statements	98,690.61	-599,918.74	-	-	-	-599,918.74	-	-501,228.13	
Total other comprehensive income	<u>-272,865,585.12</u>	<u>65,174,977.99</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,174,977.99</u>	<u>-</u>	<u>-207,690,607.13</u>	

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 58. Special reserve

Applicable  Not applicable

2020

Unit: Yuan Currency: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Safety production expenses	<u>412,165,921.09</u>	<u>360,781,827.98</u>	<u>466,732,598.76</u>	<u>306,215,150.31</u>
Total	<u>412,165,921.09</u>	<u>360,781,827.98</u>	<u>466,732,598.76</u>	<u>306,215,150.31</u>

2019

Unit: Yuan Currency: RMB

Item	Opening balance	Opening balance	Opening balance	Opening balance
Safety production expenses	<u>372,846,705.67</u>	<u>423,300,667.73</u>	<u>383,981,452.31</u>	<u>412,165,921.09</u>
Total	<u>372,846,705.67</u>	<u>423,300,667.73</u>	<u>383,981,452.31</u>	<u>412,165,921.09</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 59. Surplus reserve

Applicable  Not applicable

2020

Unit: Yuan Currency: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Statutory surplus reserve	<u>1,342,479,759.71</u>	<u>255,478,498.27</u>	—	<u>1,597,958,257.98</u>
Total	<u>1,342,479,759.71</u>	<u>255,478,498.27</u>	—	<u>1,597,958,257.98</u>

2019

Unit: Yuan Currency: RMB

Item	Opening balance	Increase for the period	Decrease for the period	Closing balance
Statutory surplus reserve	<u>1,104,399,533.39</u>	<u>238,080,226.32</u>	—	<u>1,342,479,759.71</u>
Total	<u>1,104,399,533.39</u>	<u>238,080,226.32</u>	—	<u>1,342,479,759.71</u>

Explanation about surplus reserve, including changes (increase or decrease) during the period, and reasons for such changes:

According to the Company Law and the Articles of Association of the Company, the Company shall withdraw statutory surplus reserve fund at 10% of its net profit. If the accumulative amount of the statutory surplus reserve is more than 50% of the Company's registered capital, the statutory surplus reserve fund shall no longer be withdrawn.

After the Company withdraws the statutory surplus reserve fund, it can withdraw discretionary surplus reserve fund. Upon approval, the discretionary surplus reserve can be used to make up for losses of the preceding year or increase share capital.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 60. Retained earnings

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Current period	Last period
Retained earnings at the end of last period before adjustment	10,283,609,709.60	8,680,338,212.67
Total amount of retained earnings at the beginning of the adjustment period (increase +, decrease -)	—	—
Retained earnings at the beginning of the period after adjustment	10,283,609,709.60	8,680,338,212.67
Add: Net profits attributable to owners of the parent during the current period	3,819,046,319.02	3,815,874,901.39
Less: Appropriation to statutory surplus reserve	255,478,498.27	238,080,226.32
Cash dividends payable (Note 1)	2,117,963,800.00	1,757,963,800.00
Dividends paid to other equity holders	190,726,666.66	190,205,555.55
Appropriation to employee reward and welfare fund (Note 2)	25,579,050.00	22,400,628.00
Others	45,954.31	3,953,194.59
Retained earnings at the end of the period	<u>11,512,862,059.38</u>	<u>10,283,609,709.60</u>

Note 1: In accordance with the resolution at the 2020 annual general meeting of Company, on 12 June 2020, the Company declared a special dividend for the remaining distributable profits as of 31 December 2019, and distributed cash dividend of RMB0.20 per share (including tax), with total tax-inclusive amount of RMB2,117,963,800.00.

Note 2: CRSC CASCO, a subsidiary of the Company, is a Sino-foreign joint venture that draws employee incentives and welfare funds for non-recurring rewards for employees, subsidies and repairs of housing and so on, in accordance with the relevant laws and regulations of foreign-invested enterprises and the resolutions of the Board of Directors. In 2020, CRSC CASCO accrued employee award and welfare fund totalling RMB50,155,000.00, of which RMB25,579,050.00 was attributable to the parent.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 61. Revenue and costs of sales

#### (1). Revenue and costs of sales

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period		Amount incurred during the previous period	
	Revenue	Cost	Revenue	Cost
Principal operations	39,844,355,186.07	31,098,237,769.80	41,393,439,891.64	31,984,663,835.75
Other operations	280,121,524.69	170,863,467.11	252,846,900.93	127,439,632.13
Total	<u>40,124,476,710.76</u>	<u>31,269,101,236.91</u>	<u>41,646,286,792.57</u>	<u>32,112,103,467.88</u>

Revenue is presented as follows:

Unit: Yuan Currency: RMB

	2020	2019
Rail transportation control system		
Equipment manufacturing	5,880,516,497.58	6,422,267,748.61
System implementation	13,526,563,517.75	13,765,385,358.35
Design and integration	9,290,727,700.54	10,189,550,308.55
Construction contracting	11,367,288,035.61	11,210,805,083.97
Others	59,380,959.28	58,278,293.09
	<u>40,124,476,710.76</u>	<u>41,646,286,792.57</u>

Cost of sales is listed as follows:

Unit: Yuan Currency: RMB

	2020	2019
Rail transportation control system		
Equipment manufacturing	3,565,894,296.92	3,731,164,014.41
System implementation	11,797,902,756.80	11,956,395,208.05
Design and integration	5,678,138,556.95	6,515,591,839.09
Construction contracting	10,190,889,819.77	9,882,279,967.61
Others	36,275,806.47	26,672,438.72
	<u>31,269,101,236.91</u>	<u>32,112,103,467.88</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020  
RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 61. Revenue and costs of sales (Continued)

#### (2). Revenue generated from contracts

Applicable  Not applicable

2020

Unit: Yuan Currency: RMB

	Rail transportation control system	Construction contracting	Others	Total
By region of operation				
China	27,782,561,742.11	11,367,288,035.61	59,380,959.28	39,209,230,737.00
Other countries and regions	915,245,973.76	—	—	915,245,973.76
Total	<u>28,697,807,715.87</u>	<u>11,367,288,035.61</u>	<u>59,380,959.28</u>	<u>40,124,476,710.76</u>

2019

Unit: Yuan Currency: RMB

	Rail transportation control system	Construction contracting	Others	Total
By region of operation				
China	29,829,821,271.88	11,210,805,083.97	58,278,293.09	41,098,904,648.94
Other countries and regions	547,382,143.63	—	—	547,382,143.63
Total	<u>30,377,203,415.51</u>	<u>11,210,805,083.97</u>	<u>58,278,293.09</u>	<u>41,646,286,792.57</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 61. Revenue and costs of sales (Continued)

#### (3). Details of performance obligation

✓ Applicable     Not applicable

2020

Unit: Yuan    Currency: RMB

	Rail transportation control system	Construction contracting	Others	Total
Time of revenue recognition				
Revenue recognised at a certain point of time	3,397,183,997.56	–	59,380,959.28	3,456,564,956.84
Revenue recognised within a certain period of time	<u>25,300,623,718.31</u>	<u>11,367,288,035.61</u>	–	<u>36,667,911,753.92</u>
Total	<u>28,697,807,715.87</u>	<u>11,367,288,035.61</u>	<u>59,380,959.28</u>	<u>40,124,476,710.76</u>

2019

Unit: Yuan    Currency: RMB

	Rail transportation control system	Construction contracting	Others	Total
Time of revenue recognition				
Revenue recognised at a certain point of time	4,654,192,848.92	–	58,278,293.09	4,712,471,142.01
Revenue recognised within a certain period of time	<u>25,723,010,566.59</u>	<u>11,210,805,083.97</u>	–	<u>36,933,815,650.56</u>
Total	<u>30,377,203,415.51</u>	<u>11,210,805,083.97</u>	<u>58,278,293.09</u>	<u>41,646,286,792.57</u>

The revenue recognised in the current year and included in the book value of contract liabilities at the beginning of the year is as follows:

Unit: Yuan    Currency: RMB

	2020	2019
Rail transportation control system		
Equipment manufacturing	99,668,968.34	97,950,067.33
System implementation	1,445,098,722.81	1,091,014,887.89
Design and integration	2,572,375,512.57	2,928,701,493.09
Construction contracting	638,719,374.55	1,262,518,333.55
Others	<u>4,279,222.22</u>	<u>1,469,795.69</u>
Total	<u>4,760,141,800.49</u>	<u>5,381,654,577.55</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 61. Revenue and costs of sales (Continued)

#### (4). Explanation about allocation to the remaining performance obligations

Applicable  Not applicable

Other explanation:

Typically, the construction contracts or service rendering contracts provided by the Group as a whole constitutes a single performance obligation and is a performance obligation performed within a certain period of time. As at 31 December 2020, some of the Group's construction contracts or service rendering contract are still in the process of performance. The transaction price allocated to the outstanding (or partially outstanding) performance obligations is related to the performance progress of the corresponding construction contract or service rendering contract, and will be recognized as revenue on the basis of the performance progress in the future performance period of the corresponding construction contract or service rendering contract.

### 62. Taxes and surcharges

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred during the previous period
Urban maintenance and construction tax	75,278,809.01	85,605,746.65
Educational surcharge	56,530,755.16	62,039,271.60
Property tax	55,297,688.13	52,525,554.40
Stamp duty	25,882,191.59	30,707,472.69
Urban land use tax	10,621,677.13	11,216,513.91
Others	6,472,277.29	17,924,208.00
Total	<u>230,083,398.31</u>	<u>260,018,767.25</u>

Other explanation:

For tax determination basis, please refer to Note VI. Taxation.



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 63. Selling and distribution expenses

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred during the previous period
Employee benefits	460,343,180.99	454,649,714.82
Sales service expenses	122,685,072.77	144,952,749.11
Transportation expenses	79,684,172.02	107,213,854.40
Depreciation and amortization expenses	5,617,541.56	6,248,309.26
Others	114,356,009.88	165,404,305.79
Total	<u>782,685,977.22</u>	<u>878,468,933.38</u>

### 64. General and administrative expenses

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred during the previous period
Employee benefits	1,287,807,040.63	1,442,459,577.84
Safety production expenses	193,509,344.88	340,806,046.54
Depreciation and amortization expenses	233,616,327.45	256,743,218.28
Office and rental expenses	148,601,198.96	189,426,462.77
Travel costs and business entertainment expenses	53,693,633.71	86,466,626.73
Others	142,329,668.48	214,125,269.48
Total	<u>2,059,557,214.11</u>	<u>2,530,027,201.64</u>

Other explanation:

General and administrative expenses include the audit fees of financial statements of RMB9,000,000.00 (2019: RMB8,600,000.00).

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 65. Research and development expenses

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred during the previous period
Labor expenses	849,386,017.95	874,734,434.04
Materials expenses	196,215,635.86	219,032,133.20
Testing and processing expenses	70,392,521.09	96,708,739.50
Depreciation and amortization expenses	68,617,403.85	79,146,821.81
Administrative expenses	65,094,981.30	95,101,668.27
Travel costs	31,865,104.80	40,878,067.02
Others	152,701,735.05	177,853,903.13
Total	<u>1,434,273,399.90</u>	<u>1,583,455,766.97</u>

### 66. Finance costs

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred during the previous period
Interest expense	42,795,594.41	121,490,363.95
Less: Interest income	-415,063,581.21	-305,460,588.36
Exchange loss/(gains)	71,059,219.95	-15,990,839.22
Financial institutions commissions	51,549,123.05	55,909,492.14
Total	<u>-249,659,643.80</u>	<u>-144,051,571.49</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 67. Other income

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred during the previous period
Government grants related to income Special Fund of Changsha High-tech Zone for Industrial Development (長沙高新區產業發展專項資金)	15,716,000.00	36,525,867.00
Refund of taxes	59,528,004.35	68,497,010.97
Other research grants	140,976,462.92	108,158,138.29
Total	<u>216,220,467.27</u>	<u>213,181,016.26</u>

### 68. Investment income

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred during the previous period
Income from long-term equity investments under the equity method	60,364,356.23	50,057,361.46
Investment income from disposal of long-term equity investments	-	243,011,335.72
Loss from derecognition of financial assets measured at amortized cost	-23,907,670.65	-
Investment income from debt investments	22,729,987.33	-
Investment income from futures transactions	-	244,814.42
Others	-497,132.77	79,461,560.88
Total	<u>58,689,540.14</u>	<u>372,775,072.48</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 69. Gains on net exposure hedges

Applicable  Not Applicable

### 70. Gains on changes in fair value

Applicable  Not Applicable

### 71. Credit impairment losses

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred during the previous period
(Losses)/reversal from bad debts of accounts receivables	-33,666,850.32	25,640,234.35
Reversal/(losses) from bad debts of other receivables	29,593,545.64	-13,586,147.63
Losses from bad debts of long-term receivables	-8,067,498.05	-30,584,441.97
(Losses)/reversal from bad debts of non-current assets due within one year	-140,214.71	404,164.59
Reversal/(losses) from bad debts of retention money in other non-current assets	318,645.56	-804,399.14
Losses from impairment of receivables financing	-4,099,803.48	—
Total	<u>-16,062,175.36</u>	<u>-18,930,589.80</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 72. Losses from impairment of assets

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred during the previous period
(Losses)/reversal from decline in value of inventories	-540,471.33	2,287,468.78
Losses from impairment of contract assets	-13,265,841.95	-14,784,680.94
Total	<u>-13,806,313.28</u>	<u>-12,497,212.16</u>

### 73. Gains/(losses) on disposal of assets

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred during the previous period
Gains/(losses) on disposal of fixed assets	146,368,050.73	-1,382,312.77
Gains on disposal of intangible assets	24,856,941.01	—
Total	<u>171,224,991.74</u>	<u>-1,382,312.77</u>

The gains from disposal of fixed assets in 2020 include the disposal gains of RMB143,325,709.96 arising from the purchase and storage of the land located at No. 248 Jiangchang West Road, Shanghai, of Shanghai Engineering Bureau, the subsidiary of the Company, by the Land Reserve Center of Shanghai Jing'an District.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 74. Non-operating income

Information about non-operating income

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period	Amount included in current non-recurring profit or loss
Government grants			
Government grants related to assets			
Demolition grants	1,808,959.03	4,153,370.15	1,808,959.03
Compensation payments	5,174,120.74	7,885,413.28	5,174,120.74
Accounts payable	7,861,752.95	38,593,582.39	7,861,752.95
Others	11,255,445.64	11,167,229.08	11,255,445.64
Total	<u>26,100,278.36</u>	<u>61,799,594.90</u>	<u>26,100,278.36</u>

Government grants recognized through profit and loss for the period

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 75. Non-operating expenses

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period	Amount included in current non-recurring profit or loss
Lawsuits compensation	650,872.60	2,098,410.14	650,872.60
External donations	1,197,728.76	256,080.05	1,197,728.76
Losses from damage and scrap of non-current assets	1,543,123.62	1,043,662.29	1,543,123.62
Others	1,537,668.39	10,337,126.42	1,537,668.39
Total	<u>4,929,393.37</u>	<u>13,735,278.90</u>	<u>4,929,393.37</u>

### 76. Income tax expenses

#### (1). Table for income tax expenses

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period
Current income tax expenses	759,824,703.68	847,049,148.77
Deferred income tax expenses	36,627,622.94	3,377,012.14
Total	<u>796,452,326.62</u>	<u>850,426,160.91</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 76. Income tax expenses (Continued)

#### (2). Adjustment process for accounting profit and income tax

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period
Total profit	5,035,872,523.61	5,027,474,516.95
Income tax at the statutory/applicable income tax rate	1,258,968,130.90	1,256,868,629.24
Effect of different tax rates for subsidiaries	-306,661,817.77	-335,156,969.61
Profit and loss attributable to joint ventures and associates	-15,091,089.06	-12,514,340.37
Effect of non-taxable income	-35,858,127.64	-4,580,174.27
Effect of non-deductible cost, expenses and loss	41,393,833.10	57,291,952.54
Tax effect of deductible losses and deductible temporary differences not recognized	5,659,996.71	5,332,538.91
Utilization of the tax effect of deductible losses and temporary differences not recognized in previous years	-8,018,434.41	-36,541,003.96
Tax effect of additional deductions	-76,680,291.72	-85,440,626.58
Adjust on the income tax prevailing in previous period	-69,151,987.77	10,409,569.63
Effect of tax rate changes on deferred income tax balance at the beginning of the year	1,892,114.28	-4,872,750.69
Others	—	-370,663.93
Income tax expenses	<u>796,452,326.62</u>	<u>850,426,160.91</u>

Other explanation:

Applicable  Not Applicable

The Group's income tax has been provided at the applicable rate on the estimated profits assessable arising in the PRC during the period. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the countries/regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Share of tax attributable to joint ventures and associates in 2020 were RMB10,163,585.19 (2019: RMB6,417,416.22) and RMB4,140,227.01 (2019: RMB4,424,014.38), respectively. These shares of tax are included in the "income from investments in joint ventures and associates" in the consolidated income statement.



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 77. Other comprehensive income

Applicable  Not Applicable

The accumulated balance of other comprehensive income/(losses) attributable to the parent company in the consolidated balance sheet is as follows:

	Unit: Yuan		Currency: RMB		
	1 January 2019	Increase/ decrease	31 December 2019	Increase/ decrease	31 December 2020
Changes in re-measurement of defined benefit plan	-245,208,000.00	-28,696,000.00	-273,904,000.00	40,842,000.00	<b>-233,062,000.00</b>
Differences on translation of foreign currency financial statements	47,833.68	50,856.93	98,690.61	-599,918.74	<b>-501,228.13</b>
Provision for impairment of receivables financing	-	-	-	4,099,803.48	<b>4,099,803.48</b>
Hedging reserve arising from cash flows	-3,311,500.50	4,251,224.77	939,724.27	20,833,093.25	<b>21,772,817.52</b>
Total	<u>-248,471,666.82</u>	<u>-24,393,918.30</u>	<u>-272,865,585.12</u>	<u>65,174,977.99</u>	<b><u>-207,690,607.13</u></b>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 77. Other comprehensive income (Continued)

The amount for the current year of other comprehensive income/(losses) in the consolidated income statement is as follows:

2020

Unit: Yuan Currency: RMB

	Balance before tax	Income tax	Attributable to the parent company	Attributable to non-controlling interests
Other comprehensive losses not to be reclassified to profit or loss:				
Changes in re-measurement of defined benefit plan	40,842,000.00	—	40,842,000.00	—
Other comprehensive income to be reclassified to profit or loss:				
Differences on translation of foreign currency financial statements	-599,918.74	—	-599,918.74	—
Provision for impairment of receivables financing	4,099,803.48	—	4,099,803.48	—
Hedging reserve arising from cash flows	20,833,093.25	—	20,833,093.25	—
Total	65,174,977.99	—	65,174,977.99	—

2019

Unit: Yuan Currency: RMB

	Balance before tax	Income tax	Attributable to the parent company	Attributable to non-controlling interests
Other comprehensive losses not to be reclassified to profit or loss:				
Changes in re-measurement of defined benefit plan	-28,696,000.00	—	-28,696,000.00	—
Other comprehensive income to be reclassified to profit or loss:				
Differences on translation of foreign currency financial statements	50,856.93	—	50,856.93	—
Hedging reserve arising from cash flows	4,251,224.77	—	4,251,224.77	—
Total	-24,393,918.30	—	-24,393,918.30	—

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 78. Items in statement of cash flows

#### (1). Other cash received related to operating activities

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period
Income from other businesses	280,121,524.69	252,846,900.93
Government grants	153,060,522.26	149,133,979.81
Interest income	179,761,892.90	176,665,151.64
Others	225,217,151.25	23,206,012.51
Total	<u>838,161,091.10</u>	<u>601,852,044.89</u>

#### (2). Other cash paid related to operating activities

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period
Research and development expenses	559,075,929.74	708,721,332.93
Safety production expenses	193,509,344.88	340,806,046.54
Travel and business hospitality expenses	53,693,633.71	127,344,693.75
Others	219,157,087.11	650,100,467.29
Total	<u>1,025,435,995.44</u>	<u>1,826,972,540.51</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020  
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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 78. Items in statement of cash flows (Continued)

#### (3). Other cash received related to investment activities

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the previous period
Borrowed funds received from former subsidiaries	–	1,578,170,000.00
Interest income	<b>235,301,688.31</b>	128,795,436.72
Others	–	54,299,606.60
Total	<b><u>235,301,688.31</u></b>	<b><u>1,761,265,043.32</u></b>

#### (4). Other cash paid related to investment activities

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	2020	2019
Futures margin	<b>10,758,063.72</b>	–
Derecognition of losses from financial assets at amortized cost	<b>23,907,670.65</b>	–
Cash paid for disposal of a subsidiary	–	67,227,316.24
Total	<b><u>34,665,734.37</u></b>	<b><u>67,227,316.24</u></b>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 78. Items in statement of cash flows (Continued)

(5). Other cash received related to fund-raising activities

Applicable  Not Applicable

(6). Other cash paid relating to other fund-raising activities

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	2020	2019
Rental expenses	83,636,649.91	95,817,093.91
Others	129,894,719.76	26,676,244.78
Total	<u>213,531,369.67</u>	<u>122,493,338.69</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

#### (1). Supplementary information to the statement of cash flows

✓ Applicable    □ Not Applicable

Unit: Yuan    Currency: RMB

Supplementary information	Amount for the current period	Amount for the previous period
<b>1. Adjustment of net profit to cash flow of operating activities:</b>		
Net profit	4,239,420,196.99	4,177,048,356.04
Add: assets impairment losses	13,806,313.28	12,497,212.16
Credit impairment losses	16,062,175.36	18,930,589.80
Depreciation of fixed assets, oil and gas assets, productive biological assets	373,492,822.52	367,517,459.10
Amortization of right-of-use assets	74,207,221.70	80,467,633.95
Amortization of intangible assets	143,592,674.87	138,309,942.81
Amortization of long-term prepaid expenses	38,886,842.27	27,246,661.12
Depreciation and amortization of investment properties	12,860,420.23	12,874,137.89
Loss from disposal of fixed assets, intangible assets and other long-term assets (income as sign "-")	-171,224,991.74	1,382,312.77
Financial costs (income as sign "-")	-118,903,936.19	547,387.23
Investment loss (income as sign "-")	-58,689,540.14	-372,775,072.48
Decrease in deferred income tax assets (increase as sign "-")	43,184,357.88	3,799,808.38
Increase in deferred income tax liabilities (decrease as sign "-")	-6,556,734.94	-422,796.24
Increase in special reserve (decrease as sign "-")	-108,698,132.33	37,710,212.56
Decrease in inventories (increase as sign "-")	-288,450,005.14	-59,739,423.66
Increase in contract assets (decrease as sign "-")	-3,021,674,706.33	-2,011,163,193.48
Increase in contract liabilities (decrease as sign "-")	-345,071,197.80	688,645,277.85
Decrease in operating receivables (increase as sign "-")	-4,408,520,063.81	-5,342,589,106.56
Increase in operating payables (decrease as sign "-")	6,579,652,236.40	5,591,073,385.63
Others	-	-
Net cash flow generated from operating activities	<u>3,007,375,953.08</u>	<u>3,371,360,784.87</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 79. Supplementary information to the statement of cash flows (Continued)

#### (1). Supplementary information to the statement of cash flows (Continued)

Supplementary information	Amount for the current period	Amount for the previous period
<b>2. Significant investment and financing activities not involving cash receipts and payments:</b>		
Discounted bills with maturity	67,084,139.66	99,556,312.99
Right-of-use assets acquired by committing lease liabilities	66,853,123.08	117,373,463.00
<b>3. Net change in cash and cash equivalents:</b>		
Ending Balance of Cash	18,184,861,073.07	17,854,952,684.12
Less: opening balance of cash	17,854,952,684.12	10,808,205,777.53
Net increase in cash and cash equivalents	<u>329,908,388.95</u>	<u>7,046,746,906.59</u>

#### (2). Net cash paid to acquire subsidiaries during the period

Applicable  Not Applicable

#### (3). Net cash received from disposal of subsidiaries during the period

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 79. Supplementary information to the statement of cash flows (Continued)

#### (4). Composition of cash and cash equivalents

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
<b>I. Cash</b>	<b>18,184,861,073.07</b>	17,854,952,684.12
Including: Cash on hand	714,559.72	1,441,606.54
Bank deposits available for payment	<b>18,184,146,513.35</b>	17,853,511,077.58
Other monetary funds available for payment	—	—
Funds deposited with the central bank that are available for payment	—	—
Deposit from other banks	—	—
Loans to other banks	—	—
<b>II. Cash equivalents</b>	—	—
Including: Bond investment due within three months	—	—
<b>III. Closing balance of cash and cash equivalents</b>	<b>18,184,861,073.07</b>	17,854,952,684.12
Including: Cash and cash equivalents with restrictions on use by the parent or subsidiaries within the Group	—	—

Other explanation:

Applicable  Not Applicable

### 80. Notes to items in statement of changes in owner's equity

Explanation of the name of "Others" item that adjusted the closing balance at the end of last year and the amount of adjustment, etc.:

Applicable  Not Applicable



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 81. Assets with restricted ownership or right-of-use

✓ Applicable     Not Applicable

Unit: Yuan    Currency: RMB

	Notes	31 December 2020	31 December 2019
Assets used as guarantee:			
Receivables for financing	Note 1	52,492,742.32	67,084,139.66
Long-term receivables	Note 2	4,092,306,736.92	3,586,890,185.27
Subtotal		4,144,799,479.24	3,653,974,324.93
Assets with restricted right-of-use due to other reasons:			
Monetary funds – acceptance bill deposits		48,101,075.32	94,945,829.67
Monetary funds – guarantee letter deposits		43,400,800.35	60,742,234.54
Monetary funds – other purposes		94,536,801.37	110,647,474.58
Subtotal		186,038,677.04	266,335,538.79
Total		4,330,838,156.28	3,920,309,863.72

Other explanation:

Note 1: As at 31 December 2020 and 31 December 2019, the Group had no notes receivable that was pledged for the purpose of issuing bank acceptance bills payable.

On 31 December 2020, the book value of bank acceptance bills and commercial acceptance bills pledged by the Group were RMB2,561,294.29 and RMB49,931,448.03 respectively, which was used to obtain short-term loans of RMB52,492,742.32. On 31 December 2019, the book value of bank acceptance bills and commercial acceptance bills pledged by the Group were RMB5,824,991.90 and RMB61,259,147.76 respectively, which was used to obtain short-term loans of RMB67,084,139.66. See Note VII. 32 for details.

Note 2: As at 31 December 2020, the Group's long-term receivables of RMB4,092,306,736.92 (31 December 2019: RMB3,586,890,185.27), which were formed by the earning rights of the franchise pledged and all proceeds thereunder it, were used to obtain long-term loans of RMB1,900,360,668.00 (31 December 2019: RMB1,664,299,760.80). See Notes VII. 16 and 45 for details.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 82. Foreign currency monetary items

#### (1). Foreign currency monetary items

Applicable  Not Applicable

Unit: Yuan

Item	Ending balance of foreign currency	Exchange rate	Ending balance in RMB equivalent
Monetary funds			
Including: US Dollar	36,559,817.93	6.5249	238,549,156.04
Euro	127,846.84	8.0250	1,025,970.91
HK Dollar	1,145,302,311.57	0.8416	963,886,425.42
Indian Rupee	9,927.10	0.0893	886.49
Others	—	—	41,222,576.30
Total			<u>1,244,685,015.16</u>
Accounts payable			
Including: Indian Rupee	<u>92,606,507.28</u>	<u>0.0893</u>	<u>8,269,761.10</u>
Total			<u>8,269,761.10</u>

#### (2). Notes on the overseas operating entities, including, for significant overseas operating entities, the necessary disclosure of main overseas operating places, functional currency and selection basis, as well as reasons for changes of the functional currency

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 83. Hedging

Applicable  Not Applicable

### 84. Government grants

#### (1). Basic information of government grants

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Type	Amount	Items reported	Amount included in current profit or loss
Demolition grants		– Non-operating income	1,808,959.03
Special Fund of Changsha High-tech Zone for Industrial Development	516,000.00	Other income	15,716,000.00
Refund of taxes	59,528,004.35	Other income	59,528,004.35
Other research grants	153,099,001.78	Other income/ deferred income	140,976,462.92

#### (2). Return of government grants

Applicable  Not Applicable



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 85. Others

Applicable  Not Applicable

The supplementary information of the Group's operating costs, sales expenses, management expenses and research and development expenses by nature is set forth as follows:

	2020	2019
Raw materials and spare parts consumed	<b>19,577,944,358.37</b>	20,637,647,161.92
Subcontracting costs	<b>6,653,886,677.56</b>	6,641,806,246.77
Employee benefits	<b>4,981,420,643.62</b>	5,077,803,677.13
Research expenses	<b>584,887,381.95</b>	708,721,332.93
Depreciation and amortization	<b>643,039,981.59</b>	626,415,834.87
Others	<b>3,104,438,785.05</b>	3,411,661,116.25
Total	<b><u>35,545,617,828.14</u></b>	<b><u>37,104,055,369.87</u></b>

Note: The labor expenses of RMB849,386,017.95 (2019: RMB874,734,434.04) under the research and development expenses has been included in the employee benefits.

## VIII. CHANGES ON SCOPE OF CONSOLIDATION

### 1. Business combination of entities not under common control

Applicable  Not Applicable

### 2. Business combination of entities under common control

Applicable  Not Applicable

### 3. Reverse takeover

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VIII. CHANGES ON SCOPE OF CONSOLIDATION (Continued)

### 4. Disposal of subsidiaries

Whether or not the loss of control occurs immediately after a single disposal of investment in the subsidiaries

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

### 5. Changes in scope of consolidation due to other reasons

Explanation of changes in scope of consolidation due to other reasons (e.g. incorporation of new subsidiaries, and liquidation of subsidiaries, etc.) and relevant information:

Applicable  Not Applicable

On 31 March 2020, CRSC Innovation Zhejiang Construction Investment (通號創新浙江建設投資有限公司) (“Zhejiang Construction Investment”, a former third-tier subsidiary of the Company) absorbed and merged CRSC Communications Construction Co., Ltd. (通號交通建設有限公司) (“CRSC Communications”, a former second-tier subsidiary of the Company). Zhejiang Construction Investment is now a second-tier subsidiary of the Company and CRSC Communications became a third-tier subsidiary of the Company.

On 30 April 2020, CRSC Material Group Company Ltd. (通號物資集團有限公司) (“Material Group”, a former second-tier subsidiary of the Company) was transferred to CRSC Engineering Group Company Ltd. (通號工程局集團有限公司) and became a third-tier subsidiary of the Company. CRSC (Beijing) Bid Ltd. (通號(北京)招標有限公司) (a former second-tier subsidiary of Material Group, namely a former third-tier subsidiary of the Company) became a second-tier subsidiary of the Company.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## VIII. CHANGES ON SCOPE OF CONSOLIDATION (Continued)

### 5. Changes in scope of consolidation due to other reasons (Continued)

On 30 April 2020, CRSC Institute of Smart City Research & Design Co., Ltd. (通號智慧城市研究設計院有限公司) (“Smart City Research & Design”, a former second-tier subsidiary of the Company) was transferred to CRSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司) (a second-tier subsidiary of the Company). Consequently, Smart City Research & Design became a third-tier subsidiary of the Company.

On 30 June 2020, CRSC Railway vehicles Co., Ltd. (通號軌道車輛有限公司) (“CRSC Railway vehicles”, a former second-tier subsidiary of the Company) was transferred to CRSC (Changsha) Rail Transit Control Technology Company Limited (通號(長沙)軌道交通控制技術有限公司) (a second-tier subsidiary of the Company). Consequently, CRSC Railway vehicles became a third-tier subsidiary of the Company.

In 30 June 2020, Xi’an Quanlutonghao Equipment Research Co., Ltd. (西安全路通號器材研究有限公司) and Xi’an Tonghao Railway Signal Product Inspection Station Co., Ltd. (西安通號鐵路信號產品檢驗站有限公司), subsidiaries of CRSC Inspection Co., Ltd. (“CRSC Inspection”, a former second-tier subsidiary of the Company), were transferred to CRSC (Xi’an) Rail Industry Group Co., Ltd. and CRSC Research & Design Institute Group Co., Ltd., second-tier subsidiaries of the Company, respectively. CRSC Inspection was cancelled in September 2020.

### 6. Others

Applicable    Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## IX. INTERESTS IN OTHER ENTITIES

### 1. Interests in subsidiaries

#### (1). Composition of enterprise group

✓ Applicable    □ Not applicable

Name of subsidiaries	Places of principal activities	Place of registration	Nature of business	Shareholding percentage of the Group (%)		Means of acquisition
				Direct	Indirect	
CRSC (Beijing) Rail Industry Group Co., Ltd. (通號(北京)軌道工業集團有限公司) ("CRSC Beijing Industry Group")	Beijing	Beijing	Equipment manufacturing	100.00	–	Incorporation
CRSC (Xi'an) Rail Industry Group Co., Ltd. (通號(西安)軌道交通工業集團有限公司) ("CRSC Xi'an Industry Group")	Xi'an	Xi'an	Equipment manufacturing	100.00	–	Incorporation
CRSC Cables Company Ltd. (通號電纜集團有限公司) ("CRSC Cables")	Zhengzhou	Zhengzhou	Equipment manufacturing	100.00	–	Incorporation
Beijing National Railway Research & Design Institute of Signal & Communication Co., Ltd. (北京全路通信信號研究設計院集團有限公司) ("CRSCD")	Beijing	Beijing	Design integration	100.00	–	Incorporation
CASCO Signal Ltd. (卡斯柯信號有限公司) ("CRSC CASCO")	Shanghai	Shanghai	Design integration	51.00	–	Business combination not under common control
CRSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司) ("CRSCC")	Beijing	Beijing	Design integration	100.00	–	Incorporation
CRSC Urban Rail Transit Technology Co., Ltd. (通號城市軌道交通技術有限公司) ("Urban Rail Transit")	Beijing	Beijing	Design integration	100.00	–	Incorporation
China Railway Signal & Communication Shanghai Engineering Bureau Group Co., Ltd. (中國鐵路通信信號上海工程局集團有限公司) ("CRSCS")	Shanghai	Shanghai	System delivery service and design integration	100.00	–	Incorporation
CRSC Engineering Group Company Ltd. (通號工程局集團有限公司) ("CRSCE")	Beijing	Beijing	System delivery service	100.00	–	Incorporation
CRSC International Holdings Company Limited (通號國際控股有限公司) ("CRSC International Holdings")	Beijing	Beijing	Design integration	100.00	–	Incorporation
CRSC Innovation Investment Co., Ltd. (通號創新投資有限公司) ("Innovation Investment")	Beijing	Beijing	Investment management	100.00	–	Incorporation
CRSC (Changsha) Rail Transit Control Technology Company Limited (通號(長沙)軌道交通控制技術有限公司) ("CRSC Changsha Railway")	Changsha	Changsha	System delivery service	100.00	–	Incorporation
CRSC Wanquan Signal Equipment Co., Ltd. (通號萬全信號設備有限公司) ("CRSC Wanquan")	Taizhou	Taizhou	Equipment manufacturing	70.00	–	Business combination not under common control
CRSC Construction Group Co., Ltd. (通號建設集團有限公司) ("CRSC Construction")	Changsha	Changsha	General engineering contracting	100.00	–	Incorporation

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## IX. INTERESTS IN OTHER ENTITIES (Continued)

### 1. Interests in subsidiaries (Continued)

#### (1). Composition of enterprise group (Continued)

Name of subsidiaries	Places of principal activities	Place of registration	Nature of business	Shareholding percentage of the Group (%)		Means of acquisition
				Direct	Indirect	
Zhengzhou Zhongyuan Railway Engineering Co., Ltd. (鄭州中原鐵道工程有限責任公司) ("Zhengzhou Zhongyuan")	Zhengzhou	Zhengzhou	General engineering contracting and system delivery service	65.00	–	Business combination not under common control
CRSC (Zhengzhou) Electrification Bureau Co., Ltd. (通號(鄭州)電氣化局有限公司) ("CRSC Electrification Bureau")	Zhengzhou	Zhengzhou	General engineering contracting	65.00	–	Business combination not under common control
CRSC Jishou Huatai Pipeline Project Management Co., Ltd. (吉首通號華泰管廊項目管理有限責任公司) ("CRSC Huatai")	Jishou	Jishou	Project management of engineering and operation and maintenance	90.00	–	Incorporation
CRSC Jishou Tengda Project Management Co., Ltd. (吉首通號騰達項目管理有限責任公司) ("CRSC Tengda")	Jishou	Jishou	Project management of engineering and operation and maintenance	90.00	–	Incorporation
China Railway Signal & Communication International Co., Ltd. (中國通號國際有限公司) ("CRSC International")	Hong Kong, the PRC	Hong Kong, the PRC	Technical exchange and trade	100.00	–	Incorporation
CRSC Innovation Zhejiang Construction Investment Ltd. (通號創新浙江建設投資有限公司) ("Zhejiang Construction Investment")	Jinhua	Jinhua	General engineering contracting	100.00	–	Incorporation
CRSC (Jiangsu) Smart City Construction & Development Co., Ltd. (通號(江蘇)智慧城市建設開發有限公司) ("CRSC Jiangsu Smart")	Taixing	Taixing	Design integration	90.00	–	Incorporation
CRSC(Beijing) Tendering Company Ltd. (通號(北京)招標有限公司) ("CRSC Beijing Tendering")	Beijing	Beijing	Bidding agency	100.00	–	Incorporation

Note 1: All the companies above are limited liability companies.

Note 2: For changes on major subsidiaries for the year, please refer to Note VIII. 5.

Note 3: The financial statements of CRSCC, Urban Rail Transit, CRSC International Holdings, CRSC Changsha Railway, CRSC Wanquan, CRSC Construction, Zhengzhou Zhongyuan, CRSC Electrification Bureau, CRSC Huatai, CRSC Tengda, CRSC International, Zhejiang Construction Investment, CRSC Jiangsu Smart and CRSC Beijing Tendering for 2020 have been audited by Baker Tilly China Certified Public Accountants, which has issued standard unqualified audit reports correspondingly.



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## IX. INTERESTS IN OTHER ENTITIES (Continued)

### 1. Interests in subsidiaries (Continued)

#### (2). Significant non-wholly owned subsidiaries

Applicable  Not applicable

2020

Unit: Yuan Currency: RMB

Name of subsidiary	Shareholding percentage of non-controlling shareholders	Current profits and losses attributable to non-controlling shareholders	Current dividends declared and paid to non-controlling shareholders	Ending balance of interest of non-controlling shareholders
CRSC CASCO	49%	316,954,230.64	245,759,500.00	881,245,446.95

2019

Name of subsidiary	Shareholding percentage of non-controlling shareholders	Profits and losses attributable to non-controlling shareholders	Dividends declared and paid to non-controlling shareholders	Current capital from non-controlling shareholders	Ending cumulative interest of non-controlling shareholders
CRSC CASCO	49%	299,598,460.10	255,401,720.00	156,800,000.00	834,272,252.00

Explanations for the inconsistency of shareholding percentage of non-controlling shareholders of subsidiaries with proportion of their voting rights:

Applicable  Not applicable

Other explanations:

Applicable  Not applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## IX. INTERESTS IN OTHER ENTITIES (Continued)

### 1. Interests in subsidiaries (Continued)

#### (3). Main financial information of significant non-wholly owned subsidiaries

✓ Applicable  Not applicable

Unit: Yuan Currency: RMB

Name of subsidiary	Closing balance				Opening balance							
	Current assets	Non-current assets	Total assets	Total liabilities	Current liabilities	Non-current liabilities	Total assets	Total liabilities				
CFSC CASCO	4,312,183,680.45	1,211,997,129.25	5,524,180,789.70	3,651,280,331.85	74,440,362.04	3,725,720,693.89	4,388,997,224.53	612,256,839.49	5,001,254,064.02	3,230,847,983.55	67,809,647.83	3,298,657,631.38
Name of subsidiary	Amount for the current period				Amount for the previous period							
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities				
CFSC CASCO	3,923,172,792.98	646,845,368.66	646,845,368.66	1,101,673,886.17	3,724,631,558.93	611,425,428.78	611,425,428.78	1,003,405,460.37				

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## IX. INTERESTS IN OTHER ENTITIES (Continued)

### 1. Interests in subsidiaries (Continued)

#### (4). Major restrictions on the use of assets of the Group and repayment of debts of the Group

Applicable  Not Applicable

#### (5). Financial support or other support provided for structured entities included in the scope of consolidated financial statements

Applicable  Not Applicable

Other explanations:

Applicable  Not Applicable

### 2. Transaction in which the share of owner's interests in the subsidiary changes while control over the subsidiary remaining unchanged

Applicable  Not Applicable

### 3. Interests in the joint venture or associate

Applicable  Not applicable

See Note VII. 17 for details.

#### (1). Significant joint ventures or associates

Applicable  Not Applicable

#### (2). Main financial information of significant joint ventures

Applicable  Not Applicable

#### (3). Main financial information of significant associates

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## IX. INTERESTS IN OTHER ENTITIES (Continued)

### 3. Interests in the joint venture or associate (Continued)

#### (4). Summary of financial information of insignificant joint ventures and associates

Applicable  Not applicable

Unit: Yuan Currency: RMB

	<b>Balance at end of the period/amount incurred in the period</b>	<b>Balance at beginning of the period/amount incurred in the previous period</b>
Joint ventures:		
Total book value of investment	232,579,525.12	236,048,139.20
Total amount of the following items calculated on the basis of shareholding percentage		
– Net profit	21,356,385.92	23,628,094.30
– Total comprehensive income	21,356,385.92	23,628,094.30
Associates:		
Total book value of investment	876,453,691.23	745,493,462.30
Total amount of the following items calculated on the basis of shareholding percentage		
– Net profit	39,007,970.31	27,184,967.13
– Total comprehensive income	39,007,970.31	27,184,967.13

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## IX. INTERESTS IN OTHER ENTITIES (Continued)

### 3. Interests in the joint venture or associate (Continued)

(5). Explanation for the significant restrictions on the ability of joint ventures or associates to transfer funds to the Company

Applicable  Not applicable

(6). Excessive loss incurred by joint ventures or associates

Applicable  Not Applicable

(7). Unrecognised commitments related to investments in joint ventures

Applicable  Not Applicable

(8). Contingent liabilities related to investments in joint ventures or associates

Applicable  Not Applicable

### 4. Significant joint operation

Applicable  Not Applicable

### 5. Interests in structured entities not included in the scope of consolidated financial statements

Explanation about structured entities not included in the scope of consolidated financial statements:

Applicable  Not Applicable

### 6. Others

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## X. RISKS RELATED TO FINANCIAL INSTRUMENTS

✓ Applicable    □ Not applicable

### 1. Category of financial instruments

Book values of various financial instruments as of the balance sheet date are as follows:

31 December 2020

Financial assets

Unit: Yuan    Currency: RMB

	Measurement at amortized cost	Measurement at fair value through other comprehensive income	Total
Cash and bank balances	22,740,631,687.08	–	22,740,631,687.08
Receivables for financing	–	2,230,124,457.61	2,230,124,457.61
Accounts receivable	18,290,953,101.67	–	18,290,953,101.67
Other receivables	1,476,276,378.69	–	1,476,276,378.69
Debt investment	273,172,183.50	–	273,172,183.50
Other equity instrument investments	–	1,019,867,488.13	1,019,867,488.13
Long-term receivables	8,384,707,579.19	–	8,384,707,579.19
Financial assets included in other non-current assets (including maturity within 1 year)	320,052,882.98	–	320,052,882.98
	<u>51,485,793,813.11</u>	<u>3,249,991,945.74</u>	<u>54,735,785,758.85</u>

Financial liabilities

Unit: Yuan    Currency: RMB

	Other financial liabilities	Total
Short-term borrowings	491,584,392.53	491,584,392.53
Bills payable	1,974,383,429.57	1,974,383,429.57
Accounts payable	44,705,884,497.10	44,705,884,497.10
Other payables	1,979,340,519.78	1,979,340,519.78
Long-term borrowings	1,995,641,575.20	1,995,641,575.20
Financial liabilities in non-current liabilities due within one year	216,094,781.87	216,094,781.87
Lease liabilities	80,677,106.29	80,677,106.29
Long-term payables	77,846,656.30	77,846,656.30
	<u>51,521,452,958.64</u>	<u>51,521,452,958.64</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## X. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

### 1. Category of financial instruments (Continued)

31 December 2019

Financial assets

Unit: Yuan Currency: RMB

	Measurement at amortized cost	Measurement at fair value through other comprehensive income	Total
Cash and bank balances	24,000,333,948.30	–	24,000,333,948.30
Receivables for financing	–	1,478,647,844.54	1,478,647,844.54
Accounts receivable	16,757,628,007.95	–	16,757,628,007.95
Other receivables	1,148,124,174.34	–	1,148,124,174.34
Debt investment	273,172,183.50	–	273,172,183.50
Other equity instrument investments	–	806,064,229.20	806,064,229.20
Long-term receivables	6,422,130,017.28	–	6,422,130,017.28
Financial assets included in other non-current assets (including maturity within 1 year)	195,077,594.14	–	195,077,594.14
	<u>48,796,465,925.51</u>	<u>2,284,712,073.74</u>	<u>51,081,177,999.25</u>

Financial liabilities

Unit: Yuan Currency: RMB

	Other financial liabilities	Total
Short-term borrowings	238,066,170.39	238,066,170.39
Bills payable	1,278,194,766.35	1,278,194,766.35
Accounts payable	39,943,249,975.12	39,943,249,975.12
Other payables	1,120,169,597.60	1,120,169,597.60
Long-term borrowings	1,941,098,540.80	1,941,098,540.80
Financial liabilities in non-current liabilities due within one year	257,586,818.00	257,586,818.00
Lease liabilities	75,374,177.82	75,374,177.82
Long-term payables	74,981,014.21	74,981,014.21
	<u>44,928,721,060.29</u>	<u>44,928,721,060.29</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## X. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

### 2. Transfer of financial assets

#### Transferred financial assets that are not derecognized in their entirety

As at 31 December 2020, the book value of bank acceptance bills and commercial acceptance bills that the Group has endorsed or discounted to suppliers for settlement of trade payables were RMB179,206,712.21 and RMB211,897,708.43 respectively (31 December 2019: RMB88,668,931.24 and RMB268,535,267.23). The Group believed that almost all risks and rewards have been retained, including related default risks. Therefore, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the endorsement, the Group no longer reserves the right to use it, including the right to sell, transfer or pledge it to other third parties. The aggregate carrying amount of the trade payables settled by the endorsed bills as at 31 December 2020 was RMB391,104,420.64 (31 December 2019: RMB357,204,198.47).

#### Transferred financial assets that are derecognised in their entirety in which continuing involvement exists

As at 31 December 2020, the Group have endorsed bank acceptance bills to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount of RMB934,167,212.36 (31 December 2019: RMB541,594,787.67). As at 31 December 2020, the derecognized bills had a maturity of one to twelve months. In accordance with the Law of Negotiable Instruments, the holders of the derecognized bills have the right of recourse against the Group if the accepting banks default (the "Continuing Involvement"). In the opinion of the Group, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the carrying amounts of such Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Group, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

In 2020, the Group did not recognise any profit or loss on the date of transfer of the derecognised bills. The Group had no current or accumulated gains or expenses related to continuing involvement of financial assets which had been derecognized. The endorsement and discount happen evenly throughout the year.



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## X. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

### 3. Risk of financial instruments

The Group is faced with risks of various financial instruments in daily activities, which mainly include credit risk, liquidity risk and market risk (including exchange rate risk and interest rate risk). The main financial instruments of the Group include monetary funds, equity investment, borrowings, accounts receivable, receivables for financing, bills payable and accounts payable and others. The risks associated with these financial instruments and the risk management strategies adopted by the Group to mitigate these risks are described below.

The Board of Directors shall be responsible for planning and establishing the risk management framework of the Group, formulating the Group's risk management policies and relevant guidelines, and supervising the implementation of risk management measures. The Group has formulated risk management policies to identify and analyse risks the Group faced with. These risk management policies specify specific risks and cover market risks, credit risks, liquidity risk management and many other aspects. The Group regularly evaluates changes in the market environment and the Group's business activities to determine whether to update risk management policies and systems. The risk management of the Group shall be carried out by the Risk Management Committee in accordance with the policies approved by the Board. The Risk Management Committee works closely with other business units of the Group to identify, assess and hedge relevant risks. The internal audit department of the Group conducts regular audits on risk management control and procedures and reports the audit results to the Group's Audit Committee.

The Group diversifies the risk of financial instruments through various appropriate investments and business portfolios, and reduces the risk of concentration in any single industry, specific region or specific counterparty by formulating corresponding risk management policies.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Group only deals with recognized and reputable third parties. According to the Group's policy, credit review is required for all customers who seek to carry out credit-based transactions. In addition, the Group continuously monitors the balance of accounts receivable to ensure that the Group is not exposed to significant bad debt risks. For transactions that are not settled in the bookkeeping base currency of the relevant business entity, the Group does not provide credit-based transaction conditions unless specifically approved by the credit control department of the Group.

Financial assets of the Group include monetary funds, account receivable, other equity instruments investment and other receivables. The credit risk of these financial assets originates from the default of the counterparty. The maximum risk exposure is equal to the book value of these instruments.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## X. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

### 3. Risk of financial instruments (Continued)

#### Credit risk (Continued)

As the Group only deals with recognized and reputable third parties, no collateral is required. Credit risk is centrally managed by customers/counterparties, geographic regions and industries. Customers owing accounts receivables to the Group were widely engaged in different sectors and industries, therefore, there was no concentration of significant credit risks within the Group. The Group did not hold any collateral or other credit enhancement against the balance of accounts receivable.

#### *Criteria for judgment of significant increase in credit risk*

On each balance sheet date, the Group assessed whether or not the credit risk of relevant financial instruments has increased significantly since initial recognition. In determining whether or not the credit risk has increased significantly since the initial recognition, the Group considered that the reasonable and reliable information could be obtained without unnecessary extra costs or efforts, including qualitative and quantitative analysis based on the Group's historical data, external credit risk rating and forward-looking information. Based on a single financial instrument or a combination of financial instruments with similar credit risk characteristics, the Group compared the risk of default of financial instruments as at the balance sheet date with the risk of default on the initial recognition date to determine the changes in the default risk of financial instruments during their expected lifetime.

The Group believed that the credit risk of financial instruments has increased significantly when one or more of the following quantitative and qualitative criteria or upper limit indicators are triggered:

- The quantitative criteria are satisfied if the probability of default for the remaining lifetime on the reporting date rises by more than a certain proportion compared with the probability of default at time of the initial recognition;
- Qualitative criteria mainly comprise material adverse changes in the debtor's business or financial position, and alert list of customers;
- The upper limit indicator is defined as the debtor's contract payment (including principal and interest) has been overdue for more than 30 days.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## X. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

### 3. Risk of financial instruments (Continued)

#### Credit risk (Continued)

##### *Definition of assets with credit impairment*

In order to determine whether or not credit impairment has occurred, the Group adopted the definition criteria consistent with the internal credit risk management objectives for relevant financial instruments, while considering both quantitative and qualitative indicators. When the Group evaluated whether or not the debtor suffers from credit impairment, it mainly considered the following factors:

- the issuer or debtor is in material financial difficulties;
- the debtor violates the contract, such as default or overdue payment of interest or principal, etc.;
- the creditor gives concessions that it would not make under any other circumstance based on economic or contractual considerations related to the debtor's financial difficulties;
- the debtor is likely to go bankrupt or undergo other financial restructuring;
- financial difficulties of the issuer or debtor result in the disappearance of the active market of the financial asset;
- purchase or generate a financial asset at a substantial discount, which reflects the fact that credit impairment has occurred.

Credit impairment of financial assets might be caused by the combined action of multiple events, but not necessarily by separately identifiable events.

## X. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

### 3. Risk of financial instruments (Continued)

#### Credit risk (Continued)

##### *Parameters for Measuring Expected Credit Loss*

Depending on whether credit risk has increased significantly and whether credit impairment has occurred, the Group measures impairment provision for different assets with the expected credit loss for 12 months or the entire lifetime period, respectively. The key parameters for expected credit loss measurement include default probability, default loss rate and default risk exposure. Considering the quantitative analysis and forward-looking information of historical statistical data (such as counterparty ratings, guarantees and collateral types, repayment methods and others), the Group establishes a default probability, default loss rate and default risk exposure model.

The relevant definitions are as follows:

- Probability of default (PD) refers to the possibility that the debtor will not be able to fulfill its obligations of repayment over the next 12 months or throughout the entire remaining lifetime. The Group's PD is adjusted based on the results of the historical mobility model of receivables, taking into account the forward-looking information to reflect the debtor's PD under the current macroeconomic environment;
- Loss given default (LGD) refers to the Group's expectation of the extent of the loss resulting from the default exposure. Depending on the type of counterparty, the method and priority of the recourse, and the type of collaterals, the LGD varies. The LGD is the percentage of loss of risk exposure at the time of default, calculated over the next 12 months or over the entire remaining lifetime;
- Exposure at default (EAD) is the amount that the Group should be reimbursed at the time of the default in the next 12 months or throughout the entire remaining lifetime.

Both the assessment of a significant increase in credit risk and the calculation of ECL involve forward-looking information. Through the analysis of historical data, the Group identified the key economic indicators that affect the credit risk of each business type and ECL.

See Notes VII. 5, 8 and 10 for the risk exposure information of receivables, other receivables and contract assets.

See Notes VII. 5, 8, 10, 16 and 12 for the quantitative data of credit risk exposure of the Group due to receivables, other receivables, contract assets, long-term receivables and non-current assets due within one year (long-term receivables).

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## X. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

### 3. Risk of financial instruments (Continued)

#### Liquidity risk

The Group manages its risk of fund deficiency using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and estimated cash flows from the Group's operations.

The Group sets its objective as maintaining a balance between continuity and flexibility in funding through the comprehensive use of several financing methods such as notes settlement and bank borrowings, as well as optimizing financing structure through the appropriate combination of long and short-term financing. The Group has obtained banking facilities from several commercial banks to fund the working capital requirements and capital expenditure.

The management of the Company monitors the liquidity position of the Company on an ongoing basis to ensure the availability of sufficient liquid funds to meet all obligations as they fall due and to make the most efficient use of the Company's financial resources.

The table below summarizes the maturity profile of the Group's financial liabilities based on the undiscounted contractual cash flows:

#### 31 December 2020

Unit: Yuan Currency: RMB

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	491,584,392.53				491,584,392.53
Bills payable	1,974,383,429.57	-	-	-	1,974,383,429.57
Accounts payable	44,705,884,497.10	-	-	-	44,705,884,497.10
Other payables	1,979,340,519.78	-	-	-	1,979,340,519.78
Lease liabilities	62,431,029.36	30,838,300.28	33,975,222.35	-	127,244,551.99
Long-term borrowings (including maturity within 1 year)	128,719,092.80	187,000,000.00	577,900,000.00	1,230,741,575.20	2,124,360,668.00
Interests arising from long-term and short-term loans	107,023,325.37	96,714,836.65	233,871,839.43	276,030,640.16	713,640,641.61
Long-term payables (including maturity within 1 year)	42,421,794.65	77,846,656.30	-	-	120,268,450.95
	<u>49,491,788,081.16</u>	<u>392,399,793.23</u>	<u>845,747,061.78</u>	<u>1,506,772,215.36</u>	<u>52,236,707,151.53</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## X. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

### 3. Risk of financial instruments (Continued)

#### Liquidity risk (Continued)

31 December 2019

Unit: Yuan Currency: RMB

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Short-term borrowings	238,066,170.39	–	–	–	238,066,170.39
Bills payable	1,278,194,766.35	–	–	–	1,278,194,766.35
Accounts payable	39,943,249,975.12	–	–	–	39,943,249,975.12
Other payables	1,120,169,597.60	–	–	–	1,120,169,597.60
Lease liabilities	74,327,474.48	46,541,055.35	51,228,117.38	–	172,096,647.21
Long-term borrowings (including maturity within 1 year)	154,346,670.00	128,719,092.80	–	1,812,379,448.00	2,095,445,210.80
Interests arising from long-term and short-term loans	55,418,074.97	97,774,481.52	253,152,433.89	694,656,571.57	1,101,001,561.95
Long-term payables (including maturity within 1 year)	30,665,104.29	74,981,014.21	–	–	105,646,118.50
	<u>42,894,437,833.20</u>	<u>348,015,643.88</u>	<u>304,380,551.27</u>	<u>2,507,036,019.57</u>	<u>46,053,870,047.92</u>

#### Market risk

##### Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings and deposit and bank current deposit in large amount with floating interest rates.

The Group regularly reviews and monitors the mix of fixed and floating interest rate in order to manage its interest rate risk. Borrowings and monetary funds are stated at amortized cost and are not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to the profit or loss as earned/incurred.

As at 31 December 2020, floating interest rate loans and fixed interest rate loans accounted for 83.4% and 16.6% of the Group's borrowings respectively. The management would adjust the floating rate assets based on changes in the market interest rates to reduce the material impact arising from interest rate risk.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## X. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

### 3. Risk of financial instruments (Continued)

#### Market risk (Continued)

##### Interest rate risk (Continued)

If there was a general increase/decrease in the interest rate of bank and other borrowings with floating interest rates by 1 percentage point, with all other variables held constant, the consolidated net profits and other comprehensive income net of tax would have decreased/increased by approximately RMB6,639,227.51 for 2020 (2019: RMB7,857,374.10), and there is no impact on other components of the consolidated equity, except for retained earnings, of the Group. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred as at 31 December 2020 and the exposure to interest rate risk has been applied to those financial instruments in existence at that date. The estimated 1% of increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period from the year until the date of balance sheet of the next year.

If there was a general increase/decrease in the interest rate of bank and other borrowings with floating interest rates by 0.1 percentage point, with all other variables held constant, the consolidated net profits and other comprehensive income net of tax would have decreased/increased by approximately RMB12,639,216.00 for 2020 (2019: RMB14,189,729.00), and there is no impact on other components of the consolidated equity, except for retained earnings, of the Group. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred as at 31 December 2020 and the exposure to interest rate risk has been applied to those financial instruments in existence at that date. The estimated 0.1 percentage point of increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period from the year until the date of balance sheet of the next year.

##### Foreign currency risk

As a result of its significant business operations in Mainland China, the Group's revenue, expenses and over 95% of the financial assets and liabilities are denominated in RMB. The effect of the fluctuations in the exchange rates of RMB against foreign currencies on the Group's results of operations is therefore minimal and the Group has not entered into any hedging transactions as at 31 December 2020 and 31 December 2019 in order to reduce the Group's exposure to foreign currency risk in this regard.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## X. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

### 3. Risk of financial instruments (Continued)

#### Market risk (Continued)

#### *Foreign currency risk* (Continued)

The following table demonstrates the sensitivity analysis on the foreign currency risk, reflecting the influence of reasonable possible change in the exchange rates of the United States dollar and Hong Kong dollar, with all other variables held constant, on the Group's net profit net of tax.

	Increase/ (decrease) in US Dollar	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in total shareholder's interest
<b>2020</b>			
Depreciation of RMB against United States dollar	5%	10,041,063.16	10,041,063.16
Appreciation of RMB against United States dollar	-5%	-10,041,063.16	-10,041,063.16
Depreciation of RMB against Hong Kong dollar	5%	40,572,117.87	40,572,117.87
Appreciation of RMB against Hong Kong dollar	-5%	<u>-40,572,117.87</u>	<u>-40,572,117.87</u>
	Increase/ (decrease) in US Dollar	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in total shareholder's interest
<b>2019</b>			
Depreciation of RMB against United States dollar	5%	8,753,916.54	8,753,916.54
Appreciation of RMB against United States dollar	-5%	<u>-8,753,916.54</u>	<u>-8,753,916.54</u>
	Increase/ (decrease) in HK Dollar	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in total shareholder's interest
Depreciation of RMB against Hong Kong dollar	5%	41,953,712.63	41,953,712.63
Appreciation of RMB against Hong Kong dollar	-5%	<u>-41,953,712.63</u>	<u>-41,953,712.63</u>



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## X. RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

### 3. Risk of financial instruments (Continued)

#### Market risk (Continued)

##### *Foreign currency risk (Continued)*

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred as at 31 December 2020 and 31 December 2019 and the exposure to foreign currency risk has been applied to those monetary assets and liabilities in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonable possible change in foreign exchange rates over the period from the year until the date of balance sheet of the next year.

### 4. Capital management

The Group's primary objectives for capital management are to safeguard the Group's ability to continue as a going concern and keep the capital ratio at a healthy level, so that it can support business development and maximize the value of Shareholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the profit distribution to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debts. The Group is not bound by external compulsory capital requirements. In 2020 and 2019, no changes were made in the objectives, policies or processes for managing capital.

The Group monitors its capital using the asset-liability ratio, which is the ratio of total liabilities to total assets. The gearing ratios as at the balance sheet date are as follows:

	31 December 2020	31 December 2019
Total assets	105,328,082,320.59	97,512,591,304.36
Total liabilities	61,030,744,806.19	54,787,913,723.34
gearing ratio	<u>57.94%</u>	<u>56.19%</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020  
RMB

## XI. DISCLOSURE OF FAIR VALUE

### 1. Ending fair value of assets and liabilities measured at fair value

Applicable  Not applicable

2020

Unit: Yuan Currency: RMB

Item	Ending fair value			Total
	Level-1 fair value measurement	Level-2 fair value measurement	Level-3 fair value measurement	
<b>I. Continuous measurement of fair value</b>				
Receivables for financing	-	-	2,230,124,457.61	2,230,124,457.61
Other equity instrument investments	-	-	1,019,867,488.13	1,019,867,488.13
<b>Total assets measured at fair value on a recurring basis</b>	<b>-</b>	<b>-</b>	<b>3,249,991,945.74</b>	<b>3,249,991,945.74</b>

2019

Unit: Yuan Currency: RMB

Item	Ending fair value			Total
	Level-1 fair value measurement	Level-2 fair value measurement	Level-3 fair value measurement	
<b>I. Continuous measurement of fair value</b>				
Receivables for financing	-	-	1,478,647,844.54	1,478,647,844.54
Other equity instrument investments	-	-	806,064,229.20	806,064,229.20
<b>Total assets measured at fair value on a recurring basis</b>	<b>-</b>	<b>-</b>	<b>2,284,712,073.74</b>	<b>2,284,712,073.74</b>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XI. DISCLOSURE OF FAIR VALUE (Continued)

### 2. Assets and liabilities disclosed at fair value

31 December 2020

Unit: Yuan Currency: RMB

	Inputs of fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Long-term receivables	-	8,760,069,666.00	-	8,760,069,666.00
Financial assets included in other non-current assets	-	165,847,397.98	-	165,847,397.98
Long-term and short-term loans	-	2,618,206,742.81	-	2,618,206,742.81
Long-term payables	-	75,668,169.69	-	75,668,169.69

31 December 2019

Unit: Yuan Currency: RMB

	Inputs of fair value measurement			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Long-term receivables	-	6,533,734,597.00	-	6,533,734,597.00
Financial assets included in other non-current assets	-	168,071,500.22	-	168,071,500.22
Long-term and short-term loans	-	2,356,113,853.48	-	2,356,113,853.48
Long-term payables	-	73,643,282.52	-	73,643,282.52

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XI. DISCLOSURE OF FAIR VALUE (Continued)

### 3. Fair value valuation

The following is a comparison of the book value and fair value of various types of financial instruments other than lease liabilities and financial instruments with small differences between book value and fair value:

Unit: Yuan Currency: RMB

	Carrying amount		Fair value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Long-term receivables	8,384,707,579.19	6,422,130,017.28	8,760,069,666.00	6,533,734,597.00
Financial assets included in other non-current assets	174,209,713.82	176,054,896.48	165,847,397.98	168,071,500.22
Long-term and short-term loans	2,615,945,060.53	2,333,511,381.19	2,618,206,742.81	2,356,113,853.48
Long-term payables	77,846,656.30	74,981,014.21	75,668,169.69	73,643,282.52
	<u>11,252,709,009.84</u>	<u>9,006,677,309.16</u>	<u>11,619,791,976.48</u>	<u>9,131,563,233.22</u>

The management has assessed the cash and bank balances, bills and accounts receivable, other receivables, short-term loans, bills and accounts payable and other payables. In each case, the fair value and book value are similar due to short remaining period.

On each balance sheet date, the Group analyzes the changes in the value of financial instruments and determines the key inputs to which the valuation applies.

The fair values of long-term receivables, long-term loans, long-term payables, and bonds payable determined by discounting the future cash flows using rates currently available for other instruments with similar terms, credit risk and remaining maturities. As at 31 December 2020 and 31 December 2019, the fair value of long-term receivables and long-term payables was similar to the book value, and the Group's own non-performance risk for long-term and short-term borrowings was assessed to be insignificant.

For financial instruments traded in an active market, the Group determines its fair value based on its active market quotation; and for financial instruments that are not traded in an active market, the Group uses valuation techniques to determine their fair values. The valuation models used are mainly cash flow discount models and market comparable company models. The input values of valuation techniques mainly include risk-free interest rates, benchmark interest rates, exchange rates, credit spreads, liquidity premiums, EBITDA multipliers, and lack of liquidity discounts etc.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XI. DISCLOSURE OF FAIR VALUE (Continued)

### 3. Fair value valuation (Continued)

The Group signed the derivative financial instrument contracts with more than one counterparties (mainly refer to financial institutions with higher credit rating). Derivative financial instruments (including forward exchange contracts and return swaps) are measured using the valuation techniques of forward pricing, swap model and present value method. The model covers multiple input values of observable market, including credit quality of counterparty, spot and forward exchange rate and interest rate curve. The book value and fair value of forward exchange contract and return swap are the same. As at 31 December 2020, the market-to-market value of the derivative financial assets is the net value after offsetting the credit valuation of default risk attributable to derivative instrument counterparty after adjustment. The change of counterparty credit risk had no significant impact on the assessment on hedging effectiveness of the designated derivative hedging instrument in the hedging relationship and other financial instrument measured at fair value.

The fair value measurement of Level 3 uses cash flow discount method, and the unobservable input value is the weighted average cost of capital and the growth rate of long-term income.

### 4. Adjustment and level transformation of fair value measurement

In 2020 and 2019, there was no transfer of the fair value measurement of financial assets and financial liabilities between Level 1 and Level 2, nor was there any transfer to or out of Level 3.

### 5. Basis for determining market price of continuous and non-continuous Level-1 fair value measurement items

Applicable  Not Applicable

### 6. Valuation techniques adopted and the qualitative and quantitative information of important parameters for continuous and non-continuous level-2 fair value measurement items

Applicable  Not Applicable

### 7. Valuation techniques adopted and the qualitative and quantitative information of important parameters for continuous and non-continuous Level-3 fair value measurement items

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020  
RMB

## XI. DISCLOSURE OF FAIR VALUE (Continued)

8. Information on adjustment between opening and closing book values and sensitivity analysis of unobservable parameters for continuous Level-3 fair value measurement items

Applicable ✓ Not Applicable

9. Reason for conversion for transfer between levels during the current period for continuous fair value measurement items, and policies for determination of time point of the conversion

Applicable ✓ Not Applicable

10. Changes in valuation techniques during the current period and reason for such change

Applicable ✓ Not Applicable

11. Fair value of financial assets and financial liabilities not measured at fair value

Applicable ✓ Not Applicable

12. Others

Applicable ✓ Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XII. RELATED PARTIES AND CONNECTED TRANSACTIONS

### 1. Parent of the Company

Applicable  Not applicable

Unit: 0'000 Yuan Currency: RMB

Name of the parent	Place of registration	Nature of business	Registered capital	Shareholding percentage of the parent to the Company (%)	Percentage of voting right of the parent to the Company (%)
CRSC Group	Beijing	Railway communication, signal power and production of automatic control equipment	1,000,000	62.37	62.37

Explanation about the parent of the Company

The Company's ultimate holding company is CRSC Group

### 2. Subsidiaries of the Company

Applicable  Not applicable

For details of the subsidiaries of the Company, see the Note IX. 1.

### 3. Joint ventures and associates of the Company

Applicable  Not applicable

For details of joint ventures or associates of the Company, see the Note VII. 17.

Information for other joint ventures and associates which form balance through related transaction during the current or previous periods

Applicable  Not applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

### 3. Joint ventures and associates of the Company (Continued)

Other explanation

Applicable  Not applicable

### 4. Other related parties

Applicable  Not applicable

Name of other related parties	Relationship between other related parties and the Company
Zhongxin Diantong Co., Ltd. (中信電通有限公司)	Associate of the Parent
Beijing CRSC Construction and Development Co., Ltd. (北京通號建設開發有限公司)	Joint ventures of the Parent
Beijing CRSC Beifang Real Estate Co., Ltd. (北京通號北房置業有限公司)	Joint ventures of the Parent
Gu'an Beixin Railway Signal Co., Ltd. (固安北信鐵路信號有限公司)	Associate of the subsidiary under the common control of the ultimate controlling party
Xi'an Tongxin Railway Equipment Manufacturing Co., Ltd. (西安同鑫鐵路器材製造有限責任公司)	Associate of the subsidiary under the common control of the ultimate controlling party
Tianshui Tonghao Electric Power Equipment Co., Ltd. (天水通號電力設備有限公司)	Associate of the subsidiary under the common control of the ultimate controlling party
Beijing Erqi Communication Factory Co., Ltd. (北京二七通信工廠有限公司)	Subsidiary under the common control of the ultimate controlling party
Beijing Railways Signal & Communication Complete Equipment Company Ltd. (北京鐵路通信信號成套設備有限公司)	Subsidiary under the common control of the ultimate controlling party
Shanghai Xinlicheng Communication Technology Service Co., Ltd. (上海信立城通信技術服務有限公司)	Subsidiary under the common control of the ultimate controlling party
Xi'an Weixun Monitoring Equipment Co., Ltd. (西安唯迅監控設備有限公司)	Subsidiary under the common control of the ultimate controlling party
Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd. (北京北信豐元鐵路電子設備有限公司)	Subsidiary under the common control of the ultimate controlling party
CRSC Real Estate Co., Ltd. (通號置業有限公司)	Subsidiary under the common control of the ultimate controlling party



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

### 4. Other related parties (Continued)

Name of other related parties	Relationship between other related parties and the Company
CRSC Foshan Real Estate Co., Ltd. (通號佛山置業有限公司)	Subsidiary under the common control of the ultimate controlling party
CRSC Guizhou Real Estate Co., Ltd. (通號貴州置業有限公司)	Subsidiary under the common control of the ultimate controlling party
Alstom Investment (Shanghai) Co., Ltd. (阿爾斯通投資(上海)有限公司)	Minority shareholder having material influence on the Group
ALSTOM Transporte SA	Related party of a minority shareholder having material influence on the Group
ALSTOM Transport S.A.	Related party of a minority shareholder having material influence on the Group
Alstom Signaling Inc.	Related party of a minority shareholder having material influence on the Group
ALSTOM Aix en Provence	Related party of a minority shareholder having material influence on the Group
ALSTOM (Villeurbanne)	Related party of a minority shareholder having material influence on the Group
ALSTOM Ferroviaria S.p.A	Related party of a minority shareholder having material influence on the Group
ALSTOM Transport India Limited	Related party of a minority shareholder having material influence on the Group
ALSTOM Transport(S) Pte Ltd.	Related party of a minority shareholder having material influence on the Group
ALSTOM Transport Australia Pty Limited	Related party of a minority shareholder having material influence on the Group
ALSTOM Hong Kong Ltd.	Related party of a minority shareholder having material influence on the Group
ALSTOM Brasil Energia e transporte Ltda	Related party of a minority shareholder having material influence on the Group
ALSTOM Transport Mexico, S.A. de C.V.	Related party of a minority shareholder having material influence on the Group

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

### 5. Related party transactions

#### (1) Related party transactions of purchasing or selling goods and rendering or receiving services

Statement on procurement of goods/receipt of labour services

✓ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Related parties	Contents of related party transactions	Amount incurred during the period	Amount incurred during the previous period
ALSTOM Transport S.A. (Note 1)	Procurement of goods	231,146,470.40	50,283,839.70
SSCX	Procurement of goods	78,708,367.02	72,973,981.97
Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd. (北京北信豐元鐵路電子設備有限公司) (Note 1)	Procurement of goods	49,809,860.80	83,585,025.68
ALSTOM(Villeurbanne) (Note 1)	Procurement of goods	40,850,090.32	28,605,761.77
Gu'an Beixin Railway Signal Co., Ltd. (固安北信鐵路信號有限公司)	Procurement of goods	25,057,021.65	38,725,289.21
Tongzhi Data Technology (Beijing) Co., Ltd. (通智科技)	Procurement of goods	15,566,037.74	–
Xi'an Tongxin Railway Equipment Manufacturing Co., Ltd. (西安同鑫鐵路器材製造有限責任公司)	Procurement of goods	11,664,392.07	12,295,456.14
Alstom Signaling Inc. (Note 1)	Procurement of goods	5,631,560.16	64,412,120.90
Xi'an Weixun Monitoring Equipment Co., Ltd. (西安唯迅監控設備有限公司) (Note 1)	Procurement of goods	4,149,115.00	4,029,334.87
Beijing Railways Signal & Communication Complete Equipment Company Ltd. (北京鐵路通信信號成套設備有限公司) (Note 1)	Procurement of goods	3,483,421.74	–
Alstom Investment (Shanghai) Co., Ltd. (阿爾斯通投資(上海)有限公司) (Note 1)	Procurement of goods	3,305,296.24	5,162,777.52
ALSTOM Aix en Provence (Note 1)	Procurement of goods	3,217,852.79	755,485.55
Schaltbau	Procurement of goods	707,082.91	563,358.78
Beijing Erqi Communication Factory Co., Ltd. (北京二七通信工廠有限公司) (Note 1)	Procurement of goods	–	2,474,823.38
CRSC Changxing Technology (通號暢行科技)	Procurement of goods	–	497,774.47
ALSTOM Transport S.A. (Note 1)	Receiving technology transfer services	248,210,844.38	114,396,941.08
Alstom Investment (Shanghai) Co., Ltd. (阿爾斯通投資(上海)有限公司) (Note 1)	Receiving technology transfer services	2,535,399.43	3,100,910.00
ALSTOM Aix en Provence (Note 1)	Receiving technology transfer services	693,541.38	3,819,423.73
Shanghai Xinlicheng Communication Technology Service Co., Ltd. (上海信立城通信技術服務有限公司) (Note 1)	Receiving services	783,218.00	3,828,503.76
Beijing Railways Signal & Communication Complete Equipment Company Ltd. (北京鐵路通信信號成套設備有限公司) (Note 1)	Receiving services	545,607.48	22,928,296.15
ALSTOM Transport S.A. (Note 1)	Receiving services	385,972.70	257,172.86
SSCX	Receiving services	–	1,257,146.25

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

### 5. Related party transactions (Continued)

#### (1) Related party transactions of purchasing or selling goods and rendering or receiving services (Continued)

Statement on sales of goods/provision of labour services

✓ Applicable    □ Not applicable

Unit: Yuan    Currency: RMB

Related parties	Contents of related party transactions	Amount incurred during the period	Amount incurred during the previous period
Tianshui Tram	Selling goods	144,247,787.62	155,225,000.00
SSCX	Selling goods	55,626,017.44	64,161,092.09
ALSTOM Transport S.A. (Note 1)	Selling goods	31,963,082.50	–
Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd. (北京北信豐元鐵路電子設備有限公司) (Note 1)	Selling goods	29,735,953.15	5,181,523.89
Gu'an Beixin Railway Signal Co., Ltd. (固安北信鐵路信號有限公司)	Selling goods	10,336,727.58	2,088,752.39
Xi'an Tongxin Railway Equipment Manufacturing Co., Ltd. (西安同鑫鐵路器材製造有限責任公司)	Selling goods	6,739,941.35	6,356,141.63
ALSTOM Transport(S) Pte Ltd. (Note 1)	Selling goods	3,359,576.00	–
ALSTOM Transport Australia Pty Limited (Note 1)	Selling goods	3,167,649.00	–
ALSTOM Transporte SA (Note 1)	Selling goods	16,237,512.00	–
ALSTOM Transport India Limited (Note 1)	Selling goods	22,433,312.00	–
CRSC Group (Note 1)	Selling goods	1,264,957.26	–
ALSTOM Ferroviaria S.p.A.(Note 1)	Selling goods	1,261,400.00	–
ALSTOM Brasil Energia e transporte Ltda (Note 1)	Selling goods	506,468.00	–
ALSTOM Transport Mexico, S.A. de C.V. (Note 1)	Selling goods	394,926.00	–
Beijing CRSC Construction and Development Co., Ltd. (北京通號建設開發有限公司)	Selling goods	136,792.45	–
ALSTOM Hong Kong Ltd. (Note 1)	Selling goods	52,980.00	–
Shanghai Xinlicheng Communication Technology Service Co., Ltd. (上海信立城通信技術服務有限公司) (Note 1)	Selling goods	11,504.42	–
Beijing Erqi Communication Factory Co., Ltd. (北京二七通信工廠有限公司) (Note 1)	Selling goods	–	279,238.53
Xi'an Weixun Monitoring Equipment Co., Ltd. (西安唯迅監控設備有限公司) (Note 1)	Selling goods	–	20,000.00
SSCX	Rendering technology transfer services	964,822.63	375,184.96
CRSC Foshan Real Estate Co., Ltd. (通號佛山置業有限公司) (Note 1)	Rendering services	391,271,246.71	150,353,114.87
CRSC Real Estate Co., Ltd. (通號置業有限公司) (Note 1)	Rendering services	202,995,841.92	162,394,187.22
Tianshui Tram	Rendering services	89,286,337.71	172,094,821.00
CRSC Guizhou Real Estate Co., Ltd. (通號貴州置業有限公司) (Note 1)	Rendering services	28,672,796.27	21,926,532.09
SSCX	Rendering services	1,683,937.80	1,630,000.00
CRSC Group (Note 1)	Rendering services	134,951.46	–
Siping Pipeline	Rendering services	–	364,003.56
ALSTOM Transport S.A. (Note 1)	Rendering services	–	8,191,386.00

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

### 5. Related party transactions (Continued)

#### (1) Related party transactions of purchasing or selling goods and rendering or receiving services (Continued)

Explanation about connected transactions of purchasing or selling goods and rendering or receiving services

Applicable  Not applicable

#### (2) Connected entrusted management/contracting and entrusted management/outsourcing

Statement on entrusted management/contracting by the Company:

Applicable  Not applicable

Description of connected custody/contracting

Applicable  Not applicable

Statement on entrusted management/outsourcing by the Company

Applicable  Not applicable

Description of connected management/outsourcing

Applicable  Not applicable

#### (3) Leases with related parties

The Company as lessor:

Applicable  Not applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

### 5. Related party transactions (Continued)

#### (3) Leases with related parties (Continued)

Unit: Yuan Currency: RMB

Name of lessee	Type of leased assets	Rental income recognized in current period	Rental income recognized in the previous period
CRSC Hengqin	Fixed asset	2,674,055.99	2,596,338.33
Schaltbau	Fixed asset	2,433,302.75	–
Xi'an Tongxin Railway Equipment Manufacturing Co., Ltd. (西安同鑫鐵路器材製造有限責任公司)	Fixed asset	1,509,838.54	–
Xi'an Weixun Monitoring Equipment Co., Ltd. (西安唯迅監控設備有限公司) (Note 1)	Fixed asset	471,421.10	548,499.00
Beijing Railways Signal & Communication Complete Equipment Company Ltd. (北京鐵路通信信號成套設備有限公司) (Note 1)	Fixed asset	–	10,955,671.73

The Company as lessee:

Applicable  Not applicable

Unit: Yuan Currency: RMB

Name of lessor	Type of leased assets	Rental income recognized in current period	Rental income recognized in the previous period
Beijing Railways Signal & Communication Complete Equipment Company Ltd. (北京鐵路通信信號成套設備有限公司) (Note 1)	Fixed asset	366,859.46	282,815.07
Beijing Erqi Communication Factory Co., Ltd. (北京二七通信工廠有限公司) (Note 1)	Fixed asset	–	8,495.58

Explanation about leases with related parties

Applicable  Not applicable

Note 1: Related party transactions in connection with the above items also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules 《香港上市規則》.

Note 2: The prices of the rental between the Group and related parties were determined by both parties through negotiation with referring to market prices.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

### 5. Related party transactions (Continued)

#### (4) Related guarantee

The Company as a guarantor

Applicable  Not applicable

The Company as a secured party

Applicable  Not applicable

Description of related guarantee

Applicable  Not applicable

#### (5) Capital lending to/borrowing from related parties

Applicable  Not applicable

In 2020, no funds borrowed by the Group from related parties.

In 2019, the Group borrowed RMB2,500,000,000.00 from CRSC Group (the parent company) in the form of entrusted loans with a term of one year, and the interest rate of loans was 4.35%, the entrusted loans repaid for this year was RMB3,500,000,000.00. As at 31 December 2019, the balance of entrusted loans borrowed by the Group from CRSC Group was nil.

#### (6) Asset transfer and debt restructuring of related parties

Applicable  Not applicable

#### (7) Emolument of key management

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Amount incurred during the period	Amount incurred during the previous period
Emolument of key management	<u>6,738,673.53</u>	<u>10,399,400.58</u>

Key management personnel comprise executive directors, supervisors, independent non-executive directors and senior management.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

### 5. Related party transactions (Continued)

#### (7) Emolument of key management (Continued)

##### Directors' and supervisors' remuneration

Unit: Yuan Currency: RMB

	2020	2019
Directors' and supervisors' remuneration	<u>3,386,736.53</u>	<u>5,066,713.97</u>

Within the year, the names of directors and supervisors and their remunerations were as follows:

#### 2020

Unit: Yuan Currency: RMB

	Remuneration	Basic salaries	Performance-based bonuses	Total pre-tax remunerations (Note 1)	Social insurance premium and housing provident fund	Supplementary pension insurance	Total remunerations
Executive directors							
Mr. ZHOU Zhiliang (周志亮)	-	219,996.00	417,746.50	637,742.50	73,811.78	51,819.60	763,373.88
Mr. XU Zongxiang (徐宗祥) (Note 2)	-	219,996.00	244,373.50	464,369.50	73,811.78	49,960.80	588,142.08
Mr. YANG Yongsheng (楊永勝)	-	198,000.00	304,691.00	502,691.00	73,811.78	34,998.30	611,501.08
	-	637,992.00	966,811.00	1,604,803.00	221,435.34	136,778.70	1,963,017.04
Independent Non-executive Directors							
Mr. WANG Jiajie (王嘉杰)	60,000.00	-	-	60,000.00	-	-	60,000.00
Mr. CHEN Jin'en (陳津恩)	60,000.00	-	-	60,000.00	-	-	60,000.00
Mr. CHAN Ka Keung Peter (陳嘉強)	131,008.00	-	-	131,008.00	-	-	131,008.00
Mr. YAO Guiqing (姚桂清)	60,000.00	-	-	60,000.00	-	-	60,000.00
	311,008.00	-	-	311,008.00	-	-	311,008.00
Supervisors							
Mr. CHEN Shikui (陳世奎)	-	144,000.00	336,000.00	480,000.00	73,811.78	21,258.60	575,070.38
Mr. KONG Ning (孔寧) (Note 3)	-	139,200.00	208,800.00	348,000.00	63,442.56	36,585.55	448,028.11
Ms. TIAN Liyan (田麗艷) (Note 4)	-	-	89,613.00	89,613.00	-	-	89,613.00
Ms. LI Tienan (李鐵南) (Note 5)	-	-	-	-	-	-	-
	-	283,200.00	634,413.00	917,613.00	137,254.34	57,844.15	1,112,711.49
Total	<u>311,008.00</u>	<u>921,192.00</u>	<u>1,601,224.00</u>	<u>2,833,424.00</u>	<u>358,689.68</u>	<u>194,622.85</u>	<u>3,386,736.53</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

### 5. Related party transactions (Continued)

#### (7) Emolument of key management (Continued)

2019

Unit: Yuan Currency: RMB

	Remuneration	Basic salaries	Performance-based bonuses	Total pre-tax remunerations (Note 1)	Social insurance premium and housing provident fund	Supplementary pension insurance	Total remunerations
<b>Executive directors</b>							
Mr. ZHOU Zhiliang (周志亮)	-	206,796.00	1,010,391.00	1,217,187.00	126,103.20	36,948.30	1,380,238.50
Mr. YIN Gang (尹刚) (Note 6)	-	189,563.00	959,617.50	1,149,180.50	115,733.98	31,065.50	1,295,979.98
Mr. YANG Yongsheng (杨永胜)	-	186,120.00	612,885.00	799,005.00	126,103.20	23,611.13	948,719.33
	-	582,479.00	2,582,893.50	3,165,372.50	367,940.38	91,624.93	3,624,937.81
<b>Independent Non-executive Directors</b>							
Mr. WANG Jijie (王嘉杰)	123,004.00	-	-	123,004.00	-	-	123,004.00
Mr. CHEN Jin'en (陈津恩)	60,000.00	-	-	60,000.00	-	-	60,000.00
Mr. CHAN Ka Keung Peter (陈嘉强)	141,008.00	-	-	141,008.00	-	-	141,008.00
Mr. YAO Guiqing (姚桂清)	60,000.00	-	-	60,000.00	-	-	60,000.00
	384,012.00	-	-	384,012.00	-	-	384,012.00

Unit: Yuan Currency: RMB

	Remuneration	Basic salaries	Performance-based bonuses	Total pre-tax remunerations (Note 1)	Social insurance premium and housing provident fund	Supplementary pension insurance	Total remunerations
<b>Supervisors</b>							
Ms. TIAN Liyan (田麗艷)	-	170,610.00	170,610.00	341,220.00	115,733.98	27,065.93	484,019.91
Mr. CHEN Shikui (陈世奎)	-	144,000.00	284,833.00	428,833.00	126,103.20	18,808.05	573,744.25
Mr. WU Zuowei (吴作威) (Note 7)	-	-	-	-	-	-	-
	-	314,610.00	455,443.00	770,053.00	241,837.18	45,873.98	1,057,764.16
<b>Total</b>	<b>384,012.00</b>	<b>897,089.00</b>	<b>3,038,336.50</b>	<b>4,319,437.50</b>	<b>609,777.56</b>	<b>137,498.91</b>	<b>5,066,713.97</b>



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

### 5. Related party transactions (Continued)

#### (7) Emolument of key management (Continued)

Notes:

Note 1: The total pre-tax remunerations include basic salary, seniority wage, post salary, performance-based salary, bonus, and meeting allowance, etc. These remunerations of Executive directors in 2019 contain incentive payment for executive directors in 2016 to 2018 when they were holding a post in the Company (Mr. YANG Yongsheng was holding a post from 2016 to 2018, whose term of office was less than 3 years).

Note 2: Mr. XU Zongxiang was appointed as an executive director effective from February 2020.

Note 3: Mr. KONG Ning was appointed as a supervisor effective since February 2020 and chairman of the Supervisory Committee since March 2020.

Note 4: Ms. TIAN Liyan resigned as chairman of the Supervisory Committee since February 2020.

Note 5: Ms. LI Tienan was appointed as a supervisor from February 2020. She received no emoluments for the year ended 31 December 2020, because she did not receive any remuneration in the capacity as a supervisor.

Note 6: Mr. Yin Gang resigned as executive director in November 2019.

Note 7: Mr. WU Zuwei was appointed as a supervisor since 25 May 2018 and resigned as supervisor since February 2020. He received no emoluments for the year ended 29 February 2020, because he did not receive any remuneration in the capacity as a supervisor.

#### Five highest paid employees

An analysis of the number of five highest paid employees within the Group for the year is as follows:

	2020	2019
Non-director and non-supervisor employees	<u>5</u>	<u>5</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

### 5. Related party transactions (Continued)

#### (7) Emolument of key management (Continued)

Details of the remuneration of the above non-director and non-supervisor highest paid employees are as follows:

	2020	2019
Basic salary	5,824,200.00	5,445,600.00
Performance bonus	5,866,429.52	4,814,894.70
Total pre-tax remunerations	11,690,629.52	10,260,494.70
Social insurance premium and housing provident fund	534,903.55	571,732.40
Supplementary pension insurance	370,779.60	321,800.40
	<u>12,596,312.67</u>	<u>11,154,027.50</u>

The number of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands is as follows:

	2020	2019
Less than HK\$1,000,000	–	–
HK\$1,000,001 to HK\$1,500,000	–	–
HK\$1,500,001 to HK\$2,000,000	–	–
HK\$2,000,001 to HK\$2,500,000	–	–
HK\$2,500,001 to HK\$3,000,000	3	3
HK\$3,000,001 to HK\$3,500,000	2	2
	<u>5</u>	<u>5</u>

#### Other connected transactions

Applicable  Not applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

### 6. Amounts due from/to related parties

#### Receivable

Applicable  Not applicable

Unit: Yuan Currency: RMB

Project name	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Accounts receivable	CRSC Foshan Real Estate Co., Ltd. (通號佛山置業有限公司) (Note 1)	341,207,338.30	-	106,619,072.09	-
Accounts receivable	Tianshui Tram	256,014,007.85	-	93,297,405.19	-
Accounts receivable	CRSC Real Estate Co., Ltd. (通號置業有限公司) (Note 1)	104,648,801.57	-	113,849,054.63	-
Accounts receivable	SSCX	15,283,692.32	-	23,191,169.78	-
Accounts receivable	CRSC Guizhou Real Estate Co., Ltd. (通號貴州置業有限公司) (Note 1)	10,114,290.11	-	-	-
Accounts receivable	Siping Pipeline	9,079,482.00	-	40,039,914.76	-
Accounts receivable	Gu'an Beixin Railway Signal Co., Ltd. (固安北信鐵路信號有限公司)	8,655,085.15	-	-	-
Accounts receivable	ALSTOM Ferroviaria S.p.A	1,261,400.00	-	-	-
Accounts receivable	ALSTOM Transport Mexico, S.A. de C.V.	394,926.00	-	-	-
Accounts receivable	ALSTOM Transporte SA	207,844.00	-	-	-
Accounts receivable	ALSTOM Transport S.A.	46,595.00	-	-	-
Accounts receivable	Tianshui Tonghao Electric Power Equipment Co., Ltd. (天水通號電力設備有限公司)	43,067.00	-	43,067.00	-
Accounts receivable	CRSC Group	-	-	546,495.10	-
Prepayments	ALSTOM Transport S.A.	2,546,503.68	-	3,202,056.00	-
Prepayments	Xi'an Weixun Monitoring Equipment Co., Ltd. (西安唯迅監控設備有限公司)	1,210,383.03	-	-	-
Prepayments	ALSTOM (Villeurbanne)	418,420.90	-	1,985,889.50	-
Prepayments	Beijing Railways Signal & Communication Complete Equipment Company Ltd. (北京鐵路通信信號成套設備有限公司)	32,838.56	-	211,962.09	-
Prepayments	Schaltbau	-	-	156,060.16	-
Other receivables	SSCX	918,862.28	-	266,515.00	-

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

### 6. Amounts due from/to related parties (Continued)

#### Receivable (Continued)

Project name	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Other receivables	Beijing CRSC Construction and Development Co., Ltd. (北京通號建設開發有限公司)	622,908.84	-	-	-
Other receivables	Beijing CRSC Beifang Real Estate Co., Ltd. (北京通號北房置業有限公司)	71,997.70	-	-	-
Other receivables	Tianshui Tram	57,499.97	-	2,315,154.61	-
Other receivables	Beijing Railways Signal & Communication Complete Equipment Company Ltd.	22,100.00	-	12,100.00	-
Other receivables	CRSC Group	-	-	2,361,800.00	-
Other receivables	Xi'an Tongxin Railway Equipment Manufacturing Co., Ltd. (西安同鑫鐵路器材製造有限責任公司)	-	-	489,630.15	-
Other receivables	CRSC Real Estate Co., Ltd. (通號置業有限公司) (Note 1)	310,518.00	-	174,000.00	-
Dividends receivable	SSCX	14,040,000.00	-	-	-

#### Payable

Applicable  Not applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

### 6. Amounts due from/to related parties (Continued)

#### Payable (Continued)

Unit: Yuan Currency: RMB

Project name	Related parties	Book balance at the end of the period	Book balance at the beginning of the period
Accounts payable	Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd. (北京北信豐元鐵路電子設備有限公司)	133,672,015.80	139,513,155.14
Accounts payable	SSCX	31,755,398.37	32,265,363.35
Accounts payable	Gu'an Beixin Railway Signal Co., Ltd. (固安北信鐵路信號有限公司)	13,993,324.31	5,172,842.02
Accounts payable	ALSTOM Transport S.A.	120,413,856.53	149,039,509.65
Accounts payable	Tongzhi Data Technology (Beijing) Co., Ltd.	4,927,521.74	–
Accounts payable	Schaltbau	529,114.75	567,969.93
Accounts payable	Alstom Signaling Inc.	66,593,042.14	66,651,637.76
Accounts payable	Xi'an Tongxin Railway Equipment Manufacturing Co., Ltd. (西安同鑫鐵路器材製造有限責任公司)	274,236.08	–
Accounts payable	Alstom Investment (Shanghai) Co., Ltd. (阿爾斯通投資(上海)有限公司)	190,644.34	–
Accounts payable	Xi'an Weixun Monitoring Equipment Co., Ltd. (西安唯迅監控設備有限公司)	44,584.00	112,190.00
Accounts payable	Beijing Erqi Communication Factory Co., Ltd. (北京二七通信工廠有限公司)	39,385.47	282,681.67
Accounts payable	ALSTOM Aix en Provence	598,333.48	1,957,396.03
Accounts payable	Zhongxin Diantong Co., Ltd. (中信電通有限公司)	–	50,500.50
Accounts payable	ALSTOM (Villeurbanne)	8,859,562.95	9,919,803.78
Bills payable	SSCX	14,000,000.00	–
Bills payable	Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd. (北京北信豐元鐵路電子設備有限公司)	350,000.00	300,000.00
Bills payable	Gu'an Beixin Railway Signal Co., Ltd. (固安北信鐵路信號有限公司)	68,713.00	–

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

### 6. Amounts due from/to related parties (Continued)

#### Payable (Continued)

Project name	Related parties	Book balance at the end of the period	Book balance at the beginning of the period
Contract liabilities	ALSTOM Transport S.A.	4,225,109.56	–
Contract liabilities	ALSTOM Transport Australia Pty Limited	185,650.00	–
Contract liabilities	SSCX	112,000.00	–
Contract liabilities	ALSTOM Transport(S) Pte Ltd.	42,997.00	–
Contract liabilities	Xi'an Weixun Monitoring Equipment Co., Ltd. (西安唯迅監控設備有限公司)	–	1,530,252.51
Other payables	CRSC Group	11,776,283.85	7,500.00
Other payables	Beijing Railways Signal & Communication Complete Equipment Company Ltd. (北京鐵路通信信號成套設備有限公司)	475,511.81	792,339.37
Other payables	Xi'an Tongxin Railway Equipment Manufacturing Co., Ltd. (西安同鑫鐵路器材製造有限責任公司)	–	300,000.00
Other payables	Xi'an Weixun Monitoring Equipment Co., Ltd. (西安唯迅監控設備有限公司)	–	338,373.00

Note 1: CRSC Construction Group Co., Ltd. (通號建設集團有限公司), a subsidiary of the Group, entered into an equity interest transfer agreement with China Railway Signal and Communication (group) Corporation Limited (中國鐵路通信信號集團有限公司), the parent of the Company, on 10 June 2019 to sell its 100% equity interests in CRSC Real Estate Co., Ltd. (通號置業有限公司) (including the subsidiaries: CRSC Foshan Real Estate (通號佛山置業) and CRSC Guizhou Real Estate (通號貴州置業)) at RMB253,896,600.00. The disposal date is 30 June 2019. Therefore, CRSC Real Estate Co., Ltd. (通號置業有限公司) was no longer included in the scope of consolidation of the Group since 1 July 2019. This is a connected transaction between the Group and the controlling shareholder, China Railway Signal and Communication (Group) Corporation Limited.

Note 2: As of 31 December 2020, the Group's receivables from and payables to related parties were interest-free, unsecured and have no fixed repayment period.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

### 7. Commitment of related parties

✓ Applicable    □ Not applicable

The following are the significant outstanding contracts in connection with related parties of the Group at the balance sheet date:

#### Selling goods to related parties

Unit: Yuan    Currency: RMB

	31 December 2020	31 December 2019
SSCX	13,410,144.41	5,878,049.51
Gu'an Beixin Railway Signal Co., Ltd. (固安北信鐵路信號有限公司)	–	1,799,768.50
ALSTOM Transport S.A.	32,326,137.78	62,876,403.00
Tianshui Tram	–	43,000,000.00
ALSTOM Transport India Limited	–	20,732,025.00
ALSTOM Transporte SA	–	15,267,803.00
	<u>45,736,282.19</u>	<u>149,554,049.01</u>

#### Purchasing goods from/receiving technology transfer services from related parties

Unit: Yuan    Currency: RMB

	31 December 2020	31 December 2019
ALSTOM Transport S.A.	276,169,670.10	208,585,399.60
Alstom Signaling Inc.	6,433,362.24	1,561,266.00
Beijing Beixin Fengyuan Railway Electronic Equipment Co., Ltd. (北京北信豐元鐵路電子設備有限公司)	1,315,902.01	2,354,815.84
ALSTOM Aix en Provence	416,766.48	4,455,472.00
SSCX	41,387,046.06	24,284,841.45
Gu'an Beixin Railway Signal Co., Ltd. (固安北信鐵路信號有限公司)	1,368,080.06	828,468.14
Alstom Investment (Shanghai) Co., Ltd. (阿爾斯通投資(上海)有限公司)	–	1,401,270.71
Tongzhi Data Technology (Beijing) Co., Ltd.	17,760,387.04	–
ALSTOM Transport India Limited	448,603.48	–
Schaltbau	–	669,744.16
	<u>345,299,817.47</u>	<u>244,141,277.90</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020  
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## XII. RELATED PARTIES AND CONNECTED TRANSACTIONS (Continued)

### 7. Commitment of related parties (Continued)

Providing labour service for related parties

Unit: Yuan Currency: RMB

	31 December 2020	31 December 2019
Siping Pipeline	205,361,702.63	205,361,702.63
Tianshui Tram	—	41,428,807.46
	<u>205,361,702.63</u>	<u>246,790,510.09</u>

### 8. Others

Applicable  Not applicable

## XIII. SHARE-BASED PAYMENT

### 1. Overview of share-based payment

Applicable  Not applicable

### 2. Equity-settled share-based payments

Applicable  Not applicable

### 3. Cash-settled share-based payments

Applicable  Not applicable

### 4. Modification and termination of share-based payment

Applicable  Not applicable

### 5. Other

Applicable  Not applicable



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

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## XIV. COMMITMENTS AND CONTINGENCIES

### 1. Significant commitments

Applicable  Not applicable

Major external commitments, nature and amount thereof as at the balance sheet date

Unit: Yuan Currency: RMB

	Closing balance	Opening balance
Contracted, but not provided for Capital commitment	21,218,890.30	6,366,618.00
Investment commitment	284,750,480.00	255,946,600.00
Total	305,969,370.30	262,313,218.00

### 2. Contingencies

#### (1). Important contingencies existing as at the balance sheet date

Applicable  Not applicable

#### (2). The Company has no disclosable important contingencies, and shall also give an explanation:

Applicable  Not applicable

### 3. Others

Applicable  Not applicable

## XV. EVENTS AFTER THE BALANCE SHEET DATE

### 1. Important non-adjusting matters

Applicable  Not applicable

### 2. Profit distribution

On 26 March 2021, the board of directors of the Company resolved to recommend the distribution of a cash dividend of RMB0.20 per share (including tax) with the profit available for distribution as of 31 December 2020. The profit distribution plan will be submitted to the Company's 2020 annual general meeting for the shareholders' consideration and approval.

### 3. Sales return

Applicable  Not applicable

### 4. Explanation of other events after the balance sheet date

Applicable  Not applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020  
RMB

## XVI. OTHER SIGNIFICANT EVENTS

### 1. Early correction of accounting error

#### (1). Retrospective restatement

Applicable  Not applicable

#### (2). Prospective application

Applicable  Not applicable

### 2. Debt restructuring

Applicable  Not applicable

### 3. Asset replacement

#### (1). Exchange of non-monetary assets

Applicable  Not applicable

#### (2). Other asset replacement

Applicable  Not applicable

### 4. Annuity plan

Applicable  Not applicable

### 5. Discontinuing operations

Applicable  Not applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVI. OTHER SIGNIFICANT EVENTS (Continued)

### 6. Segment information

#### (1). Basis for determining and accounting policies of reportable segments

Applicable  Not applicable

For management purposes, the Group is divided into the business unit based on the products and services. The group has the following 3 reportable segment:

- (1) the rail transportation control system segment mainly provides specialized “three-in-one” services of design and integration, equipment manufacturing and system delivery services for rail transportation control systems;
- (2) General construction contracting segment mainly includes municipal project contracting and the construction services of other projects;
- (3) other segments mainly engage in trading and etc.

Management manages the operating results of each business unit separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reporting segment profit. The indicator is consistent with the total profit of the Group.

Inter-segment transfer pricing is determined by reference to prices adopted in sales or supplying of labor services to third parties.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVI. OTHER SIGNIFICANT EVENTS (Continued)

### 6. Segment information (Continued)

#### (2). Financial Information of Reporting Segment

✓ Applicable    □ Not applicable

2020

Unit: Yuan    Currency: RMB

	Rail transportation control system	General project contracting	Others	Adjustments and offsetting	Merging
Revenue from external transactions	28,697,807,715.87	11,367,288,035.61	59,380,959.28	-	40,124,476,710.76
Revenue from inter-segment transactions	170,324,451.16	77,891,295.59	34,304,764.52	-282,520,511.27	-
	<u>28,868,132,167.03</u>	<u>11,445,179,331.20</u>	<u>93,685,723.80</u>	<u>-282,520,511.27</u>	<u>40,124,476,710.76</u>
Investment income of joint ventures and associates	55,927,425.69	4,436,930.54	-	-	60,364,356.23
Asset impairment loss	9,477,047.11	4,329,266.17	-	-	13,806,313.28
Credit impairment loss/(reversal)	-3,526,724.55	27,440,587.67	-7,851,687.76	-	16,062,175.36
Depreciation and amortization fees	603,238,095.05	39,248,766.13	553,120.41	-	643,039,981.59
Total profit					5,035,872,523.61
Income tax expenses					-796,452,326.62
Net profit					4,239,420,196.99
Total assets	<u>70,702,421,914.74</u>	<u>35,453,252,959.74</u>	<u>202,479,146.55</u>	<u>-1,030,071,700.44</u>	<u>105,328,082,320.59</u>
Total liabilities	<u>34,088,819,658.26</u>	<u>27,923,031,030.12</u>	<u>75,209,431.13</u>	<u>-1,056,315,313.32</u>	<u>61,030,744,806.19</u>
Other disclosures:					
Long-term equity investments in joint ventures and associates	1,099,321,580.94	9,711,635.41	-	-	1,109,033,216.35
Capital expenditures (Note)	<u>1,906,413,111.78</u>	<u>67,059,446.16</u>	<u>433,251.77</u>	<u>-</u>	<u>1,973,905,809.71</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVI. OTHER SIGNIFICANT EVENTS (Continued)

### 6. Segment information (Continued)

#### (2). Financial Information of Reporting Segment (Continued)

2019

Unit: Yuan Currency: RMB

	Rail transportation control system	General project contracting	Others	Adjustments and offsetting	Merging
Revenue from external transactions	30,276,639,044.29	11,311,369,455.19	58,278,293.09	-	41,646,286,792.57
Revenue from inter-segment transactions	126,581,636.87	65,168,351.90	80,875,392.72	-272,625,381.49	-
	30,403,220,681.16	11,376,537,807.09	139,153,685.81	-272,625,381.49	41,646,286,792.57
Share of profits of joint ventures and associates	50,366,752.11	-309,390.65	-	-	50,057,361.46
Asset impairment loss/(reversal)	24,997,272.72	-12,500,060.56	-	-	12,497,212.16
Credit impairment loss/(reversal)	24,562,166.99	-5,865,351.33	233,774.14	-	18,930,589.80
Depreciation and amortization	589,539,950.68	36,382,452.32	493,431.87	-	626,415,834.87
Total profit					5,027,474,516.95
Income tax expenses					-850,426,160.91
Net profit					4,177,048,356.04
Total assets	<u>67,992,177,947.50</u>	<u>30,632,341,443.85</u>	<u>183,048,506.24</u>	<u>-1,294,976,593.23</u>	<u>97,512,591,304.36</u>
Total liabilities	<u>32,504,878,646.82</u>	<u>23,501,149,275.97</u>	<u>65,074,329.89</u>	<u>-1,283,188,529.34</u>	<u>54,787,913,723.34</u>
Other disclosures:					
Long-term equity investments in joint ventures and associates	976,266,896.63	5,274,704.87	-	-	981,541,601.50
Capital expenditures (Note)	<u>585,173,987.82</u>	<u>74,489,213.87</u>	<u>1,252,168.40</u>	<u>-</u>	<u>660,915,370.09</u>

Note: Capital expenditure consists of additions to investment properties, fixed assets, construction in progress, right-of-use assets, intangible assets, development expenditure and long-term prepaid expenses.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVI. OTHER SIGNIFICANT EVENTS (Continued)

### 6. Segment information (Continued)

- (3). The Company shall explain the reason if there is no report segment or it can not disclose the total assets and total liabilities of the report segments

Applicable  Not Applicable

- (4). Other explanation

Applicable  Not Applicable

#### *Geographic information*

- (a) Revenue from external customers

Unit: Yuan Currency: RMB

	2020	2019
Mainland China	39,209,230,737.00	41,098,904,648.94
Other countries or regions	915,245,973.76	547,382,143.63
	<u>40,124,476,710.76</u>	<u>41,646,286,792.57</u>

Revenue from external customers is based on the locations of the customers.

- (b) Total non-current assets

Unit: Yuan Currency: RMB

	2020	2019
Mainland China	<u>10,119,225,874.00</u>	<u>8,999,510,597.17</u>

Non-current assets are analyzed by geographic locations where the assets (excluding financial assets and deferred tax assets) are located.

#### *Key customer information*

In 2020, the revenue without single customer of the Group reached or exceeded 10% of the Group's revenue.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVI. OTHER SIGNIFICANT EVENTS (Continued)

### 7. Others

#### (1) Lease arrangement

##### 1 As a lessor

##### Significant operating leases

Profit and loss related to operating lease are listed as follows:

Unit: Yuan Currency: RMB

	2020	2019
Rental income	<u>28,615,913.61</u>	<u>19,524,848.39</u>

According to the lease contracts entered into with the lessees, the minimum lease receivables under non-cancellable leases are as follows:

Unit: Yuan Currency: RMB

	2020	2019
Less than 1 year (including 1 year)	28,744,854.81	30,735,877.92
2 to 5 years (including 5 years)	77,874,693.91	77,782,195.79
Over 5 years	<u>25,838,606.13</u>	<u>45,284,155.08</u>
	<u>132,458,154.85</u>	<u>153,802,228.79</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVI. OTHER SIGNIFICANT EVENTS (Continued)

### 7. Others (Continued)

#### (1) Lease arrangement (Continued)

##### 2 As a lessee

##### *Supplementary information on lease expenses*

The Group adopted simplified treatment for short-term lease and low-value assets leases and had not recognized right-of-use assets and lease liabilities. The short-term lease, low-value assets and variable lease payments that are not included in the measurement of the lease liabilities were credited in expenses, as follows:

Unit: Yuan Currency: RMB

	2020	2019
Interest expense of lease liabilities	7,800,474.53	8,841,977.74
Short-term lease expenses subject to simplified treatment and included in current profits and losses	79,891,527.32	109,173,774.73
Total cash outflow related to lease	<u>83,636,649.91</u>	<u>95,817,093.91</u>

##### *Leases committed but not yet commenced*

The expected annual cash outflows in the future for leases committed but not yet commenced by the Group are as follows:

Unit: Yuan Currency: RMB

	2020年	2019年
Less than 1 year (including 1 year)	37,290,453.89	51,143,854.59
1 to 2 years (including 2 years)	20,659,577.27	24,222,972.35
2 to 3 years (including 3 years)	6,154,657.10	13,183,667.60
Over 3 years	9,127,760.59	5,537,863.16
	<u>73,232,448.85</u>	<u>94,088,357.70</u>



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

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

### 1. Accounts receivable

#### (1). Disclosure by ageing

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Aging	Closing Book balance	Opening Book balance
Within 1 year	1,503,406,673.88	1,553,899,510.86
1 to 2 years	357,423,337.34	486,523,013.96
2 to 3 years	222,345,245.80	115,432,430.35
Over 3 years	118,701,812.95	101,806,851.76
Less: Provision for bad debt of accounts receivable	75,909,024.70	66,495,016.08
Total	2,125,968,045.27	2,191,166,790.85

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

### 1. Accounts receivable (Continued)

#### (2). Disclosure by the method of provision of bad debts

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Categories	Closing balance				Opening balance					
	Gross carrying amount		Provision for bad debt		Gross carrying amount		Provision for bad debt		Book value	
	Amount	Proportion (%)	Amount	Percentage of provision (%)	Amount	Proportion (%)	Amount	Percentage of provision (%)		
Single provision for bad debt	497,542,567.46	22.60	4,348,445.89	0.87	493,194,121.57	499,568,139.70	22.13	4,754,209.42	0.95	494,813,930.28
Provision withdrawn for bad debt on a combination basis	1,704,334,502.51	77.40	71,560,578.81	4.20	1,632,773,923.70	1,758,093,667.23	77.87	61,740,806.66	3.51	1,696,352,860.57
<b>Total</b>	<b>2,201,877,069.97</b>	<b>100.00</b>	<b>75,909,024.70</b>	<b>3.45</b>	<b>2,125,968,045.27</b>	<b>2,257,661,806.93</b>	<b>100.00</b>	<b>66,495,016.08</b>	<b>2.95</b>	<b>2,191,166,790.85</b>

Single provision for bad debt:

Applicable  Not Applicable

31 December 2020

Unit: Yuan Currency: RMB

Name	Closing balance				Reasons for provision
	Gross carrying amount	Provision for bad debt	Percentage of provision (%)		
Accounts receivable of single provision for bad debt	497,542,567.46	4,348,445.89	0.87		The Company has made provision for some bad debts based on the aging of the accounts and the business conditions of the other party
<b>Total</b>	<b>497,542,567.46</b>	<b>4,348,445.89</b>	<b>0.87</b>		/

Descriptions of single provision for bad debt:

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

### 1. Accounts receivable (Continued)

#### (2). Disclosure by the method of provision of bad debts (Continued)

31 December 2019

Unit: Yuan Currency: RMB

Name	Closing balance			Reasons for provision
	Gross carrying amount	Provision for bad debt	Percentage of provision (%)	
Accounts receivable of single provision for bad debt	499,568,139.70	4,754,209.42	0.95	The Company has made provision for some bad debts based on the aging of the accounts and the business conditions of the other party.
Total	<u>499,568,139.70</u>	<u>4,754,209.42</u>	<u>0.95</u>	/

Provision withdrawn for bad debt on a combination basis:

Applicable  Not Applicable

Items accruing on group basis: aging group

2020

Unit: Yuan Currency: RMB

Name	Closing balance		Percentage of provision (%)
	Accounts receivable	Provision for bad debt	
Within 1 year	1,058,144,688.79	5,290,723.44	0.50
1 to 2 years	348,405,037.47	17,420,251.87	5.00
2 to 3 years	215,970,220.65	21,597,022.07	10.00
Over 3 years	81,814,555.60	27,252,581.43	33.31
Total	<u>1,704,334,502.51</u>	<u>71,560,578.81</u>	

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

### 1. Accounts receivable (Continued)

#### (2). Disclosure by the method of provision of bad debts (Continued)

2019 Name	Unit: Yuan Currency: RMB		
	Closing balance		Percentage of provision (%)
	Accounts receivable	Provision for bad debt	
Within 1 year	1,135,218,616.10	5,676,093.08	0.50
1 to 2 years	448,096,033.81	22,404,801.69	5.00
2 to 3 years	113,650,309.82	11,365,030.98	10.00
Over 3 years	61,128,707.50	22,294,880.91	36.47
Total	<u>1,758,093,667.23</u>	<u>61,740,806.66</u>	

Recognition standards and descriptions of provision withdrawn for bad debt on a combination basis:

Applicable  Not Applicable

If provisions for bad debts are made as per the general model of ECL, please make disclosure with reference to other receivables:

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

### 1. Accounts receivable (Continued)

#### (3). Provision for bad debts

Applicable  Not Applicable

2020

Unit: Yuan Currency: RMB

Categories	Opening balance	Increase/decrease during the period			Closing balance
		Provision	Recovery or reversal	Write-off or cancellation Other changes	
Accounts receivable	66,495,016.08	13,348,971.81	-3,934,963.19	-	75,909,024.70
Total	66,495,016.08	13,348,971.81	-3,934,963.19	-	75,909,024.70

2019

Unit: Yuan Currency: RMB

Categories	Opening balance	Increase/decrease during the period			Closing balance
		Provision	Recovery or reversal	Write-off or cancellation Other changes	
Accounts receivable	51,406,057.57	16,311,693.50	-1,222,734.99	-	66,495,016.08
Total	51,406,057.57	16,311,693.50	-1,222,734.99	-	66,495,016.08

Including significant amounts recovered or reversed to bad debts in the period:

Applicable  Not Applicable

#### (4). The situation of the write-off of accounts receivable for the period

Applicable  Not Applicable

Writing-off of important accounts receivable

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020  
RMB

## XVII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

### 1. Accounts receivable (Continued)

#### (5). Top five accounts receivable by closing balance collection of the borrowers

Applicable  Not Applicable

2020

Unit: Yuan Currency: RMB

Name of debtor	Gross carrying amount	Provision for bad debt	Percentage to total accounts receivable (%)
Total closing balance for the year of the top five accounts receivable	<u>770,012,164.43</u>	<u>4,823,043.18</u>	<u>34.97</u>

2019

Unit: Yuan Currency: RMB

Name of debtor	Gross carrying amount	Provision for bad debt	Percentage of total accounts receivable (%)
Total closing balance for the year of the top five accounts receivable	<u>926,065,284.22</u>	<u>6,846,809.48</u>	<u>41.02</u>

#### (6). Accounts receivable derecognized due to the transfer of financial assets

Applicable  Not Applicable

In 2020, the Company's non-recourse accounts receivable were factored to financial institutions. The book balance of the derecognized accounts receivable was RMB775,800,000.00 (2019: RMB180,000,000.00).

#### (7). Amount of assets or liabilities resulting from transferring of accounts receivable and continuing involvement

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

### 2. Other receivables

#### Presentation of item

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interests receivable	—	—
Dividends receivable	699,665,430.31	249,665,430.31
Other receivables	6,318,464,558.38	6,188,357,909.54
Total	7,018,129,988.69	6,438,023,339.85

Other explanation:

Applicable  Not Applicable

#### Interests receivable

(1). *Classification of interests receivable*

Applicable  Not Applicable

(2). *Significant overdue interest*

Applicable  Not Applicable

(3). *Provision for bad debts*

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020  
RMB

## XVII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

### 2. Other receivables (Continued)

#### Dividends receivable

(1). *Dividends receivable*

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item (or investee)	Closing balance	Opening balance
CRSCD	569,484,500.00	119,484,500.00
CRSC Wanquan	3,616,930.31	3,616,930.31
CRSC Construction	126,564,000.00	126,564,000.00
Total	<u>699,665,430.31</u>	<u>249,665,430.31</u>

(2). *Significant dividends receivable with an age over 1 year*

Applicable  Not Applicable

(3). *Provision for bad debts*

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

### 2. Other receivables (Continued)

#### Other receivables

##### (1). Disclosure by ageing

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Aging	Closing carrying amounts	Opening carrying amounts
Within 1 year	6,012,431,654.80	5,882,140,591.13
1 to 2 years	13,566,260.59	121,139,068.33
2 to 3 years	108,779,050.95	1,340,768.63
Over 3 years	184,304,289.84	184,304,325.78
Less: Provision for bad debts of other receivables	616,697.80	566,844.33
Total	<u>6,318,464,558.38</u>	<u>6,188,357,909.54</u>

##### (2). Classified by nature of accounts

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

### 2. Other receivables (Continued)

Other receivables (Continued)

(3). *Provision for bad debts*

Applicable  Not Applicable

2020

Unit: Yuan Currency: RMB

	Stage 1	Stage 2	Total
	12-month ECL	Lifetime ECL	
<b>Provision for bad debt</b>			
Amount as at 1 January 2020	404,051.00	162,793.33	566,844.33
Amounts due for the period as at 1 January 2020			
– Transferred to stage 2	–	–	–
– Transferred to stage 3	–	–	–
– Reversed to stage 2	–	–	–
– Reversed to stage 1	–	–	–
Provision for the period	49,853.47	–	49,853.47
Reversal for the period	–	–	–
Write-off for the period	–	–	–
Cancellation for the period	–	–	–
Other changes	–	–	–
Amount as at 31 December 2020	<u>453,904.47</u>	<u>162,793.33</u>	<u>616,697.80</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

### 2. Other receivables (Continued)

#### Other receivables (Continued)

#### (3). Provision for bad debts (Continued)

2019

	Unit: Yuan Currency: RMB		
	Stage 1	Stage 2	Total
	12-month ECL	Lifetime ECL	
Provision for bad debt			
Amount as at 1 January 2019	420,451.00	69,160.92	489,611.92
Amounts due for the period as at 1 January 2019			
– Transferred to stage 2	–	–	–
– Transferred to stage 3	–	–	–
– Reversed to stage 2	–	–	–
– Reversed to stage 1	–	–	–
Provision for the period	–	93,632.41	93,632.41
Reversal for the period	16,400.00	–	16,400.00
Write-off for the period	–	–	–
Cancellation for the period	–	–	–
Other changes	–	–	–
Amount as at 31 December 2019	<u>404,051.00</u>	<u>162,793.33</u>	<u>566,844.33</u>

Explanation about obvious changes in gross carrying amount of other receivables for which loss provision has changed in the period:

Applicable  Not Applicable

Amount of provision for bad debt for the period and basis for evaluating whether credit risk of financial instruments increase significantly:

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

### 2. Other receivables (Continued)

#### Other receivables (Continued)

#### (3). Provision for bad debts (Continued)

Significant changes in gross carrying amount of other receivables that influenced changes in the loss provision during the year:

#### 2020

	Stage 1	Stage 2	Total
	12-month ECL	Lifetime ECL	
Amount as at 1 January 2020	6,188,654,816.55	269,937.32	6,188,924,753.87
Amounts due for the period as at 1 January 2020			
– Transferred to stage 2	–	–	–
– Transferred to stage 3	–	–	–
– Reversed to stage 2	–	–	–
– Reversed to stage 1	–	–	–
Increase for the period	8,078,024,849.93	–	8,078,024,849.93
Derecognized	7,947,868,347.62	–	7,947,868,347.62
Write-off for the period	–	–	–
Other changes	–	–	–
Amounts as at 31 December 2020	6,318,811,318.86	269,937.32	6,319,081,256.18

#### 2019

	Stage 1	Stage 2	Total
	12-month ECL	Lifetime ECL	
Amount as at 1 January 2019	7,887,398,834.65	269,937.32	7,887,668,771.97
Amounts due for the period as at 1 January 2019			
– Transferred to stage 2	–	–	–
– Transferred to stage 3	–	–	–
– Reversed to stage 2	–	–	–
– Reversed to stage 1	–	–	–
Additions	7,057,535,527.57	–	7,057,535,527.57
Derecognized	8,756,279,545.67	–	8,756,279,545.67
Cancellation for the period	–	–	–
Other changes	–	–	–
Amount as at 31 December 2019	6,188,654,816.55	269,937.32	6,188,924,753.87

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

### 2. Other receivables (Continued)

Other receivables (Continued)

#### (4). Provision for bad debts

Applicable  Not Applicable

2020

Unit: Yuan Currency: RMB

Categories	Opening balance	Increase/decrease during the period			Closing balance
		Provision	Recovery or reversal	Write-off or cancellation Other changes	
Other receivables	566,844.33	49,853.47	-	-	616,697.80
Total	566,844.33	49,853.47	-	-	616,697.80

2019

Unit: Yuan Currency: RMB

Categories	Opening balance	Increase/decrease during the period			Closing balance
		Provision	Recovery or reversal	Write-off or cancellation Other changes	
Other receivables	489,611.92	93,632.41	-16,400.00	-	566,844.33
Total	489,611.92	93,632.41	-16,400.00	-	566,844.33

Including significant amounts of provision for bad debts recovered or reversed in the period:

Applicable  Not Applicable

#### (5). The situation of the write-off of other receivables for the period

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

### 2. Other receivables (Continued)

Other receivables (Continued)

(6). Top five accounts receivable by closing balance collection of the borrowers

Applicable  Not Applicable

As at 31 December 2020, total top five closing balance for the year of other receivables are as following:

Unit: Yuan Currency: RMB

Nature of receivable	Closing balance	Aging	Proportion of the total closing balance of other receivables (%)	Provision for bad debt Closing balance
Total top five closing balance for the year of other receivables				
Internal borrowing	<u>3,605,843,130.00</u>	/	<u>57.06</u>	/

As at 31 December 2019, total top five closing balance for the year of other receivables are as following:

Unit: Yuan Currency: RMB

Nature of receivable	Closing balance	Aging	Proportion of the total closing balance of other receivables (%)	Provision for bad debt Closing balance
Total top five closing balance for the year of other receivables				
Internal borrowing	<u>4,362,843,130.00</u>	/	<u>70.49</u>	/

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

### 2. Other receivables (Continued)

#### Other receivables (Continued)

(7). *Receivables involving government subsidies*

Applicable  Not Applicable

(8). *Other receivables derecognized due to the transfer of financial assets*

Applicable  Not Applicable

In 2020, none of the Company's other receivables were derecognized due to being factored to financial institutions with no right of recourse (2019: RMB441,752,441.81).

(9). *Amount of assets or liabilities resulting from transfer of other receivables and continuing involvement*

Applicable  Not Applicable

Other explanation:

Applicable  Not Applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

### 3. Long-term equity investments

Applicable  Not Applicable

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Balance of carrying amount	Impairment provision	Carrying amount	Balance of carrying amount	Impairment provision	Carrying amount
Investment in subsidiaries	16,170,066,112.61	-	16,170,066,112.61	15,670,666,291.57	-	15,670,666,291.57
Investments in associates and joint ventures	817,575,074.70	-	817,575,074.70	720,398,541.41	-	720,398,541.41
Total	<u>16,987,641,187.31</u>	<u>-</u>	<u>16,987,641,187.31</u>	<u>16,391,064,832.98</u>	<u>-</u>	<u>16,391,064,832.98</u>

#### (1). Investment in subsidiaries

Applicable  Not Applicable

2020

Unit: Yuan Currency: RMB

Investee	Opening balance	Increase for the period	Decrease for the period	Closing balance	Provision for impairment for the period	Closing balance of provision for impairment
CRSCS (Note 1)	1,015,168,395.36	500,000,000.00	-	1,515,168,395.36	-	-
CRSCD	1,529,072,621.04	-	-	1,529,072,621.04	-	-
CRSCC (Note 3)	320,790,731.45	50,000,000.00	-	370,790,731.45	-	-
Urban Rail Transit	100,000,000.00	-	-	100,000,000.00	-	-
CRSC International Holdings	463,000,000.00	-	-	463,000,000.00	-	-
Innovation Investment (Note 4)	3,000,000,000.00	-	98,568,939.29	2,901,431,060.71	-	-
CRSC Communications (Note 4)	180,000,000.00	-	180,000,000.00	-	-	-
CRSC Materials Group (Note 5)	100,000,000.00	-	100,000,000.00	-	-	-
CRSCE (Note 5)	995,447,494.77	95,000,000.00	-	1,090,447,494.77	-	-
CRSC Cables	389,223,087.50	-	-	389,223,087.50	-	-
CRSC Inspection (Note 7)	88,600,178.96	-	88,600,178.96	-	-	-
CRSC Changsha Railway (Note 6)	1,153,750,000.00	225,720,000.00	-	1,379,470,000.00	-	-
CRSC Wanquan	119,950,600.00	-	-	119,950,600.00	-	-
CRSC CASCO	731,460,709.51	-	-	731,460,709.51	-	-
CRSC Beijing Industry Group	1,348,703,706.17	-	-	1,348,703,706.17	-	-
CRSC Xi'an Industry Group	1,516,853,488.70	-	-	1,516,853,488.70	-	-
Zhengzhou Zhongyuan	325,000,000.00	-	-	325,000,000.00	-	-
CRSC Railway Vehicles (Note 6)	225,720,000.00	-	225,720,000.00	-	-	-
CRSC Construction	1,000,344,078.11	-	-	1,000,344,078.11	-	-
Smart City Research & Design (Note 3)	50,000,000.00	-	50,000,000.00	-	-	-
CRSC International	2,581,200.00	-	-	2,581,200.00	-	-
CRSC Tengda	405,000,000.00	-	-	405,000,000.00	-	-
CRSC Huatai	522,000,000.00	-	-	522,000,000.00	-	-
CRSC Jiangsu Smart (Note 2)	88,000,000.00	88,000,000.00	-	176,000,000.00	-	-
CRSC Zhejiang Construction Investment (Note 4)	-	278,568,939.29	-	278,568,939.29	-	-
Beijing Tendering (Note 5)	-	5,000,000.00	-	5,000,000.00	-	-
Total	<u>15,670,666,291.57</u>	<u>1,242,288,939.29</u>	<u>742,889,118.25</u>	<u>16,170,066,112.61</u>	<u>-</u>	<u>-</u>



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

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

#### (1). Investment in subsidiaries (Continued)

2019

Unit: Yuan Currency: RMB

Investee	Opening balance	Increase during the period	Decrease during the period	Closing balance	Provision for impairment for the period	Closing balance of provision for impairment
CRSCS	515,168,395.36	500,000,000.00	-	1,015,168,395.36	-	-
CRSCD	1,529,072,621.04	-	-	1,529,072,621.04	-	-
CRSCC	320,790,731.45	-	-	320,790,731.45	-	-
Urban Rail Transit	100,000,000.00	-	-	100,000,000.00	-	-
CRSC International Holdings	463,000,000.00	-	-	463,000,000.00	-	-
Innovation Investment	3,000,000,000.00	-	-	3,000,000,000.00	-	-
CRSC Communications	180,000,000.00	-	-	180,000,000.00	-	-
CRSCM	100,000,000.00	-	-	100,000,000.00	-	-
CRSCCE	995,447,494.77	-	-	995,447,494.77	-	-
CRSC Cables	389,223,087.50	-	-	389,223,087.50	-	-
CRSC Inspection	88,600,178.96	-	-	88,600,178.96	-	-
CRSC Changsha Railway	1,153,750,000.00	-	-	1,153,750,000.00	-	-
CRSC Wanquan	119,950,600.00	-	-	119,950,600.00	-	-
CRSC CASCO	568,260,709.51	163,200,000.00	-	731,460,709.51	-	-
CRSC Beijing Industry Group	1,348,703,706.17	-	-	1,348,703,706.17	-	-
CRSC Xi'an Industry Group	851,255,688.70	665,597,800.00	-	1,516,853,488.70	-	-
Zhengzhou Zhongyuan	325,000,000.00	-	-	325,000,000.00	-	-
CRSC Railway Vehicles	225,720,000.00	-	-	225,720,000.00	-	-
CRSC Construction	1,000,344,078.11	-	-	1,000,344,078.11	-	-
Smart City Research & Design	50,000,000.00	-	-	50,000,000.00	-	-
CRSC International	2,581,200.00	-	-	2,581,200.00	-	-
CRSC Tengda	405,000,000.00	-	-	405,000,000.00	-	-
CRSC Huatai	522,000,000.00	-	-	522,000,000.00	-	-
CRSC Jiangsu Smart (Note 8)	-	88,000,000.00	-	88,000,000.00	-	-
Total	<u>14,253,868,491.57</u>	<u>1,416,797,800.00</u>	<u>-</u>	<u>15,670,666,291.57</u>	<u>-</u>	<u>-</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

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

#### (1). Investment in subsidiaries (Continued)

Note 1: In May 2020, the Company increased its investment in CRSCS with an amount of RMB500 million, resulting in an ending shareholding ratio of 100%.

Note 2: In June 2020, the Company increased its investment in CRSC Jiangsu Smart with an amount of RMB88 million, resulting in an ending shareholding ratio of 88%.

Note 3: In April 2020, Smart City Research & Design (a former second-tier subsidiary of the Company) was transferred to CRSCC (a second-tier subsidiary of the Company), consequently, Smart City Research & Design became a third-tier subsidiary of the Company.

Note 4: In May 2020, Zhejiang Construction Investment (the subsidiary of a former second-tier subsidiary of the Company. Innovation Investment) merged CRSC Communications (a former second-tier subsidiary of the Company), consequently, Zhejiang Construction Investment is currently a second-tier subsidiary of the Company.

Note 5: In April 2020, CRSC Material Group Company Ltd. (a former second-tier subsidiary of the Company) was transferred to CRSCE and became a third-tier subsidiary of the Company. Meanwhile, CRSCM divested its subsidiary CRSC (Beijing) Bid to the Company, consequently, CRSC (Beijing) Bid became a second-tier subsidiary of the Company.

Note 6: In June 2020, CRSC Railway Vehicles (a former second-tier subsidiary of the Company) was transferred to CRSC Changsha Railway, consequently, CRSC Railway Vehicles became a third-tier subsidiary of the Company.

Note 7: In June 2020, Xi'an Quanlutonghao Equipment Research Co., Ltd. (西安全路通號器材研究有限公司) and Xi'an CRSC Railway Communication Product Inspection Station Co., Ltd. (西安通號鐵路信號產品檢驗站有限公司), subsidiaries of CRSC Inspection (a former second-tier subsidiary of the Company), were transferred to the Company's second-tier subsidiary CRSC Xi'an Industry Group and CRSCD. CRSC Inspection was cancelled in September 2020.

Note 8: In July 2019, the Company increased its long-term equity investment in CRSC Jiangsu Smart with an investment of RMB88 million, resulting in an ending shareholding ratio of 88%.

#### (2). Investments in associates and joint ventures

Applicable  Not applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

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

#### (2). Investments in associates and joint ventures (Continued)

2020

Unit: Yuan Currency: RMB

Investee	Opening balance	Increase in investment	Decrease in investment	Increase/decrease during the period						Closing balance	Closing balance of provision for impairment
				Investment gains/losses recognized under equity method	Other comprehensive income adjustment	Other equity changes	Declared and paid cash dividends or profits	Provision for impairment	Others		
I. Joint ventures											
Wenzhou-Hangzhou High-Speed Railway	76,503,772.49	-	-	-	-	-	-	-	-	76,503,772.49	-
Subtotal	76,503,772.49	-	-	-	-	-	-	-	-	76,503,772.49	-
II. Associates											
CSCEC Foshan	18,001,674.57	-	-	3,405,413.92	-	-	8,903,935.88	-	-	12,503,152.61	-
Siping Pipeline (note)	134,715,266.36	90,048,680.00	-	-	-	-	-	-	-	224,763,946.36	-
Guangdong Utrust Financial Leasing	313,638,566.72	-	-	15,906,091.09	-	-	-	-	-	329,544,657.81	-
Tianshui Tram	177,539,261.27	-	-	-3,279,715.84	-	-	-	-	-	174,259,545.43	-
Subtotal	643,894,768.92	90,048,680.00	-	16,031,789.17	-	-	8,903,935.88	-	-	741,071,302.21	-
Total	720,398,541.41	90,048,680.00	-	16,031,789.17	-	-	8,903,935.88	-	-	817,575,074.70	-

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

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

#### (2). Investments in associates and joint ventures (Continued)

2019

Investee	Opening balance	Increase/decrease during the period								Closing balance	Closing balance of provision for impairment
		Increase in investment	Decrease in investment	Investment gains/losses recognized under equity method	Other comprehensive income adjustment	Other equity changes	Declared and paid cash dividends or profits	Provision for impairment	Others		
I. Joint ventures											
Wenzhou-Hangwen High-Speed Railway	-	76,500,000.00	-	3,772.49	-	-	-	-	-	76,503,772.49	-
Sichuan Development	56,733,823.16	-	56,733,823.16	-	-	-	-	-	-	-	-
Subtotal	56,733,823.16	76,500,000.00	56,733,823.16	3,772.49	-	-	-	-	-	76,503,772.49	-
II. Associates											
CSCEC Foshan	82,300,609.21	-	64,240,000.00	-58,994.64	-	-	-	-	-	18,001,674.57	-
Siping Pipeline (note)	134,715,266.36	-	-	-	-	-	-	-	-	134,715,266.36	-
Airbus	20,248,799.36	-	19,746,169.95	-502,629.41	-	-	-	-	-	-	-
Guangdong Utrust Financial Leasing	302,243,054.50	-	-	11,395,512.22	-	-	-	-	-	313,638,566.72	-
Tianshui Tram	88,761,761.27	88,777,500.00	-	-	-	-	-	-	-	177,539,261.27	-
Subtotal	628,269,490.70	88,777,500.00	83,986,169.95	10,893,948.17	-	-	-	-	-	643,894,768.92	-
Total	685,003,313.86	165,277,500.00	140,719,993.11	10,897,720.66	-	-	-	-	-	720,398,541.41	-

Note: On 21 January 2020, the Company paid the third registered capital of RMB90.0487 million for Siping Pipeline, and the capital contribution requirement has been completed. As of 31 December 2020, the Company has invested a total of RMB224.7639 million, accounting for 20% of the total registered capital of the project company.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

### 4. Revenue and costs of sales

#### (1). Revenue and costs of sales

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period		Amount for the last period	
	Revenue	Cost	Revenue	Cost
Principal operations	4,787,729,636.18	4,416,401,678.77	5,778,276,156.96	5,501,877,507.03
Other operations	177,158,759.27	46,158,904.65	149,801,315.57	47,376,362.95
Total	<u>4,964,888,395.45</u>	<u>4,462,560,583.42</u>	<u>5,928,077,472.53</u>	<u>5,549,253,869.98</u>

Revenue is presented as follows:

Unit: Yuan Currency: RMB

	2020	2019
Design and integration	2,076,018,167.79	4,843,601,842.85
Construction contracting	228,104,253.67	511,360,971.97
System implementation	2,483,607,214.72	419,887,669.57
Others	177,158,759.27	153,226,988.14
Total	<u>4,964,888,395.45</u>	<u>5,928,077,472.53</u>

Costs of sales is listed as follows:

Unit: Yuan Currency: RMB

	2020	2019
Design and integration	1,813,639,945.76	4,655,306,140.88
Construction contracting	206,387,479.97	468,877,542.72
System implementation	2,396,374,253.04	371,100,721.10
Others	46,158,904.65	53,969,465.28
Total	<u>4,462,560,583.42</u>	<u>5,549,253,869.98</u>

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVII. NOTES TO KEY ITEMS OF THE PARENT COMPANY'S FINANCIAL STATEMENTS (Continued)

### 4. Revenue and costs of sales (Continued)

#### (2). Revenue from contracts

Applicable  Not applicable

#### (3). Details of performance obligation

Applicable  Not applicable

#### (4). Explanation about allocation to the remaining performance obligations

Applicable  Not applicable

### 5. Investment income

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the last period
Income from long-term equity investments under the cost method	2,179,200,100.00	2,065,912,380.00
Income from long-term equity investments under the equity method	16,031,789.17	10,837,720.66
Investment (losses)/income from disposal of long-term equity investments	-40,864,482.93	3,324,006.89
Investment income from borrowing/loan (note)	243,925,849.24	249,668,971.60
Loss from derecognition of financial assets measured at amortized cost	-18,648,016.99	—
Investment income from debt investments during the holding period	22,729,987.33	—
Total	<u>2,402,375,225.82</u>	<u>2,329,743,079.15</u>

Other explanations:

Note: investment income from borrowing/loan is the interest charged by the Company for providing capital for subsidiaries.

### 6. Others

Applicable  Not applicable

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVIII. SUPPLEMENTARY INFORMATION

### 1. Breakdown of current non-recurring profit or loss

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Amount	Notes
Profit and loss on disposal of non-current assets	171,224,991.74	
Tax refund or relief for which approval is not authorized or no formal approval is issued	—	
Government grants recognized through profit or loss (other than government grants which are closely related to corporate business and granted based on a fixed amount or a fixed quantity unified by the state)	117,599,839.57	
Capital occupation fee charged to non-financial enterprises included in current profits and losses	—	
Gain from the excess of the fair value of the identifiable net assets of investee companies on acquisition of the investment over the cost of investment in the Company's subsidiaries, associates and joint ventures	—	
Profit or loss from exchange of non-monetary assets	—	
Gain or loss on entrusted investments or asset under management	—	
Provision for impairment on assets due to force majeure events, such as natural disasters	—	
Gain or loss on debt restructuring	—	
Corporate restructuring costs, such as employee relocation expenses and integration costs	—	
Gain or loss on transactions with obviously unfair transaction price for amount which exceeds fair value	—	
Net gains or losses of subsidiaries for the current period from the beginning of the period to the date of combination arising from business combination under common control	—	
Gain or loss on other contingencies which are not related to the Company's normal operations	—	

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVIII. SUPPLEMENTARY INFORMATION (Continued)

### 1. Breakdown of current non-recurring profit or loss (Continued)

Item	Amount	Notes
Gain or loss on changes in fair value from the holding of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities, and investment income from disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments, except for effective hedging transactions that are related to the Company's normal operation	—	
Reversal of the impairment provision for receivables and contract assets which are tested individually for impairment	2,766,661.64	
Gain or loss on external entrusted loans	—	
Gain or loss arising from changes in fair value of investment properties under fair value model on subsequent measurement	—	
Effect of one-time adjustment to current profit or loss according to the requirements of tax and accounting laws and regulations on current profit or loss	—	
Entrusted fee income from entrusted operations	—	
Other non-operating income and expenses apart from the aforesaid items	19,375,081.16	
Other gain or loss items falling within the definition of extraordinary items	—	
Effect of income tax	-65,689,329.87	
Effect of minority interest	-5,025,836.00	
Total	<u>240,251,408.24</u>	

Reasons shall be given with respect to the Company classifying the non-recurring profit and loss items defined and listed in the Explanatory Notice on Information Disclosure of Companies with Public Offering No. 1-Non-recurring Profit and Loss 《公開發行證券的公司信息披露解釋性公告第1號—非經常性損益》 as recurring profit and loss items.

Applicable  Not applicable



# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVIII. SUPPLEMENTARY INFORMATION (Continued)

### 2. Return on net assets and earnings per share

Applicable  Not applicable

2020

Profit for reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	9.09	0.34	0.34
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profits and losses	8.52	0.32	0.32

2019

Profit for reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	12.77	0.38	0.38
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profits and losses	11.72	0.35	0.35

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVIII. SUPPLEMENTARY INFORMATION (Continued)

### 2. Return on net assets and earnings per share (Continued)

Earnings per share

	<b>2020</b>	2019
	<b>RMB/share</b>	RMB/share
Basic earnings per share		
Continuous operation	<b>0.34</b>	0.38
Diluted earnings per share		
Continuous operation	<b>0.34</b>	0.38

The basic earnings per share is calculated by dividing the current net profit attributable to the ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares.

The numerator of diluted earnings per share are determined on the basis of the current net profit attributable to the ordinary shareholders of the Company after adjusting the following factors: (1) interest on diluted potential ordinary shares recognized as expenses in the current period; (2) the income or expenses that will be generated during the conversion of diluted potential ordinary shares; and (3) the income tax impact related to the above adjustments.

The denominator of diluted earnings per share is equal to the sum of the following two items: (1) the weighted average of the issued ordinary shares of the parent when calculating the basic earnings per share; and (2) the weighted average number of ordinary shares increased on the assumption that dilutive potential ordinary shares are converted into ordinary shares.

When calculating the weighted average number of ordinary shares increased by the conversion of diluted potential ordinary shares into issued ordinary shares, the diluted potential ordinary shares issued in the previous period are assumed to be converted at the beginning of the current period; and diluted potential ordinary shares issued in the current period are assumed to be converted on the issue date.

# NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

RMB

## XVIII. SUPPLEMENTARY INFORMATION (Continued)

### 2. Return on net assets and earnings per share (Continued)

The basic earnings per share and diluted earnings per share are calculated as follows:

	2020	2019
Income		
Current net profits attributable to ordinary shareholders of the Company		
Continuous operation	<b>3,819,046,319.02</b>	3,815,874,901.39
Less: dividend distribution with respect to other equity instruments in the year	<b>-190,726,666.66</b>	-190,205,555.55
Current net profits attributable to ordinary shareholders of the Company after adjustment	<b>3,628,319,652.36</b>	3,625,669,345.84
Attributable to:		
Continuous operation	<b>3,628,319,652.36</b>	3,625,669,345.84
Weighted average number of ordinary shares issued by the Company	<b>10,589,819,000.00</b>	9,539,819,000.00

### 3. Differences in accounting data between domestic and overseas accounting standards

Applicable  Not applicable

### 4. Others

Applicable  Not applicable

### 5. Differences in Accounting Data under Domestic and Overseas Accounting Standards

## SECTION XII FIVE-YEAR FINANCIAL SUMMARY

### CONSOLIDATED STATEMENT OF PROFIT

Unit: Yuan Currency: RMB

Item	2020	2019	2018	2017	2016
Revenue	40,124,476,710.76	41,646,286,792.57	40,012,601,322.24	34,585,933,621.04	29,770,196,558.84
Cost of sales	31,269,101,236.91	32,112,103,467.88	30,931,739,704.16	26,057,557,005.89	21,969,499,356.70
Taxes and surcharges	230,083,398.31	260,018,767.25	255,740,657.97	221,523,069.81	416,897,973.95
Selling and distribution expenses	782,685,977.22	878,468,933.38	701,572,032.88	692,597,465.78	684,272,422.97
General and administrative expenses	2,059,557,214.11	2,530,027,201.64	2,462,903,609.57	2,216,705,978.69	2,050,958,820.59
Research and development expenses	1,434,273,399.90	1,583,455,766.97	1,323,503,188.98	1,180,165,035.71	1,050,429,299.45
Finance costs	-249,659,643.80	-144,051,571.49	-86,429,029.18	98,770,611.39	-110,018,771.30
Impairment losses on assets	13,806,313.28	12,097,212.16	110,408.35	160,789,320.07	67,791,516.04
Credit impairment losses	16,062,175.36	18,930,589.80	113,310,088.29	/	/
Investment income	58,689,540.14	372,775,072.48	55,167,907.21	46,809,804.53	47,502,154.71
Gains or losses from disposal of assets	171,224,991.74	-1,382,312.77	-4,136,576.96	975,322.77	-1,948,710.86
Other income	216,220,467.27	213,181,016.26	171,651,177.97	180,532,715.27	113,184,747.07
Operating profit	5,014,701,638.62	4,979,410,200.95	4,532,833,169.44	4,186,142,976.27	3,799,104,131.36
Non-operating income	26,100,278.36	61,799,594.90	45,181,935.07	34,620,143.00	31,448,456.63
Non-operating expenses	4,929,393.37	13,735,278.90	58,345,128.80	10,974,862.04	7,429,217.34
Total profit	5,035,872,523.61	5,027,474,516.95	4,519,669,975.71	4,209,788,257.23	3,823,123,370.65
Income tax expenses	796,452,326.62	850,426,160.91	802,874,717.84	772,593,993.70	624,641,464.42
Net profit	4,239,420,196.99	4,177,048,356.04	3,716,795,257.87	3,437,194,263.53	3,198,481,906.23
Profit or loss attributable to owners of the parent company	3,819,046,319.02	3,815,874,901.39	3,408,545,542.62	3,222,483,597.72	3,045,000,334.08
Profit or loss attributable to non-controlling interests	420,373,877.97	361,173,454.65	308,249,715.25	214,710,665.81	153,481,572.15
Basic earnings per share	0.34	0.38	0.38	0.37	0.35
Diluted earnings per share	0.34	0.38	0.38	0.37	0.35

### TOTAL CONSOLIDATED ASSETS AND LIABILITIES

Unit: Yuan Currency: RMB

Item	2020	2019	2018	2017	2016
Total assets	105,328,082,320.59	97,512,591,304.36	79,678,537,628.47	61,244,644,570.65	50,295,006,595.27
Total liabilities	61,030,744,806.19	54,787,913,723.34	49,406,456,079.29	36,020,046,954.65	27,604,534,318.88
Total Shareholders' equity	44,297,337,514.40	42,724,677,581.02	30,272,081,549.18	25,224,597,616.00	22,690,472,276.39

## SECTION XIII DOCUMENTS AVAILABLE FOR INSPECTION

Documents Available for Inspection

The financial report signed and stamped by the legal representative, chief financial officer and head of accounting department of the Company

Documents Available for Inspection

Original copies of all documents and announcements of the Company disclosed on websites designated by the CSRC during the reporting period

Chairman: ZHOU Zhiliang

Date of approval by the Board for submission: 26 March 2021

### INFORMATION ON AMENDMENT

Applicable  Not Applicable

## SECTION XIII DOCUMENTS AVAILABLE FOR INSPECTION

### Note: Guarantee provided by the Company and its subsidiaries to its subsidiaries

Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the counter-guarantee existed or not
The Company	Company home office	Xian Railway Signal Co., Ltd.	Wholly-owned subsidiary	886,964.00	2019/11/14	2019/11/14	2021/4/9	Guarantee with joint responsibilities	No	No
The Company	Company home office	Xian Railway Signal Co., Ltd.	Wholly-owned subsidiary	10,143.00	2020/3/20	2020/3/20	2021/3/31	Guarantee with joint responsibilities	No	No
The Company	Company home office	Xian Railway Signal Co., Ltd.	Wholly-owned subsidiary	3,000,000.00	2020/3/20	2020/3/20	2022/3/6	Guarantee with joint responsibilities	No	No
The Company	Company home office	Xian Railway Signal Co., Ltd.	Wholly-owned subsidiary	740,000.00	2020/3/20	2020/3/20	2021/12/31	Guarantee with joint responsibilities	No	No
The Company	Company home office	Xian Railway Signal Co., Ltd.	Wholly-owned subsidiary	190,000.00	2020/4/1	2020/4/1	2021/12/31	Guarantee with joint responsibilities	No	No
The Company	Company home office	Xian Railway Signal Co., Ltd.	Wholly-owned subsidiary	37,400.00	2020/4/1	2020/4/1	2022/1/16	Guarantee with joint responsibilities	No	No
The Company	Company home office	Xian Railway Signal Co., Ltd.	Wholly-owned subsidiary	1,412.80	2020/4/1	2020/4/1	2021/3/15	Guarantee with joint responsibilities	No	No
The Company	Company home office	Xian Railway Signal Co., Ltd.	Wholly-owned subsidiary	11,717.00	2020/4/1	2020/4/1	2021/3/15	Guarantee with joint responsibilities	No	No

## SECTION XIII DOCUMENTS AVAILABLE FOR INSPECTION

Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the guarantee is past due or not	Amount guaranteed past due	Whether counter-guarantee existed or not
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	991.90	2020/4/1	2020/4/1	2021/3/15	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	34,019.56	2020/6/9	2020/6/9	2021/12/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	24,662.40	2020/6/12	2020/6/12	2021/6/1	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	34,513.56	2020/7/1	2020/7/1	2022/6/26	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	800,000.00	2020/7/1	2020/7/1	2021/6/11	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	527,112.52	2020/8/20	2020/8/20	2021/8/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	158,133.76	2020/8/20	2020/8/20	2022/8/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	80,000.00	2020/9/3	2020/9/3	2021/6/19	Guarantee with joint responsibilities	No	No	-	No

## SECTION XIII DOCUMENTS AVAILABLE FOR INSPECTION

Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the guarantee is past due or not	Amount guaranteed	Whether counter-guarantee existed or not
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	349,272.00	2020/10/9	2020/10/9	2021/9/7	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	389,644.00	2020/10/27	2020/10/27	2021/9/30	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	1,688,699.80	2020/10/27	2020/10/27	2021/12/30	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	48,963.15	2020/11/9	2020/11/9	2021/9/15	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	220,557.60	2020/12/3	2020/12/3	2021/10/14	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	9,235.00	2020/12/3	2020/12/3	2021/10/14	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	131,571.80	2020/12/3	2020/12/3	2021/10/14	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	116,100.00	2020/12/3	2020/12/3	2021/11/3	Guarantee with joint responsibilities	No	No	-	No



## SECTION XIII DOCUMENTS AVAILABLE FOR INSPECTION

Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the guarantee is past due or not	Amount guaranteed past due	Whether counter-guarantee existed or not
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	252,281.00	2020/12/16	2020/12/16	2021/5/20	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	71,248.06	2020/12/16	2020/12/16	2021/11/19	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	17,451.27	2020/12/16	2020/12/16	2021/11/19	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	3,958.20	2020/12/16	2020/12/16	2021/11/19	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	48,435.00	2020/12/16	2020/12/16	2021/11/19	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	211,812.38	2020/12/28	2020/12/28	2021/5/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	216,468.33	2020/12/28	2020/12/28	2021/5/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	X'ian Railway Signal Co., Ltd.	Wholly-owned subsidiary	63,498.00	2020/12/28	2020/12/28	2021/5/31	Guarantee with joint responsibilities	No	No	-	No

## SECTION XIII DOCUMENTS AVAILABLE FOR INSPECTION

Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the guarantee is past due or not	Amount guaranteed	Whether counter-guarantee existed or not
The Company	Company home office	Xian Railway Signal Co., Ltd.	Wholly-owned subsidiary	50,000,000.00	2020/9/30	2020/9/30	2021/1/12	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	42,000.00	2019/11/26	2019/11/26	2020/12/31	Guarantee with joint responsibilities	Yes	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	636,080.00	2019/12/12	2019/12/12	2021/12/12	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	64,500.00	2019/12/12	2019/12/12	2020/12/31	Guarantee with joint responsibilities	Yes	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	102,591.90	2019/12/23	2019/12/23	2020/12/31	Guarantee with joint responsibilities	Yes	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	354,935.62	2020/1/15	2020/1/15	2022/12/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	449,510.00	2020/3/13	2020/3/13	2021/9/30	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	93,882.25	2020/3/20	2020/3/20	2021/12/30	Guarantee with joint responsibilities	No	No	-	No

## SECTION XIII DOCUMENTS AVAILABLE FOR INSPECTION

Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the guarantee is past due or not	Amount guaranteed past due	Whether counter-guarantee existed or not
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	145,112.00	2020/4/3	2020/4/3	2020/12/31	Guarantee with joint responsibilities	Yes	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	448,692.60	2020/4/8	2020/4/8	2021/3/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	2,229.20	2020/4/8	2020/4/8	2021/4/30	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	2,820,000.00	2020/4/14	2020/4/14	2021/6/30	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	1,262,603.30	2020/4/14	2020/4/14	2020/12/31	Guarantee with joint responsibilities	Yes	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	26,690.00	2020/4/14	2020/4/14	2021/3/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	58,256.99	2020/4/20	2020/4/20	2021/4/30	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	45,878.00	2020/4/27	2020/4/27	2021/12/31	Guarantee with joint responsibilities	No	No	-	No

## SECTION XIII DOCUMENTS AVAILABLE FOR INSPECTION

Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the counter-guarantee is past due or not	Amount guaranteed existed or not
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	208,000.00	2020/4/27	2020/4/27	2023/3/30	Guarantee with joint responsibilities	No	No	-
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	80,000.00	2020/4/27	2020/4/27	2023/3/30	Guarantee with joint responsibilities	No	No	-
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	62,320.00	2020/4/27	2020/4/27	2023/2/15	Guarantee with joint responsibilities	No	No	-
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	38,249.00	2020/5/15	2020/5/15	2021/1/31	Guarantee with joint responsibilities	No	No	-
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	45,942.00	2020/5/29	2020/5/29	2022/12/31	Guarantee with joint responsibilities	No	No	-
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	594,000.00	2020/6/30	2020/6/30	2022/6/30	Guarantee with joint responsibilities	No	No	-
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	365,783.10	2020/7/8	2020/7/8	2021/12/31	Guarantee with joint responsibilities	No	No	-
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	189,642.20	2020/7/15	2020/7/15	2022/6/30	Guarantee with joint responsibilities	No	No	-

## SECTION XIII DOCUMENTS AVAILABLE FOR INSPECTION

Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement (Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the guarantee is past due or not	Amount guaranteed	Whether counter-guarantee existed or not
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	488,862.40	2020/7/29	2020/7/29	2022/7/7	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	488,862.40	2020/7/29	2020/7/29	2020/12/31	Guarantee with joint responsibilities	Yes	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	173,440.08	2020/8/18	2020/8/18	2022/9/29	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	2,801.72	2020/8/31	2020/8/31	2021/7/14	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	79,587.20	2020/8/31	2020/8/31	2021/6/30	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	225,000.00	2020/8/31	2020/8/31	2021/3/11	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	15,000.00	2020/9/3	2020/9/3	2021/1/16	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	12,000.00	2020/9/27	2020/9/27	2021/4/14	Guarantee with joint responsibilities	No	No	-	No

## SECTION XIII DOCUMENTS AVAILABLE FOR INSPECTION

Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the guarantee is past due or not	Amount guaranteed	Whether counter-guarantee existed or not
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	34,600.00	2020/9/27	2020/9/27	2021/6/30	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	3,648.88	2020/10/19	2020/10/19	2021/7/30	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	33,132.00	2020/10/27	2020/10/27	2021/12/30	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	158,000.00	2020/10/27	2020/10/27	2022/12/30	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	187,245.00	2020/11/2	2020/11/2	2022/12/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	67,800.00	2020/11/19	2020/11/19	2021/6/30	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	59,325.00	2020/11/24	2020/11/24	2022/12/30	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	45,878.00	2020/11/24	2020/11/24	2022/12/30	Guarantee with joint responsibilities	No	No	-	No

## SECTION XIII DOCUMENTS AVAILABLE FOR INSPECTION

Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the counter-guarantee is past due or not	Amount guaranteed past due	Whether counter-guarantee existed or not
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	97,915.00	2020/12/3	2020/12/3	2021/12/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	800,000.00	2020/12/24	2020/12/24	2021/6/29	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianjin Railway Signal Co., Ltd.	Wholly-owned subsidiary	35,407,703.84	2019/8/15	2019/8/15	2021/8/15	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CRSC (Beijing) Rail Industry Group Co., Ltd.	Wholly-owned subsidiary	40,000,000.00	2019/8/15	2019/8/15	2021/8/14	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Beijing Railway Signal Co., Ltd.	Wholly-owned subsidiary	10,000,000.00	2019/8/15	2019/8/15	2021/8/14	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Chengdu Railway Communication Equipment Co., Ltd.	Wholly-owned subsidiary	134,000.00	2020/4/13	2020/4/13	2021/3/25	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Chengdu Railway Communication Equipment Co., Ltd.	Wholly-owned subsidiary	71,199.00	2020/4/10	2020/4/10	2021/3/25	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Chengdu Railway Communication Equipment Co., Ltd.	Wholly-owned subsidiary	28,350.00	2020/4/27	2020/4/27	2021/4/17	Guarantee with joint responsibilities	No	No	-	No

## SECTION XIII DOCUMENTS AVAILABLE FOR INSPECTION

Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the guarantee is past due or not	Amount guaranteed existed or not	Whether counter-guarantee existed or not
The Company	Company home office	Chengdu Railway Communication Equipment Co., Ltd.	Wholly-owned subsidiary	40,500.00	2020/6/29	2020/6/29	2021/6/11	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Chengdu Railway Communication Equipment Co., Ltd.	Wholly-owned subsidiary	204,000.00	2020/8/31	2020/8/31	2021/7/29	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Chengdu Railway Communication Equipment Co., Ltd.	Wholly-owned subsidiary	99,600.00	2020/10/22	2020/10/22	2021/10/9	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Chengdu Railway Communication Equipment Co., Ltd.	Wholly-owned subsidiary	13,600.00	2019/12/20	2019/12/20	2021/1/13	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Chengdu Railway Communication Equipment Co., Ltd.	Wholly-owned subsidiary	198,538.00	2019/11/17	2019/11/17	2022/2/1	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC Cables Company Ltd.	Wholly-owned subsidiary	76,280.10	2020/1/10	2020/1/10	2021/1/10	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	700,332.50	2020/6/8	2020/6/8	2021/6/15	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	282,800.00	2020/7/24	2020/7/24	2021/7/11	Guarantee with joint responsibilities	No	No	-	No



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Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement (Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the counter-guarantee is past due or not	Amount guaranteed past due	Whether counter-guarantee existed or not
The Company	Company home office	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	12,120.00	2020/7/24	2020/7/24	2021/7/11	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	12,280,346.10	2020/8/25	2020/8/25	2021/12/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	276,000.00	2020/8/31	2020/8/31	2021/2/20	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	1,320,053.40	2020/9/3	2020/9/3	2021/9/14	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	85,645.37	2020/9/18	2020/9/18	2021/4/23	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	2,334,222.20	2020/10/19	2020/10/19	2022/6/15	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	360,000.00	2020/11/10	2020/11/10	2021/3/10	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	230,000.00	2020/11/24	2020/11/24	2021/3/24	Guarantee with joint responsibilities	No	No	-	No

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Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the guarantee is past due or not	Amount guaranteed	Whether counter-guarantee existed or not
The Company	Company home office	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	800,000.00	2020/11/24	2020/11/24	2021/3/24	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	20,000.00	2020/11/24	2020/11/24	2021/3/24	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	25,000.00	2020/11/24	2020/11/24	2021/3/24	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	375,770.75	2020/11/10	2020/11/10	2021/8/25	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	338,773.75	2020/11/10	2020/11/10	2021/8/25	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	202,370.70	2020/8/25	2020/8/25	2021/8/25	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	400,000.00	2020/7/30	2020/7/30	2020/11/30	Guarantee with joint responsibilities	Yes	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	1,809,670.00	2018/1/1	2018/1/1	2021/12/30	Guarantee with joint responsibilities	No	No	-	No

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Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the guarantee is past due or not	Amount guaranteed	Whether counter-guarantee existed or not
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	336,000.00	2018/2/1	2018/2/1	2020/12/31	Guarantee with joint responsibilities	Yes	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	723,641.71	2018/5/1	2018/5/1	2020/12/31	Guarantee with joint responsibilities	Yes	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	663,898.70	2018/9/1	2018/9/1	2020/12/31	Guarantee with joint responsibilities	Yes	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	53,600.20	2018/10/1	2018/10/1	2020/12/31	Guarantee with joint responsibilities	Yes	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	4,970,804.40	2018/12/1	2018/12/1	2021/12/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	688,066.60	2018/12/1	2018/12/1	2021/12/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	853,991.10	2019/10/1	2019/10/1	2020/10/26	Guarantee with joint responsibilities	Yes	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	853,991.10	2019/11/23	2019/11/23	2020/11/4	Guarantee with joint responsibilities	Yes	No	-	No

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Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement (Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the counter-guarantee is past due or not	Amount guaranteed existed or not	
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	53,200.80	2019/12/6	2019/12/6	2020/12/21	Guarantee with joint responsibilities	Yes	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	10,689,586.83	2019/12/6	2019/12/6	2022/12/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	2,825,994.14	2020/1/5	2020/1/5	2021/12/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	413,371.24	2020/1/5	2020/1/5	2021/1/10	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	354,805.14	2020/1/5	2020/1/5	2021/1/14	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	1,300,000.00	2020/4/8	2020/4/8	2020/12/31	Guarantee with joint responsibilities	Yes	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	1,886,009.18	2020/5/1	2020/5/1	2022/4/24	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	85,382.84	2020/5/1	2020/5/1	2021/4/24	Guarantee with joint responsibilities	No	No	-	No

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Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the guarantee is past due or not	Amount guaranteed past due	Whether counter-guarantee existed or not
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	40,000.00	2020/6/9	2020/6/9	2020/10/9	Guarantee with joint responsibilities	Yes	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	2,601,478.30	2020/6/1	2020/6/1	2022/12/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	1,289,482.21	2020/6/1	2020/6/1	2022/6/9	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	90,000.00	2020/8/7	2020/8/7	2020/12/7	Guarantee with joint responsibilities	Yes	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	3,771,816.52	2020/8/11	2020/8/11	2021/8/11	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	188,189.18	2020/8/11	2020/8/11	2021/8/11	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	40,000.00	2020/9/15	2020/9/15	2021/1/15	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	400,000.00	2020/9/16	2020/9/16	2021/1/16	Guarantee with joint responsibilities	No	No	-	No

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Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the guarantee is past due or not	Amount guaranteed	Whether counter-guarantee existed or not
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	550,000.00	2020/10/9	2020/10/9	2021/2/9	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	550,000.00	2020/10/9	2020/10/9	2021/2/9	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	2,240,135.60	2020/9/24	2020/9/24	2023/3/24	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	50,000.00	2020/11/13	2020/11/13	2021/2/13	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	60,000.00	2020/11/24	2020/11/24	2021/3/24	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	50,000.00	2020/11/24	2020/11/24	2021/3/24	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	30,000.00	2020/11/24	2020/11/24	2021/3/24	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	30,000.00	2020/11/24	2020/11/24	2021/3/24	Guarantee with joint responsibilities	No	No	-	No

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Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement (Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the guarantee is past due or not	Amount guaranteed	Whether counter-guarantee existed or not
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	800,000.00	2020/11/24	2020/11/24	2021/3/24	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	250,000.00	2020/11/24	2020/11/24	2021/3/24	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	390,000.00	2020/11/24	2020/11/24	2021/3/24	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	191,080.63	2020/10/29	2020/10/29	2021/10/29	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	515,124.00	2020/11/19	2020/11/19	2022/1/19	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	120,000.00	2020/12/10	2020/12/10	2021/4/10	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	120,000.00	2020/12/10	2020/12/10	2021/4/10	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	70,000.00	2020/12/9	2020/12/9	2021/4/9	Guarantee with joint responsibilities	No	No	-	No

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Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the guarantee is past due or not	Amount guaranteed	Whether counter-guarantee existed or not
The Company	Company home office	Jiaozuo Railway Cable Co., Ltd.	Wholly-owned subsidiary	40,000.00	2020/12/22	2020/12/22	2021/4/22	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Beijing Xandai Signal & Communication Engineering Consultant Ltd.	Wholly-owned subsidiary	3,592,997.90	2020/8/31	2020/8/31	2021/8/30	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Beijing Xandai Signal & Communication Engineering Consultant Ltd.	Wholly-owned subsidiary	7,733,301.00	2020/8/31	2020/8/31	2021/8/30	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司)	Wholly-owned subsidiary	1,096,009.60	2020/1/10	2020/1/10	2021/12/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司)	Wholly-owned subsidiary	3,000,000.00	2020/4/23	2020/4/23	2021/12/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司)	Wholly-owned subsidiary	4,420,708.40	2020/4/10	2020/4/10	2021/8/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司)	Wholly-owned subsidiary	479,958.30	2020/1/15	2020/1/15	2021/1/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司)	Wholly-owned subsidiary	7,519,991.80	2019/12/26	2019/12/26	2021/12/31	Guarantee with joint responsibilities	No	No	-	No



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Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the counter-guarantee is past due or not	Amount guaranteed past due
The Company	Company home office	CRSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司)	Wholly-owned subsidiary	3,888,769.67	2019/12/12	2019/12/12	2025/12/31	Guarantee with joint responsibilities	No	No	-
The Company	Company home office	CRSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司)	Wholly-owned subsidiary	2,252,523.00	2019/11/22	2019/11/22	2021/9/30	Guarantee with joint responsibilities	No	No	-
The Company	Company home office	CRSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司)	Wholly-owned subsidiary	223,060.00	2019/11/14	2019/11/14	2022/12/31	Guarantee with joint responsibilities	No	No	-
The Company	Company home office	CRSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司)	Wholly-owned subsidiary	124,800.00	2019/10/23	2019/10/23	2021/10/31	Guarantee with joint responsibilities	No	No	-
The Company	Company home office	CRSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司)	Wholly-owned subsidiary	100,000,000.00	2020/9/21	2020/9/21	2021/8/14	Guarantee with joint responsibilities	No	No	-
The Company	Company home office	CRSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司)	Wholly-owned subsidiary	50,000,000.00	2020/6/25	2020/6/25	2022/6/24	Guarantee with joint responsibilities	No	No	-
The Company	Company home office	CRSC Institute of Smart City Research & Design (通號智慧城市研究院有限公司)	Wholly-owned subsidiary	17,500,000.00	2019/11/11	2019/11/11	2021/7/3	Guarantee with joint responsibilities	No	No	-
The Company	Company home office	CRSC Communication & Information Group Shanghai Company Ltd.	Wholly-owned subsidiary	878,594.96	2020/3/2	2020/3/2	2021/12/31	Guarantee with joint responsibilities	No	No	-

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Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the guarantee is past due or not	Amount guaranteed	Whether counter-guarantee existed or not
The Company	Company home office	CFSC Communication & Information Group Shanghai Company Ltd.	Wholly-owned subsidiary	5,271,569.77	2020/3/2	2020/3/2	2021/12/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC Communication & Information Group Shanghai Company Ltd.	Wholly-owned subsidiary	1,444,500.00	2019/7/25	2019/7/25	2022/10/1	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC Communication & Information Group Shanghai Company Ltd.	Wholly-owned subsidiary	722,250.00	2019/7/25	2019/7/25	2022/10/1	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC Communication & Information Group Shanghai Company Ltd.	Wholly-owned subsidiary	337,500.00	2019/7/25	2019/7/25	2022/10/1	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC Communication & Information Group Shanghai Company Ltd.	Wholly-owned subsidiary	792,540.00	2019/5/21	2019/5/21	2022/12/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC Communication & Information Group Shanghai Company Ltd.	Wholly-owned subsidiary	263,200.00	2018/5/25	2018/5/25	2021/12/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC Communication & Information Group Shanghai Company Ltd.	Wholly-owned subsidiary	823,500.00	2017/10/23	2017/10/23	2021/12/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Beijing Nera Sterefon Communication Equipment Co., Ltd.	Holding subsidiary	975,000.00	2019/4/26	2019/4/26	2021/4/22	Guarantee with joint responsibilities	No	No	-	No

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Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the guarantee is past due or not	Amount guaranteed past due	Whether counter-guarantee existed or not
The Company	Company home office	Beijing Nera Stenofon Communication Equipment Co., Ltd.	Holding subsidiary	44,960.00	2018/2/13	2018/2/13	2022/1/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Beijing Nera Stenofon Communication Equipment Co., Ltd.	Holding subsidiary	336,076.00	2017/11/1	2017/11/1	2021/12/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	Beijing Nera Stenofon Communication Equipment Co., Ltd.	Holding subsidiary	1,996,916.00	2017/9/15	2017/9/15	2022/9/30	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司)	Wholly-owned subsidiary	15,257,937.90	2020/4/17	2020/4/17	2022/12/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司)	Wholly-owned subsidiary	97,061.70	2020/1/10	2020/1/10	2021/12/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司)	Wholly-owned subsidiary	136,940.00	2019/11/14	2019/11/14	2022/12/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司)	Wholly-owned subsidiary	163,654.00	2020/5/12	2020/5/12	2021/9/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC Communication & Information Group Company Ltd. (通號通信信息集團有限公司)	Wholly-owned subsidiary	48,000.00	2020/5/20	2020/5/20	2021/5/30	Guarantee with joint responsibilities	No	No	-	No

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Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the guarantee is past due or not	Amount guaranteed	Whether counter-guarantee existed or not
The Company	Company home office	CRSC International Holdings Company Limited (建誠國際控股有限公司)	Wholly-owned subsidiary	600,000,000.00	2019/12/1	2019/12/1	2025/2/28	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CRSC International Holdings Company Limited (建誠國際控股有限公司)	Wholly-owned subsidiary	300,000,000.00	2020/9/28	2020/9/28	2021/8/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CRSC Engineering Bureau Group Construction Engineering Co., Ltd.	Wholly-owned subsidiary	130,000.00	2019/10/12	2019/10/12	2020/1/8	Guarantee with joint responsibilities	Yes	No	-	No
The Company	Company home office	CRSC Engineering Bureau Group Construction Engineering Co., Ltd.	Wholly-owned subsidiary	90,000.00	2020/6/29	2020/6/29	2020/9/30	Guarantee with joint responsibilities	Yes	No	-	No
The Company	Company home office	CRSC Engineering Bureau Group Construction Engineering Co., Ltd.	Wholly-owned subsidiary	532,650.00	2020/10/17	2020/10/17	2021/5/1	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CRSC Engineering Bureau Group Information Technology Co., Ltd.	Wholly-owned subsidiary	728,305.50	2020/4/29	2020/4/29	2022/11/15	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CRSC Engineering Bureau Group Information Technology Co., Ltd.	Wholly-owned subsidiary	161,117.80	2020/6/10	2020/6/10	2022/12/10	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CRSC Engineering Bureau Group Information Technology Co., Ltd.	Wholly-owned subsidiary	296,800.00	2020/7/13	2020/7/13	2024/7/12	Guarantee with joint responsibilities	No	No	-	No

## SECTION XIII DOCUMENTS AVAILABLE FOR INSPECTION

Guarantors	Relationship between guarantors and the listed company	Secured parties	Relationship between secured parties and the listed company	Amount guaranteed	Date of agreement signed)	Starting date of guarantee	Ending date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the guarantee is past due or not	Amount guaranteed past due	Whether counter-guarantee existed or not
The Company	Company home office	CRSC Beijing Research & Design Experiment Center Ltd (通號工程局集團北京研究設計實驗中心有限公司)	Wholly-owned subsidiary	40,000.00	2019/6/19	2019/6/19	2021/7/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CRSC Engineering Bureau Group Information Technology Co., Ltd.	Wholly-owned subsidiary	1,027,220.42	2019/7/19	2019/7/19	2023/6/30	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CRSC Engineering Group Ltd.	Wholly-owned subsidiary	604,987.96	2020/11/25	2020/11/25	2021/6/30	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CRSC Engineering Group Ltd.	Wholly-owned subsidiary	604,987.96	2020/11/25	2020/11/25	2021/3/20	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CRSC Engineering Group Ltd.	Wholly-owned subsidiary	268,638.62	2020/11/25	2020/11/25	2021/6/30	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CRSC Engineering Group Ltd.	Wholly-owned subsidiary	268,638.62	2020/11/25	2020/11/25	2021/3/20	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CRSC Engineering Group Ltd.	Wholly-owned subsidiary	500,000,000.00	2019/11/20	2019/11/20	2021/11/20	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CRSC Engineering Bureau Group Construction Engineering Co., Ltd.	Wholly-owned subsidiary	600,000,000.00	2019/3/29	2019/3/29	2022/3/30	Guarantee with joint responsibilities	No	No	-	No

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The Company	Company home office	CRSC Engineering Group Ltd.	Wholly-owned subsidiary	180,000,000.00	2019/8/15	2019/8/15	2021/8/14	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	China Railway Signal & Communication Shanghai Engineering Bureau Group Co., Ltd. (中國鐵路通信號上海工程局集團有限公司)	Wholly-owned subsidiary	2,000,000,000.00	2020/5/8	2020/5/8	2022/5/7	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	China Railway Signal & Communication Shanghai Engineering Bureau Group Co., Ltd. (中國鐵路通信號上海工程局集團有限公司)	Wholly-owned subsidiary	700,000,000.00	2020/11/26	2020/11/26	2021/11/25	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	China Railway Signal & Communication Shanghai Engineering Bureau Group Co., Ltd. (中國鐵路通信號上海工程局集團有限公司)	Wholly-owned subsidiary	150,000,000.00	2020/10/31	2020/10/31	2021/10/30	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CRSC Urban Rail Transit Technology Co., Ltd. (通號城市軌道交通技術有限公司)	Wholly-owned subsidiary	58,066,888.80	2018/11/22	2018/11/22	2023/2/10	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CRSC Urban Rail Transit Technology Co., Ltd. (通號城市軌道交通技術有限公司)	Wholly-owned subsidiary	7,000,000.00	2020/3/30	2020/3/30	2021/3/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CRSC Urban Rail Transit Technology Co., Ltd. (通號城市軌道交通技術有限公司)	Wholly-owned subsidiary	800,000.00	2020/3/30	2020/3/30	2021/3/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CRSC Urban Rail Transit Technology Co., Ltd. (通號城市軌道交通技術有限公司)	Wholly-owned subsidiary	136,715,297.10	2020/4/24	2020/4/24	2022/12/31	Guarantee with joint responsibilities	No	No	-	No

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The Company	Company home office	CFSC Urban Rail Transit Technology Co., Ltd. (通號城市軌道交通技術有限公司)	Wholly-owned subsidiary	30,863,325.00	2020/4/23	2020/4/23	2022/12/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC Urban Rail Transit Technology Co., Ltd. (通號城市軌道交通技術有限公司)	Wholly-owned subsidiary	20,500,800.00	2020/4/30	2020/4/30	2021/3/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC Urban Rail Transit Technology Co., Ltd. (通號城市軌道交通技術有限公司)	Wholly-owned subsidiary	1,200,000.00	2020/4/17	2020/4/17	2021/3/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC Urban Rail Transit Technology Co., Ltd. (通號城市軌道交通技術有限公司)	Wholly-owned subsidiary	22,243,440.00	2020/5/9	2020/5/9	2021/12/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC Urban Rail Transit Technology Co., Ltd. (通號城市軌道交通技術有限公司)	Wholly-owned subsidiary	5,000,000.00	2020/10/28	2020/10/28	2021/9/30	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC Urban Rail Transit Technology Co., Ltd. (通號城市軌道交通技術有限公司)	Wholly-owned subsidiary	80,100,000.00	2020/11/20	2020/11/20	2021/3/31	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC Urban Rail Transit Technology Co., Ltd. (通號城市軌道交通技術有限公司)	Wholly-owned subsidiary	45,394.78	2020/11/30	2020/11/30	2022/8/12	Guarantee with joint responsibilities	No	No	-	No
The Company	Company home office	CFSC (Changsha) Railway Traffic Control Technology Co., Ltd.	Wholly-owned subsidiary	800,000.00	2020/8/6	2020/8/6	2020/11/30	Guarantee with joint responsibilities	Yes	No	-	No

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The Company	Company home office	CRSC (Changsha) Railway Traffic Control Technology Co., Ltd.	Wholly-owned subsidiary	6,420,800.00	2020/12/1	2020/12/1	2021/5/31	Guarantee with joint responsibilities	No	No	-	No
CRSC (Changsha) Railway Traffic Control Technology Co., Ltd.	Wholly-owned subsidiary	CRSC (Zhengzhou) Zhongqian Engineering Co., Ltd. (中國鐵路通信號(鄭州)中安工程有限公司)	Holding subsidiary	2,670,813.00	2020/9/3	2020/9/3	2021/8/31	Guarantee with joint responsibilities	No	No	-	No
CRSC Cables Company Ltd.	Wholly-owned subsidiary	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	450,000.00	2020/7/30	2020/7/30	2020/11/30	Guarantee with joint responsibilities	Yes	No	-	No
CRSC Cables Company Ltd.	Wholly-owned subsidiary	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	400,000.00	2020/9/16	2020/9/16	2021/1/16	Guarantee with joint responsibilities	No	No	-	No
CRSC Cables Company Ltd.	Wholly-owned subsidiary	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	24,997.49	2020/9/22	2020/9/22	2021/6/15	Guarantee with joint responsibilities	No	No	-	No
CRSC Cables Company Ltd.	Wholly-owned subsidiary	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	140,000.00	2020/10/20	2020/10/20	2021/2/28	Guarantee with joint responsibilities	No	No	-	No
CRSC Cables Company Ltd.	Wholly-owned subsidiary	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	250,000.00	2020/11/12	2020/11/12	2021/3/12	Guarantee with joint responsibilities	No	No	-	No
CRSC Cables Company Ltd.	Wholly-owned subsidiary	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	300,000.00	2020/11/12	2020/11/12	2021/3/12	Guarantee with joint responsibilities	No	No	-	No



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CRSC Cables Company Ltd.	Wholly-owned subsidiary	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	30,000.00	2020/11/13	2020/11/13	2021/12/13	Guarantee with joint responsibilities	No	No	-	No
CRSC Cables Company Ltd.	Wholly-owned subsidiary	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	100,000.00	2020/12/10	2020/12/10	2021/14/10	Guarantee with joint responsibilities	No	No	-	No
CRSC Cables Company Ltd.	Wholly-owned subsidiary	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	110,000.00	2020/12/10	2020/12/10	2021/14/10	Guarantee with joint responsibilities	No	No	-	No
CRSC Cables Company Ltd.	Wholly-owned subsidiary	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	34,000.00	2020/12/22	2020/12/22	2021/14/22	Guarantee with joint responsibilities	No	No	-	No
CRSC Cables Company Ltd.	Wholly-owned subsidiary	Tianshui Railway Cable Co., Ltd.	Wholly-owned subsidiary	53,000.00	2020/12/17	2020/12/17	2021/8/17	Guarantee with joint responsibilities	No	No	-	No
CRSC Research & Design Institute Group Co., Ltd.	Wholly-owned subsidiary	Beijing Modern Communication Engineering Consulting Co., Ltd.	Wholly-owned subsidiary	19,663,557.58	2020/8/31	2020/8/31	2021/8/30	Guarantee with joint responsibilities	No	No	-	No
CRSC Research & Design Institute Group Co., Ltd.	Wholly-owned subsidiary	Beijing Modern Communication Engineering Consulting Co., Ltd.	Wholly-owned subsidiary	6,371,838.25	2020/8/31	2020/8/31	2021/8/30	Guarantee with joint responsibilities	No	No	-	No
CRSC Communication & Information Group Company Ltd.	Wholly-owned subsidiary	Shanghai Xingantong Communication Equipment Co., Ltd.	Wholly-owned subsidiary	50,000,000.00	2018/11/28	2018/11/28	2018/11/27	Guarantee with joint responsibilities	No	No	-	No

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