



# 2021 ANNUAL REPORT

**株洲中车时代电气股份有限公司**  
**ZHUZHOU CRRC TIMES ELECTRIC CO., LTD.**

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

*Stock Code : 3898*



# Important Notice

- I. THE BOARD OF DIRECTORS, THE SUPERVISORY COMMITTEE, THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY WARRANT THAT THE INFORMATION STATED IN THIS ANNUAL REPORT IS TRUE, ACCURATE, COMPLETE AND WITHOUT ANY FALSE REPRESENTATION, MISLEADING STATEMENT OR MATERIAL OMISSION, AND ASSUME SEVERAL AND JOINT LIABILITIES.**
- II. WHETHER THE COMPANY WAS NOT PROFIT-MAKING AT LISTING AND HAS NOT ACHIEVED PROFITABILITY**

Yes  No

- III. WARNING OF SIGNIFICANT RISKS**

For the description of relevant risks, please refer to section IV "Report of the Directors" of this report.

- IV. ALL DIRECTORS OF THE COMPANY ATTENDED THE BOARD MEETING.**
- V. DELOITTE TOUCHE TOHMATSU CERTIFIED PUBLIC ACCOUNTANTS LLP HAS ISSUED A STANDARD UNQUALIFIED AUDIT REPORT TO THE COMPANY.**
- VI. LI DONGLIN, PERSON-IN-CHARGE OF THE COMPANY, LIU ZEHUA, THE ACCOUNTING CHIEF, AND SUN SHAN, PERSON-IN-CHARGE OF THE ACCOUNTING DEPARTMENT (HEAD OF THE ACCOUNTING DEPARTMENT), WARRANT THE TRUTHFULNESS, ACCURACY AND COMPLETENESS OF THE FINANCIAL REPORT SET OUT IN THE ANNUAL REPORT.**
- VII. THE PROFIT DISTRIBUTION PROPOSAL OR PROPOSAL ON TRANSFER OF CAPITAL RESERVE FUND INTO SHARE CAPITAL FOR THE REPORTING PERIOD CONSIDERED AND APPROVED BY THE BOARD**

The Company proposes to distribute cash dividends to the Shareholders based on the total number of Shares determined on the record date fixed for the equity distribution which will be specified in the equity distribution implementation announcement. The Company proposes to distribute cash dividends of RMB4.5 (tax inclusive) for every ten Shares held by Shareholders, totaling RMB637,306,610.40 based on the total share capital of the Company of 1,416,236,912 as at 31 December 2021, accounting for 31.59% of the net profit attributable to Shareholders of the Company as contained in the consolidated financial statements for 2021. Cash dividends for 2021 (including the 2021 interim cash dividend already paid) accounted for 63.17% of the net profit attributable to the shareholders of the parent company as stated in the Company's consolidated financial statements. In case of any change in the total share capital of the Company from the date of the profit distribution announcement to the record date for implementation of the equity distribution, the Company proposes to maintain the payout ratio per Share unchanged, make corresponding adjustments to the total payout amount, and will publish separate announcement(s) on the specific adjustments. The above profit distribution plan has been approved at the 20th meeting of the sixth session of the Board, and is subject to consideration and approval at the 2021 annual general meeting of the Company.

- VIII. WHETHER THERE ARE IMPORTANT MATTERS SUCH AS SPECIAL ARRANGEMENTS FOR CORPORATE GOVERNANCE**

Applicable  Not applicable

- IX. DISCLAIMER OF FORWARD-LOOKING STATEMENTS**

Applicable  Not applicable

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 reminded of such investment risks.

- X. WHETHER THE CONTROLLING SHAREHOLDER OR ITS RELATED PARTIES HAVE MISAPPROPRIATED THE COMPANY'S FUNDS FOR NON-OPERATION PURPOSES**

No

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

No

- XII. WHETHER MORE THAN HALF OF THE DIRECTORS CANNOT GUARANTEE THE TRUTHFULNESS, ACCURACY AND COMPLETENESS OF THE ANNUAL REPORT DISCLOSED BY THE COMPANY**

No

- XIII. OTHERS**

Applicable  Not applicable

- XIV. UNLESS OTHERWISE INDICATED, RENMINBI IS THE REPORTING CURRENCY IN THIS REPORT.**

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Notes:

1. Financial information in this annual report has been presented based on the PRC Accounting Standards;
2. This annual report is prepared in both Chinese and English. In case of any inconsistencies, the former shall prevail.

# Section I Definitions

## I. DEFINITIONS

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

### DEFINITIONS OF FREQUENTLY USED TERMS

"A Share(s)"	the ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Science and Technology Innovation Board of the SSE and subscribed for and traded in Renminbi
"Articles" or "Articles of Association"	the Articles of Association of the Company
"Baoji CRRC Times"	Baoji CRRC Times Engineering Machinery Co., Ltd. (寶雞中車時代工程機械有限公司)
"Beijing Maohuan"	Beijing Maohuan Rail Transit Industry Investment Management Partnership (Limited Partnership) (北京懋峯軌道交通產業投資管理合夥企業(有限合夥))
"Board"	the board of Directors of the Company
"Company", "Times Electric" or "CRRC Times Electric"	Zhuzhou CRRC Times Electric Co., Ltd. (株州中車時代電氣股份有限公司)
"CRRC ZELRI"	CRRC Zhuzhou Institute Co., Ltd. (中車株州電力機車研究所有限公司)
"CRRC Group"	CRRC Group Co., Ltd. (中國中車集團有限公司)
"CRRC"	CRRC Corporation Limited (中國中車股份有限公司)
"CSR"	former CSR Corporation Limited (中國南車股份有限公司)
"CNR"	former China CNR Corporation Limited (中國北車股份有限公司)
"CRRC Zhuzhou"	CRRC Zhuzhou Locomotive Co., Ltd. (中車株州電力機車有限公司)
"CRRC Investment & Leasing"	CRRC Investment & Leasing Co., Ltd. (中車投資租賃有限公司)
"CRRC Times Semiconductor"	Zhuzhou CRRC Times Semiconductor Co., Ltd. (株州中車時代半導體有限公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Group"	the Company and its subsidiaries
"H Share(s)"	overseas listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange and are subscribed for and traded in HK\$

# Section I Definitions

“SEHK Listing Rules” or “Hong Kong Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC Accounting Standards”	Accounting Standards for Business Enterprises and relevant regulations issued by the Ministry of Finance of the PRC
“the year” or “the reporting period”	the financial year ended 31 December 2021
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SSE”	the Shanghai Stock Exchange
“SSE STAR Market Listing Rules”	Rules Governing the Listing of Securities on the Science and Technology Innovation Board of the SSE
“SASAC”	State-owned Asset Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
“State Railway Group”	China State Railway Group Co., Ltd. (中國國家鐵路集團有限公司)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisory Committee”	the supervisory committee of the Company



## Section II Chairman's Statement

Dear Shareholders,

Best greetings!

On behalf of the Board of Directors, I hereby present to you the 2021 annual report of the Company.

In 2021, China has embarked on a new journey towards the Second Centenary Goal. Over the year, the Company proactively aligned itself with national strategies, and, focused on “quality and efficient operation”, it took a sober stance against headwinds such as the unprecedented COVID-19 pandemic, global supply chain crunch and decelerated investment from State Railway Group. Dedicated to business expansion and spearheading in innovation, the Company pressed ahead with management reform and achieved steady improvement in operation.

### (I) SECURING NEW BREAKTHROUGHS AND LEVERAGING A BROAD ARRAY OF TECHNOLOGICAL INNOVATIONS

In 2021, we remained committed to driving growth with innovation, in a bid to fare stimulus for our quality development. The Company reaped remarkable achievements in tackling problems relating to basic and cutting-edge technologies, earnestly expedited the “advanced rail transport and weak spots bolstering” key projects, and upgraded the product platform. It contributed to the operation of several major railway lines with its core systems. Given the role of innovation in supporting on-going system optimisation, the Company endeavoured to forge the collaborative innovation model, which effectively promoted the transformation of technological results.

### (II) BREAKING NEW GROUND WITH STEADY VICTORIES IN MARKET EXPLORATION

Maintaining its market foothold, the Company adopted multiple initiatives to strive for breakthroughs. For railway business, it forged ahead under pressure to witness an improvement in industry ranking, while for non-railway business, it kept abreast with times to make constant achievements in new business fields. Furthermore, the Company stepped up efforts in partnership and cooperation, thereby promoting the development of both railway and non-railway operations.

### (III) BOOSTING VITALITY THROUGH STEADY PROGRESS IN INSTITUTIONAL REFORM

The Company continued to advance with in-depth reform to open up a new development chapter in great strides. On 7 September 2021, the Company successfully launched on the Science and Technology Innovation Board of the SSE, and endeavoured to cement the long-term growth driver through pooling industrial resources. In addition, the Company pressed ahead with institutional reform, promoted the management approach based on “appointment, tenure and contract”, launched the market-oriented operation reform and aroused organic growth dynamics leveraging improvement of the differentiated and mid-to-long term incentive mechanism.

## Section II Chairman's Statement

### (IV) SCALING TO NEW HEIGHTS THANKS TO CONSTANT IMPROVEMENT IN MANAGEMENT EFFICIENCY

Amid the sluggish performance of the national railway business, the Company endeavoured to maintain profitability through enhancing operating standards. The Company proactively facilitated the projects such as digital transformation pilot scheme and cloning technological management mechanism. It comprehensively enhanced budget management, promoted the integration of IPD and TOS and achieved substantial results in lean operation and cost reduction.

### (V) OBTAINING FURTHER PROGRESS RIDING UPON OVERALL IMPROVEMENTS LED BY PARTY BUILDING

Over the year, we focused on the requirements put forward by the Group regarding the “Year of Consolidation and Progress”, striving to transform our advantages accumulated in Party building into competitive edges in business operation. Upholding the “risk, problem and growth-minded” principle, we gained insight into the hot topics, hardships and inefficiencies in operations, and pooled concerted efforts of the management and employees of the Company to further sharpen our competitiveness.

In 2022, global economy will potentially stage a modest, but instable and unbalanced recovery, and the COVID-19 pandemic will remain as the most significant uncertain factor, leading to great shocks to manufacturing activities and logistics worldwide. Besides, prevalence of tug of war among nations, headwinds to economic globalisation and intensified competition in the international market will result in both traditional and non-traditional security risks. China’s economy will be exposed to triple pressures rare to see throughout the years, including shrink in demand, supply chain shock and downgraded expectations. Meanwhile, it is also noteworthy that China maintains a leading position globally in terms of economic growth and anti-COVID-19 results with its sophisticated market strategies and resilient industry chain which promises an upward growth trend in the long run. All business segments of the Company are well-positioned for steady growth, and the rail transit equipment business, which boasts strong resilience with the mitigation of the COVID-19 pandemic, will present more opportunities to the Company.

The State strategy of achieving emission peak by 2030 and carbon neutrality by 2060 will propel the energy transformation and bring about market opportunities with a value of RMB100 billion during the “14th Five-year” plan period, which will facilitate the development of the Company’s semiconductor, new energy power generation, passenger car electric drive, sensors and other emerging equipment businesses. Since commencement of operation of the IGBT chip production line phase II at the end of 2021, all employees of the semiconductor segment made every endeavor to increase output from the beginning of the year to satisfy customer needs and guarantee scheduled delivery of semiconductor products. In the past 15 years, the Company managed to overcome thorny difficulties in the high-power IGBT technology and product field, and achieved the wide application of its IGBT products in high-power fields such as rail transit and power grid. Although the Company was not an early mover in the new energy sector, and lagged behind in construction of production lines, it believes that in the new energy vehicle field, the Company’s IGBT products will not only record unprecedented surge, but will also catch up from behind in 2022.

In 2022, the Group will grasp the historical opportunities presented by the “emission peak and carbon neutrality” strategy, focus on quality development, and reinforce the three major drivers including innovation, reform and digital transformation, in a bid to improve its scientific innovation system, press ahead with institutional reform, build up high-quality digital and intelligent electric products and constantly enhance lean management and core competitiveness. Meanwhile, the Group will consolidate the leading role of Party building underpinned by corporate culture, compliance operation and risk control, fundamental investment and capital operation, supply, manufacturing and quality safety, in an endeavor to expedite stable growth for the Company.

Looking into future, the Group remains optimistic about tapping into industrial advantage to consolidate its industry position and strive for business growth, in an endeavor to maximise value created for the Shareholders!

# Section III Corporate Profile and Key Financial Indicators

## I. CORPORATE INFORMATION

Chinese name of the Company	株洲中車時代電氣有限公司
Chinese abbreviation	時代電氣
English name of the Company	Zhuzhou CRRC Times Electric Co., Ltd.
English abbreviation	Times Electric
Legal representative of the Company	Li Donglin
Registered office of the Company	Times Road, Shifeng District, Zhuzhou
Previous change of registered office of the Company	None
Office address of the Company	Times Road, Shifeng District, Zhuzhou
Postal code of office address of the Company	412001
Website of the Company	www.tec.crrczic.cc
E-mail	ir@csrzic.com

## II. CONTACT PERSONS AND CONTACT METHODS

### Secretary to the Board (Domestic representative for information disclosure)

### Representative of securities affairs

Name	Yan Wu	Xiao Ying
Correspondence address	Times Road, Shifeng District, Zhuzhou	Times Road, Shifeng District, Zhuzhou
Telephone	0731-28498028	0731-28498028
Fax	0731-28493447	0731-28493447
E-mail	ir@csrzic.com	ir@csrzic.com

## III. INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Newspapers and websites designated by the Company for disclosure of A Share annual reports	Shanghai Securities News (www.cnstock.com), China Securities Journal (www.cs.com.cn), Securities Times (www.stcn.com) and Securities Daily (www.zqrb.cn)
Website designated by the stock exchange for disclosure of A Share annual reports of the Company	www.sse.com.cn
Website designated by the stock exchange for disclosure of H Share annual reports of the Company	www.hkexnews.hk
Website of the Company	www.tec.crrczic.cc
Place where the annual reports of the Company are available	Board Office of Zhuzhou CRRC Times Electric Co., Ltd. at Times Road, Shifeng District, Zhuzhou



# Section III Corporate Profile 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 market	Stock abbreviation	Stock code	Stock abbreviation before change
A shares	Science and Technology Innovation Board of the SSE	Times Electric	688187	Not applicable
H shares	Stock Exchange Main Board	Times Electric	3898	CRRC Times Elec

### (II) Basic Information of Depositary Receipts of the Company

Applicable Not applicable

## V. OTHER RELEVANT INFORMATION

Accountant engaged by the Company (onshore)	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
	Office address	30/F Bund Center, 222 Yan An Road East, Shanghai
	Name of signing accountants	Peng Jinyong, Ye Xiangjia
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 representatives	Liao Hanqing, Li Yifan
	Term of continuous supervision	From the listing date of the A Shares to 31 December 2024

# Section III Corporate Profile 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	2021	2020	Increase/ decrease from the corresponding period of last year (%)	2019
Revenue	<b>15,121,167,406</b>	16,033,898,624	(5.69)	16,304,206,791
Net profit attributable to shareholders of the listed company	<b>2,017,694,796</b>	2,475,454,606	(18.49)	2,659,163,867
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss	<b>1,525,088,834</b>	1,872,657,360	(18.56)	2,333,140,709
Net cash flow from operating activities	<b>2,150,254,658</b>	1,747,348,457	23.06	2,015,247,731

	As at the end of 2021	As at the end of 2020	Increase/ decrease from the end of last year (%)	As at the end of 2019
Net assets attributable to shareholders of the listed company	<b>32,620,993,765</b>	23,852,468,161	36.76	21,910,263,359
Total assets	<b>44,150,745,227</b>	33,865,721,258	30.37	32,985,615,356

# Section III Corporate Profile and Key Financial Indicators

## (II) Key Financial Indicators

Key financial indicators	2021	2020	Increase/decrease from the corresponding period of last year (%)	2019
Basic earnings per share (RMB/share)	<b>1.63</b>	2.11	(22.75)	2.26
Basic earnings per share after deduction of non-recurring profit or loss (RMB/share)	<b>1.23</b>	1.59	(22.64)	1.98
Weighted average rate of return on net assets (%)	<b>7.56</b>	10.83	Decreased by 3.27 percentage points	12.74
Weighted average rate of return on net assets after deduction of non-recurring profit or loss (%)	<b>5.71</b>	8.19	Decreased by 2.48 percentage points	11.18
R&D investment as a percentage of revenue (%)	<b>11.81</b>	11.56	Increased by 0.25 percentage points	10.79

Explanation of 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 Corporate Profile and Key Financial Indicators

## VIII. MAIN QUARTERLY FINANCIAL DATA FOR 2021

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	2,080,783,383	3,217,336,172	3,227,904,923	6,595,142,928
Net profit attributable to shareholders of the listed company	260,273,667	434,961,101	507,103,545	815,356,483
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit or loss	154,561,770	337,667,651	386,818,382	646,041,031
Net cash flow from operating activities	(1,465,467,085)	(668,221,440)	(571,633,223)	4,855,576,406

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

Applicable  Not applicable

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

Applicable  Not applicable

Unit: Yuan Currency: RMB

Non-recurring profit or loss items	Amounts of 2021	Amounts of 2020	Amounts of 2019
Profit and loss on disposal of non-current assets	<b>(2,072,439)</b>	6,440,830	(272,649)
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)	<b>413,028,381</b>	401,572,368	246,373,771
Corporate restructuring costs, such as employee relocation expenses and integration costs			(271,376)
Gain or loss on debt restructuring	-	(15,276,390)	

## Section III Corporate Profile and Key Financial Indicators

Non-recurring profit or loss items	Amounts of 2021	Amounts of 2020	Amounts of 2019
Gain or loss on changes in fair value from held-for-trading financial assets, derivative financial assets, financial liabilities held for trading, derivative financial liabilities, and investment income from disposal of financial assets for trading, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investment, except for effective hedging transactions that are related to the Company's normal operation	<b>131,688,348</b>	110,826,066	112,715,722
Reversal of the impairment provision for receivables and contract assets which are tested individually for impairment	<b>21,884,298</b>	108,644,750	–
Other non-operating income and expenses apart from the aforesaid items	<b>14,618,143</b>	59,368,694	31,327,368
Effect of income tax	<b>(81,694,697)</b>	(62,930,541)	(56,128,638)
Effect of non-controlling interests (after tax)	<b>(4,846,072)</b>	(5,848,531)	(7,721,040)
Effect of non-recurring profit or loss attributable to shareholders of the parent, net	<b>492,605,962</b>	602,797,246	326,023,158

Explanations of non-recurring profit or loss items listed in the Explanatory Announcement No. 1 on Information Disclosure by Companies Offering Securities to the Public – Non-recurring Profits or Losses which are defined by the Company as recurring profit or loss

Applicable Not applicable

### 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
Held-for-trading financial assets (structured deposit)	<b>3,732,327,307</b>	7,579,988,489	3,847,661,182	131,688,348
Bills receivable measured at fair value	<b>884,373,305</b>	1,172,878,926	288,505,621	–
Trade receivables measured at fair value	<b>559,567,750</b>	1,737,648,741	1,178,080,991	–
Other equity instrument investments	<b>92,832,300</b>	112,400,000	19,567,700	237,400
Total	<b>5,269,100,662</b>	10,602,916,156	5,333,815,494	131,925,748

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

Applicable Not applicable



# Section IV Report of the Directors

## I. DISCUSSION AND ANALYSIS OF OPERATIONS

The year of 2021 drew open the “14th Five-Year” plan, and was also an extraordinary and challenging year. Addressing the complicated challenges in the post-epidemic era, the Company quickly adapted to the new situation and the new normal, seized the opportunities from the strategies of “emission peak” and “carbon neutrality”, overcame the adverse effects of the persistent rage of the pandemic, chip shortage and soaring raw material prices, and achieved progress amid stability through continuously deepening reform and innovation, consolidating industrial operations, focusing on technology research and development, strengthening the fine management and improving efficiency.

### (1) Opening up new prospect in diversified business operations through dedication to operation and unremitting efforts for development

In terms of the rail transit sector, amid the unfavorable situation of investment decline in new mobile equipment by State Railway Group, the market shares of locomotive and EMU traction systems were managed to be stable and related orders were delivered as scheduled; the Company has led the domestic urban rail traction systems industry for ten consecutive years in terms of market share, while deepening the strategy of “city operation” with the new orders for non-traction products hitting a record high; the Company continued to expand into the maintenance market through proceeding to build localised capabilities of locomotive C6 maintenance and EMU maintenance in the railway sector, securing cross-platform maintenance orders in the urban rail sector and winning the bid for the first domestic subway traction system condition-based repair project; as Wuxi Subway Line 4, the Company’s first CBTC project outside Hunan Province, started trial operation, the new domestic orders for urban rail signal system recorded a new high, and breakthrough was made in overseas market by obtaining the first signal order; and the Company secured the first order for multi-functional mechanical operation vehicle for public works.

In terms of the new industry sector, the Company achieved bulk delivery of IGBTs in the fields of rail transit and power grids, occupying the largest share in the domestic market, and the number of devices delivered throughout the year in the fields of new energy vehicles and new energy power generation increased significantly; the annual sales of passenger car electric drives ranked among top ten of the industry for the first time; the total number of sensors delivered throughout the year achieved substantial increase; the electric drive systems for mining trucks, wind power converters, and central air-conditioning converters have been continuously delivered in batches, and the unmanned driving system of mining trucks has successfully passed the assessment; a number of new orders for marine equipment have been signed in the domestic market.

## Section IV Report of the Directors

### **(2) Nurturing new growth drivers and leveraging innovation with hard work and independent technological research**

The Company's efforts to pursue technological breakthroughs and independent innovation yielded fruitful results. The dual-source power concentrated EMUs of the Lhasa-Nyingchi Railway have overcome technical difficulties at high altitude and severe cold regions through seven months of hard work with the main line running through the Qinghai-Tibet Railway with zero failure. The intelligent EMUs of Beijing-Xiongan Railway have been put into operation in batches, marking full Ethernet train control and train-level PHM being implemented on EMUs with a speed of 350 kilometers per hour for the first time. The traction system for Chinese standard subway trains successfully rolled off the production line, leading the industry in overall performance. Traction converters based on 3300V full silicon carbide devices was put into operation on Shenzhen Subway Line 1, reducing traction energy consumption by 10%. The high-speed maglev train with a speed of 600 kilometers per hour equipped with the Company's core system successfully rolled off the line. The independently-developed urban rail signal system has passed both certifications of CURC and CRCC. The subway comprehensive inspection system was applied in small quantities in Ningbo, Wuxi and other places. Inspection robots were applied as a demonstration in Wuxi Subway Line 2. The first hydrogen-powered rail engineering machinery vehicle successfully rolled out. The unmanned driving system for mining trucks successfully passed the assessment. 3.125MW centralised inverter passed the certification at one time, and the 225kW string inverter was connected to the grid in small quantities. The prototypes for 3300V/6500V intelligent integrated power module PCU 2.0 and the card-type rotary mold double-sided heat dissipation IGBT module were successfully developed, and the overall performance of 750V fine trench IGBTs for automobiles is leading in the world in the scientific and technological achievement appraisal.

The technical management and R&D layout have achieved remarkable results. In particular, the applications for 576 patents have been planned. 15 national and industrial standards were submitted for approval, and 2 IEEE international standards in fields such as rail transit safety computer were released for the first time. 9 national key R&D projects in the "14th Five-Year Plan" have been approved. Changsha Branch was established, and Wuxi Research Institute and Xi'an R&D Center were unveiled, building a platform to attract talent and optimise the talent introduction structure.

### **(3) Scaling new heights through refining management, consolidating core competences and promoting digital transformation**

With firm determination, the Company promoted digital transformation by building a digital platform to systematically integrate various businesses and operating data, providing strong support for the Company's business decision-making. The Company took advantage of digital tools to explore revenue stream, reduce expenditure, improve quality and increase efficiency, and continued to deepen positive quality control with the quality of main products leading the industry.

### **(4) Rejuvenating the system and mechanism with in-depth reform in steady strides**

On 7 September 2021, the shares of the Company were listed on the Science and Technology Innovation Board of the SSE, raising gross proceeds exceeding RMB7.5 billion and marking the successful completion of the A+H listing in Shanghai and Hong Kong; the mechanism reform has been carried out practically and deeply, aiming to pass on operating pressure among levels; the Company improved the differentiated and medium and long-term incentive mechanism, and the capital increase and share expansion of the semiconductor subsidiary has been steadily implemented, receiving firm intention from its more than 260 employees to subscribe for shares.

Looking forward, the Group is confident that it can consolidate its position in the industry by leveraging industrial advantages, and will strive to expedite business growth, thereby creating greater value for the Shareholders.



# Section IV Report of the Directors

## II. THE COMPANY'S PRINCIPAL BUSINESS, OPERATING MODELS, INDUSTRY LANDSCAPE, AND RESEARCH AND DEVELOPMENT DURING THE REPORTING PERIOD

### (I) Principal Business and Major Products or Services

As a leading traction converter system supplier in China's rail transit industry, the Company has integrated capabilities in R&D, design, manufacturing, sales and services, and is committed to becoming a preferred supplier of comprehensive solutions for rail transit equipment in the world.

With a focus on technology R&D, the Company upholds the philosophy of "high-quality, high-efficiency operation" and the strategy of "concentric diversification" to gradually develop non-rail transit markets on the basis of consolidating the rail transit business, so as to create new growth drivers.

The Company is mainly engaged in the R&D, design, manufacturing and sales of rail transit equipment products and the provision of related services, and has an industrial structure of "components+ systems + complete machines". Its products mainly include rail transit electrical equipment (primarily traction converter systems of rail transit vehicles), railway engineering machinery and communication signal systems. Meanwhile, the Company actively expands to industries other than rail transit, and conducts business in the fields of power semiconductor devices, industrial converter products, electric drive systems for new energy vehicles, sensor devices, marine equipment, etc. After years of R&D efforts and technology introduction and learning, and independent innovation, the Company has developed a complete independent intellectual property rights system, and has become a high-tech enterprise with independent intellectual property rights in the fields of electrical system technology, converter and control technology, industrial converter technology, train control and diagnosis technology, railway engineering machinery technology, power semiconductor technology, communication signal technology, data and intelligent application technology, traction power supply technology, inspection and testing technology, deep-sea robotic technology, NEV electric drive system technology, and sensor technology.

Since its establishment, the Company's principal business has not changed significantly.

### (II) Major Operating Models

In terms of procurement mode, the Company adopts the model of "unified management, professional centralized management and separation of procurement duties", establishes a unified set of measures, methods and procedures for procurement, performs centralized procurement and promotes a unified procurement platform, so as to ensure procurement quality, reduce costs and increase efficiency.

In terms of production model, the Company adopts the planning management model of determining production by sales. Under this model, the Company formulates sales plans according to sales orders and previous sales results, maintains a safety inventory based on daily demand assessment and coordination of production, supply and sales, and then determines the production plan. Based on the principle of "lean, efficient and dynamic management and comprehensive balance", the Company has built an integrated, flexible, efficient and intelligent production planning system suitable for its development.



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In terms of service model, the Company has established a global after-sales service network covering key customers, key regions and key products. With a three-level service management model underpinned by “service headquarters, service offices, and service stations”, the Company promptly responds to customer needs and ensures that customers can obtain after-sales services, technical support, quality feedback and complaint consultation at any time.

In terms of sales model, the Company obtains orders through market-oriented public bidding, competitive negotiation, single-source procurement by customers, and customer inquiry, and produces and sells products according to customer needs. Currently, the Company mainly adopts the direct sales model to sell products.

In terms of R&D model, the Company adheres to a “strategy-driven” and “market-oriented” approach (two-wheel drive), and determines research projects and carries out scientific research work from the perspectives of strategy and market. By introducing the concept of IPD, the Company extends technology innovation to market research and product planning and to the life cycle management of mass-produced products, thus realizing the whole process management of products from strategic planning, scientific research and development to market promotion and commercialization.

### (III) Industry Landscape

#### **1. Development stage, basic characteristics, and main technical barriers of the industry**

The Company is mainly engaged in the R&D, design, manufacturing and sales of rail transit equipment products and the provision of related services. According to the National Economic Industry Classification (GB/T4754-2017) of the National Bureau of Statistics, the Company belongs to the “C37 railway, shipbuilding, aerospace and other transportation equipment manufacturing industry”; according to the Guidelines for Industry Classification of Listed Companies (2012 Revision) issued by the China Securities Regulatory Commission, the Company belongs to the “C37 railway, shipbuilding, aerospace and other transportation equipment manufacturing industry”; according to the Classification of Strategic Emerging Industries (2018) (NBS Order No. 23) issued by the National Bureau of Statistics, the Company belongs to the “2.4 Rail transit equipment industry of 2. High-end equipment manufacturing industry”. The Company’s rail transit equipment mainly includes rail transit electrical equipment, rail engineering machinery and communication signal systems, which belong to the sub-sectors under “2.4 Rail transit equipment industry of 2. High-end equipment manufacturing industry”.

The Company’s emerging equipment includes power semiconductor devices, industrial converter products, electric drive systems for new energy vehicles, sensor devices and marine equipment, some of which are used in the field of rail transit. In 2021, revenue from emerging equipment business accounted for 17.01% of the Company’s total revenue, which was not high, so the Company belongs to the “2.4 rail transit equipment industry of 2. high-end equipment manufacturing industry” stated in the Classification of Strategic Emerging Industries (2018).

In the rail transit equipment industry which is characterized by high core technology barriers, customers have very high requirements for the safety, reliability and sustainability of products and services provided, and enterprises need to have strong anti-risk capabilities. Driven by core technologies, the Company will continue to innovate and develop smarter and greener high-end equipment based on such application scenarios as railway administration, urban rail transit, new energy, mining, ports and metallurgy. After years of accumulation, the Company’s self-developed core technologies, national innovation platform and multidisciplinary professional capabilities spanning from components to complete machines represent the main barriers for the rail transit industry and high-end industrial equipment industry.

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### **2. Analysis of the Company's industry position and its changes**

The Company is a leading traction converter system supplier in China's rail transit industry, and can produce traction converter systems for various vehicle models in the fields of locomotives, bullet trains and urban rail. The Company has a full spectrum of traction converter system products and a dominant market share. Take the urban rail sector as an example, according to public information on bidding in the urban rail traction converter system market, the Company has ranked first in the domestic market share for ten consecutive years from 2012 to 2021.

In the field of railway engineering machinery, Baoji CRRC Times, a subsidiary of the Company, is one of the three manufacturers of road maintenance machinery designated by China State Railway Group ("China Railway"). With about 60 administrative licenses, it can produce more than 50 kinds of products in multiple series, including heavy railway vehicles, catenary vehicles, large road maintenance machinery, and urban rail transit engineering vehicles, and continuously expands to the passenger line and urban rail markets.

In the field of power semiconductors, the Company has built industrial bases for 6-inch bipolar devices, 8-inch IGBTs and 6-inch silicon carbide, and possesses a complete set of independent technologies for chips, modules, components and applications. The full spectrum of high-reliability IGBT products manufactured by the Company have broken the monopoly of foreign companies in core devices for rail transit and UHV transmission. Currently, the Company is trying to solve the problem of domestic production of core devices for new energy vehicles and new energy power generation equipment in China.

With a focus on technology R&D, the Company adheres to the "concentric diversification" strategy and vigorously develops non-rail transit industries on the basis of consolidating rail transit business to create new growth points. In the field of industrial converters, the Company occupies a leading position in mining truck electric drive, air-conditioning inverter and other sub-sectors, and is developing new energy equipment business covering photovoltaic inverters, wind power converters, etc. During the year, the Company delivered over 85,000 electric drive systems for new energy vehicles, and was selected as an "Independent Leading Manufacturer of Electric Drive Systems" by NE Times. The Company has the largest market share of sensor devices in China's rail transit industry, and ranks among the top players in the new energy vehicle, wind power and photovoltaic sectors.

The Company will constantly improve user experience and strengthen differentiated competitive advantages based on customer needs. Through continuous innovation in business, technology and management, the Company will provide intelligent, safe, green and comfortable high-end equipment for the society, and become a preferred supplier of integrated electrical system solutions in the transportation and energy fields.

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### **3. Development of New Technologies, New Industries, New Business Types and New Models During the Reporting Period and their Future Development Trends**

In 2021, the first year of the 14th Five-Year Plan, given headwinds such as the increasingly complex international environment, repeated COVID-19 outbreaks, and short-term downward pressure on the macro economy, the rail transit industry was facing development bottlenecks. However, the release and ongoing implementation of the Outline for the Construction of a Transportation Power, the “carbon peak and neutrality” strategy and other national initiatives will bring new opportunities to the Company in terms of developing rail transit and new energy equipment business.

The Outline for the Construction of a Transportation Power explicitly proposes to promote intelligent and digital transportation equipment, vigorously develop intelligent transportation, and advocate low-carbon and eco-friendly development. For the development of advanced rail transit equipment, China aims to develop a new generation of green, intelligent, high-speed and heavy-duty rail transit equipment system, provide users with integrated solutions across the life cycle of the system, and build a world-leading modern rail transit industry. Meanwhile, in the context of the carbon peak and neutrality strategy, the state vigorously improve railway transport capacity under the “highway to railway” initiative, hence heavy-duty freight locomotives still have great growth potential; as a core part of the New Infrastructure Plan, intercity high-speed railway/urban rail transit has ushered in good development opportunities; market opportunities abound in the urban rail industry which is driven by smart technologies and integrated innovation; the rail transit maintenance market is huge in size with a significant growth momentum.

China’s “carbon peak and neutrality” strategy is major decision made based on the international and domestic environment, and of great significance to building an ecological civilization in China, leading global climate governance and realizing the Two Centenary Goals. In the context of “carbon peaking and neutrality”, China’s new energy power generation industry is booming, especially in the “wind power, photovoltaic power, energy storage, and hydrogen power” market segments. The new energy market has great prospects and unlimited business opportunities. The key to industrial development is to work with partners to build an end-to-end technology ecosystem with deep integration of wind, solar, energy storage, hydrogen and electronic control technologies. In addition, driven by the “carbon peaking and neutrality” policy, the low-carbon energy transformation will drive the rapid development of electric drives for new energy vehicles, semiconductors and sensors.

#### **(IV) Core Technologies and R&D Progress**

##### **1. Core technologies and their advancedness and changes during the reporting period**

Since its establishment, the Company has been deeply engaged in the field of traction converter systems of rail transit vehicles, thus developing outstanding technological innovation strength. On this basis, the Company follows the strategy of “concentric diversification” to extend to related fields. Through independent research and development, the Company has developed a range of core technologies including electrical system technology, converter and control technology, industrial converter technology, train control and diagnosis technology, railway engineering machinery technology, power semiconductor technology, communication signal technology, data and intelligent application technology, traction power supply technology, inspection and testing technology, deep-sea robotic technology, NEV electric drive system technology, and sensor technology. As at 31 December 2021, the Company had 3,145 valid domestic and foreign registered patents to protect its core technologies. Moreover, it has signed confidentiality agreements and non-compete agreements with the relevant personnel to ensure that the core technologies are not disclosed.

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The core technologies owned by the Company mainly include but are not limited to the following:

No.	Core technologies		Overview, advancedness and characteristics of technology
1	Electrical system technology	System integration technology	By establishing a scientific system of demand engineering, system stratification, system decision-making, system optimization and system-component interaction, the Company has made breakthroughs in the research on integrated technologies such as asynchronous traction system, permanent magnet synchronous traction system, maglev traction system, electromechanical system integration and industrial equipment, forming a leading R&D system in China's rail transit industry. The traction converter systems developed by the Company are widely applied to locomotives, bullet trains, urban rail transit, maglev trains, etc.
2	Electrical system technology	System simulation technology	The Company has made breakthroughs in multi-level and multi-physical modeling technology covering operating environment, system, components, devices, etc. Based on multi-level virtual testing, verification and assessment technology covering software-in-the-loop, hardware-in-the-loop, power-in-the-loop and system-in-the-loop testing, the Company has conducted research on multi-objective optimization design of traction converter systems with optimal performance in cost, energy consumption, power density and reliability and key components, thus improving traction converter system products in terms of technology, performance, quality and cost.
3	Converter and control technology	Overall converter technology	The Company has developed key technologies such as power module application technology, system cooling technology, advanced converter control technology, lightweight design technology, safety design technology, circuit topology and simulation technology, structural strength simulation and optimization technology, human factor engineering, EMC and environment-friendly technology, and formed a serialized converter product platform that meets the application requirements of high-power locomotives, high-speed EMUs and urban rail transit vehicles.
4	Converter and control technology	Converter topology technology	By developing key converter technologies such as multi-level converter technology, multiple series-parallel or cascade technology, bidirectional energy transmission technology, and common DC bus distributed coordination technology, the Company can flexibly configure the optimal topologies for different application fields and different power levels. With such topologies, relevant converter products are developed and applied to meet the application needs in the rail transit and industrial converter fields.

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No.	Core technologies		Overview, advancedness and characteristics of technology
5	Converter and control technology	Electric drive control technology	The Company has made breakthroughs in advanced motor control technology based on direct torque control, motor control without speed sensor, converter control technology based on pole constraint, and artificial intelligence technology based on deep learning, realized intelligent prediction and diagnosis of and protection from motor and converter faults, and created a high-performance control platform represented by TEC4000, which enables it to provide integrated electric drive control solutions for rail transit, industrial converter and other related fields.
6	Converter and control technology	Power semiconductor device application technology	The Company has developed such key technologies as device application characteristic technology, drive and control technology, overall module technology and module reliability, and built a stable and reliable multi-voltage IGBT device application technology platform. With a mature module product platform and drive pulse control platform for rail transit and industrial transmission, the Company can meet the needs of new topology application based on converter systems and optimal application of new power semiconductor devices, and conduct low-cost and high-reliability research based on product needs to support rail transit and industrial converter sectors.
7	Industrial converter technology		Focusing on four major industries-mining, metallurgy, HVAC and new energy, the Company has developed such key technologies as multi-device, multi-power-module and multi-converter-unit parallel integration technology, high-power multi-level converter technology, grid-connected control technology based on high and low-voltage ride-through capability of weak power grid, technology for high dynamic response control of ultra-high power electric excitation synchronous motor, anti-vibration technology in bad road conditions, high-performance adhesion control technology on wet and slippery multi-state roads, extreme cold and high-altitude environment adaptation technology, and multi-refrigerant self-optimizing temperature control. On this basis, the Company has built an industrial converter and new energy converter technology and product platform with independent intellectual property rights and covering high, medium and low voltages and a capacity range of 0.1-4,000kVA, proposed and successfully applied a full-process positive product cost and quality control model, and developed a completely independent technology and industrial chain spanning from IGBT devices, power modules and converter devices to industrial system solutions, so as to provide full life cycle solutions based on customer value creation.

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No.	Core technologies		Overview, advancedness and characteristics of technology
8	Train control and diagnosis technology	Network control and diagnosis technology	The Company has developed high security, strong real-time, high reliability, multi-network integration and intelligent human-computer interaction technologies for train network control and diagnosis, and built a DTECS-1 network control platform with MVB/WTB technology, a DTECS-2 modular platform with real-time Ethernet technology, a DTECS-G general chassis platform, and a serialized high-performance train display platform, and taken the lead in promoting the industrial application of new technologies and products such as real-time Ethernet and multi-network integration. Its products have been widely used in locomotives, bullet trains, urban rail and other vehicles.
9	Train control and diagnosis technology	Train control multi-system integration technology	The Company has developed such key technologies as deterministic Ethernet communication, virtualization, high-performance computing, high-level security, integrated control and integrated display, designed a unified new integrated train control system architecture to break the boundaries of on-board subsystems and lay a foundation for the optimization and intellectualization of vehicle functions, and developed a complete set of technology and solution capabilities, so that it can provide users with solutions tailored for different application scenarios.
10	Train control and diagnosis technology	General train coupling application technology	The Company has developed train coupling control technology based on radio, GSM-R, LTE-R, WIFI and other wireless communication networks, solved the problems of difficulty in laying connection cables, cable loosening and aging, interface incompatibility and differences in control characteristics in flexible train formation, and realized coordinated control of multiple locomotives of different types and at different locations, covering a number of formation modes including 2+0, 1+1, 2+2, etc. By widely applying the technology in 10,000-ton and 20,000-ton heavy-haul trains and leveraging its AC-DC and internal electric mixing capabilities, the Company has formed a long-distance and zero-distance wireless connection control platform to provide heavy-duty and flexible formation solutions.

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No.	Core technologies		Overview, advancedness and characteristics of technology
11	Railway engineering machinery technology	Railway engineering machinery system integration technology	The Company has developed R&D capabilities for railway vehicles, lifting railway vehicles, rail flat cars, catenary maintenance vehicles, rail flaw detection vehicles, rail grinding vehicles, integrated operation vehicles, and comprehensive inspection vehicles, and built a professional vehicle and system platform capable of fast detection, efficient operation and multiple functions. Its products have been widely applied in rail engineering machinery for railway and urban rail transit industries.
12	Railway engineering machinery technology	Basic railway engineering machinery technology	With a focus on professional technical areas such as structural strength, vibration and noise reduction, industrial modeling, and new material application, the Company has applied strength and fatigue simulation analysis technology to enable the optimal design of key system components such as vehicle body, frame, bogie and brake, completed the research on sound insulation and noise reduction technology, shock absorption technology and lightweight technology, and realized the coordinated integration of spatial innovation and structural modeling, the unified assembly of vehicle body, floor and driver's desk, and the integration and standardization of electromechanical and hydraulic components, thus improving the modular design of vehicle systems.
13	Railway engineering machinery technology	Power transmission technology for rail engineering machinery	The Company has developed such power transmission technologies as internal combustion drive, electric drive and hybrid drive. The internal combustion drive, electric drive and hybrid power system products developed by the Company have been widely applied in railway dual-power grinding vehicles, subway dual-power grinding vehicles, heavy railway vehicles, tractors, catenary vehicles and other rail engineering machinery.
14	Railway engineering machinery technology	Rail engineering machinery operation and control technology	The Company has developed control technology for line tamping and stable screening, rail flaw detection technology, rail grinding control technology, high-precision railway geometric parameter measurement technology, rail laser alignment technology, spike identification and positioning technology, intelligent catenary inspection technology, and comprehensive line inspection technology, and built a distributed digital network control platform for large road maintenance machinery.

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No.	Core technologies		Overview, advancedness and characteristics of technology
15	Power semiconductor technology	IGBT chip technology	Through in-depth research on IGBT chip cell technology, terminal technology and back technology, the Company has developed a high-voltage planar gate IGBT chip technology system characterized by U-shaped groove and soft punch through is constructed and a low-voltage trench gate IGBT technology system underpinned by two generations of technologies—"groove + soft through" and "fine groove", built a professional 8-inch IGBT chip manufacturing platform with a full set of distinctive advanced technologies covering buffer layer, ultra-thin film, high-reliability semi-insulating passivation film, and global and local life control, and fully mastered the technologies for the design and manufacturing of high-voltage and low-voltage IGBT and FRD chips with independent intellectual property rights. Its full range of chip products are widely used in the rail transit, power grid and new energy fields.
16	Power semiconductor technology	Silicon carbide chip technology	The Company has developed such key process technologies as high-reliability and low-interface defect gate oxynitridation, low-damage and high-aspect-ratio trench etching, submicron lithography, high-temperature selective ion implantation, and high-activation-rate rapid ion activation annealing, and power chip architecture design technologies such as active region gate oxygen electric field shielding, JFET region doping, carrier storage, and high-reliability, high-efficiency space electric field modulation field ring terminal design, mastered the technologies for the design and manufacturing of MOSFET and SBD chips with core independent intellectual property rights, and built a professional silicon carbide chip manufacturing platform with a full set of advanced silicon carbide technologies compatible for 4-inch and 6-inch chips. Its full-voltage MOSFET and SBD chip products can be used in new energy vehicle, rail transit, industrial transmission and other fields.
17	Power semiconductor technology	Advanced packaging and component technology	The Company has developed such design technologies as multi-chip parallel current sharing design technology, efficient thermal management technology, and multi-physical field coupling simulation technology, built advanced packaging capabilities including large-area welding, copper terminal ultrasonic bonding, sintering, DTS, wire bonding and interface strengthening, established a complete set of standards for assessment of materials such as ceramic liners, and developed 750V-6,500V IGBT devices and 750V-3,300V SiC devices. Relevant products are widely used in the fields of locomotives, bullet trains, urban rail, flexible power transmission, mining frequency conversion, wind power, photovoltaic power, and high-end industrial equipment.



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No.	Core technologies		Overview, advancedness and characteristics of technology
18	Power semiconductor technology	Reliability technology	Through the research on reliability technology for power semiconductor devices including service life modeling, multi-stress test simulation design and accelerated testing, the Company has built a reliability assessment technology system for power semiconductor devices covering IGBT, SiC and bipolar devices across a full range of voltages. The technology system includes: stress-strain simulation modeling and reliability test design technology based on single physics and multiphysics, power semiconductor device reliability assessment technology for new packaging structures and materials such as double-sided welding, crimping and integrated packaging, service life modeling technology for power cycle and temperature cycle tests, and failure analysis technology system based on key performance testing technology of power semiconductor devices and micro-interface sample preparation and characterization technology.
19	Communication signal technology	Main line railway signal system technology	The Company has developed automatic train operation technology, safety computer technology, on-board database technology, communication technology, fault diagnosis and warning technology and information system technology for main line railway. Such technologies have been successfully applied to many projects including main line railway LKJ2000 monitoring device, LKJ-15 monitoring system, ETCS train control system, vehicle-ground wireless transmission, etc.
20	Communication signal technology	Urban rail transit signal system technology	The Company has developed such professional technologies as signal integration technology, automatic train operation technology, interlocking technology, communication technology, health management technology, and fault diagnosis and warning technology for urban rail transit signal system, as well as ATP/ATO technology for urban rail transit signal system, mastered a full set of independent urban rail signal system technology, which has been successfully applied to signal engineering projects such as Changsha Metro and Foshan Metro.
21	Communication signal technology	High-speed maglev signal system technology	The Company has developed long-distance, multi-zone, multi-power supply mode, complex safety system design and integration and other key technologies, and established a technology development platform for high-speed maglev signal system covering safety control model, vehicle-ground wireless communication, simulation and multi-system cooperative control.

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No.	Core technologies	Overview, advancedness and characteristics of technology
22	Data and intelligent application technology	Data processing technology <p>For the intelligent application of data in the rail transit and industrial converter industries, the Company will collect, store, process, classify, merge, sort, convert, analyze and retrieve data on the core products produced by the Company and other third-party systems in the industry, and ultimately provide data services for upper application systems. The construction of a big data platform has been completed. Based on the big data platform, the Company has carried out technical research on data integration, data governance, data processing, data storage and data sharing, and delivered more than 30 sets of big data platform products in the urban rail and railway fields.</p>
23	Data and intelligent application technology	On-board PHM technology <p>The Company has developed key technologies for fault diagnosis of capacitors, contactors, reactors, sensors, dirty filters and batteries based on online parameter identification and big data analysis, and pioneered methods for fault diagnosis of traction motor bearings, stator insulation and couplings based on the existing control signals of converters in the industry. Such technologies and methods have been applied to the state perception, fault diagnosis and warning, state evaluation, service life prediction and health management of key train systems and components, providing strong support for the condition-based repair of traction systems.</p>
24	Data and intelligent application technology	Autonomous driving technology <p>The Company has developed such key technologies as optimal operation planning with multi-objective constraints, precise follow-up control, smooth operation of heavy-haul trains, full-scene operational control of freight trains, simulation of heavy-haul train operation environment, and autonomous driving system integration, established a safe, stable, punctual and energy-efficient automatic driving technology system, and formed a locomotive automatic driving product platform covering electric power to internal combustion, general load to heavy load, freight to passenger transport, and main line to station. As of now, the platform has been applied in vehicles by a number of railway companies including CR Xi'an, CR Taiyuan, CR Guangzhou, Baoshen Railway and Jingshen Railway, and has reached a normal operating state with a cumulative safe operation mileage of more than 1 million kilometers.</p>
25	Data and intelligent application technology	Intelligent sensing technology <p>The Company has developed such key technologies as high-performance edge computing platform technology, radar sensing technology, visual sensing technology and multi-sensor fusion, and built an intelligent sensing application platform for multiple fields and all working conditions. The technologies have been widely applied in the fields of obstacle detection, driver behavior recognition, pantograph catenary condition monitoring, vehicle maintenance safety monitoring, unmanned mining trucks, and intelligent train driving.</p>

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No.	Core technologies		Overview, advancedness and characteristics of technology
26	Data and intelligent application technology	Data and application security technology	The Company has developed system security technologies based on data encryption and decryption, software reliability protection and device access verification, completed the research on application technologies in terms of data storage security, transmission channel security, system platform security and application software security, realized such core functions as the encrypted storage of on-board core data, the safe vehicle-ground data transmission, the identity authentication and access control of ground application system, and database security, and built a defense security system covering data encryption, access control, security isolation, audit tracking, software protection, etc. Such technologies have been applied to operation and maintenance-related products and passed a security risk assessment, greatly improving the security of operation and maintenance products.
27	Traction power supply technology	Traction power supply converter technology	The Company has developed key technologies of AC/DC traction power supply converter system such as modularization and miniaturization, adaptability to all environments, high frequency and high efficiency, and resistance to lightning strikes and short-circuit currents, realized power supply and scheduling and power quality control and improvement for AC/DC traction power supply system, and built a technical system for power electronization of traction power supply system. The technologies have been widely applied to the rectifier, energy feedback and bidirectional converter fields regarding DC traction power supply system, as well as the in-phase power supply, power quality governance and other related fields regarding AC traction power supply system.
28	Traction power supply technology	Traction power supply control technology	The Company has developed such key technologies of traction converters as traction network voltage self-adaptation, switching frequency self-adjustment, efficiency and reliability optimization, and system monitoring and coordinated protection, and realized such functions as distributed dynamic reactive power compensation, imbalance suppression, low-order harmonic compensation, regenerative energy storage, transfer and utilization, full-automatic phase separation, in-phase power supply, etc.
29	Inspection and testing technology	Traction and control testing technology	The Company has developed such technologies for rail transit traction system as ground joint debugging technology, high-power and high-frequency isolation testing technology, low-frequency power supply testing technology, and low-speed motor efficiency testing technology, built a traction and control testing platform covering rail transit, new energy and industrial converters, and established capabilities in vehicle ground simulation testing, power grid adaptability testing, field environment simulation testing, etc.

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No.	Core technologies	Overview, advancedness and characteristics of technology	
30	Inspection and testing technology	Electromagnetic compatibility (EMC) test technology	The Company has built a test verification system for electronic and electrical products covering anti-electromagnetic radiation interference, anti-static interference, and anti-surge and burst interference, which meets the needs of quantitative testing of the electromagnetic radiation levels inside and outside of vehicles and the track interference current on rail lines in operation, realizes the unification of the test environment and the application environment, and further improves the EMC performance of rail transit electrical equipment such as converter, network and power supply equipment.
31	Inspection and testing technology	Reliability test technology	The Company has developed a test platform based on HALT & HASS, material screening and verification, accelerated life test, and field test and analysis, and formed a reliability test standard system, which meets the needs of product fault excitation, on-site fault recurrence, weak link intensification, product indicator verification, and product measurement profile acquisition, and represents the Company's core competitiveness in the fields of material control and selection, product indicator verification, on-site troubleshooting, and product design defect identification.
32	Inspection and testing technology	Network and communication test technology	The Company has comprehensive train Ethernet and on-board bus testing capabilities, covering physical layer, link layer and application layer, and provides inspection services for the industry. In terms of Ethernet, the Company has overcome the difficulties in protocol conformance testing of TTDP/TRDP, a train proprietary Ethernet protocol, independently designed standardized TTDP/TRDP network source, and built a comprehensive proprietary Ethernet protocol conformance testing platform. The Company designs field train test solutions which are widely used in the testing of network products for standard EMUs and urban rail lines, and strives to improve the quality of network communication and ensure the smooth operation of trains in the industry.
33	Deep-sea robotic technology		The Company has developed technologies for electric propulsion of underwater robots and underwater remote high-voltage DC power transmission and distribution, established platforms for three types of products underwater remote control operation robots, underwater trenching and cable laying robots and underwater mining equipment, and created an integrated series of operational-level marine and underwater equipment with independent intellectual property rights.

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No.	Core technologies	Overview, advancedness and characteristics of technology
34	New energy vehicle electric drive system technology	The Company has developed integrated design technologies for high-power DC/DC bidirectional converters, chargers, on-board battery chargers, generators and motor inverter units, established small, medium and high-power platforms for battery electric passenger cars and hybrid passenger cars, and built a technology development system covering single electric control, single motor, all-in-one drive and dual electric control. Its products have been widely applied various models including Changan Benben EV, Changan CS15 EV, JMC E400, JMC E300, Hozon Neta, etc.
35	Sensor technology	With the technical characteristics of “intelligence, miniaturization and high reliability”, the Company has created sensors and measuring devices with higher intelligence, higher integration, higher reliability, and higher consistency in mass production, developed such key technologies for power sensors, speed sensors, pressure and temperature sensors, large machinery sensors and industrial sensors, and realized a shift from the development of sensor components to the provision of sensor measurement system solutions. Its products are widely applied in rail transit, industrial converter and other related fields.

The Company carries out targeted technological innovation according to the innovation and development trends of the industry, and is dedicated to the commercialization and industrialization of core technologies to better meet market needs. The comprehensive application of core technologies covers rail transit electrical equipment (primarily traction converter systems of rail transit vehicles), rail engineering machinery and communication signal systems as well as industries other than rail transit such as power semiconductor devices, industrial inverters, electric drive systems for new energy vehicles, sensor devices, marine equipment, etc. The development of the Company's core businesses, including the design, integration, manufacturing and delivery of rail transit traction electrical system, rail engineering machinery and industrial converters, fully depends on the Company's core technologies.

During the reporting period, there were no material changes in core technologies.

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## National science and technology awards

✓Applicable    Not Applicable

Award Name	Year of Award	Item	Award Level
National Science and Technology Progress Award	2010	Research, Development, Popularization and Application of Ultra-high Power Electronic Device Technology	Second Prize
National Science and Technology Progress Award	2014	Research, Development and Application of Serialized High-power AC Drive Electric Locomotives Based on an Independent Technology Platform	Second Prize
National Technology Invention Award	2015	Key Technology and Application of Traction Control for High-speed and Heavy-haul Trains	Second Prize
National Science and Technology Progress Award	2018	A Complete Set of Technology and Equipment for Operation Safety Assurance of High-speed Railway Pantograph-Catenary System	Second Prize
National Technology Invention Award	2019	Key Technology and Application of High Voltage and High Current IGBT Chips	Second Prize

## Accreditation of specialized new “Little Giant” enterprises and manufacturing “Individual Champions”

✓Applicable    Not applicable

Accredited Title	Year of Accreditation	Product Name
National Specialized and New “Little Giant” Enterprise	2021	Ningbo CRRC Times Transducer Technology Co., Ltd.
National Specialized and New “Little Giant” Enterprise	2021	Zhuzhou National Engineering Research Centre of Converters Co., Ltd.
Single Championship Product	2021	LKJ of Hunan CRRC Signal Co., Ltd.

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

During the reporting period, the Company completed the testing and verification of the intelligent and integrated electromechanical system prototype and software platform of CIMRES; developed an electrical system for EMU on the Jakarta-Bandung high-speed railway in Indonesia; safely ran the locomotive intelligent driving system of Shenshuo Railway on Baotou-Shenmu Railway and passed the acceptance inspection by China Energy Group; completed the drive-by-wire transformation of 2 batches of driverless mining trucks and passed the vehicle no-load and heavy-load tests for the driverless mining truck project which has entered the stage of industrial commissioning and assessment; had the general platform for three-level converters certified; completed the development and certification of 3.XMW outdoor photovoltaic inverter and booster integrated machine which has been delivered and connected to the grid in a large scale; and finished the development, pressure test and joint commissioning of electric drive engineering machinery for deep-sea robots. The Company was granted 515 new patents for its core technologies and main products, making the total number of valid patents granted to the Company reach 3,145, of which 50% are invention patents. The Company undertook 40 research projects supported by national, provincial and ministerial government agencies and industry authorities, and 26 national and industry standard development tasks.

## Section IV Report of the Directors

### List of intellectual property rights obtained during the reporting period

	Increase in the Year		Cumulative Number	
	Number of applications	Number of approvals	Number of applications	Number of approvals
Invention patent	491	293	3,971	1,743
Utility model patent	158	206	1,687	1,244
Appearance design patent	17	16	236	158
Software copyright	43	43	354	354
Others	—	—	—	—
Total	<u>709</u>	<u>558</u>	<u>6,248</u>	<u>3,499</u>

### 3. Research and development investment

Unit: RMB

	This year	Last year	Change (%)
Expensed R&D expenditure	<b>1,690,047,967</b>	1,686,836,761	0.19
Capitalized R&D expenditure	<b>95,322,935</b>	166,818,426	(42.86)
Total R&D expenditure	<b>1,785,370,902</b>	1,853,655,187	(3.68)
Percentage of total R&D expenditure in revenue (%)	<b>11.81</b>	11.56	Increased by 0.25 percentage point
Percentage of capitalized R&D expenditure (%)	<b>5.34</b>	9.00	Decreased by 3.66 percentage points

# Section IV Report of the Directors

## 4. Projects under development

✓Applicable □Not applicable

Unit: RMB0'000 Currency: RMB

No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospects
1	Research on CIMRES Electromechanical System Platform	1,340	301	1,179	Completed the trial production of system prototype, including: all-electronic interlocking, energy operation and control device, comprehensive track inspection system, intelligent inspection robot and other components, and completed the testing and verification of the system prototype and software platform.	To conduct in-depth research on the intelligent and integrated electromechanical system. Take a typical 30km subway line with 21 stations as an example, to form a feasible top-level plan and technical scheme and develop a prototype for each subsystem with an aim to reduce the safety accident rate by 30%, improve the life cycle efficiency by 10%, cut the total energy consumption by 20% and lower the equipment investment and maintenance costs by 10%	In the field of rail transit electromechanical system integration, the core technologies of subsystems are mastered by various suppliers, resulting in insufficient intelligence and integration of systems. As of now, the industry has not yet achieved intelligent integration of electromechanical systems. The research and development of this technology is an exploration in the field of rail transit electromechanical system integration	Rail transit electrical equipment
2	Research and Development of Deep-sea Robot Electric Drive and Intelligent Technology	1,806	135	1,741	Completed the development, pressure test and joint commissioning of electric drive engineering machinery; joint commissioning test of deck inverter prototype; and the underwater application verification of the AUV intelligent control system.	To develop deck winch inverter, underwater AC induction motor, permanent magnet motor and magnetic gear integrated propulsion motor and control system for UK CRRC SMD's deep-sea robots, and build an intelligent control technology platform for deep-sea robots	Currently, deck winches mostly adopt universal inverters for electric control system integration, and there are few application cases of variable frequency drive in the industry; 3,000-meter underwater motors are not yet mature in China. By implementing this project, the Company can quickly master key technologies such as magnetic gear transmission technology, permanent magnet motor and magnetic gear integration technology, and underwater asynchronous motor technology	Marine equipment
3	Development and Application of Intelligent Train Inspection System	2,336	636	1,631	Completed the production, installation, commissioning, testing and verification of the prototype of intelligent train inspection system. Completed the laboratory verification of 360 image detection technology and wheelset dynamic detection technology.	To develop a full-automatic inspection robot suitable for the first-level maintenance of vehicle bottom equipment of EMU, which enables the full-automatic detection of the status of key components such as visual components at the bottom of EMU and visual components of bogie, and where the detection data will be transmitted to the central server for analysis and diagnosis in real time through wireless technology, and the fault release, confirmation and processing results will be returned via a hand-held terminal; To gain experience in the application of industrial robotic arms, develop methods for high-precision positioning control of industrial robotic arms, master non-contact image recognition technology, and conduct research on machine deep learning technology	The project will help develop a big data system for vehicle operation and maintenance, form a multi-dimensional big data system composed of on-board data, operation and maintenance data and advanced maintenance data, and realize the integration and sharing of data from in-transit vehicle monitoring, vehicle storage dynamic detection, vehicle operation and maintenance, and intelligent inspection robot detection, which can fill the gap of the Company's lack of intelligent inspection equipment in the vehicle operation and maintenance market	Rail transit electrical equipment



# Section IV Report of the Directors

No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospects
4	Development of Automotive-grade Reverse-conducting IGBT	1,323	507	1,264	Finalized the design, with the dynamic and static performance meeting the requirements of the Technical Specifications; completed the process development, power cycle and other special tests and small batch trial production; and passed the internal application assessment of 750V automotive modules.	To build a low-voltage reverse-conducting IGBT design and process technology platform, and complete the finalization and small batch application of 750V fine groove reverse conducting IGBT	By implementing this project, the Company will master a complete set of automotive-grade reverse-conducting IGBT chip technology, which will help the Company build technical advantages and brand awareness in the domestic and foreign markets	Power semiconductor devices
5	Integrated Maintenance Vehicle Development	2,369	945	2,358	Prepared documents on maintenance plan review according to the requirements of China Railway; completed the trial production of the first integrated operation vehicle; and completed the drawing design of the second set of grinding vehicle and catenary full-shed vehicle.	To develop a medium-sized road maintenance vehicle suitable for integrated catenary, tunnels and electrical signal maintenance and enabling three-dimensional operation of public works, electric service and power supply in the same skylight	Currently, public works, power supply and electric service have their respective facility maintenance systems where maintenance agencies and maintenance tools are independent of each other and operation tasks are scattered. This project is to promote the integration of public works, power supply and electric service through integrated management of maintenance and production. There are now such products in China. The successful development of the product will provide equipment support for the reform of integrating public works, electric service and power supply	Railway engineering machinery
6	Development of the Second Generation Metro Grinding Vehicle	1,141	927	1,061	Completed the trial production and static strength test of the grinding vehicle body and bogie frame; completed the prototype trial production and first article inspection of the grinding system.	To develop a new type of dual-power subway grinding vehicle that meets China's Stage IV emission standards and has an axle load of not more than 13 tons under the modular and lightweight design concept	At present, China's dual-power subway grinding vehicles have 16 grinding heads, and their operation efficiency is low. The dual-power subway grinding vehicle independently developed by this project, which has axis control function and is compatible with 16 and 20 grinding heads, will revolutionize subway grading vehicles from the power source point of view	Railway engineering machinery
7	Key Technology Research and Product Development of Next-generation 400 km/h EMU	1,432	610	826	Completed the construction design of traction converter and the single board design of control platform, and released the general drawing.	To develop miniaturized and lightweight converter systems suitable for rail transit vehicles, master a complete set of technologies for design, manufacturing and testing of "devices, modules and converts", and complete the development of traction converter based on new semiconductor power devices	China Railway has started the research on the next generation of EMUs, and put forward top-level requirements such as ultra-high speed (operating speed of 400km/h), energy saving, comfort, etc. The operating indicators of EMU at 400 km/h are equivalent to those of the existing "Fuxing" EMU at 350 km/h.	Rail transit electrical equipment

# Section IV Report of the Directors

No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospects
8	Development of Locomotive Intelligent Driving System of Shenshuo Railway	1,453	471	1,475	The product, which meets the main line and station operation needs, has been safely used on Baotou-Shenmu Railway for 360,000 kilometers and passed the acceptance inspection by China Energy Group.	To develop a smart driving platform with high reliability, high safety and high intelligence that can meet the demand for full-journey automatic driving control across depots, stations and sections, and realize such key functions as automotive conditioning, automatic shunting, automatic control of train operation and intelligent perception, and reduce the labor intensity and safe operation pressure of train drivers and passengers	At present, some enterprises at home and abroad have locomotive automatic driving systems with section-based automatic control, which are primarily applied in non-heavy-haul freight electric locomotives and do not involve in air brake control. Such automatic vehicle driving systems have not yet connected with obstacle detection and ground sensing systems, but only perform automatic control based on ground signals. After implementing this project, the underlying driving system will have fully automatic driving functions such as automatic wake-up, automatic conditioning, automatic shunting, automatic formation, automatic operation in sections and automatic parking of heavy-haul freight electric locomotives	Rail transit electrical equipment
9	Development of Electric Traction System for China Railway's 3,000 HP Heavy-haul Hybrid Locomotive	825	419	611	Completed the integrated design and review of electric system scheme, and the scheme design, technical design, construction design and prototype trial production of traction converter, network control system, power battery, charger and other components.	To conduct research on hybrid traction converter technology and power battery charging and discharging technology based on China Railway's 3,000 HP heavy-haul hybrid locomotive scheme to capture the 3,000 HP hybrid locomotive market	Globally, hybrid locomotives are basically in the stage of prototype trial production. 3,000 HP heavy-haul hybrid locomotives will be the main model of a new generation of energy-saving and eco-friendly shunting locomotives in China in the future. The Company leverages its experience in the development of hybrid locomotives and its expertise in permanent magnet traction systems to design the underlying system based on its self-developed electrical system platform	Rail transit electrical equipment
10	Development of Electrical System for EMU on the Jakarta-Bandung High-speed Railway in Indonesia	1,284	284	1,198	Completed the development of traction converter and network control system suitable for operation on the Jakarta-Bandung Railway in Indonesia.	To develop traction converter system and charger that can meet the EMU performance requirements of the Jakarta-Bandung high-speed railway based on the requirements for the integration of main and auxiliary traction converters and high power density	The Company has the technical foundation for developing traction systems for Chinese standard EMU with a speed of 350 km/h, and will design the underlying system based on the traction system of the 350 km/h "Fuxing" Chinese standard EMU with intellectual property rights	Rail transit electrical equipment

# Section IV Report of the Directors

No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospects
11	Development and Application Research of General Platform for Three-level Converters	281	58	274	Completed the converter construction design and passed the test certification.	To develop a general platform for three-level converters that meet the needs of energy feedback, wind power, and photovoltaic power industries, make a reasonable plan for the platform according to the characteristics of the industry, and simplify and generalize the industrial three-level converter platform	Hengxin, Xin Fengguang and other manufacturers in the energy feedback industry have gradually launched three-level topology converters. Photovoltaic industry manufacturers such as Sungrow, Wuxi Sineng and TBEA are widely promoting DC 1500V centralized three-level photovoltaic converters. The wind power industry, which now mainly uses large-capacity doubly-fed converters, also gradually promotes three-level topology converters. The Company aims to build a general platform for industrial three-level converters that meet the industry needs through this project.	Industrial converter products
12	Research on Key Technologies for Passenger Car Motors	388	111	212	Completed the design and review of phase-to-phase insulation equipment retrofit scheme, rotor aging treatment assembly and mass production equipment scheme, and wave winding mass production equipment scheme; completed the research and summary of the above key technologies for passenger car motors.	To improve the manufacturing efficiency and product consistency of passenger car motors through the optimization of the phase-to-phase insulating paper process, the development of new wave winding and integrated assembly process, and the research on stress relief dynamic balance process	The construction of motor and reducer assembly capacity is an inevitable way to enhance the competitiveness of passenger car electric drive systems. The development of wave winding motor suitable for hybrid technology is a development trend of the industry. This project aims to comprehensively improve the key technology capabilities in passenger car motor manufacturing by conducting research on key processes and technologies such as reducer assembly, wave winding manufacturing, phase-to-phase insulation treatment, and rotor aging stress relief treatment	New energy vehicle electric drive systems
13	Development of High Frequency Isolated Bidirectional Converters	145	97	172	Completed the prototype production and commissioning of hydrogen bidirectional DC/DC converters, and built a bidirectional converter design platform.	To build a design platform and product platform for bidirectional converters based on high-frequency isolation technology, and complete the development of engineering prototypes of high-frequency isolated bidirectional converters	High-frequency isolated bidirectional converters are in their infancy in China. Siemens' ICE3 high-speed train is equipped with 20kW bidirectional converters, and Alstom plans to install 94kVA bidirectional high-frequency auxiliary converters based on DAB technology in the Paris Metro. The implementation of this project will help the Company build a high reputation in the field of bidirectional isolated converters	Rail transit electrical equipment

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No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospects
14	Development of TAC3 Charger Platform	339	138	319	Developed SiC-based chargers, and completed prototype trial production and testing.	To develop high-performance distributed standardized SiC chargers that can be used to satisfy different voltage standards and different power levels through combination of chargers	Centralized chargers are now the mainstream in the field of rail transit at home and abroad, and are mainly characterized by the design of busbar electrical connection with high-power IGBT modules as the core, making them bulky and inconvenient to maintain. This project will develop high-performance distributed chargers based on the application characteristics of railway products to meet the requirements for lightweight, low-cost and high-performance products and greatly improve product availability, maintainability, manufacturability and interchangeability, and takes the lead in obtaining the application experience of Plateau and high altitude.	Rail transit electrical equipment
15	Development of Electrical System for Fuxing Plateau Dual-Power Source Centralized EMU	1,452	1,061	1,179	Completed the trial production of electrical system prototype driven by electric power and internal combustion power, and worked with the OEM to complete loading commissioning of the product and vehicle test.	To develop an electric traction system for power centralized EMUs on the Lhasa-Nyingchi Railway and Lasa-Rikaze Railway, including traction converters for internal combustion vehicles and electric power vehicles, auxiliary/train power supply system, and microcomputer network control system, and to complete the design, the construction drawings, the production of prototype and loading products, and the loading and on-board commissioning, so as to meet the loading and application requirements on EMU	The successful development of the Fuxing plateau dual-power source EMU has filled some technology gaps in the industry. The EMU reaches the world leading level, has excellent performance in safety, economy, energy conservation and environmental protection, and has taken the lead in gaining application experience in plateau and high altitude areas.	Rail transit electrical equipment
16	Development of Full Power Wind Power Converter Platform	361	234	234	Completed the research and planning of a full-power wind power converter platform, and carried out scheme and technical design of converters.	To complete the development of a low-voltage full power wind power converter platform, and interdependently design a 4MW low-voltage full power converter prototype.	The Company will make a system reinforcement scheme that covers 3-10MW requirements; conduct research on the development of low-cost 4MW grid-side and generator-side water cooling module platform; and develop control algorithms and grid-side control technology for full-power motors in the wind power industry, with a view to making converters more grid-friendly.	Industrial converter products

# Section IV Report of the Directors

No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospects
17	Development of 3.XMW Photovoltaic Power Generation Unit	303	281	281	Completed the development and certification of 3.XMW outdoor photovoltaic inverter and booster integrated machine which has been delivered and connected to the grid in a large scale.	To complete the development of 3.XMW photovoltaic power generation unit with grid connection conditions.	1. With a capacity of 3.XMW, the power generation unit integrates intelligent monitoring and control units such as photovoltaic DC power distribution and box transformer measurement and control, and combines internal and external equipment power supply; 2. EconoDUAL multi-tube parallel module platform design is adopted to further reduce costs; 3. Outdoor design, IP55 protection and C5 anti-corrosion design are employed to adapt to complex scenarios, and partition heat dissipation design is adopted to reduce the temperature rise of key components; 4. Research is conducted on adaptive impedance remodeling control technology and broadband dynamic damping control technology to improve the adaptability to weak grid.	Industrial converter products
18	Development of Railway Traction Power Supply Scheduling System Platform	1,100	862	862	Completed the development of EDE converters and energy storage units, and prepared routine test reports. Made a plan for building a railway traction power supply scheduling system platform.	To complete the planning and development of a 3-9MVA energy scheduling device platform; develop a brand-new energy scheduling device based on the needs of property owners and apply it on the Datong-Qinhuangdao Railway.	The Company will establish a standard library/gallery of key components such as water-cooled converter of traction power supply energy scheduling device for electrified railway, develop energy scheduling technology based on energy storage and utilization, enrich the product series, build a standardized, serialized and general traction power supply scheduling product platform, develop a complete set of technologies, equipment and standards for electrified railway energy scheduling, and build a proven track record for energy-saving and cost-effective products for electrified railway through the demonstration application in the heavy-haul railway of China Railway.	Rail transit electrical equipment
19	Research and Application of Mining Truck Driverless System	2,987	1,708	1,794	Completed the drive-by-wire transformation of 2 batches of driverless mining trucks and passed the vehicle no-load and heavy-load tests for the project which has entered the stage of industrial commissioning assessment.	To develop a mining dump truck driverless system with independent intellectual property rights, conduct research on hardware technology platform, and complete the design and development of core hardware and software. The system will support multiple models, enable cluster scheduling, planning and safety protection in mining areas, and has functions that can fully meet the mine production and operation requirements to achieve industrialization.	Through the research and application of the driverless technology platform, the Company will carry out special research on three subsystems vehicle-mounted automatic driving system, ground management and monitoring system, and data communication system, with a view to rapidly improving the comprehensive capabilities of its team; meanwhile, the Company will leverage its existing advantages to complete the transplantation of the self-developed control platform, so as to seize the market to the greatest extent and ensure that the technology is advanced	Industrial converter products

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No.	Item	Estimated Total Investment	Investment in the Current Period	Cumulative Investment	Progress or Phased Results	Goal to be Achieved	Technical Level	Application Prospects
20	Development of Train Autonomous Operation Control System	1,829	1,249	1,249	Completed the scheme design of ATP/ATO subsystems of TACS system, and built a laboratory simulation test environment for the TACS system, laying a foundation for subsequent research.	According to the technology development trends, the project will apply 5G, big data, active identification, rail environment sensing technologies to develop a train autonomous operation control system based on the functional requirements for fully automatic driving, i.e. a new CBTC system enabling autonomous trackside resource management based on train operation plan and real-time position, autonomous train operation interval protection and autonomous train operation adjustment.	Through the direct "vehicle-vehicle" communication link and control structure, the Company will transplant the trackside core control functions of the traditional CBTC system to trains based on train self-regulation and with the characteristics of active train path and train self-protection, so as to lower the number of trackside equipment, optimize the system structure, reduce the transmission delay of train control information, improve the system control accuracy, shorten the train tracking interval, and improve railway passing capacity. This will greatly improve the operation efficiency and transport capacity of railway lines, save construction and operation costs, and substantially improve the safety, intelligence, automation and networking of trains.	Communication signal systems
21	Development of Electric Control and Flat Wire Motors Based on Double-sided Water Cooling Modules	738	577	577	Completed the detailed design of motor controller prototype and flat wire motor prototype, which are under trial production.	To master and patent the winding structure design suitable for mass production, master key manufacturing processes such as wire forming, twisting, welding and coating, enable the domestic mass production of key equipment, and obtain independent intellectual property rights for key processes and core equipment, so as to lay a foundation for large-scale market-oriented application of flat wire motors in the future.	The Company will master the structural design method of flat wire stator suitable for mass production and the mass production processes of wire forming, twisting, welding and coating, in a drive to realize the localization of key equipment.	New energy vehicle electric drive systems
Total	/	26,132	11,727	21,387	/	/	/	/

Explanation

None

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## 5. R&D personnel

Unit: RMB0'000 Currency: RMB

	Basic information	
	Amount for the current period	Amount in the previous period
Number of R&D personnel of the Company (persons)	<b>2,728</b>	2,605
Percentage of R&D personnel in the workforce of the Company (%)	<b>35.28%</b>	34.07%
Total remuneration of R&D personnel	<b>78,074.55</b>	68,676.99
Average remuneration of R&D personnel	<b>28.62</b>	26.36

Breakdown of R&D personnel by education		Number of personnel
Education level		
Doctorate degree		105
Master degree		936
Bachelor degree		1,591
Junior college degree		96
High school and below		0

Breakdown of R&D personnel by age		Number of personnel
Age group		
Aged below 30 (exclusive of 30)		657
Aged 30-40 (inclusive of 30 and exclusive of 40)		1,600
Aged 40-50 (inclusive of 40 and exclusive of 50)		354
Aged 50-60 (inclusive of 50 and exclusive of 60)		117
Aged 60 and above		0

Note: The statistics on R&D personnel and their remuneration cover domestic entities included in the consolidated statements of the Company and exclude overseas subsidiaries and branches.

Reasons for the material changes in the composition of R&D personnel and the impact on the future development of the Company

Applicable Not applicable

## 6. Other explanations

Applicable Not applicable

# Section IV Report of the Directors

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

### (I) Analysis of Core Competitiveness

✓Applicable Not applicable

#### 1. Sustained leading market position

As a leading traction converter system supplier in China's rail transit industry, the Company provides traction converter system products that cover a variety of models in the fields of locomotives, bullet trains and urban rail transit, break the international monopoly, realize the domestic substitution of the core train system, and lead the domestic market. As of the end of 2021, its high-speed railway and locomotive traction converter system products have been leading the domestic market for many years. In the field of urban rail transit, according to RT Rail Transit, in 2021, the Company won the bid for 3,282 of the 5,614 metro traction converter system orders where bids have been opened, representing 58.46% of the total. The Company has occupied the largest market share in the domestic market for ten consecutive years from 2012 to 2021. In the field of railway engineering machinery, Baoji CRRC Times, a subsidiary of the Company, is one of the three manufacturers of road maintenance machinery designated by China State Railway Group ("China Railway"). With about 60 administrative licenses, it can produce more than 50 kinds of products in multiple series, including heavy railway vehicles, catenary vehicles, large road maintenance machinery, and urban rail transit engineering vehicles, and continuously expands to the passenger line and urban rail markets.

#### 2. Innovation-driven technological capabilities

The Company is deeply engaged in the field of traction converter systems of rail transit vehicles, and has developed outstanding technological innovation strength. On this basis, the Company follows the strategy of "concentric diversification" to extend to related fields. Through independent research and development, the Company has developed a range of core technologies including electrical system technology, converter and control technology, industrial converter technology, train control and diagnosis technology, railway engineering machinery technology, power semiconductor technology, communication signal technology, data and intelligent application technology, traction power supply technology, inspection and testing technology, deep-sea robotic technology, NEV electric drive system technology, and sensor technology.

The Company has built a well-established R&D system with continuous innovation capabilities in product design, manufacturing and testing. The Company has set up the Technical Committee to provide decision-making support for scientific research and technology development, introduced CMMI, IPD and other management systems and concepts, and established a R&D model featuring a synergy between industry product application technology and innovative cutting-edge technology.

The Company has 6 national technological innovation platforms, 7 provincial technology innovation platforms, and 2 postdoctoral workstations. The Company has been granted a total of 3,145 valid patents at home and abroad, including 1,743 invention patents; and presided over and participated in the formulation of 41 international standards and 105 domestic standards (including national standards, industry standards and group standards). In 2021, the Company obtained approval for 9 national key research and development programs, and received a number of important awards including National Science and Technology Award, Science and Technology Award of China Electrotechnical Society, China Machinery Industry Science and Technology Award, Science and Technology Award of China Railway Society, and China Quality Award. This shows that its comprehensive scientific and technological innovation strength is industry-leading.



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### **3. Highly reliable quality and service advantages**

The Company always regards product quality as the foundation of survival. In order to comply with the changing management requirements of the international railway market and continuously improve the management ability and level of its quality system, the Company has passed a series of international quality management system certifications including ISO 9001, EN15085 CL1, ISO/TS 22163, and IATF16949 certifications, has obtained CRCC certification for relevant railway products, and conducts quality control of products in the production process. In addition, the Company has established a life-cycle quality management and assurance system covering design, development, procurement, manufacturing, marketing and services. Specifically, the Company identifies improvement opportunities through process review, process inspection, internal and external audit, regular management review, irregular quality inspection, data analysis and process improvement, and assigns relevant responsibilities to ensure that the improvement goals are achieved. The well-established quality management system and the whole life cycle quality management model ensure the high reliability and efficiency of products. The qualification rate of products delivered by the Company in a one-off way has always remained above 99.5%. The Company was awarded the title of Industrial Enterprise Quality Benchmarking Enterprise by the Ministry of Industry and Information Technology in 2013, and won the second China Quality Award in 2016. The Company always upholds the quality concept of "quality-driven era", implements rigorous quality and safety control measures, and has built a company-wide quality culture emphasizing that "quality is the lifeline and the supreme responsibility and honor of the Company".

In respect of after-sales service, the Company upholds the service philosophy of "fast, effective and satisfactory services" to promptly respond to customer needs and provide customers with a full range of services in a standardized and orderly manner. The Company has set up service offices in Beijing, Shenyang, Shanghai, Xi 'an, Wuhan, Zhuzhou, Guangzhou, Nanning, Chongqing, Lanzhou and other cities, and overseas service offices in America, Africa and Southeast Asia. In addition, in line with the maintenance planning of China Railway and in an ongoing effort to optimize its maintenance coverage, the Company has established 18 localized maintenance bases across the country, forming a global after-sales service network covering key customers, key regions and key products.

### **4. Rail transit industry chain synergy**

Based on "two rails" and centering on "technology" and "market", the Company has built presence in diverse industries and formed a complete industry chain comprising "basic components, devices and systems, complete machines and engineering". The Company's main products include rail transit electrical equipment (primarily traction converter systems of rail transit vehicles), railway engineering machinery, communication signal systems, and power semiconductor devices etc.. In addition, leveraging its technologies, channels, brands and other advantageous resources in the field of rail transit equipment, the Company actively expands to industries other than rail transit, and comprehensively improves product strength through ongoing lean production, intensified process control, supplier management, etc. The Company has expanded into the fields of industrial converters, electric drive systems for new energy vehicles, sensor devices and marine equipment, creating much more room for growth. The complete industry chain structure and expanding new business portfolio not only bring the Company profit growth drivers, but also serve as an important guarantee for the Company to master the whole industry chain resources and build a supplier system with self-developed core technologies and effective cost control.

### **5. Industry-leading high-caliber personnel**

The Company has a group of talents who master the core technologies, high-end skills and management expertise in the industry. Their professional backgrounds cover the fields of mechanical electronics, electrical engineering, automatic control, power electronics, and materials, and their specialties are highly complementary. Among them, the R&D team is led by academicians of Chinese Academy of Engineering and consists of 2,728 domestic research and development personnel, accounting for 35.28% of the total workforce. More than one-third of them have a graduate degree or above. The excellent team has laid a solid foundation for the Company to develop key technologies and maintain a technical edge.

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In addition, the Company's management team has extensive industry experience in the field of rail transit equipment manufacturing. Mr. Ding Rongjun, the former Chairman, has more than 35 years of experience in the rail transit industry. He was awarded the 7th Zhan Tianyou Railway Science and Technology Award and Achievement Award in 2005, was selected as an academician of the Chinese Academy of Engineering in 2011, and was named a Figure to Pay Tribute to for the 50th Anniversary of Urban Rail Transit in China in 2019. The traction converter technology developed by Mr. Ding Rongjun has been widely applied in rail transit vehicles, and he has led the team to build a semiconductor technology system with independent intellectual property rights. Mr. Li Donglin, the current Chairman of the Company, and Mr. Liu Ke'an, the Vice Chairman of the Company, also have more than 25 years of experience in the rail transit industry. Mr. Li Donglin received the Locomotive Medal of the All-China Railway Federation of Trade Unions and the title of Outstanding Entrepreneur of Hunan Province in 2011, and won the first prize of National SOE Management Innovation Achievements in 2017. Mr. Liu Ke'an received the title of Outstanding Entrepreneur in the National Electronic Information Industry and the Hunan Provincial Governor Quality Award in 2014, and was awarded the title of Contemporary Inventor in 2020. Over the years, the management team with rich industry experience has led the Company to accurately seize industry development opportunities and achieve leapfrog growth.

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

Applicable Not applicable

## IV. RISK FACTORS

### (I) Risk of Making No Profits Yet

Applicable Not applicable

### (II) Risk of a Sharp Decline or Loss in Earnings

Applicable Not applicable

### (III) Core Competitiveness Risk

Applicable Not applicable

As a railway transit equipment supplier, the Company is required to launch constant research into new technologies and products, and invest tremendous manpower, capital and resources based on market demands and industry technological improvements. Given the uncertainties in technological research and development, in case that the Company misjudges the development trends of technologies and products, suffers a delay in technological research and development, fails to achieve the expected research and development results, or encounters difficulties in transformation of technological results, the Company's research and development of new technologies and products may end up as a failure, or the marketed new products cannot generate the expected revenue for the Company, which will have an adverse impact on the operating performance of the Company.

### (IV) Operating Risk

Applicable Not applicable

As the ongoing spread of COVID-19 around the world causes global economic turmoil and falling demand, creates a significant negative impact on economic activities, business operations and market expectations, and subjects the Company to inbound and outbound travel restrictions for its overseas business, the Company may be exposed to risks such as obstruction of technical exchanges and bid clarification, postponement or cancellation of project owners' visits and visit plans, inability to attend exhibitions or suffering delays in exhibitions, increased difficulty in obtaining orders for potential market projects due to contractionary fiscal policies of the project owners' countries, etc.

## Section IV Report of the Directors

### (V) Financial Risk

With the acceleration of international operation, the Company's product export, overseas investment, mergers and acquisitions and other business activities are on constant rise, which may cause various risks resulting from exchange rate fluctuations. For instance, fluctuation of the foreign exchange market will lead to risks such as the increase in loss of assets and liabilities held by the Company, foreign currency sales and procurement business and increase in cost. Meanwhile, due to the reverse change of the market, forward foreign exchange locking will increase the cost of purchasing foreign exchanges to a certain extent.

### (VI) Industry Risk

Applicable Not applicable

The rail transit industry of the Company is a key field related to the national economy and the people's livelihood. Rail transit construction projects are mainly led by the government. The government's investment in rail transit infrastructure construction is affected by many factors such as China's macroeconomic development, economic cycles, fiscal expenditures, economic develop plan for the industry. In the future, if unforeseen factors lead to significant adjustments in macroeconomic and industry policies or changes in investment plans in the segments of the industry, it may reduce the investment in the rail transit industry and cause unfavorable changes in the market demand, which will adversely affect the rail transit equipment industry and the Company's business operations and profitability.

### (VII) Macro Environment Risk

Applicable Not applicable

Domestic entities of the Company are required to purchase certain raw materials from overseas and make sales to overseas markets, and the Company has also set up a number of operating entities overseas which are responsible for local business operation and development. The Company's overseas operations are influenced by international trade policies and the political and economic environment of countries of business operations. Amid the Sino-US trade friction, the tariff list introduced between the two countries has had a certain impact on the Company's business. If the international political and economic environment or trade policy changes adversely in the future, it may have an adverse impact on the Company's overseas procurement, operation and sales activities.

### (VIII) Risk Relating to Depository Receipts

Applicable Not applicable

### (IX) Other Material Risks

Applicable Not applicable

In recent years, the Company has been expanding into new industries while developing rail transit business. For expansion into full competitive industries, the Company may be subject to uncertainties in industry competition, customer acceptance, product technology, quality reliability and cost control, etc. While developing the market and grabbing orders in a new industry, the Company may adopt new business models, be unfamiliar with the relevant industry policies, and lack relevant experience and human resource support, which may make it difficult to realize intended development goals in the new industry and eventually lead to exposures to, among other things, receivables, stagnation and advances. This may adversely affect the Company's operating results and financial situation.

# Section IV Report of the Directors

## V. PRINCIPAL OPERATIONS DURING THE REPORTING PERIOD

During the reporting period, persistent rage of the COVID-19 pandemic across the domestic and international markets decelerated the traffic volume and railway construction progress in China, and led to a significant year-on-year decrease in new investment made by State Railway Group in mobile equipment, which exerted certain impact on the railway transportation industry. Amidst the complicated challenges, the Company redirected pressure to motivation through rapidly adapting to the new environment and economic normal. It griped on the strategic opportunities presented by the “emission peak and carbon neutrality” goal and overcame headwinds such as the adverse impact of the pandemic, chip supply shortage and surging raw material prices to maintain stable growth in its new business segment. In 2021, the Company achieved operating revenue of RMB15.121 billion, representing a year-on-year decrease of 5.69%, primarily attributable to a decline in revenue from the rail transit equipment products; net profit attributable to the parent company of RMB2.018 billion, representing a year-on-year decrease of 18.49%, primarily due to a decrease in revenue and overall gross profit resulting from a change in product sales structure; and basic earnings per share of RMB1.63, representing a year-on-year decrease of 22.75%, primarily due to a decrease in net profit attributable to the parent company and an increase in the number of ordinary shares in issue following the Company’s debut on the Science and Technology Innovation Board of the SSE during the reporting period. As of 31 December 2021, total assets of the Company amounted to RMB44.151 billion, representing a year-on-year increase of 30.37%, and net assets attributable to the shareholders of the listed company amounted to RMB32.621 billion, representing a year-on-year increase of 36.76%, primarily due to replenishment by proceeds raised from the initial public issue of A Shares of RMB7.555 billion during the reporting period as well as an increase in the operating income accumulated during the reporting period.

### (I) Main Business Analysis

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

Unit: Yuan Currency: RMB

Account title	Amount for the current period	Amount for the same period of last year	Change (%)
Revenue	<b>15,121,167,406</b>	16,033,898,624	(5.69)
Cost of sales	<b>10,019,418,812</b>	10,066,659,450	(0.47)
Selling expenses	<b>1,050,331,762</b>	1,107,752,296	(5.18)
Administrative expenses	<b>813,021,020</b>	760,727,754	6.87
Finance costs	<b>(73,805,176)</b>	2,993,873	(2,565.21)
R&D expenses	<b>1,690,047,967</b>	1,686,836,761	0.19
Net cash flow from operating activities	<b>2,150,254,658</b>	1,747,348,457	23.06
Net cash flow from investing activities	<b>(6,013,742,315)</b>	(629,724,791)	N/A
Net cash flow from financing activities	<b>6,974,927,470</b>	(545,239,172)	N/A

Reasons for changes in revenue: primarily because State Railway Group. cut down on investment budget, leading to a year-on-year decrease in revenue of RMB1.639 billion from the rail transit equipment business.

Reasons for changes in cost of sales: cost of sales recorded a year-on-year decrease of 0.47%. The decrease in cost of sales was lower than that in revenue, primarily due to change in product sales structure, that is, revenue proportion of the rail transit equipment business with higher gross profit declined while revenue proportion of the emerging equipment business with lower gross profit increased from the previous year.

Reasons for changes in selling expenses: selling expenses for the current year amounted to RMB1.050 billion, representing a year-on-year decrease of 5.18%, primarily due to a year-on-year decrease in product quality guarantee provision as a result of decrease in revenue.

## Section IV Report of the Directors

Reasons for changes in administrative expenses: administrative expenses for the current year amounted to RMB813 million, representing a year-on-year increase of 6.87%, primarily because the Company was entitled to exemption of social insurance contributions for employees during last year as a result of the COVID-19 pandemic, while normal social insurance contributions were restored during the current year, and the increase in administrative personnel led to an increase in employee remunerations.

Reasons for changes in finance costs: net finance income for the current year amounted to RMB74 million, as compared with net finance costs of RMB3 million for the previous year, primarily due to a year-on-year increase in interest income from certificates of deposit.

Reasons for changes in R&D expenses: R&D expenses for the current year amounted to RMB1.69 billion, representing a year-on-year increase of 0.19% and basically remaining flat for both years.

Reasons for changes in net cash flow from operating activities: net cash flow from operating activities for the current year amounted to RMB2.150 billion, representing a year-on-year increase of 23.06%, primarily due to a year-on-year decrease in cash payments for goods purchased and services received and other cash payments relating to operating activities.

Reasons for changes in net cash flow from investing activities: net cash flow from investing activities for the current year amounted to RMB-6.014 billion, as compared with RMB-630 million for the previous year, primarily due to a year-on-year decrease in cash received from disposal of investment in the current year.

Reasons for changes in net cash flow from financing activities: net cash flow from financing activities for the current year amounted to RMB6.975 billion, as compared with RMB-545 million for the previous year, primarily due to an increase in proceeds raised from A Shares during the current year.

Detailed explanation of the significant changes in the Company's business types, profit composition or profit sources in the current period

Applicable  Not applicable

### 2. Revenue and cost analysis

Applicable  Not applicable

In 2021, the Company achieved revenue of RMB15.121 billion, representing a year-on-year decrease of 5.69%.

#### 1. Revenue from the rail transit equipment products recorded a decline

In 2021, the Company achieved revenue of RMB12.252 billion from the rail transit equipment products, representing a year-on-year decrease of 11.80% as compared with RMB13.890 billion in 2020, primarily due to the decline in market demands for rail transit equipment products as major customers such as State Railway Group cut down on investment budgets. In particular, revenue from the rail transit electrical equipment business reached RMB9.447 billion, representing a year-on-year decrease of 11.03% as compared with RMB10.618 billion in 2020; revenue from the rail engineering machinery business reached RMB2.127 billion, representing a year-on-year increase of 5.56% as compared with RMB2.015 billion in 2020; revenue from the communication signal business reached RMB274 million, representing a year-on-year decrease of 54.47% as compared with RMB601 million in 2020; and revenue from other rail transit equipment business reached RMB404 million, representing a year-on-year decrease of 38.42% as compared with RMB656 million in 2020.

#### 2. Revenue from the emerging equipment products recorded a significant increase

In 2021, the Company achieved revenue of RMB2.572 billion from emerging equipment products, representing a year-on-year increase of 35.31% as compared with RMB1.901 billion in 2020. In particular, revenue from power semiconductor devices reached RMB1.068 billion, representing a year-on-year increase of 33.26% as compared with RMB801 million in 2020; revenue from industrial converter products reached RMB528 million as compared to RMB405 million in 2020, representing a year-on-year increase of 30.58%; revenue from electric drive systems of new energy vehicles reached RMB456 million, representing a year-on-year increase of 171.32% as compared with RMB168 million in 2020; revenue from marine equipment reached RMB291 million as compared to RMB325 million in 2020, representing a year-on-year decrease of 10.63%; and revenue from sensor devices reached RMB230 million as compared to RMB202 million in 2020, representing a year-on-year increase of 13.74%

#### 3. Revenue from other businesses recorded an increase

Other businesses achieved revenue of RMB297 million, representing a year-on-year increase of 22.65% as compared with RMB242 million in 2020, primarily due to a year-on-year increase in revenue from resale of materials.

In 2021, the Company achieved gross profit of RMB5.102 billion, representing a year-on-year decrease of 14.50%, primarily due to a decrease in overall gross profit resulting from a change in product sales structure corresponding to the decrease in revenue.

# Section IV Report of the Directors

## (1) Results of principal operations by industry, product, region and sales model

Unit: Yuan Currency: RMB

Principal operations by industry						
By industry	Revenue	Cost of sales	Gross profit margin (%)	Change in revenue from the previous year (%)	Change in cost of sales from the previous year (%)	Change in gross profit margin from the previous year (%)
Rail transit equipment and extension business	15,121,167,406	10,019,418,812	33.74	(5.69)	(0.47)	Decreased by 3.48 percentage points

Principal operations by product						
By product	Revenue	Cost of sales	Gross profit margin (%)	Change in revenue from the previous year (%)	Change in cost of sales from the previous year (%)	Change in gross profit margin from the previous year (%)
Rail transit equipment business	12,251,551,183	7,719,876,181	36.99	(11.80)	(8.13)	Decreased by 2.52 percentage points
Emerging equipment business	2,572,473,294	2,056,692,398	20.05	35.31	38.96	Decreased by 2.10 percentage points
Others	297,142,929	242,850,233	18.27	22.65	32.07	Decreased by 5.83 percentage points

Principal operations by region						
By region	Revenue	Cost of sales	Gross profit margin (%)	Change in revenue from the previous year (%)	Change in cost of sales from the previous year (%)	Change in gross profit margin from the previous year (%)
Mainland China	14,438,485,804	9,443,573,460	34.59	(5.22)	0.77	Decreased by 3.89 percentage points
Other countries or regions	682,681,602	575,845,352	15.65	(14.68)	(17.14)	Increased by 2.50 percentage points

Principal operations by sales model						
By sales model	Revenue	Cost of sales	Gross profit margin (%)	Change in revenue from the previous year (%)	Change in cost of sales from the previous year (%)	Change in gross profit margin from the previous year (%)
Direct sales	14,765,701,972	9,807,271,798	33.58	(5.90)	(0.60)	Decreased by 3.54 percentage points
Distribution	355,465,434	212,147,014	40.32	3.98	5.94	Decreased by 1.11 percentage points

## Section IV Report of the Directors

### (2) Analysis of production and sales volume

Applicable Not applicable

Main product	Unit	Production	Sales volume	Inventory level	Change in production from the previous year (%)	Change in sales volume from the previous year (%)	Change in inventory level from the previous year (%)
Semiconductor device	device	1,319,072	1,104,433	62,081	125.90	110.62	10.08
Railway engineering machinery	vehicle	306	306	0	(46.69)	(46.69)	–

#### Description of production and sales volume

The traction converter systems of rail transit vehicles produced by the Company need to be customized based on customer needs, and the core of the system includes software and system integrated modules and involves many types of hardware and devices. Some non-critical hardware may be obtained through purchase. Accordingly, the traditional concept of production capacity is not applicable to such product.

The production and sales volume of the Company's power semiconductor devices (device products) and railway engineering machinery (complete machines) are set out above. Among them, the sales volume of power semiconductor devices includes the volume of sales to companies included in the Company's consolidated scope.

### (3) Performance of material purchase contracts and sales contracts

Applicable Not applicable

### (4) Cost analysis

Unit: Yuan Currency: RMB

Analysis by industry							
By industry	Cost components	Amount for the current period	As a percentage of total cost for the current period (%)	Amount for the same period of last year	As a percentage of total cost for the same period of last year (%)	Year-on-year change in the amount (%)	Note Description
Rail transit equipment and extension business	Direct material cost	8,773,374,809	87.56	9,009,674,801	89.50	(2.62)	
Rail transit equipment and extension business	Direct labor cost	376,678,380	3.76	237,273,297	2.36	58.75	
Rail transit equipment and extension business	Manufacturing cost	869,365,623	8.68	819,711,352	8.14	6.06	

# Section IV Report of the Directors

Analysis by product							
By product	Cost components	Amount for the current period	As a percentage of total cost for the current period (%)	Amount for the same period of last year	As a percentage of total cost for the same period of last year (%)	Year-on-year change in the amount (%)	Note Description
Rail transit equipment business	Direct material cost	7,076,444,465	70.64	7,776,667,805	77.25	(9.00)	
Rail transit equipment business	Direct labor cost	190,314,929	1.90	114,276,264	1.14	66.54	
Rail transit equipment business	Manufacturing cost	453,116,787	4.52	511,722,387	5.08	(11.45)	
Emerging equipment business	Direct material cost	1,462,246,091	14.59	1,056,205,576	10.49	38.44	
Emerging equipment business	Direct labor cost	186,363,451	1.86	122,997,033	1.22	51.52	
Emerging equipment business	Manufacturing cost	408,082,856	4.07	300,906,102	2.99	35.62	
Others	Direct material cost	234,684,253	2.34	176,801,420	1.76	32.07	
Others	Manufacturing cost	8,165,980	0.08	7,082,863	0.07	15.29	

(5) Changes in the scope of consolidation due to major changes in equity in subsidiaries during the reporting period

Applicable  Not applicable

(6) Significant changes or adjustments in the Company's business, products or services during the reporting period

Applicable  Not applicable

(7) Major customers and major suppliers

A. Information about major customers of the Company

The sales to the top five customers was RMB9,587.37 million, accounting for 63.40% of the total annual sales, of which sales to related parties was RMB6,103.43 million, accounting for 40.36% of the total annual sales.

Top five customers of the Company

Applicable  Not applicable

Unit: Yuan Currency: RMB

No.	Customer name	Sales	As a percentage of total annual sales (%)	Whether a related party of the Company
1	CRRC Group	6,103,427,409	40.36	Yes
2	Customer 2	2,055,847,906	13.60	No
3	Customer 3	984,084,186	6.51	No
4	Customer 4	236,531,250	1.56	No
5	Customer 5	207,483,120	1.37	No
Total	/	<u>9,587,373,871</u>	<u>63.40</u>	/

Sales to a single customer exceeded 50% of the total, the top 5 customers included new customer(s), or there was a heavy reliance on few customers during the reporting period

Applicable  Not applicable



## Section IV Report of the Directors

During the reporting period, no sales to a single customer accounted for more than 50% of our total sales, and we did not unduly rely on a few customers. Of the five major customers, both customers 4 and 5 are our existing customers and became two of our five major customers during the reporting period.

### *B Information about major suppliers of the Company*

The purchase from the top five suppliers was RMB2,992.80 million, accounting for 32.99% of the total annual purchase amount, of which purchase from related parties was RMB2,311.63 million, accounting for 25.49% of the total annual purchase amount.

Top five suppliers of the Company

Applicable  Not applicable

Unit: Yuan Currency: RMB

No.	Supplier name	Purchase amount	As a percentage of total annual purchase amount (%)	Whether a related party of the Company
1	CRRC Group	2,311,628,990	25.49	Yes
2	Supplier 2	253,261,112	2.79	No
3	Supplier 3	161,003,660	1.78	No
4	Supplier 4	134,195,797	1.48	No
5	Supplier 5	132,708,125	1.46	No
Total	/	<u>2,992,797,684</u>	<u>32.99</u>	/

Purchase from a single supplier exceeded 50% of the total, the top 5 suppliers included new supplier(s), or there was a heavy reliance on few suppliers during the reporting period

Applicable  Not applicable

During the reporting period, no purchase from a single supplier accounted for more than 50% of our total purchases, and we did not unduly rely on a few suppliers. Of the five major suppliers, both suppliers 4 and 5 are our existing suppliers and became two of our five major suppliers during the reporting period.

Among the Group's five major customers and suppliers, the largest customer and supplier was CRRC Group. Save as disclosed above, none of the Directors, Supervisors, their close associates or shareholders of the Company who, to the knowledge of the Directors, own more than 5% of the issued share capital of the Company held any interests in the Group's five major customers or five major suppliers in 2021.

# Section IV Report of the Directors

## 3. Expenses

Applicable Not applicable

Reasons for changes in selling expenses: selling expenses for the current year amounted to RMB1.050 billion, representing a year-on-year decrease of 5.18%, primarily due to a year-on-year decrease in product quality guarantee provision as a result of decrease in revenue.

Reasons for changes in administrative expenses: administrative expenses for the current year amounted to RMB813 million, representing a year-on-year increase of 6.87%, primarily because the Company was entitled to exemption of social insurance contributions for employees during last year as a result of the COVID-19 pandemic, while normal social insurance contributions were restored during the current year, and the increase in administrative personnel led to an increase in employee remunerations.

Reasons for changes in finance costs: net finance income for the current year amounted to RMB74 million, as compared with net finance costs of RMB3 million for the previous year, primarily due to a year-on-year increase in interest income from certificates of deposit.

Reasons for changes in R&D expenses: R&D expenses for the current year amounted to RMB1.69 billion, representing a year-on-year increase of 0.19% and basically remaining flat for both years.

## 4. Cash flow

Applicable Not applicable

Reasons for changes in net cash flow from operating activities: net cash flow from operating activities for the current year amounted to RMB2.150 billion, representing a year-on-year increase of 23.06%, primarily due to a year-on-year decrease in cash payments for goods purchased and services received and other cash payments relating to operating activities.

Reasons for changes in net cash flow from investing activities: net cash flow from investing activities for the current year amounted to RMB-6.014 billion, as compared with RMB-630 million for the previous year, primarily due to a year-on-year decrease in cash received from disposal of investment.

Reasons for changes in net cash flow from financing activities: net cash flow from financing activities for the current year amounted to RMB6.975 billion, as compared with RMB-545 million for the previous year, primarily due to an increase in proceeds raised from A Shares during the current year.

## (II) Explanation on Material Changes in Profit Caused by Non-principal Business

Applicable Not applicable

# Section IV Report of the Directors

## (III) Analysis of Assets and Liabilities

✓ Applicable    □ Not applicable

### (I) Analysis of assets and liabilities

✓ Applicable    □ Not applicable

#### 1. Assets and liabilities

Unit: Yuan    Currency: RMB

Item	Closing balance of the current period	Percentage of closing balance of the current period in total assets (%)	Closing balance of the previous period	Percentage of closing balance of the previous period in total assets (%)	Change in closing balance of the current period over the previous period (%)	Note
Cash and bank balances	<b>8,219,320,889</b>	<b>18.62</b>	5,128,885,997	15.14	60.26	(1)
Held-for-trading financial assets	<b>7,579,988,489</b>	<b>17.17</b>	3,732,327,307	11.02	103.09	(2)
Trade receivables financing	<b>2,910,527,667</b>	<b>6.59</b>	1,443,941,055	4.26	101.57	(3)
Other current assets	<b>852,738,172</b>	<b>1.93</b>	641,182,827	1.89	32.99	(4)
Long-term receivables	<b>4,027,705</b>	<b>0.01</b>	0	0	N/A	(5)
Fixed assets	<b>3,964,429,248</b>	<b>8.98</b>	2,751,142,435	8.12	44.10	(6)
Construction in progress	<b>921,284,020</b>	<b>2.09</b>	1,644,012,744	4.85	(43.96)	(7)
Right-of-use assets	<b>129,873,626</b>	<b>0.29</b>	80,331,083	0.24	61.67	(8)
Other non-current assets	<b>1,846,646,362</b>	<b>4.18</b>	431,627,910	1.27	327.83	(9)
Short-term borrowings	<b>389,550,036</b>	<b>0.88</b>	278,246,822	0.82	40.00	(10)
Trade payables	<b>4,677,716,033</b>	<b>10.59</b>	3,611,924,434	10.67	29.51	(11)
Lease liabilities	<b>78,253,791</b>	<b>0.18</b>	56,662,111	0.17	38.11	(12)
Long-term payables	<b>525,195</b>	<b>0.00</b>	10,215,068	0.03	(94.86)	(13)
Capital reserve	<b>10,519,465,513</b>	<b>23.83</b>	3,321,880,949	9.81	216.67	(14)
Other comprehensive income	<b>(208,084,629)</b>	<b>(0.47)</b>	(152,338,731)	(0.45)	36.59	(15)
Non-controlling interests	<b>671,650,673</b>	<b>1.52</b>	407,122,243	1.20	64.98	(16)

- (1) Mainly due to the substantial increase of cash inflow from financing activities in the current year
- (2) Mainly due to an increase in structured deposits purchased by the Company with idle funds
- (3) Mainly due to an increase in receivables through the Cloud Credit System (雲信)
- (4) Mainly due to increase of VAT credit of RMB104 million during the year, increase of RMB50 million of certificates of deposit due within one year, and increase of RMB57 million in other tax credit (mainly enterprise income tax)
- (5) Representing lease receivables from a third party
- (6) Mainly due to transfer from construction in progress, primarily including automobile component supporting construction projects, etc
- (7) Mainly due to the transfer of RMB1.409 billion from fixed assets, and RMB691 million incurred for new construction during the year
- (8) Mainly due to impact of the new leases incurred during the year
- (9) Mainly due to the increase of certificates of deposit
- (10) Mainly due to new borrowings incurred by the Hong Kong company and other overseas companies

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- (11) Mainly due to a year-on-year decrease in accounts payable of which the settlement conditions were satisfied as at the end of the year according to the procurement progress and contractual payment conditions
- (12) Mainly due to the impact of the new leases incurred during the year
- (13) Mainly because Mitsubishi's warranty deposit incurred last year expired within one year as at the end of the current year, and was transferred to the current portion
- (14) Mainly due to proceeds raised from issue of A Shares on the Science and Technology Innovation Board of the SSE during the year
- (15) Mainly due to increase in cost of trade receivables financing and corresponding increase in fair value changes
- (16) Mainly due to the employee stock ownership scheme launched by CRRC Times Semiconductor, a subsidiary of the Company during the year

## 2. Overseas assets

Applicable  Not applicable

### (1) Asset size

Where: Overseas assets amounted to RMB1,525,065,035, accounting for 3.45% of total assets.

### (2) Explanation on the high proportion of overseas assets

Applicable  Not applicable

## 3. Restrictions on major assets as at the end of the reporting period

Applicable  Not applicable

Cash and bank balances of RMB26,272,279 used for guarantee, and endorsed or discounted and undue bills receivable as at the balance sheet date of RMB294,639,370 and notes receivables of RMB22,607,000 used as pledge.

## 4. Other explanations

Applicable  Not applicable

## (IV) Analysis of Industry Operational Information

Applicable  Not applicable

For details, please refer to "Section II Chairman's Statement" and "Section IV Report of the Directors".

## (V) Investment Analysis

### Overall analysis of external equity investment

Applicable  Not applicable

As at the end of the reporting period, the long-term equity investment of the Group was RMB611,727,358, representing an increase of 11.06% from RMB550,805,565 as at the beginning of the year. For details, please refer to "(V) Notes to Key Items of the Consolidated Financial Statements – 11. Long-term Equity Investments" in Section XII 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

Mainly including structured deposit measured at fair value, trade receivables financing (bills receivable and trade receivables measured at fair value) and other equity instrument investments. For details, please refer to “Section III Corporate Profile and Key Financial Indicators – X. Items Measured at Fair Value” and note IX. Disclosure of Fair Value in the financial report.

### 4. Progress of major asset restructuring and integration during the reporting period

Applicable Not applicable

#### (VI) Sale of Major Assets and Equity Interests

Applicable Not applicable

On 24 September 2021, the Company, CRRC Times Semiconductor and the Employee Shareholding Platform entered into the Capital Increase and Share Expansion Agreement of Zhuzhou CRRC Times Semiconductor Co., Ltd., pursuant to which, the registered capital of CRRC Times Semiconductor proposed to be increased from RMB2,700 million to RMB2,879.006 million. The employee stock ownership platform subscribed for RMB216.25 million, among which RMB179.006 million was paid to the registered capital of CRRC Times Semiconductor, and the remaining RMB37.244 million was included in capital reserve of CRRC Times Semiconductor. After the completion of the capital increase, the Employee Shareholding Platform held 6.22% equity interests in CRRC Times Semiconductor. For details, please refer to the Voluntary Announcement of Zhuzhou CRRC Times Electric Co., Ltd. on the Capital Increase and Share Expansion Agreement of a Wholly-owned Subsidiary (2021-001) published on the SSE and the Voluntary Announcement – Deemed Disposal in Relation to Capital Increase and Share Expansion and Introduction of an Employee Shareholding Platform by a Subsidiary published by the Company on the Hong Kong Stock Exchange. As of 31 December 2021, according to the paid-in capital, the Employee Shareholding Platform holds 6.20% equity interests in CRRC Times Semiconductor.

#### (VII) Analysis of Major Subsidiaries and Associates

Applicable Not applicable

For details, please refer to “Notes to Key Items of the Consolidated Financial Statements – 11. Long-term equity investments and VII. Interests in Other Entities” in notes to the financial statements.

#### (VIII) Structured Entities Controlled by the Company

Applicable Not applicable

# Section IV Report of the Directors

## VI. DISCUSSION AND ANALYSIS ON THE FUTURE DEVELOPMENT OF THE COMPANY

### (I) Industry Landscape and Trends

Applicable Not applicable

As an important part of the modern transportation system and a major livelihood undertaking, railway has long occupied an important position in the national economy. According to the Outline of Powerful Nation Railway Advance Planning in the New Era, by 2035, China's railway network will reach approximately 200,000 kilometers, including approximately 70,000 kilometers of high-speed railway. Cities with a population of more than 200,000 will be covered by railway, and cities with a population of more than 500,000 will be accessible by high-speed railway. The regional coordinated development strategy will be further implemented. As the state implements major national strategies such as "new infrastructure", accelerating the contraction of rail transit network in urban agglomerations and metropolitan areas, and speeding up the development of urban (suburban) railways in metropolitan areas, the development of intercity and urban (suburban) railways will enjoy prosperity. In addition, in 2021, the State Council issued the Opinions on Further Improving Railway Planning and Construction to impose restrictive requirements on high-speed railway construction for the first time, leading to a slowdown in China's high-speed railway construction. Furthermore, railway passenger traffic is affected by the COVID-19 pandemic. It is expected that the overall development of the rail transit industry will slow down in the future. In addition, as existing rail transit facilities continue to grow, a certain amount of rail transit facilities will enter the maintenance period, representing a sizable after-sales maintenance market.

In terms of competition landscape, Beijing Zongheng Electromechanical Technology Co., Ltd., a subsidiary of China Academy of Railway Sciences Corporation Limited, maintains a strong competitive edge in the EMU traction converter system market by virtue of its rich experience in product development, production, and application. In addition, CRRC Qingdao Sifang Rolling Stock Research Institute Co., Ltd., CRRC Yongji Electric Co., Ltd., CRRC Dalian Institute Co., Ltd., and CRRC Dalian Electric Traction Research and Development Center Co., Ltd., which are subsidiaries of CRRC, are also engaged in business operations related to traction converter systems of rail transit vehicles, and compete with the Company in certain business areas.

Urban rail transit construction is slowing down as the growth of infrastructure investment is dampened by the increasingly contractionary fiscal policy in the post-COVID-19 era and the limited financing sources of local governments. In order to guard against the hidden debt risks of local governments, the government strictly controls urban rail transit construction and no longer accepts the first round of applications for construction plans. Cities with subway also impose strict control over the approval of a new round of construction plans. Given the general slowdown of subway construction, urban rail transit and low-to-medium-haul railway may embrace development opportunities. In addition, under China's carbon peak and neutrality strategy, intelligent and low-carbon integrated urban rail transit solutions will be increasingly favored by users in the future.

When it comes to the competitive landscape, Kingway Rail Transportation Equipment Co., Ltd., an affiliate of Inovance Technology Co., Ltd., poses competition to certain business activities of the Company. In addition, Xinyu Bombardier Traction System Co., Ltd. and Shanghai Alstom Communications Electric Co., Ltd. compete with the Company in certain business activities such as in the urban rail traction converter system market by virtue of their traction converter system technology introduced from Bombardier and Alstom respectively and their deep partnerships with property owners in some regions.

## Section IV Report of the Directors

In September 2020, China put forward the goals of achieving carbon peak by 2030 and carbon neutrality by 2060. At the 2021 NPC and CPPCC sessions, carbon peak and carbon neutrality were included in the Government Work Report for the first time. Achieving carbon peak and neutrality is an extensive and profound social and economic reform which will give rise to a new energy market that is worth hundreds of billions of yuan and has great growth potential. Photovoltaic inverters, wind power converters, automotive electric drives, semiconductors, sensors and other emerging industries that are highly aligned with China's "carbon peak and neutrality" strategy are bound to enjoy explosive growth, which will provide a broad market space for industry players.

### (II) The Company's Development Strategy

Applicable Not applicable

The Company upholds the philosophy of "high-quality, high-efficiency operation" and the strategy of "concentric diversification", is deeply engaged in the rail transit industry with "smart technologies", and rides on the "carbon peak and neutrality" strategy to innovatively develop emerging businesses. Upholding a market-oriented approach, the Company leverages its advantages in vertical integration of industry chain and cross-disciplinary technical expertise to promote the complementary coordination and innovative integration of systems, steadily enhances business efficiency and quality through fine management, optimizes the allocation of resources, improves asset management, creates sustainable value for shareholders, and achieves its sound development.

### (III) Business Plan

Applicable Not applicable

In 2022, the Company will further practice the philosophy of "high-quality, high-efficiency operation", seize opportunities from the "smart" and "carbon peak and neutrality" strategies, vigorously promote digital transformation, and steadily improve business scale and performance with a focus on improving profitability through quality innovation and reform as a driving force, in an effort to become an electrical system comprehensive solution provider in the fields of transportation and energy at a faster pace.

### (IV) Others

Applicable Not applicable

## VII. MATTERS THAT THE COMPANY FAILED TO DISCLOSE IN ACCORDANCE WITH RELEVANT RULES DUE TO THE INAPPLICABILITY OF THE RULES OR OTHER SPECIAL REASONS SUCH AS INVOLVEMENT OF STATE SECRETS OR TRADE SECRETS AND EXPLANATION OF REASONS

Applicable Not applicable

## VIII. OTHER DISCLOSURES

### Corporate Information and Initial Public Offering

The Company is a joint stock limited company incorporated in the PRC on 26 September 2005. The Company's H Shares were listed on the Main Board of the Hong Kong Stock Exchange on 20 December 2006. The Company's A shares were listed on the Science and Technology Innovation Board of the SSE on 7 September 2021.

## Section IV Report of the Directors

The Directors considered that the issue of A Shares and listing on the Science and Technology Innovation Board would enable the Company to grasp the major opportunities presented by the capital market reform in the PRC, establish a long-term capital replenishment mechanism, build a diversified financing platform and enhance the Company's strength. The issue of A Shares would provide funds for the Company to realise its future strategic development goals and meet the needs of the Company's core technology and business development, thereby injecting on-going momentum into the Company's long-term business development, consolidating business performance and improving the Company's overall value. The Company considered that the issue of A Shares and listing on the Science and Technology Innovation Board would be beneficial to the Company and its Shareholders as a whole and would be beneficial to strengthen the sustainable development of the Company.

The basic information of the Company is set out in section III "Company Profile and Key Financial Indicators" of this annual report.

### Reserves

Details of changes in the reserves of the Company are set out in the Consolidated Statement of Changes in Equity of this annual report prepared under the China Accounting Standards for Business Enterprises.

### Reserves available for distribution

For details of the reserves of the Company available for distribution, please refer to "Notes to Key Items of the Consolidated Financial Statements – 41. Retained Earnings" to the financial report of this annual report prepared under the China Accounting Standards for Business Enterprises.

### Taxation

Details of the taxation of the Group for 2021 are set out in note (IV) Taxation to the financial report of this annual report.

### Events after the Balance Sheet Date

Details of the events after the balance sheet date of the Group are set out in the note (XII) Post Balance Sheet Events to the financial report of this annual report.

### Share Capital

For details of the share capital of the Company, please refer to the relevant section headed "Changes in Shares and Particulars of Shareholders" of this annual report.

### Purchase, Sale or Redemption of Listed Securities of the Company

During the reporting period, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities within the meaning of the SEHK Listing Rules.

### Performance and Distribution

The performance of the Group for the year ended 31 December 2021 and the financial position of the Group as at 31 December 2021 are set out in "Financial Report" of this report.



## Section IV Report of the Directors

The implementation of cash dividend policy of the Company during the reporting period is set out in section VI “Corporate Governance Report-X. Plan for Distribution of Profits or Transfer of Capital Reserve Fund” of this annual report.

### Distribution Plan and Policy of Dividend

The Company’s distribution plan and policy of dividend is set out in section VI “Corporate Governance Report-X. Plan for Distribution of Profits or Transfer of Capital Reserve Fund” of this annual report.

### Bank loans and other loans

Details of the bank loans and other loans of the Company as at 31 December 2021 are set out in “22. Short-term Borrowings” and “31. Long-term Borrowings” in “(V) Notes to Key Items of the Consolidated Financial Statements” in “Notes to the Financial Statements” to the financial report of this annual report prepared under the China Accounting Standards for Business Enterprises.

### Property, plant and equipment

Details of changes in the property, plant and equipment of the Company in 2021 are set out in Note “13. Fixed Assets” and “15. Right-of-use Assets” in “(V) Notes to Key Items of the Consolidated Financial Statements” in “Notes to the Financial Statements” to the financial report of this annual report prepared under the China Accounting Standards for Business Enterprises.

### Information of Directors, Supervisors and senior management of the Company

Details of information of Directors, Supervisors and senior management of the Company are set out in section V “Directors, Supervisors, Senior Management and Employees” of this annual report.

### Service Contracts with Directors and Supervisors

The Company has entered into service contracts with all Directors and supervisors which set out, among other things, their terms of office and remuneration. Each session of the Board has a term of three years. Directors elected as the members of any new session of the Board will have a term of office commencing from the date on which he/she is elected up to the date on which members of the next session of the Board are elected or for a shorter period as may be decided upon at the general meeting. Directors appointed to fill casual vacancy will have a term of office commencing from the date of his/her appointment up to the next general meeting or for a shorter period as may be decided upon at the general meeting. Similarly, each session of the Supervisory Committee of the Company has a term of three years and the term of office of the supervisors are determined similarly as the Directors except that references to general meeting should be replaced by the meeting of the representatives of the employees in respect of the employee representative supervisor. The period of notice of termination of the service contracts given by either party shall not be less than three months.

None of the Directors nor supervisors (including but not limited to those Directors proposed for re-election at the forthcoming general meeting of the Company and those supervisors proposed for re-election at the forthcoming general meeting or meeting of the representatives of the employees) has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

### Remuneration of Directors, Supervisors and Senior Management

Details of the remunerations of remunerations of Directors, Supervisors and five highest paid individuals of the Company are set out in the note “(X) Related Party Relationships and Transactions – 5. Major transactions between the Group and its related parties – (7) Remuneration of key management” to the financial report of this annual report.

# Section IV Report of the Directors

## Permitted Indemnity

The Company has arranged appropriate liability insurance policies for Directors, supervisors and senior management members, for the purpose of covering their liability arising out of the Group's corporate activities.

## Directors' and Supervisors' Interests in Contracts

During the year and as at 31 December 2021, none of the Directors or supervisors had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party.

## Loans provided to Directors, Supervisors and Senior Management of the Company

The Company did not provide Director(s), Supervisor(s) or other Senior Management with any loans or quasi-loans.

## Directors' Interests in Competing Business

During the year and as at 31 December 2021, none of the Directors, directly or indirectly, had an interest in any business which competes or may compete with the business of the Company and/or its subsidiaries.

## Interests and Short Positions of Directors, Supervisors and the General Manager in the Shares and Debentures

During the year and as at 31 December 2021, none of the Directors, supervisors and the general manager of the Company or their respective associates had any personal, family, corporate or other interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO, or any interests or short positions in the shares required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or any personal, family, corporate or other interests or short positions required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the SEHK Listing Rules (the "Model Code").

## Directors' and Supervisors' Rights to Acquire Shares or Debentures

At no time during the year were rights to acquire benefits by means of the acquisition of shares or debentures of the Company granted to any Directors, supervisors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors and supervisors to acquire such rights in any other body corporate.

## Employee Retirement Plan

Details of the employee retirement plan of the Company are set out in Note "(XIII) Other Significant Events – 3. Other Financial Information" to the financial report of this annual report prepared under the China Accounting Standards for Business Enterprises.

## Staff

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

## Section IV Report of the Directors

### Mechanism for Protecting Non-controlling Interests

To protect non-controlling interests, the Company has established and implemented certain governance measures, which include:

- (1) In accordance with the Articles, directors who are interested in the transactions should disclose their respective interest, and shall not vote in respect of the transactions in which they are interested and shall not be counted towards the quorum of the meeting. Therefore, for the connected transactions between the Group and CRRC Group, Mr. Li Donglin, Mr. Liu Ke'an, Mr. Shang Jing and Mr. Zhang Xinning did not vote in respect of the relevant Board resolutions and were not counted towards the quorum of the meetings approving the relevant resolutions due to conflict of interest.
- (2) An independent professional management team of the Group responsible for negotiating and reviewing the terms of transactions with the suppliers and customers (including CRRC Group) has been established. The members of the management team include the staff of the Group with relevant techniques and sales expertise, and the terms of duties of the management team allow it to make independent business judgments. The management team reports to the Board, while the Board is accountable to the Shareholders of the Company as a whole.
- (3) The Company's auditor has provided quarterly reports to the independent non-executive Directors on all transactions conducted between the Group and CRRC Group.
- (4) When making purchases, the Group has endeavoured to obtain tenders or quotations from a number of independent suppliers, and select successful bidders (where applicable) based on objective standards such as the price and quality of products, delivery schedule and services.
- (5) Subject to (1) above, all independent non-executive Directors have attended the Board meetings for deciding whether the Group should conduct special transactions with CRRC Group.
- (6) The terms for the supply and purchase arrangements entered into between the Group and CRRC Group are subject to quarterly review by the independent non-executive Directors, and opinions regarding such transactions are disclosed by the Company to the Shareholders by way of announcements. Independent non-executive Directors may request an independent party having at least 10 years' experience in the locomotive and rolling stock manufacturing industry to participate in assessing the terms of the sales and purchases agreements, and to provide their opinions to the independent non-executive Directors.

# Section IV Report of the Directors

## NON-COMPETITION AND INDEMNITY DEEDS

The Company entered into a non-competition and indemnity deed with CRRZ ZELRI and CRRZ Group on 30 November 2006 (the “Non-Competition and Indemnity Deed”), pursuant to which CRRZ ZELRI and CRRZ Group respectively undertook not to, and procure any of its associates (as defined under the Hong Kong Listing Rules, excluding the Group) not to carry on businesses that are in competition with the Group’s businesses. In 2015, CSR merged with CNR and formed CRRZ; China Northern Locomotive & Rolling Stock Industry (Group) Corporation merged with CSR Group and formed CRRZ Group. As certain businesses of the subsidiaries of CNR overlap with those of the Group, there are certain business overlaps between CRRZ Group and the Group. Accordingly, CRRZ issued an undertaking letter regarding the avoidance of competition with the Company (the “Undertaking Letter”) to the Company on 5 August 2015, in which it provided non-competition undertakings as follows:

- CRRZ will grant the Company a call option, pursuant to which, the Company will be entitled to elect, at its own discretion, when to request CRRZ to sell the competing businesses of CRRZ to Company;
- CRRZ further granted the Company a pre-emptive right, pursuant to which, if CRRZ proposes to sell the competing business to an independent third party, CRRZ shall offer to the Company the competing business first on the same conditions, and the sale to the third party may only be effected after the Company declined to purchase the competing business;
- the decision of the Company to exercise the aforesaid option and the pre-emptive right to purchase shall be made by the independent non-executive Directors of the Company;
- the exercise of the aforesaid option and the pre-emptive right to purchase will be subject to the applicable regulatory and disclosure requirements and Shareholders’ approval at the general meeting in the places of listing of CRRZ and the Company respectively;
- the aforesaid non-competition undertaking will be effective from the date of issuance to the time when the Company is de-listed or CRRZ ceases to be an indirect controlling Shareholder of the Company.

The independent non-executive Directors have reviewed the compliance issue of the Non-Competition and Indemnity Deed with CRRZ ZELRI and CRRZ Group (excluding the Group) for the year ended 31 December 2021, and reviewed relevant information provided by CRRZ ZELRI and CRRZ Group (excluding the Group). The independent non-executive Directors were of the opinion that:

(1) CRRZ ZELRI complied with the relevant terms of the Non-Competition and Indemnity Deed in 2021. CRRZ ZELRI carried on its businesses independent of the Group’s businesses, having different technology applications and different customers, which would not be in competition with that of the Group; (2) in 2021, CRRZ Group continued to procure CRRZ to perform its undertakings to the Company; and (3) the Board operated and managed the Company’s businesses independently in the interests of the Company and the Shareholders as a whole.

On December 2020, in order to meet the requirements of the issue and listing of A Shares of the Company, each of CRRZ Group and CRRZ ZELRI has further issued to the Company, among others, an undertaking letter regarding the avoidance of competition with the Company (the “2020 Undertaking Letters”). For details, please refer to the section headed “Significant Events – Performance of Undertakings” in this annual report.

# Section IV Report of the Directors

## SUFFICIENCY OF PUBLIC FLOAT

According to publicly available information and as far as the Directors were aware, as at the date of this report, there was a sufficient public float of the Company's issued shares as required under the SEHK Listing Rules.

## TAXATION

Pursuant to the provisions of the Corporate Income Tax Law of the PRC and the Implementing Regulations of the Corporate Income Tax Law of the PRC implemented in 2008, effective from 1 January 2008, any PRC domestic enterprise shall withhold the corporate income tax upon the distribution of dividends payable to the Shareholders being non-resident enterprises (legal persons) for accounting periods starting from 1 January 2008, and the payer shall serve as the withholding agent. The Company will strictly abide by the law and identify all Shareholders who are subject to the withholding and payment of corporate income tax, whose names appear in the Company's register of members as holders of H shares on the record date and who are not individuals (including HKSCC Nominees Limited, other corporate nominees or trustees, and other entities or organisations which are all considered as non-resident enterprise Shareholders, but excluding any H shares of the Company registered in the name of HKSCC Nominees Limited which 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 and Shenzhen-Hong Kong Stock Connect), the Company will distribute the relevant dividends after deducting corporate income tax of 10%.

Pursuant to the requirements of Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax (Cai Shui Zi [1994] 020) (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)), individual foreigners are exempt from individual income tax on dividend and bonus from foreign-invested enterprises in the PRC. As the Company is a foreign-invested joint stock limited company, the individual Shareholders who hold the H shares of the Company and appear in the H-share registrar are not required to pay the individual income tax of the PRC.

Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (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 dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the H shares companies shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The H shares companies will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

## Section IV Report of the Directors

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 dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H shares companies shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The H shares companies will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

Save as disclosed above, for the year ended 31 December 2021, no foreign shareholder who is non-PRC resident is liable to individual or corporate income tax, capital gains tax, stamp duty or estate duty of the PRC in relation to their holding of the H shares of the Company. Shareholders are urged to consult their tax advisers regarding the applicable PRC and Hong Kong tax laws and other tax consequences of the ownership and disposal of the H shares of the Company.

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into by the Group or existed during the reporting period.

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

The shareholdings of substantial shareholders in the Company are set out in section IX “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.

### ARRANGEMENTS FOR SHARE PRE-EMPTIVE RIGHT AND STOCK OPTION

In 2021, 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.

### CONNECTED TRANSACTIONS

The connected transactions of the Company are set out in section VIII “Significant Events” of this report.

### 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 note X to the financial report. Save as disclosed in this report, the related party transactions disclosed in note X were neither considered to be connected transactions as defined by the Hong Kong Listing Rules nor exempted from the reporting, announcement and shareholders’ approval requirements pursuant to the Hong Kong Listing Rules.

# Section IV Report of the Directors

## 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.

## AUDIT COMMITTEE

The audit committee of the Company has reviewed the annual results and the annual report of the Company for 2021 as well as the audited consolidated financial statements for the year ended 31 December 2021 of the Company.

## ACCOUNTING POLICIES

Changes to the accounting policies of the Company are set out in “Significant Accounting Policies and Accounting Estimates – 31. Significant Changes in Accounting Policies” of this report.

## AUDITORS

In March 2021, the Board proposed to re-appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP as the Company’s auditor for the year of 2021, and the term of the appointment was proposed to be effective upon conclusion of the Company’s 2020 annual general meeting and until the conclusion of the Company’s 2021 annual general meeting.

At the 2020 annual general meeting of the Company held on 8 June 2021, the resolution on Re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP, as the Auditor of the Company Until the Conclusion of the Next Annual General Meeting of the Company and Authorise the Board to Fix the Auditor’s Remuneration was considered and approved.

In the past three years, the Company did not change auditors.

## ENVIRONMENTAL POLICY AND PERFORMANCE

For details, please refer to the Corporate Social Responsibility Report 2021 of Zhuzhou CRRC Times Electric Co., Ltd. published by the Company on the websites of the SSE and the Stock Exchange.

## COMPLIANCE WITH LAWS AND REGULATIONS

The Group has formulated the compliance procedures to ensure compliance with the applicable laws, rules and regulations that have a significant impact on it. The securities and legal affairs department and other relevant departments of the Company are responsible for supervising the policies and practices for compliance with laws and supervision by reviewing the same regularly. The relevant employees and subsidiaries will be notified from time to time of any material change in the applicable laws, rules and regulations.

The Group has complied with relevant applicable laws, rules and regulations of the jurisdictions in which the Group operates in all material aspects and has obtained relevant qualifications required for the provision of products and/or services. During the year and as far as the Company is aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on its business and operations.

# Section IV Report of the Directors

## RELATIONSHIP WITH EMPLOYEES

The Group provides a harmonious and professional working environment to employees and ensures that all of them are reasonably remunerated. The Company regularly optimises and updates its policies on remuneration and benefits, training as well as occupational health and safety in accordance with laws and policy requirements at all levels. Details of the employees of the Company are set out in the subsection headed “Directors’ Report – Employees and remuneration policy” above.

During the reporting period, there were no material disputes between the Group and its employees.

## RELATIONSHIP WITH CUSTOMERS

The customers of the national railway business are mainly the automakers under the CRRC Group and the railway bureaus under State Railway Group. The target customers of the said market are clear. The customers in urban railway market and industrial markets are relatively dispersed. The Group recognises the importance of maintaining good cooperative relationship with its customers to achieve win-win results. In the course of business operation, the Company pays close attention to the benefits of the customers and communicates with them smoothly through dedicated account managers, green service centers, customer satisfaction and compatibility survey, and business and technology exchange, with a view to fully understanding, collecting and analysing their concerns and making responses positively, so as to continuously improve its own operation ability and the ability to serve its customers.

During the reporting period, there were no material disputes between the Group and its customers.

## RELATIONSHIP WITH SUPPLIERS

The raw materials and parts of the Group are mainly obtained from external procurement, with some provided by internal production of the corporation. The Group implements strategic procurement and values the development of long-term relationship with its business partners. It has always striven to cooperate with its business partners to create and share value to achieve mutual development and win-win results. The Group established direct and stable supply channels with the suppliers. Through whole life cycle management and performance evaluation of the suppliers, the overall supply risk is reduced and the risk of excessive reliance on a single supplier is lower.

During the reporting period, there were no material disputes between the Group and its suppliers.

## DONATIONS

The Group did not make donations during the year.

## SOCIAL RESPONSIBILITY REPORT

For details of the performance of social responsibilities by the Group during the reporting period, please refer to the Corporate Social Responsibility Report 2021 of Zhuzhou CRRC Times Electric Co., Ltd. published by the Company on the websites of the SSE and the Stock Exchange on the same date.

By order of the Board

**Li Donglin**

*Chairman of the Board*



# Section V Directors, Supervisors, Senior Management and Employees

## I. THE CHANGES IN SHAREHOLDING AND REMUNERATIONS OF CURRENT AND RESIGNED DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND CORE TECHNICIANS DURING THE REPORTING PERIOD

✓Applicable    □Not Applicable

Unit: share

Name	Position (note)	Core technicians or not	Gender	Age	Commencement 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 (RMB'000)	Whether to receive any remuneration from any related party of the Company
Li Donglin	Chairman of the Board, executive Director	No	Male	55	23 June 2020	22 June 2023	-	-	-	-	0	Yes
Liu Ke'an	Vice Chairman of the Board, executive Director	No	Male	51	23 June 2020	22 June 2023	-	-	-	-	0	Yes
Shang Jing	Executive Director, general manager	No	Male	45	28 September 2020	22 June 2023	-	-	-	-	149.87	No
Yan Wu	Executive Director	No	Male	55	23 June 2020	22 June 2023	-	-	-	-	99.68	No
	Deputy general manager				15 June 2012	22 June 2023						
	Secretary to the Board				17 December 2007	22 June 2023						
	General Legal Counsel				30 October 2019	22 June 2023						
Zhang Xinming	Non-executive Director	No	Male	58	23 June 2020	22 June 2023	-	-	-	-	-	Yes
Chan Kam Wing, Clement	Independent non-executive Director	No	Male	64	23 June 2020	22 June 2023	-	-	-	-	27.03	No
Pao Ping Wing	Independent non-executive Director	No	Male	75	23 June 2020	22 June 2023	-	-	-	-	27.03	No
Liu Chunru	Independent non-executive Director	No	Female	51	23 June 2020	22 June 2023	-	-	-	-	11.90	No
Chen Xiaoming	Independent non-executive Director	No	Male	59	23 June 2020	22 June 2023	-	-	-	-	11.90	No
Gao Feng	Independent non-executive Director	No	Male	45	23 June 2020	22 June 2023	-	-	-	-	11.90	No
Li Lue	Chairman of the Supervisory Committee, Supervisor	No	Male	53	23 June 2020	22 June 2023	-	-	-	-	-	Yes
Pang Yiming	Employee representative Supervisor	No	Male	58	23 June 2020	22 June 2023	-	-	-	-	56.76	No
Zhou Guifa	Employee representative Supervisor	No	Male	58	23 June 2020	22 June 2023	-	-	-	-	143.39	No
Geng Jianxin	Independent Supervisor	No	Male	68	23 June 2020	22 June 2023	-	-	-	-	11.90	No
Niu Jie	Secretary of Party Committee	No	Male	54	29 October 2018	-	-	-	-	-	116.51	No
	Deputy general manager				15 June 2012	22 June 2023						
Tan Yongneng	Secretary of Discipline Committee	No	Male	52	30 January 2018	-	-	-	-	-	103.1	No
	Chief administration officer				19 January 2010	22 June 2023						
	Chairman of the labour union				19 January 2010	-						
Yan Changqi	Deputy general manager	No	Male	54	29 January 2016	22 June 2023	-	-	-	-	107.8	No
Gong Tong	Deputy general manager	No	Male	48	18 March 2020	22 June 2023	-	-	-	-	91.92	No
Yu Kang	Deputy general manager	No	Male	44	18 March 2020	22 June 2023	-	-	-	-	93.42	No
Liu Zehua	Deputy general manager, financial director	No	Male	54	31 March 2020	22 June 2023	-	-	-	-	88.33	No
Mei Wengqing	Deputy general manager, chief engineer	No	Male	40	2 November 2020	22 June 2023	-	-	-	-	94.99	No
Yi Weihua	Deputy general manager	No	Male	40	2 November 2020	22 June 2023	-	-	-	-	103.02	No
Cao Weichen	Deputy general manager	No	Male	39	2 November 2020	22 June 2023	-	-	-	-	96.25	No
Li Peng	Deputy general manager	No	Male	41	23 February 2022	22 June 2023	-	-	-	-	-	No
Wang Yellu	Deputy general manager of Hunan CRRC Signal	Yes	Male	40	29 April 2020	-	-	-	-	-	36.35	No
Zhu Hongjun	Deputy general manager of Baoji CRRC Times	Yes	Male	51	14 March 2019	-	-	-	-	-	47.83	No
Zhang Dongfang	Deputy general manager of CRRC Times Electronics	Yes	Male	42	29 April 2020	-	-	-	-	-	49.18	No

# Section V Directors, Supervisors, Senior Management and Employees

Name	Position (note)	Core technicians or not	Gender	Age	Commencement 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 (RMB'000)	Whether to receive any remuneration from any related party of the Company
Lu Yang	Deputy general manager of Ningbo CRRC Times	Yes	Male	40	7 May 2018	-	-	-	-	-	82.65	No
Liu Liangjie	Director of the UK R&D centre of Times Electric	Yes	Male	40	17 July 2020	-	-	-	-	-	112.98	No
Zhang Dinghua	Deputy general manager of Shanghai CRRC SMD	Yes	Male	43	1 July 2019	-	-	-	-	-	78.27	No
Zhang Min	Deputy general manager of the power supply system division of Times Electric	Yes	Male	41	13 March 2020	-	-	-	-	-	66.26	No
	Deputy general manager of Chongqing CRRC Times Electric Technology Co., Ltd.				8 September 2021							
He Wen	Deputy general manager of the equipment technology division of Times Electric	Yes	Male	53	23 March 2020	-	-	-	-	-	44.55	No
Liu Yongjiang	Head of the Rail Transit Technology Centre of Times Electric	Yes	Male	37	27 November 2020	-	-	-	-	-	83.56	No
Liu Yong	Director of the data and intelligent technology centre of Times Electric	Yes	Male	41	28 November 2020	-	-	-	-	-	84.73	No
Xu Shaolong	Former deputy general manager	Yes	Male	38	2 November 2020	25 January 2022	-	-	-	-	133.46	No
Total	/	/	/	/	/	/	/	/	/	/	2,266.52	/

- Notes:
1. Remunerations, bonuses and subsidies actually paid in 2021 under "total before-tax remuneration obtained from the Company during the reporting period" are calculated on a cash basis, which do not include the employee benefits and social insurance, housing provident fund and annuities undertaken by the Company. Total actual remunerations paid in 2021 include (budget) settlement amount that was not granted in 2020 and payment of long-term principal in previous years, and therefore there exist differences among individuals.
  2. Commencement dates of term of office of the above Directors and Supervisors refers to the term of office of the current session of the Board and the Supervisory Committee.
  3. The shareholding above refers to the number of shares directly held by the Directors and Supervisors. As of the end of the reporting period, as each of Shang Jing, Yan Wu, Mei Wenqing, Yi Weihua, Cao Weichen, Wang Yeliu, Lu Yang, Liu Liangjie, Zhang Dinghua, Zhang Min, He Wen and Liu Yongjiang held 2.07% interest in the No. 1 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board of Times Electric managed by CICC (the "No. 1 Asset Management Plan of Times Electric"), Li Peng held 1.38% interest in the No. 1 Asset Management Plan of Times Electric, and each of Niu Jie, Tan Yongneng, Yan Changqi, Gong Tong, Yu Kang, Liu Zehua, Xu Shaolong, Zhu Hongjun, Zhang Dongfang and Liu Yong held 2.06% interest in the No. 3 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board of Times Electric managed by CICC (the "No. 3 Asset Management Plan of Times Electric"), they therefore indirectly held interest in the shares of the Company. 4,598,422 shares were issued for the purpose of the No. 1 Asset Management Plan of Times Electric upon strategic placement, and 4,609,837 shares were issued for the purpose of the No. 3 Asset Management Plan of Times Electric upon strategic placement. The shares of the Company held under the above-mentioned asset management plans are subject to a lock-up period of 12 months commencing from the date the publicly issued shares were listed on the SSE.
  4. Details on the share purchase and disposal activities undertaken by Mr. Gong Tong during the reporting period are available in the announcement of the Company dated 10 December 2021.

# Section V Directors, Supervisors, Senior Management and Employees

Name	Major working experience
<b>1</b> Li Donglin	<b>Board of Directors</b> Mr. Li Donglin, born in 1967, a Chinese citizen without permanent residency abroad. Mr. Li graduated from Southwest Jiaotong University with a bachelor's degree in Electric Traction and Drive Control in 1989. He is a senior engineer. Mr. Li joined CRRC ZELRI in July 1989 and held the positions of deputy chief engineer, deputy general manager of the rail transport department, director of the manufacturing centre, deputy general manager of the sales and marketing centre of CRRC ZELRI. Mr. Li served as the chief marketing officer of the Company from September 2005 to December 2007 and vice president and Party secretary of the Company from December 2007 to December 2009. From January 2010 to April 2010, he served as the general manager of the Company. From April 2010 to January 2016, he served as an executive director and the general manager of the Company. Mr. Li was a director, the general manager and deputy Party secretary of CRRC ZELRI from December 2015 to May 2018. He has been the chairman of the board of directors and Party secretary of CRRC ZELRI since May 2018. Mr. Li was the Vice Chairman of the Board and an executive Director of the Company from March 2017 to July 2018, and has been the Chairman of the Board and an executive Director of the Company since July 2018. He currently serves as the Chairman of the Board and an executive Director of the Company.
Liu Ke'an	Mr. Liu Ke'an, born in 1971, a Chinese citizen without permanent residency abroad. Mr. Liu graduated from the Department of Electrical Engineering of Tongji University with a bachelor's degree in Industrial Electrical Automation in 1994 and graduated from Zhongnan University of Economics and Law with a master's degree in Corporate Management in 2008, and graduated from Central South University in December 2015 with a doctor's degree in transportation and communication engineering. He is a professorate senior engineer. He joined CRRC ZELRI in August 1994 and served as engineer, the chief engineer, senior engineer and the chief designer of CRRC ZELRI. Mr. Liu held various positions such as director of the drive technology department of technology centre, director of systems project department of the technology centre, deputy director and director of the technology centre of the Company since September 2005. He was an employee representative supervisor of the Company from December 2007 to January 2010, the chief technology officer of the Company from January 2010 to June 2012 and the vice general manager and the chief engineer of the Company from June 2012 to January 2016. From January 2016 to August 2020, he served as an executive director and the general manager of the Company. Mr. Liu has been a director and the general manager of CRRC ZELRI since August 2020, and has been the Vice Chairman of the Board and an executive Director of the Company since September 2020. He currently serves as the Vice Chairman of the Board and an executive Director of the Company.
Shang Jing	Mr. Shang Jing, born in 1977, a Chinese citizen without permanent residency abroad. Mr. Shang graduated with a bachelor's degree in Mechanical and Electrical Engineering and a master's degree in Power System and Automation from Southwest Jiaotong University in July 2000 and April 2003, respectively. In December 2016, he graduated from Central South University with a doctor degree in control science and engineering. He is a professorate senior engineer. He joined CRRC ZELRI in July 2003 as an engineer at the R&D centre. He served as an engineer at the R&D centre, the director and the deputy director of the industrial drive department of the Company from September 2005 to May 2011, and the deputy director and the director of the foundation and platform research and development centre of CRRC ZELRI Research Institute from June 2011 to February 2015, respectively. He was also the vice chief engineer and the director of the foundation and platform research and development centre of CRRC ZELRI Research Institute from February 2015 to January 2016. He has been serving as the deputy director of the Management Committee of the National Key Laboratories of New Power Semiconductor Devices since February 2016. From January 2016 to September 2020, he served as a vice general manager and chief engineer of the Company. He has been serving as an executive director and the general manager of the Company since September 2020.

# Section V Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Yan Wu	<p>Mr. Yan Wu, born in 1967, a Chinese citizen without permanent residency abroad. Mr. Yan graduated from Northwestern Polytechnical University with a bachelor's degree in Electro-Technology in 1989 and a master's degree in Aircraft Navigation and Control in 1992. He is a senior engineer. He joined CRRC ZELRI in 1992. Mr. Yan served as the director of the technical standards department of the Company from September 2005 to December 2007 and as the director of the securities and legal affairs department of the Company from January 2007 to January 2014. From December 2010 to March 2014, he served as a non-executive director of the Company. Mr. Yan was appointed as the secretary to the Board of the Company in December 2007, a vice general manager of the Company in June 2012, an executive director of the Company in March 2014 and the General Legal Counsel of the Company in October 2019. He currently serves as an executive director, vice general manager, the secretary to the Board and the General Legal Counsel of the Company.</p>
Zhang Xinning	<p>Mr. Zhang Xinning, born in 1964, a Chinese citizen without permanent residency abroad. Mr. Zhang graduated from Northern Jiaotong University (currently known as Beijing Jiaotong University) with a bachelor's degree in electric traction and transmission control in 1989 and a master's degree in system engineering in 2001, respectively. He is a professorate senior engineer entitled to the special government subsidy from the State Council. Mr. Zhang served as the deputy head of the Equipment Technology Division of the Department of Technology and Education of the Ministry of Railways, the deputy chief engineer, deputy chief engineer and the general manager of the locomotives business department of CSR Group. He also served as the deputy general manager and chief engineer of CRRC Zhuzhou, the chief engineer of CSR Group as well as the chief engineer of CSR. Since June 2015, he has been serving as the chief engineer of CRRC. Mr. Zhang has been a non-executive Director of the Company since August 2017.</p>
Chan Kam Wing, Clement	<p>Mr. Chan Kam Wing, Clement, born in 1958, an Australian citizen with permanent residence in Hong Kong and Australia. Mr. Chan obtained a bachelor's degree in Accounting and a master's degree in Commerce in the United Kingdom and Australia, respectively. He is a certified public accountant in Hong Kong. Mr. Chan was the Asian regional director and a board member of Horwath International from 1996 to April 2009. Mr. Chan has been the managing director of BDO Limited since May 2009. Mr. Chan was elected as a council member of the HKICPA from 2007 to 2014, during which he was elected as the vice president of the HKICPA in 2012 and 2013, and was further elected as the president of HKICPA in 2014. From 2010 to 2013, he was appointed as the chairman of the financial reporting standards committee of the HKICPA and was responsible for the research, editing and promulgation of the Hong Kong Financial Reporting Standards. From December 2015 to September 2021, he was appointed as the honorary advisor of the Hong Kong Financial Reporting Council. Mr. Chan also served as the chairman of the Asian-Oceanian Standard Setters Group in 2014 and 2015 and attended various international conferences on the setting of accounting standards on behalf of Hong Kong. In addition, he was awarded an Honorary Fellowship by the Open University of Hong Kong in 2018 in recognition of his contribution to society and outstanding achievements. From May 2019 to December 2021, he was appointed as a non-executive director of the Hong Kong Securities and Futures Commission. Mr. Chan founded the Hong Kong Association of Registered Public Interest Entity Auditors Limited (香港上市公司審核師協會) in 2021 and served as its chairman. He was awarded the Medal of Honour in 2019 and appointed as a Justice of the Peace in 2020. Mr. Chan has been an independent non-executive Director of the Company since September 2005.</p>

# Section V Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Pao Ping Wing	Mr. Pao Ping Wing, born in 1947, a Chinese citizen with permanent residence in Hong Kong. He graduated from Asian Institute of Technology (Thailand) in 1979, and obtained a master's degree in human settlements planning science. Since 1987, Mr. Pao has been appointed as the independent non-executive director of various companies listed on the Stock Exchange. Mr. Pao has substantial experiences in corporate governance. Mr. Pao is currently an independent non-executive director of Oriental Enterprise Holdings Limited, Sing Lee Software (Group) Limited, Maoye International Holdings Limited, Capital Environment Holdings Limited and Soundwill Holdings Limited. Mr. Pao was appointed as a Justice of Peace in 1987. He was also appointed by the Hong Kong government as a member of the Town Planning Board, the Advisory Council on the Environment, the Hong Kong Housing Authority and the Land Development Corporation. Mr. Pao has been an independent non-executive Director of the Company since September 2005.
Liu Chunru	Ms. Liu Chunru, born in 1971, a Chinese citizen without permanent residency abroad. Ms. Liu graduated from Chongqing University with a bachelor's degree in Engineering in 1994 and graduated from Tsinghua University with a master's degree in Business Administration in 2008. She is a certified assets valuer. Ms. Liu was the vice president of Beijing China Enterprise Appraisal Co., Ltd. and the president of Zhongfa International Appraisal Co., Ltd. She has been an executive director of Huibao Shuanghe (Beijing) Investment Management Co., Ltd. since September 2011, a director of Beijing Boviss Technology Co., Ltd. since November 2011 and the vice chairman of the board of Beijing Zhuoxindahua Appraisal Co., Ltd since September 2012. Ms. Liu was a supervisor of the Company from September 2005 to April 2008. Ms. Liu has been an independent non-executive Director of the Company since June 2008.
Chen Xiaoming	Mr. Chen Xiaoming, born in 1963, a Chinese citizen without permanent residency abroad. Mr. Chen graduated from the Law Department of Southwest University of Political Science & Law with a bachelor's degree in Laws in 1985. He graduated from the Law Department of Southwest University of Political Science & Law in 1988 with a master's degree in Laws. He is a lawyer. Mr. Chen was a lawyer of Shenzhen Foreign Economic Law Firm from July 1988 to December 1993. Mr. Chen was a partner and lawyer of Guangdong Huaye Law Firm from January 1994 to December 2002. He was a partner and lawyer of Guangdong Shengdian Law Firm from January 2003 to December 2006. He has been a lawyer, a partner and currently a consultant of Beijing Zhonglun (Shenzhen) Law Firm since January 2007. He has been an independent non-executive Director of the Company since March 2017.
Gao Feng	Mr. Gao Feng, born in 1977, a Chinese citizen without permanent residency abroad. Mr. Gao graduated from Tsinghua University majoring in Electrical Engineering with a bachelor's degree and a master's degree in 2000 and 2003, respectively. He also obtained a doctor's degree in Electrical Engineering from University of Washington in the United States of America in June 2008. He is a professorate senior engineer. Mr. Gao served as a senior researcher at the sustainable energy and electrical grid laboratory at the Technical University of Berlin in Germany from January 2008 to April 2010. Between April 2010 to April 2015, he was a senior researcher of IBM China Research Institute. Since April 2015, Mr. Gao has been serving as the vice president of the Energy Internet Research Institute of Tsinghua University. From June 2015 to December 2019, Mr. Gao served as a director of Beijing Tsingsoft Technology Co., Ltd.* (北京清軟創新科技股份有限公司). Mr. Gao has been an independent non-executive Director of the Company since August 2018.

# Section V Directors, Supervisors, Senior Management and Employees

Name	Major working experience
<b>2</b> Li Lüe	<p><b>Supervisory Committee</b></p> <p>Mr. Li Lüe, born in 1969, a Chinese citizen without permanent residency abroad. Mr. Li graduated from the Hunan Finance and Economics College in July 1990 majoring in accounting. From September 2000 to June 2003, he studied accounting at the Hunan University Network College. In December 2010, Mr. Li graduated from Kunming University of Science and Technology with a master's degree in business administration. He is a senior accountant. Mr. Li Lüe joined CRRC Zhuzhou in July 1990, where he held several positions including an accountant and chief accountant of the branch, an accountant and the deputy director of the finance department as well as the director of the restructuring office. From November 2005 to March 2006, Mr. Li successively served as the director of the audit department and the secretary to Party branch of CRRC Zhuzhou. From March 2006 to January 2008, he served as chief accountant of CSR Shijiazhuang Vehicle Factory. From January 2008 to December 2010, he served as deputy director general and chief financial officer of CSR Shijiazhuang Vehicle Co., Ltd. From January 2011 to August 2018, he served as deputy general manager and chief financial officer of Guangzhou Locomotive Co., Ltd. From August 2018 to May 2019, he served as deputy general manager of Guangzhou Locomotive Co., Ltd. Since May 2019, Mr. Li has been serving as deputy general manager and chief financial officer of CRRC ZELRI. Mr. Li has been the Chairman of the Supervisory Committee and a supervisor of the Company since June 2019.</p>
Pang Yiming	<p>Mr. Pang Yiming, born in 1964, a Chinese citizen without permanent residency abroad. Mr. Pang graduated from Central South University in 2004. Mr. Pang joined CRRC ZELRI in October 1982 and held the positions of assistant to the general manager of the manufacturing centre of CRRC ZELRI and deputy general manager, the chief production officer and director of the production department of Times Electronics. Mr. Pang served as assistant director of the marketing management department of the marketing centre of the Company from January 2007 to January 2009, director of the marketing management department of the Company from January 2009 to December 2009, and director of the operation management department of the Company from January 2010 to December 2011. Mr. Pang was the general manager and the secretary to Party branch of the printed circuit business department of the Company from January 2012 to July 2016. He was the general manager of the electrical interconnection technology division of the Company from July 2016 to March 2018. Mr. Pang has been a chairman of expert committee of the industrial development committee (preparation) of the Company since March 2018. Mr. Pang has been an employee representative supervisor of the Company since September 2005.</p>
Zhou Guifa	<p>Mr. Zhou Guifa, born in 1964, a Chinese citizen without permanent residency abroad. Mr. Zhou graduated from Dalian Railway Institute with a bachelor's degree in Engineering in 1985, obtained a master's degree in Engineering from Central South University in 1997 and a doctor's degree in Engineering from Tongji University in 2009. He joined CRRC ZELRI in 1985 and has held various positions such as engineer, senior engineer and professorate engineer at the R&amp;D centre of CRRC ZELRI and the technology centre of the Company. Mr. Zhou served as the chief technology officer of Shanghai branch of the technology centre of the Company from September 2005 to December 2006, and has been the chief expert of the Company since January 2007. He was voted as the chief technical expert of CSR in 2011, as the Principal Design Expert of CRRC in 2016 and as a scientist of CRRC in 2018. Mr. Zhou has been an employee representative supervisor of the Company since January 2010.</p>

# Section V Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Geng Jianxin	Mr. Geng Jianxin, born in 1954, a Chinese citizen without permanent residency abroad. In 1987, Mr. Geng graduated from Zhongnan University of Economics and Law majoring in accounting and obtained a master's degree in economics. In 1993, he graduated from Renmin University of China majoring in accounting and obtained a doctorate in management. He is entitled to the special government subsidy from the State Council. From 1993 to 2019, he served as associate professor, professor, doctoral supervisor, director of teaching and research section, executive deputy director, secretary of the Party Committee of the School of Business and chairman of the Academic Committee of the School of Business at Renmin University of China. He is currently a consultant of the China Audit Society, deputy director of the Accounting Society of China, a distinguished professor of Hebei University of Economics and Business, and also serves as an independent director of Capitalonline Data Service Co., Ltd, New China Life Insurance Company Ltd., Suzhou QingYue Optoelectronics Technology Co Ltd. and Norinco International Cooperation Ltd. Mr. Geng has been an independent supervisor of the Company since June 2011.
<b>3</b>	<b>Senior Management</b>
Shang Jing	For major working experience of Mr. Shang Jing, please refer to his biography above.
Niu Jie	Mr. Niu Jie, born in 1968, a Chinese citizen without permanent residency abroad. Mr. Niu graduated from Central South University in June 2003 with an undergraduate certificate of graduation in machinery design, manufacturing and automation. He is an engineer. Mr. Niu was a technician and office director of the loading and unloading machinery plant of Lanzhou Railway Bureau from February 1988 to October 1994. He joined CRRC ZELRI in October 1994 and served as the director of the production department of the PCB plant, the sales director of the production and operation department and the vice general manager of the marketing centre of CRRC ZELRI. He was the deputy general manager of the marketing centre of the Company from September 2005 to December 2006 and the general manager of the locomotives business department of the marketing centre of the Company from January 2007 to December 2008. He was the general manager of the locomotives business department of the Company from January 2009 to May 2013 and was deputy chief economist of the Company from January 2010 to June 2012. Mr. Niu has been a vice general manager of the Company since June 2012 and the Party secretary of the Company since October 2018. He currently serves as the Party secretary and a vice general manager of the Company.
Tan Yongneng	Mr. Tan Yongneng, born in 1970, a Chinese citizen without permanent residency abroad. Mr. Tan graduated from Xiangtan University majoring in Electrical Technology in 1995. He attended the on-the-job postgraduate programme in Psychology and Human Resources of Peking University in 2000, and obtained a certificate of graduation by completing the full postgraduate programme in July 2002. He attended the on-the-job MBA programme of Business School of Central South University in 2003 and obtained a certificate of graduation by completing the full postgraduate programme in July 2005. He joined CRRC ZELRI in July 1990, and has held various positions such as director of general manager's office of Times Electronics, director of department of Party and mass affairs and director of Party office of CRRC ZELRI. He was director of department of Party and mass affairs and director of department of auditing of the Company from December 2004 to December 2005, director of department of Party and mass affairs and director of Party office of CRRC ZELRI from December 2005 to December 2007, and director of administration office and director of secretary office of decision-making committee of CRRC ZELRI from January 2008 to January 2010. Mr. Tan was the chief administration officer and the chairman of the labour union of the Company from January 2010 to January 2018, and has been the secretary of Party discipline inspection commission, the chief administration officer and the chairman of the labour union of the Company since January 2018.
Yan Wu	For major working experience of Mr. Yan Wu, please refer to his biography above.

# Section V Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Yan Changqi	<p>Mr. Yan Changqi, born in 1968, a Chinese citizen without permanent residency abroad. Mr. Yan graduated with a bachelor's degree in Machinery Manufacturing Technology and Equipment (機械製造工藝與設備) from Xi'an Jiaotong University in 1991. He is a senior engineer. He joined CRRC ZELRI in August 1991 and has held various positions such as the director of the sales department of the marketing centre, the deputy director of Foreign Economic Cooperation Office (FECO), a vice general manager of the marketing centre of CRRC ZELRI, the chief marketing officer of Times Electronics and the chief marketing officer of the passenger car electric business department. Mr. Yan served as the general manager of the EMU business department of the Company from January 2007 to December 2009, a vice chief economist of the Company from January 2010 to January 2013, the assistant to general manager and the general manager of the EMU business department of the Company from February 2013 to May 2013, and the assistant to general manager and the general manager of the railway business department of the Company from May 2013 to January 2016. Mr. Yan has been a vice general manager of the Company since January 2016.</p>
Gong Tong	<p>Mr. Gong Tong, born in 1974, a Chinese citizen without permanent residency abroad. Mr. Gong graduated from Southwest Jiaotong University with a bachelor's degree in Electric Traction and Transmission Control in July 1996. He is a senior engineer. Mr. Gong joined CRRC ZELRI in August 1996 and has worked for the technical service department, after-sales service department and quality service department of the electrical equipment factory of CRRC ZELR, Zhuzhou Times Fittings Technical Service Co., Ltd. and the technical service department. He has taken various positions as a marketing centre service director, director of the quality and safety department, general manager of after-sales service department and director of planning and development department of the Company from January 2005 to July 2011, a general manager of Guangzhou CRRC Times from July 2011 to April 2013, a deputy general manager of the business division for urban railway equipment of the Company from May 2013 to February 2016, a deputy chief economist, director of planning and development department, general manager of the business division for new industry of the Company from February 2016 to July 2017, and a deputy chief economist and general manager of the business division for urban railway equipment of the Company from July 2017 to March 2020. Mr. Gong has been a deputy general manager of the Company since March 2020.</p>
Yu Kang	<p>Mr. Yu Kang, born in 1978, a Chinese citizen without permanent residency abroad. Mr. Yu graduated from Nanchang Hangkong University with a bachelor's degree in Mechanical and Electrical Engineering in July 2000. He is a senior engineer. Mr. Yu joined CRRC ZELRI in August 2000 and has worked for the equipment department and engineering technology department of the manufacturing centre of CRRC ZELRI. He has taken various positions such as a director of the electronic equipment factory of the manufacturing centre and a director of the general management department of the Company from June 2005 to January 2011, a director of the general manager's office of the Company from January 2011 to February 2016, a director of the general manager's office and a general manager of the business division for automobile of the Company from February 2016 to March 2017, a general manager of the business division for automobile of the Company from March 2017 to February 2018, and a deputy chief economist and general manager of the business division for automobile of the Company from February 2018 to March 2020. Mr. Yu has been a director of Wuxi CRRC Hofer Powertrain CO., Ltd. since October 2018. Mr. Yu has been the general manager of Wuxi CRRC Hofer Powertrain CO., Ltd. since March 2020. Mr. Yu has been the chairman of Wuxi Times Intelligent Transportation Research Institute Co., Ltd. since January 2021. Mr. Yu has been a deputy general manager of the Company since March 2020.</p>



## Section V Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Liu Zehua	<p>Mr. Liu Zehua, born in 1968, a Chinese citizen without permanent residency abroad. Mr. Liu graduated from the Hunan Finance and Economics College in 1992. In 1999, he graduated from Sichuan University with a bachelor's degree in accounting. He is a senior accountant. He joined CRRC Zhuzhou from 1992 to 2004 where he served as an accountant and the head of cost team of the finance department. From 2004 to 2007, Mr. Liu served as the chief financial officer of Zhuzhou Jiufang Casting Co., Ltd. From 2007 to 2016, he served successively as an assistant to the head of the Company's financial assets department and head of the financial assets department of the Company. From April 2016 to March 2020, he served as deputy general manager of the wind power division and chief financial officer of CRRC ZELRI. Mr. Liu has been a deputy general manager and chief financial officer of the Company since March 2020.</p>
Mei Wenqing	<p>Mr. Mei Wenqing, born in 1982, a Chinese citizen without permanent residency abroad. Mr. Mei graduated from Huazhong University of Science and Technology with a bachelor's degree in electrical engineering and automation in June 2004 and a master's degree in electric machines and electric apparatus in March 2007, respectively. He is a senior engineer. From April 2007 to October 2008, he served as the software designer of the transmission control department of the Company's technology centre. From October 2008 to January 2012, he served as the software designer of the industrial transmission department of the Company's technology centre. From January 2012 to January 2013, he served as the head of the control software group of the industrial transmission department of the basic and platform R&amp;D centre of CRRC ZELRI Research Institute. From January 2013 to March 2016, he served as the group leader of asynchronous motor control group and the head of the converter control platform department of the basic and platform R&amp;D centre of CRRC ZELRI Research Institute. From March 2016 to February 2018, he served as the deputy director of the basic and platform R&amp;D centre of CRRC ZELRI Research Institute, and served as the director of the centre from March 2018 to October 2020. Since 2 November 2020, Mr. Mei has been the deputy general manager and the chief engineer of the Company.</p>
Yi Weihua	<p>Mr. Yi Weihua, born in 1982, a Chinese citizen without permanent residency abroad. Mr. Yi graduated from East China Jiaotong University with a bachelor's degree in electrical engineering and automation in July 2004 and graduated from Central South University with a master's degree in business administration in November 2017. He is a senior engineer. From August 2004 to March 2010, he served as a process engineer in the engineering technical department of the Company's manufacturing centre. From March 2010 to July 2012, he served as the head of the engineering technical department of the Company's manufacturing centre. He served as deputy director and director of the pilot plant of the Company's manufacturing centre from July 2012 to February 2016. From February 2016 to March 2017, he served as the deputy director of the rail transit technology centre and deputy director of the manufacturing centre of the Company. From March 2017 to April 2017, he served as the head of the operation management department of the Company. He served as the head of the operation management department and director of the Environmental Protection Office of the Company from April 2017 to February 2018. From February 2018 to March 2020, he served as the director of the Company's manufacturing centre. From March 2020 to October 2020, he served as the Company's deputy chief economist and director of the manufacturing centre. Mr. Yi has been the deputy general manager of the Company since 2 November 2020.</p>

# Section V Directors, Supervisors, Senior Management and Employees

Name	Major working experience
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Cao Weichen	<p>Mr. Cao Weichen, born in 1983, a Chinese citizen without permanent residency abroad. Mr. Cao graduated from Hunan University of Technology with a bachelor's degree in English in June 2007 and graduated from Hunan University with a master's degree in software engineering in December 2017. He is an assistant translator. From August 2007 to June 2011, he served as the intellectual property specialist of the Technology Management Department of the Company. From June 2011 to November 2011, he served as the sales manager of the second sales department of the Company's EMU business department. From November 2011 to June 2013, he served as the sales manager of the first sales department of the Company's EMU business department. From June 2013 to January 2014, he served as the head of the second sales department of the Company's EMU business department. From January 2014 to April 2015, he served as the head of the EMU marketing department of the Company's railway business department. From April 2015 to January 2016, he served as the deputy general manager (intercity market) of the Company's railway business department. From January 2016 to January 2019, he served as deputy director of the General Manager's Office of CRRC ZELRI. From January 2019 to March 2020, he served as director of the General Manager's Office of CRRC ZELRI. From March 2020 to October 2020, he served as the general manager of the Company's urban rail business department. Mr. Cao has been the deputy general manager of the Company since 2 November 2020.</p>
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Li Peng	<p>Mr. Li Peng, born in 1981, a Chinese citizen without permanent residency abroad. He graduated from Southwest Jiaotong University with a bachelor's degree in electrical engineering and automation in July 2004, and from Zhejiang University with a master's degree in electrical engineering in December 2016. Mr. Li Peng is a senior engineer. He joined the Company in August 2004, and successively served as the chief designer of the converter technology department, head and deputy director of the system department of the Company's technology centre. From March 2017 to January 2019, he served as the deputy director of the Company's product management centre. From January 2019 to January 2021, he served as general manager of the Company's railway division. From January 2021 to February 2022, he served as deputy chief economist and general manager of the railway division of the Company. He has been the deputy general manager of the Company since 23 February 2022.</p>
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# Section V Directors, Supervisors, Senior Management and Employees

Name	Major working experience
<b>4</b>	<b>Core Technicians</b>
Wang Yeliu	<p>Mr. Wang Yeliu, born in 1982, a Chinese citizen without permanent residency abroad. He graduated from East China Jiaotong University with a bachelor's degree in communication engineering in 2004; and from Central South University with a master's degree in business administration in 2018. Mr. Wang Yeliu is a senior engineer. From August 2004 to February 2010, he served as an engineer of the technical centre of the communication and signal division of the Company. From March 2010 to February 2011, he served as the head of the control department I of the technical centre of the communication and signal division of the Company. From March 2011 to February 2012, he served as the deputy director of the technical centre of the communication and signal division of the Company. From March 2012 to March 2016, he served as the director of the technical centre of the communication and signal division of the Company. From March 2016 to February 2017, he served as deputy chief engineer of the communication and signal division of the Company. From March 2017 to April 2020, he served as deputy chief engineer of Hunan CRRC Signal. He has served as the deputy general manager of Hunan CRRC Signal since May 2020.</p>
Zhu Hongjun	<p>Mr. Zhu Hongjun, born in 1971, a Chinese citizen without permanent residency abroad. He graduated from Dalian Railway College with a bachelor's degree in fluid control in 1995, and from Lanzhou Jiaotong University with a master's degree in vehicle engineering in 2018. Mr. Zhu Hongjun is a professor-level senior engineer. From July 1995 to October 2005, he successively served as trainee, assistant engineer and engineer in the assembly workshop of Baoji Construction Machinery Factory under the Ministry of Railways. From December 2005 to March 2009, he served as director of the technology division and deputy chief engineer of China Railway Baoji Machinery Co., Ltd. Xintie Company. From April 2009 to August 2013, he served as deputy director of the technical centre of Baoji CSR Times Construction Machinery Co., Ltd. From September 2013 to February 2016, he served as a senior engineer of the technical centre and equipment technology development department of the railway engineering machinery division of the Company. From March 2016 to October 2017, he served as the director and senior engineer of the technical centre of the railway engineering machinery division of the Company. From November 2017 to February 2018, he served as the director of the equipment technology development department of the railway engineering machinery division of the Company. From March 2018 to February 2019, he served as the deputy chief engineer of Baoji CRRC Times. He has served as the deputy general manager of Baoji CRRC Times since March 2019.</p>
Zhang Dongfang	<p>Mr. Zhang Dongfang, born in 1980, a Chinese citizen without permanent residency abroad. He graduated from East China Jiaotong University with a bachelor's degree in electrical engineering and automation in 2003. Mr. Zhang Dongfang is a senior engineer. From August 2003 to September 2005, he served as an engineer in the R&amp;D centre of CRRC ZELRI. From September 2005 to April 2016, he served as assistant engineer, engineer and senior engineer of the Company. From April 2016 to May 2018, he served as the head of the diesel locomotive product department of the Company's rail transit technology centre. From May 2018 to September 2018, he served as assistant director of the Company's rail transit technology centre. From September 2018 to April 2020, he served as the director of technology centre of CRRC Times Electronics. He has served as the deputy general manager of CRRC Times Electronics since April 2020.</p>

# Section V Directors, Supervisors, Senior Management and Employees

Name	Major working experience
Lv Yang	<p>Mr. Lv Yang, born in 1982, a Chinese citizen without permanent residency abroad. He graduated from Xiangtan University with a bachelor's degree in electronic information engineering in 2004; and from Chongqing University of Posts and Telecommunications with a master's degree in control theory and control engineering in 2008. Mr. Lv Yang is a senior engineer. From September 2008 to October 2012, he served as the leader of the control platform group of the transmission control department of the Company's technical centre. From November 2012 to February 2017, he served as the platform hardware leader of the converter control platform department of the foundation and platform R&amp;D centre of CRRC ZELRI. From February 2017 to May 2018, he served as the EMU system engineer of the system project department of the Company's technical centre. He has served as the deputy general manager of Ningbo CRRC Times since May 2018.</p>
Liu Liangjie	<p>Mr. Liu Liangjie, born in 1982, a Chinese citizen without permanent residency abroad. He graduated from Zhejiang University with a bachelor's degree in electrical engineering in 2004. Mr. Liu Liangjie is a professor-level senior engineer. From August 2004 to September 2011, he served as an engineer of the Company's technical centre. From September 2011 to February 2016, he served as the head of the transmission control department and the head of the system project department of the Company's rail transit technology centre. From February 2016 to March 2020, he served as the deputy director of the Company's rail transit technology centre. From March 2020 to July 2020, he served as the deputy director of the UK R&amp;D centre of the Company. He has served as the director of the UK R&amp;D centre of the Company since July 2020.</p>
Zhang Dinghua	<p>Mr. Zhang Dinghua, born in 1979, a Chinese citizen without permanent residency abroad. He graduated from Hunan University of Science and Technology with a bachelor's degree in automation in 2003; from Central South University with a master's degree in control theory and control engineering in 2006; and from Central South University with a doctorate degree in control science and engineering in 2011. Mr. Zhang Dinghua is a professor-level senior engineer. From June 2006 to June 2011, he served as the control engineer of CRRC National Centre of Converters. From June 2011 to July 2015, he served as the project manager of the foundation and platform R&amp;D centre of CRRC ZELRI. From July 2015 to February 2018, he served as deputy chief engineer of ROV Division of UK CRRC SMD. From February 2018 to July 2019, he served as the deputy director of the Company's industrial transmission technology centre. He has served as the deputy general manager of Shanghai CRRC SMD since July 2019.</p>
Zhang Min	<p>Mr. Zhang Min, born in 1981, a Chinese citizen without permanent residency abroad. He graduated from Tongji University with a bachelor's degree in electronic information engineering in 2004, and from Zhejiang University with a master's degree in electrical engineering in 2016. Mr. Zhang Min is a senior engineer. From July 2004 to July 2016, he served as the designer and head of the technical centre of CRRC National Centre of Converters. From August 2016 to May 2018, he served as manager of the intelligent monitoring product division of Zhuzhou CRRC Times Equipment Technology Co., Ltd. From May 2018 to March 2020, he served as the deputy director of the Company's industrial transmission technology centre. He has been the deputy general manager of the Company's power supply system division since March 2020, and the deputy general manager of Chongqing CRRC Times Electric Technology Co., Ltd. since September 2021.</p>

# Section V Directors, Supervisors, Senior Management and Employees

Name	Major working experience
He Wen	<p>Mr. He Wen, born in 1969, a Chinese citizen without permanent residency abroad. He graduated from Xi'an Jiaotong University with a bachelor's degree in industrial electrical automation in 1991. Mr. He Wen is a professor-level senior engineer. From August 1991 to July 1992, he served as an intern in the trial workshop of CRRC ZELRI. From August 1992 to May 1994, he served as a commissioning engineer in the trial workshop of CRRC ZELRI. From June 1994 to March 2002, he served as the design engineer of the wire room and converter development department of CRRC ZELRI. From April 2002 to February 2006, he served as head of locomotive product department of CRRC ZELRI. From March 2006 to April 2007, he served as the deputy director of the Company's technical centre. From May 2007 to January 2008, he served as the chief designer of the Company's technical centre. From February 2008 to January 2011, he served as deputy chief engineer and general manager of screen door project of Ningbo CSR Times Sensor Technology Co., Ltd. From February 2011 to May 2013, he served as the deputy general manager (technical director) of Ningbo CSR Times Sensor Technology Co., Ltd. From May 2013 to February 2018, he served as deputy general manager of Zhuzhou CRRC Times Equipment Technology Co., Ltd. From February 2018 to March 2020, he served as the deputy general manager of CRRC National Centre of Converters. He has served as the deputy general manager of the equipment technology division of the Company since March 2020.</p>
Liu Yongjiang	<p>Mr. Liu Yongjiang, born in 1985, a Chinese citizen without permanent residency abroad. He graduated from East China Jiaotong University with a bachelor's degree in electrical engineering and automation in 2008; and from Southwest Jiaotong University with a master's degree in power system automation in 2011. Mr. Liu Yongjiang is an engineer. From July 2011 to April 2015, he served as a product R&amp;D engineer in the traction converter department of the Company's technical centre. From April 2015 to March 2017, he served as the leader of the system group of the traction converter department of the Company's rail transit technology centre. From March 2017 to May 2018, he served as the head of the traction converter department of the Company's rail transit technology centre. From May 2018 to March 2020, he served as the deputy director of the Company's rail transit technology centre. From March 2020 to November 2020, he served as the deputy director of the Company's product management centre. He has served as the director of the Company's rail transit technology centre since November 2020.</p>
Liu Yong	<p>Mr. Liu Yong, born in 1981, a Chinese citizen without permanent residency abroad. He graduated from Xiangtan University with a bachelor's degree in mechanical design, manufacturing and automation in 2003; from Harbin Institute of Technology with a master's degree in mechanical design and theory in 2005; and from Harbin Institute of Technology with a doctorate degree in mechanical design and theory in 2010. Mr. Liu Yong is a professor-level senior engineer. From June 2010 to April 2011, he served as the inverter control engineer of the transit control department of the Company's technical centre. From May 2011 to December 2013, he served as the inverter control engineer of the converter control platform department of the foundation and platform R&amp;D centre of CRRC ZELRI. From January 2014 to March 2016, he served as the head of the inverter control group of the converter control platform department of the foundation and platform R&amp;D centre of CRRC ZELRI. From April 2016 to June 2017, he served as the director of converter control platform department of the foundation and platform R&amp;D centre of CRRC ZELRI. From July 2017 to November 2020, he served as the deputy director of the Company's data and intelligent technology centre. He has served as the director of the Company's data and intelligent technology centre since November 2020.</p>

Other explanations

Applicable  Not Applicable

# Section V Directors, Supervisors, Senior Management and Employees

## (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) The Evaluation Mechanism for Senior Management, as well as the Establishment and Implementation of Incentive Mechanism during the Reporting Period

Applicable  Not Applicable

According to the relevant requirements of the annual assessment system for management members, the principal positions of the Company's management team are assessed from two aspects: corporate asset management responsibility system, key acts and organisational construction, and the deputy positions of the management team are assessed from three aspects: corporate asset management responsibility system, annual major work objectives, key acts and organisational construction, so as to complete the inspection of the duty performance of the Company's executives and annual performance appraisal, and determine the annual remunerations of the Company's senior management according to the assessment results.

The annual remunerations of senior management are determined according to post responsibilities, post importance, performance evaluation and remuneration level of relevant positions in competitive industries. In the annual remuneration of senior management members, the basic remuneration is primarily determined according to factors such as post responsibilities, post importance and employees' average remuneration level, performance remuneration is determined according to performance evaluation, and special rewards are determined according to outstanding contributions.

## (IV) 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 2021, 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 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 Hong Kong Stock Exchange.

## (V) Securities Transactions 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"). Upon specific enquiries made to all the Directors and Supervisors, 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 2021.

# Section V 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	Commencement date of term of office	Termination date of term of office
Li Donglin	CRRZ ZELRI	Chairman of the board and secretary to the Party Committee	May 2018	–
Liu Ke'an	CRRZ ZELRI	Director, general manager	August 2020	–
Shang Jing	Zhuzhou Guochuang Railway Technology Co., Ltd.	Vice chairman of the board	June 2020	–
Zhang Xinning	CRRZ	Chief engineer	June 2015	–
Li Lue	CRRZ ZELRI	Deputy general manager, financial director	May 2019	–
Li Lue	Zhuzhou Times New Materials Technology Co., Ltd. (listed on the SSE, stock code: 600458)	Director	July 2019	April 2024
Li Lue	CRRZ Times Electric Vehicle Co., Ltd.	Chairman of the supervisory committee	May 2019	May 2022
Li Lue	CRRZ Beijing Heavy Industry and Mechanics Co., Ltd.	Supervisor	June 2019	–
Li Lue	CRRZ Zhuzhou Institute (Hong Kong) Co., Ltd.	Director	June 2019	–
Tan Yongneng	Shanghai CRRZ Hange Shipping and Marine Engineering Co., Ltd.	Chairman of the board	July 2021	–
Mei Wenqing	CRRZ Zhuzhou Traction Electrical Equipment Test & Certification Co., Ltd.	Director	April 2021	–
Cao Weichen	Xicheng CRRZ (Wuxi) Urban Transit Transport Engineering Co., Ltd.	Director	April 2021	–
Explanation on positions held in Shareholder entities	None			

# Section V 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	Commencement date of term of office	Termination date of term of office
Shang Jing	Zhuzhou Shiling Transportation Equipment Co., Ltd.	Chairman of the board	April 2021	–
Shang Jing	Wuxi CRRC Hofer Powertrain Co., Ltd.	Chairman of the board	June 2021	–
Chan Kam Wing, Clement	BDO Limited	Managing director	May 2009	–
Chan Kam Wing, Clement	Securities and Futures Commission of Hong Kong	Non-executive director	May 2019	July 2021
Chan Kam Wing, Clement	Hong Kong Mortgage Corporation Limited	Non-executive director	May 2019	–
Chan Kam Wing, Clement	Hong Kong Financial Reporting Council	Honorary advisor	December 2015	September 2021
Pao Ping Wing	Oriental Enterprise Holdings Limited (listed on the Stock Exchange, stock code: 00018)	Independent non-executive director	July 1987	–
Pao Ping Wing	Sing Lee Software (Group) Limited (listed on the Stock Exchange, stock code: 8076)	Independent non-executive director	December 2003	–
Pao Ping Wing	Maoye International Holdings Limited (listed on the Stock Exchange, stock code: 848)	Independent non-executive director	August 2007	–
Pao Ping Wing	Soundwill Holdings Limited (listed on the Stock Exchange, stock code: 878)	Independent non-executive director	November 2009	–
Pao Ping Wing	Capital Environment Holdings Limited (listed on the Stock Exchange, stock code: 03989)	Independent non-executive director	June 2006	–
Liu Chunru	Beijing Zhuoxindahua Appraisal Co., Ltd	Vice chairman	September 2012	–
Liu Chunru	Beijing Boviss Technology Co.,Ltd.	Director	November 2011	–
Liu Chunru	Huibao Shuanghe (Beijing) Investment Management Co., Ltd.	Executive director	September 2011	–
Liu Chunru	Beijing Gujin Micro Loan Co., Ltd.	Director	June 2012	–



# Section V Directors, Supervisors, Senior Management and Employees

Name	Name of other entities	Positions held in other entities	Commencement date of term of office	Termination date of term of office
Chen Xiaoming	Beijing Zhonglun (Shenzhen) Law Firm	Consultant and lawyer	–	–
Gao Feng	Energy Internet Research Institute of Tsinghua University	Vice president	April 2015	–
Gao Feng	Liaoning Clean Energy Group Co., Ltd.	Independent non-executive director	April 2020	August 2021
Geng Jianxin	China Audit Society	Consultant	July 2019	July 2023
Geng Jianxin	Accounting Society of China	Deputy director	September 2016	August 2024
Geng Jianxin	Capitalonline Data Service Co., Ltd (listed on the Shenzhen Stock Exchange, stock code: 300846)	Independent director	September 2018	–
Geng Jianxin	New China Life Insurance Company Ltd. (listed on the SSE, stock code: 601336; and the Stock Exchange, stock code: 01336)	Independent director	September 2017	–
Geng Jianxin	Suzhou QingYue Optoelectronics Technology Co Ltd.	Independent director	October 2020	–
Geng Jianxin	Norinco International Cooperation Ltd. (listed on the Shenzhen Stock Exchange, stock code: 000065)	Independent director	August 2021	–
Yan Changqi	LANP Electrical Co., Ltd.	Director	September 2019	–
Yan Changqi	Zhuzhou Shiling Transportation Equipment Co., Ltd.	Director	December 2014	–
Yan Changqi	Siemens Traction Equipment Ltd., Zhuzhou	Director	December 2018	–
Gong Tong	Foshan Zhongshi Zhihui Communications Technology Co., Ltd.	Vice chairman of the board	June 2021	–
Yu Kang	Wuxi CRRC Hofer Powertrain Co., Ltd.	Director	October 2018	–
Yu Kang	Wuxi CRRC Hofer Powertrain Co., Ltd.	General manager	March 2020	–
Yu Kang	Wuxi Times Intelligent Transportation Research Institute Co., Ltd.	Chairman of the board	February 2021	–

# Section V Directors, Supervisors, Senior Management and Employees

Name	Name of other entities	Positions held in other entities	Commencement date of term of office	Termination date of term of office
Yi Weihua	Zhuzhou Shiling Transportation Equipment Co., Ltd.	Director	1 April 2021	-
Yi Weihua	Hunan Green Industry Federation	President	18 January 2021	
Li Peng	LANP Electrical Co., Ltd.	Director	29 September 2021	-
Cao Weichen	Fuzhou Jintou Intelligent Rail Transit Equipment Co., Ltd.	Director	15 April 2020	15 April 2021
Explanation on positions held in other entities	None			

### (III) Positions Held in Controlling Subsidiaries

Name	Name of controlling subsidiaries	Positions held in controlling subsidiaries
Shang Jing	Dynex Power Inc (加拿大丹尼克斯電力電子股份有限公司) Zhuzhou CRR Times Semiconductor Co., Ltd. (株洲中車時代半導體有限公司)	Chairman of the board Chairman of the board
Yan Wu	CRR Times Electric (Hong Kong) Co., Limited	Director
Niu Jie	CRR Times Electric USA, LLC (中車時代電氣(美國)有限公司) CRR Times Electric Australia Pty Ltd. (中車時代電氣(澳洲)有限責任公司)	Director Director
Tan Yongneng	CRR Times Electric Brasil Ltda. (中車時代電氣(巴西)有限責任公司)	Director
Yan Changqi	Qingdao CRR Electric Equipment Co., Ltd. Qingdao CRR Electric Equipment Co., Ltd. Ningbo CRR Times Transducer Technology Co., Ltd. Lanzhou CRR Times Rail Transit Technology Co., Ltd. Shanghai CRR Rail Transit Technology Co., Ltd.	Director Chairman of the board Executive director Director Director
Gong Tong	Chongqing CRR Times Electric Technology Co., Ltd. Hunan CRR Times Signal & Communication Co., Ltd.	Chairman of the board Executive director
Yu Kang	Specialist Machine Developments (SMD) Limited (時代艾森迪智能裝備有限公司)	Chairman of the board
Mei Wenqing	Specialist Machine Developments (Shanghai) Co., Ltd. Zhuzhou CRR Times Semiconductor Co., Ltd. (株洲中車時代半導體有限公司)	Chairman of the board Director
Cao Weichen	Guangzhou CRR Times Electric Technology Co., Ltd. Hangzhou CRR Times Electric Equipment Co., Ltd.	Chairman of the board Director
Li Peng	Lanzhou CRR Times Rail Transit Technology Co., Ltd. Shanghai CRR Rail Transit Technology Co., Ltd.	Director Director

# Section V Directors, Supervisors, Senior Management and Employees

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

Applicable  Not Applicable

Unit: 0'000 Currency:RMB

The decision-making procedure for the remunerations of Directors, Supervisors and senior management	The Remuneration Committee of the Board of Directors formulates and reviews the remuneration policies and plans of Directors and senior management personnel of the Company, and develops the assessment standards of Directors and senior management personnel of the Company and conducts the assessment. Remunerations of Directors and Supervisors are subject to consideration at the general meeting and remunerations of senior management are subject to consideration by the Board of Directors.
The basis for determining remunerations of Directors, Supervisors and senior management	Determine the remunerations of Directors, Supervisors and senior management personnel of the Company according to the Articles of Association of Zhuzhou CRRC Times Electric Co., Ltd. and relevant regulations.
Actual payment of remunerations of Directors, Supervisors and senior management	Mr. Li Donglin, Mr. Liu Ke'an, Mr. Zhang Xinning and Mr. Li Lue do not receive remuneration from the Company, and other Directors, Supervisors and senior management are paid by the Company according to relevant regulations.
Total actual remunerations received by all Directors, Supervisors and senior management at the end of the reporting period	1,737.32
Total actual compensations received by core technical personnel at the end of the reporting period	796.21

Note: Total remuneration includes the social insurance, housing provident fund and annuity contributed by the Company.

Remunerations of Xu Shaolong are included in those of the senior management, and therefore not repetitively accounted in those of core technicians.

# Section V 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	Reason of changes
Xu Shaolong	Deputy general manager and core technician	Resignation	Work rearrangement
Li Peng	Deputy general manager	Appointment	Work needs

On 25 January 2022, Mr. Xu Shaolong resigned as a deputy general manager and core technician of the Company due to work rearrangement.

On 23 February 2022, pursuant to the Proposal on Appointment of Mr. Li Peng as a Deputy General Manager of the Company considered and approved at the 19th meeting of the sixth session of the Board, the Company approved the appointment of Mr. Li Peng as a deputy general manager of the Company.

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

Applicable  Not applicable

# Section V Directors, Supervisors, Senior Management and Employees

## VI. EMPLOYEES OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES AS AT THE END OF THE REPORTING PERIOD

### (I) Employees

Number of in-service employees of the parent company	3,513
Number of in-service employees of major subsidiaries	4,220
Total number of in-service employees	7,733
Number of resigned and retired employees with expenses borne by the parent company and major subsidiaries	0

#### Professional composition

Category	Number
Technical personnel	4,560
Including: R&D personnel	2,728
Production personnel	1,422
Sales personnel	739
Management	1,012
Total	7,733

#### Educational background

Category	Number (individual)
Master degree and above	1,521
Bachelor degree	4,717
College and junior college	1,495
Total	7,733

Note: The above information only covers domestic employees. As of 31 December 2021, the total number of overseas employees of Times Electric was 501.

# Section V 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 increment mechanism which is 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.

With regard to the remunerations of the management team, the Company has formulated the executive remuneration management approach based on the “two systems and one contract” model. The remunerations of management are subject to increase or decrease depending on the difference of their duties, organisational performance and personal performance. In terms of employee compensation, the Company optimised and improved the distribution mechanism based on position, capability and performance. The post compensations of employees are subject to increase or decrease depending on their position, career development progress and historical performance difference, and the annual compensations of employees are subject to increase or decrease according to their annual performance difference.

Remunerations of the Directors are proposed by the Board and remunerations of the Supervisors are proposed by the Supervisory Committee, which are subject to approval by the shareholders of the Company at the general meeting. The remunerations are determined after taking into account their experience, level of position held within the Group, the Company’s performance, industry benchmark remunerations and market conditions.

## (III) Training Plan

Applicable  Not applicable

Based on extensive research on training needs, and after analysis of the Company’s development strategy, departmental business and needs of employees for training subsidies in career development, the Company earnestly aligned the development of courseware, lectures and other resources with post qualifications, so as to effectively accumulate organisational resources, and conduct multi-level, multi-form and multi-faceted trainings by engaging internal and external lecturers, and dispatching and introducing talents.

The Company continued to make innovations in training management and system construction, and guaranteed the implementation of training programs from the organisational level through strengthening the monitoring and benchmarking of training programs. It independently designed the learning guideline based on post, competency and career development, integrated internal and external curriculum resources, and facilitated employees to improve their learning motivation, ability and perseverance for targeted and directional learning.

In order to meet the requirements of the Company’s strategic human resource management, realise the common development of employees and the Company, and standardise and coordinate the internal training management, in 2021, the Company focused on trainings for employees of different categories and at different levels, and meanwhile commenced to foster its own training brand and establish the brand image of the training development centre among employees, customers and external enterprises.

# Section V Directors, Supervisors, Senior Management and Employees

Talents are the core competitiveness of the Company and play a vital role in the development of the Company. Leveraging constant efforts to cultivate talents and build talent teams, the Company has fostered a number of key talent teams, such as backup talent team, international talent team, professional talent team (marketing, technology, professional management, etc.) and internal lecturer team. The trainings mainly focus on performance management optimisation for empowerment and practice, so as to constantly improve performance management and business results.

## (IV) Labour Outsourcing

Applicable  Not applicable

Total number of working hours of outsourced labour  
Total remuneration paid to outsourced labour

5,835,960 hours  
RMB236,180,198.5

## VII. OTHERS

Applicable  Not applicable

# Section VI Corporate Governance Report

## I. RELEVANT EXPLANATIONS ON CORPORATE GOVERNANCE OF THE COMPANY

Applicable  Not Applicable

During the reporting period, in strict accordance with the requirements of laws and regulations such as the Company Law of the PRC, Securities Law of the PRC and Corporate Governance for Listed Companies as well as relevant regulations issued by the SSE and the Stock Exchange, the Company strengthened information disclosure, standardised corporate governance, and improved the corporate governance structure and supervision mechanism, making constant efforts to enhance its corporate governance and operating standards. The Directors, Supervisors and senior management of the Company worked diligently and responsibly to safeguard the best interests of the Company and all the Shareholders.

The Company has always been dedicated to improving the quality of its corporate governance, and maximising long-term value to the Shareholders by increasing the Group's accountability and transparency through strict implementation of corporate governance practices.

During the year ended 31 December 2021, the Company has fully complied with all the code provisions of the CG Code set out in Appendix 14 to the SEHK Listing Rules, except for code provision E.1.2 as set out below.

Mr. Li Donglin, Chairman of the Board, did not attend the 2021 first extraordinary general meeting of the Company held on 9 November 2021 due to other important work commitments, which constituted a deviation from code provision E.1.2.

The Board and the management of the Company make every effort to comply with the CG Code in order to protect and enhance the interests of the Shareholders. As the Company continues to grow, the Company will monitor and revise its corporate governance policy on an ongoing basis in order to ensure the relevant policy will be in compliance with the requirements of the relevant laws and regulations and the general standards expected from the Shareholders.

In accordance with the relevant laws and regulations, the Company has set up a structure with general meetings, the Board, committees of the Board, the Supervisory Committee and the management to act as check and balance against one another. The division of responsibilities among the general meetings, the Board, committees of the Board, the Supervisory Committee and the management are distinct, and each of them is assigned with clearly defined responsibilities. The Board has delegated the execution and daily operations of the Group's business to the management. However, clear directions are given to the management as to the matters that must be approved by the Board before decisions are made on behalf of the Group. The Company will continue to improve its corporate governance mechanism, exercise discipline in the fulfilment of corporate duties, and enhance the disclosure of information.

Reasons for significant difference, if any, between corporate governance of the Company and relevant requirements of laws, administrative regulations and stipulations of the CSRC on corporate governance of listed companies

Applicable  Not Applicable



# Section VI Corporate Governance Report

## II. 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

Information on controlling shareholders, actual controllers and other entities under their control engaging in the same or similar business activities of the Company, corresponding impact on the Company due to horizontal competition or a material change in horizontal competition, measures adopted to address the impact, progress and follow-up countermeasures

Applicable  Not Applicable

Horizontal competition due to business activities engaged in by controlling shareholders, actual controllers and other entities under their control which have a material negative impact on the Company

Applicable  Not Applicable

## III. BRIEF INTRODUCTION TO THE GENERAL MEETINGS

Session	Date of meeting	Index of website designated for publication of the resolutions	Date of disclosure	Resolutions approved at the meeting
2020 annual general meeting	8 June 2021	www.hkxnews.hk	8 June 2021	8 resolutions were considered and approved, including, among others, the Resolution on Approval of the Report of the Board of Directors of the Company for the Year Ended 31 December 2020, the Resolution on Approval of the Report of the Supervisory Committee of the Company for the Year Ended 31 December 2020, the Resolution on Approval of the Audited Consolidated Financial Statements of the Company and its Subsidiaries for the Year Ended 31 December 2020 and the Auditors' Report Thereon, the Resolution on Approval of the Profit Distribution Plan of the Company for the Year Ended 31 December 2020, Including the Board's Decision of not Making Any Profit Distribution for Year 2020; and the Resolution on Approval of the Re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP, as the Auditor of the Company Until the Conclusion of the Next Annual General Meeting of the Company and Authorise the Board to Fix the Auditor's Remuneration.
2021 first extraordinary general meeting	9 November 2021	www.hkxnews.hk www.sse.com.cn	9 November 2021	2 resolutions were considered and approved, including the Resolution on Estimations on Ordinary Related Party Transactions for 2021-2023 and the Resolution on Interim Profit Distribution Plan for 2021 of Zhuzhou CRRC Times Electric Co., Ltd..

# Section VI Corporate Governance Report

Request for Convening of Extraordinary General Meeting by Preferred Shareholders with Restored Voting Rights

Applicable  Not Applicable

Explanation on the General Meetings

Applicable  Not Applicable

## IV. SHAREHOLDERS' RIGHTS

### 1. Convening extraordinary general meetings

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

Any Shareholder(s) individually or in aggregate holding more than 10% of the Company's shares carrying the right to vote at the meeting proposed to be held may sign one or more written request(s) of identical form and substance requesting the board to convene an extraordinary general meeting or a class meeting and stating the subject of the meeting. The above Shareholders shall ensure that the contents of the proposal comply with the provisions of the laws, regulations and the Articles of Association. The board shall, in accordance with the laws, regulations and the Articles of Association, furnish a written reply on whether or not to convene the extraordinary general meeting or class meeting within 10 days after receiving such request. The aforesaid number of shares shall be calculated at the market close on the date which the Shareholder(s) propose such written request (if it falls on a non-trading date, the trading date immediately prior to the date which the Shareholder(s) propose such written request).

If the Board agrees to convene an extraordinary general meeting or a class meeting, it shall serve the notice of such meeting within five days after the resolution is passed by the Board. Consent of the relevant Shareholder(s) shall be obtained in the event of any changes made to the original proposal in the notice.

If the Board does not agree to convene an extraordinary general meeting or a class meeting or fails to furnish a written reply within 10 days after receiving such proposal, any Shareholder(s) individually or in aggregate holding more than 10% of the Company's Shares carrying the right to vote at the meeting proposed to be held is/are entitled to propose to the Supervisory Committee for convening an extraordinary general meeting or a class meeting and such proposal shall be made in writing.

If the Supervisory Committee agrees to convene an extraordinary general meeting or a class meeting, it shall serve the notice of such meeting within five days after receiving such proposal. Consent of such Shareholder(s) shall be obtained in the event of any changes made to the original proposal in the notice.

If the Supervisory Committee fails to serve any notice of an extraordinary general meeting or a class meeting within the prescribed period after receiving such proposal, the Supervisory Committee is deemed not to convene and preside over such meeting, in which case the Shareholder(s) individually or in aggregate holding more than 10% of the Company's Shares carrying the right to vote at the meeting proposed to be held for more than 90 consecutive days may convene and preside over such a meeting on his or their own accordingly.

The Board of Directors shall not, after the notice of the meeting is served, raise any new proposal. Unless agreed by the proposing Shareholder(s), the date of the general meeting shall not be changed or postponed.

# Section VI Corporate Governance Report

## 2. Enquiries to the Board

To ensure effective communication between the Board and the Shareholders, the Company adopted a Shareholders' communication policy (the "Policy") on 29 March 2012. Under the Policy, the Company's information shall be communicated to the Shareholders mainly through general meetings (including annual general meetings), the Company's financial reports (interim reports and annual reports), and its corporate communications posted on the Company's website and the Hong Kong Stock Exchange's HKExnews website.

Shareholders may at any time make a request for the Company's information which is publicly available. For holders of H Shares, any relevant enquiries shall be first directed to the company secretary at the Company's principal place of business in Hong Kong at 1106, 11/F, Jubilee Centre, 18 Fenwick Street, Wanchai, Hong Kong, or the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or, for holders of the A Shares, any relevant enquiries shall be directed to the registered office address of the Company at Times Road, Shifeng District, Zhuzhou, Hunan Province, 412001, the PRC.

## 3. Putting proposals to general meetings

When the Company convenes a general meeting, the Board of Directors, the Supervisory Committee, or Shareholder(s) individually or in aggregate holding more than 3% of the Shares of the Company shall have the right to propose new proposals in writing.

Shareholder(s) individually or in aggregate holding more than 3% of the Shares of the Company may submit their provisional proposals in writing to the convener 10 days before the convening of the general meeting. The convener shall issue a supplementary notice of the general meeting within two days after receiving the proposals to notify the content of the provisional proposals, and shall submit such provisional proposals to the general meeting for consideration. The content of the provisional proposals shall fall within the scope of power of the general meeting, the subject issues for discussion and the specific matters to be resolved shall be clearly stated therein.

Save as the circumstances provided in the preceding paragraphs, after the issue of the notice of the general meeting by the convener, no changes shall be made to the proposals stated in the notice of the general meeting nor shall new proposals be added.

Proposals not stated in the notice of the general meeting or which do not meet the requirements in Article 76 and paragraph 2 of Article 78 of the Articles of Association, shall not be voted or resolved at the general meeting.

# Section VI Corporate Governance Report

## 4. Communication with Shareholders and investors/investors relations

The Company places great emphasis on communication with investors and employs a variety of ways to deepen investors' understanding about the Company. The Company has established a department and arranged full-time staff to handle affairs regarding investor relation. When investors come to visit the Company, reception and site visit will be arranged by designated staff. The Company actively participates in various meetings concerning investor relations.

During the reporting period, the Company has disclosed all necessary information to the Shareholders in compliance with the SEHK Listing Rules, SSE STAR Market Listing Rules and the Articles of Association, and has reported to Shareholders and investors through various formal channels, which include (1) publishing quarterly reports, interim reports and annual reports; (2) holding annual general meetings and extraordinary general meetings to provide a platform for Shareholders to express their opinions and to communicate with the Board; (3) holding press conference and investors conferences from time to time; (4) organising the management to conduct roadshows; (5) publishing corporate communications such as announcements and circulars on the websites of the Stock Exchange, SSE and the Company; and (6) responding to the queries from Shareholders and investors in a timely manner.

The Company will continue to improve its relationship with investors, establish platforms to facilitate effective communication with investors through diverse means, so as to further enhance the Company's transparency.

## V. PERFORMANCE OF DUTIES OF DIRECTORS

### (I) Directors and Board of Directors

#### 1. Composition of the Board

As at the date of this report, the Board consists of 10 Directors, among whom Mr. Li Donglin is the Chairman of the Board and an executive Director; Mr. Liu Ke'an is the Vice Chairman of the Board and an executive Director; Mr. Shang Jing and Mr. Yan Wu are the other two executive Directors; Mr. Zhang Xinning is the non-executive Director; and Mr. Chan Kam Wing, Clement, Mr. Pao Ping Wing, Ms. Liu Chunru, Mr. Chen Xiaoming and Mr. Gao Feng are the 5 independent non-executive Directors.

The Company has entered into a service contract with each of the Directors which sets out, among other things, the term of office and remuneration. Each session of the Board has a term of three years. Directors elected as the members of any new session of the Board will have a term of office commencing from the date on which he/she is elected up to the date on which members of the next session of the Board are elected or for a shorter period as may be decided upon at the general meeting. Directors appointed to fill casual vacancy will have a term of office commencing from the date of his/her appointment up to the next general meeting or for a shorter period as may be decided upon at the general meeting. Notice shall be given by either party not less than three months prior to termination of the service contract.

The Directors of the Company have strictly complied with their undertakings, and have been honest, trust-worthy and diligent in the performance of their duties. The number of Board members and the composition of the Board have complied with the relevant laws and regulatory requirements. Other than working relationship, there is no other relationship among the members of the Board (especially the Chairman and the general manager), including any financial, business, family or other material or relevant relationship.

The Directors have distinguished themselves in their respective fields of expertise, and have demonstrated high standards of personal and professional ethics and integrity. All Directors have devoted sufficient time and attention to the Company's affairs. The Board believes that the ratio of executive Directors to non-executive Directors is reasonable and adequate to provide checks and balances that safeguard the interests of the Shareholders and the Company as a whole.

# Section VI Corporate Governance Report

## **2. Independent non-executive Directors**

Throughout the year ended 31 December 2021, the Board complied with the requirements of the SEHK Listing Rules relating to the appointment of at least three independent non-executive Directors, representing at least one-third of the Board, and with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received the annual confirmation letters of their independence from each of the independent non-executive Directors, namely, Mr. Chan Kam Wing, Clement, Mr. Pao Ping Wing, Ms. Liu Chunru, Mr. Chen Xiaoming and Mr. Gao Feng as required under Rule 3.13 of the SEHK Listing Rules and the Company considers that they remain independent in accordance with the guidelines set out in the SEHK Listing Rules.

## **3. Chairman of the Board and general manager**

The offices of the Chairman and the general manager (equivalent to the role of a chief executive officer) of the Company are held by different persons. Currently, Mr. Li Donglin, being an executive Director, is the Chairman, and Mr. Shang Jing, being an executive Director, is the general manager. The division of responsibilities between the Chairman and the general manager of the Company has been clearly established and set out in the Articles. The Chairman is responsible for leadership of the Board and chairing Board meetings, while the general manager is responsible for the Company's day-to-day operations.

According to the Articles, the Chairman mainly exercises the following powers:

- (1) to preside at the general meetings, and to convene, preside the meetings of the Board;
- (2) to urge, supervise and check the implementations of the Board resolutions;
- (3) to urge, supervise and check the work of special committees;
- (4) to listen to the regular or irregular work reports of the Company's general manager and other senior management personnel, and to provide guidance on the implementation of the resolutions of the board of directors;
- (5) in case of force majeure, major crisis or material impact on production and operation, and in case of an emergency where a Board meeting cannot be held in time, exercise the special rights to deal with the Company's affairs in accordance with the law and in the interest of the Company, and report to the Board of Directors or the general meeting afterwards;
- (6) to nominate the secretary to the Board of Directors of the Company;
- (7) to sign the shares, corporate bonds and other marketable securities of the Company;
- (8) to sign important documents of the Board of Directors and sign important legally binding documents on behalf of the Company;
- (9) to organise the formulation of various rules and regulations for the operation of the Board of Directors and coordinate the work of the Board of Directors;

## Section VI Corporate Governance Report

- (10) to approve the plan for the use of the working funds of the Board of Directors of the Company;
- (11) to exercise other functions and powers that shall be exercised by the Chairman and granted by the Board of Directors in accordance with the relevant laws, administrative regulations and rules;
- (12) other powers and duties stipulated by laws and regulations or the Articles of Association and given by the Board.

The general manager is responsible to the Board of Directors. The general manager and the management team under his leadership mainly exercise the following powers as delegated by the Board:

- (1) to be in charge of the Company's production, operation and management and to organise the implementation of the resolutions of the Board and report his/her work to the Board;
- (2) to organise the implementation of the Company's annual business 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 basic rules and regulations for the Company;
- (6) to propose the appointment or removal of other senior management personnel;
- (7) to appoint or remove management personnel other than those required to be appointed or removed by the Board;
- (8) to determine the wages, benefits, incentives and punishments of the employees, the appointment and removal, promotion and demotion, salary increment and decrement, appointment, employment, removal or resignation of the employees;
- (9) to propose the convening of the extraordinary meeting of the Board; and
- (10) other powers and duties conferred by the laws, regulations, regulatory documents and the securities regulatory rules of the place(s) where the shares of the Company are listed and the Articles of Association or the board.

# Section VI Corporate Governance Report

## **4. Non-executive Directors**

According to the Articles, non-executive Directors of the Company are elected at general meetings for a term of three years. Upon expiry of terms of office, non-executive Directors are eligible for re-election.

## **5. Nomination of Directors**

In accordance with the Articles, Directors are elected at general meetings. Written notice of intention to nominate a candidate for appointment as director and the candidate's consent to be nominated must be given to the Company after the notice of the general meeting has been issued at least seven days prior to the holding of the general meeting. Nomination policy took effect on 1 January 2019 which was approved by the Board on 26 March 2019 are posted on the Company's website and the Hong Kong Stock Exchange's HKExnews website.

## **6. Operation of the Board**

The Board of Directors is responsible to the general meetings of the Shareholders in relation to the leadership and supervision of the Company. The Board is responsible for formulating the Group's overall development strategies, reviewing and monitoring the Group's business performance, and preparing and reviewing its financial statements. The Board delegates the day-to-day management, administration and operation of the Group to the management. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group. Please refer to the subsection headed "Corporate Governance Report – Chairman and General Manager" below for the specific powers exercised by the management.

The Board convenes regular and ad hoc meetings in accordance with legal procedures and complies strictly with the relevant laws and regulations and the Articles in the exercise of its authorities with an emphasis on protecting the interests of the Company and the Shareholders as a whole.

All Directors are given no less than 14 days' notice of regular Board meetings and are generally given reasonable prior notice of Board meetings other than regular meetings.

The secretary to the Board records and prepares documents concerning matters that are discussed during the Board meetings. The minutes of every Board meeting are circulated to all Directors for their review. After the Board minutes have been finalized, the minutes will be signed by all Directors who have attended the meeting, the secretary to the Board and the person(s) recording the meeting and will be permanently kept as an important record of the Company at the Company's registered office.

## **7. Responsibilities of the Board of Directors**

The Board of Directors is responsible to the general meeting. According to the Articles, the Board of Directors exercises the following powers:

- (1) to be responsible for convening general meetings and to report on its works to the general meeting;
- (2) to implement the resolutions of the general meetings;
- (3) to decide on the Company's business plans, investment plans and annual financing plans;
- (4) to draw up the Company's proposed annual financial budgets and final budgetary reports;
- (5) to draw up the Company's profit distribution plan and plan for making up losses;
- (6) to draw up proposals for increases or reductions of the Company's registered capital and the issue of debentures or other securities and listing plan;

## Section VI Corporate Governance Report

- (7) to draw up plans for the material acquisitions, repurchase of its shares or merger, split, reorganisation and dissolution of the Company and change of company type;
- (8) to appoint or remove the Company's general manager and secretary to the board, to appoint or remove the other senior management personnel based on the nominations by the general manager, and to determine the matters relating to their remuneration, incentives and punishments;
- (9) to decide on the establishment of the Company's internal management structure;
- (10) to decide on the establishment of the special committees of the Board and consider and approve the proposals put forward by the special committees of the Board;
- (11) to draw up the Company's basic management system;
- (12) to draw up proposals for any modifications to the Articles of Association, the Rules of Procedures for the General Meetings and the Rules of Procedures for the Board of Directors;
- (13) within the scope as authorised by the general meeting, to decide on matters relating to investment, financing and borrowing and to decide on the investment, acquisition and disposal of assets, asset pledge, external guarantee, entrusted wealth management, entrusted loans, related party transactions and other matters; as well as to organise the general manager to exercise its right under certain circumstances pursuant to this provision;
- (14) to propose to the general meeting to engage, dismiss or not to reappoint the auditors of the Company;
- (15) to listen to the work report of the Company's general manager and inspect the work of the general manager and other senior management personnel;
- (16) to formulate the Company's equity incentive plan;
- (17) to manage information disclosure of the Company;
- (18) to decide on other major affairs and administrative matters of the Company subject to the compliance with the relevant laws, regulations and the requirements of the Articles of Association, save for matters to be resolved at general meetings as required by relevant laws, regulations, and the Articles of Association;
- (19) other powers and functions conferred by the Articles of Association or the general meetings.

Except the resolutions of the Board in respect of the matters specified in paragraphs (6), (7) and (12) above which shall be passed by more than two-thirds of the Directors, the guarantee-related matters within the scope of authority of the Board shall be approved by more than half of all Directors and two-thirds of the Directors present at the Board meeting, and the resolutions of the Board in respect of all other matters may be passed by more than half of all Directors.



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Where the above matters within the powers of the board of directors or any transaction or arrangement of the Company are subject to consideration by the general meeting or go beyond the scope as authorised by the general meeting according to the securities regulatory rules of the place(s) where the Company's Shares are listed, such matters shall be submitted to the general meeting for consideration. The Board shall act in strict accordance with the authorisation of the general meeting and the Articles of Association and shall not reach resolutions that go beyond such scope of authorisation.

All Directors have access to the advice and services of the company secretary. The Company provides all Directors with the necessary information and data to enable them to make scientific, timely and prudent decisions. Any Director can make requests to the general manager, or through the general manager, to request the Company's relevant department to provide him/her with any necessary information and explanation to enable him/her to make scientific, timely and prudent decisions. If any Director considers necessary, an independent institution can be engaged to provide independent opinions to assist his/her in decision-making. The Company is responsible for arranging the engagement of independent institution at the Company's costs.

When voting on any connected transaction of the Company, Director(s) with interest in such connected transaction shall abstain from voting. If a resolution cannot be passed due to the concerned Director(s) abstaining from voting, the resolution will be submitted directly to the Shareholders at a general meeting for consideration and approval.

The Company has arranged appropriate liability insurance policies for Directors, supervisors and senior management members, for the purpose of covering their liability arising out of the Group's corporate activities.

The Board is responsible for the following corporate governance functions:

1. to formulate and review, and make recommendations to the Company's corporate governance policy and practices;
2. to review and monitor the trainings and continuing professional development of the Directors and senior management members;
3. to review and monitor the Company's policies and practices on compliance with laws and regulations;
4. to formulate, review and monitor any code of conduct and compliance manual, where available, applicable to Directors and employees; and
5. to review the Company's compliance with the CG Code and the disclosure in the corporate governance report as set out in the annual report of the Company.

# Section VI Corporate Governance Report

## VI. BOARD MEETINGS CONVENED DURING THE REPORTING PERIOD

Session	Date of meeting	Resolutions approved at the meeting
8th meeting of the sixth session of the Board	30 March 2021	23 resolutions were considered and approved, including, among others, the Resolution on the Report of Directors of the Company for 2020, the Resolution on Final Financial Statements of the Company for 2020, the Resolution on the Profit Distribution Plan of the Company for 2020, the Resolution on Engagement of Auditor of the Company for 2021, the Resolution on Application for Bank Facilities in 2021 and Authorisation to the Chairman of the Board to Execute Bank Facility Agreements and Loan Agreements, the Resolution on Provision of Guarantees to Controlling Subsidiaries and the Resolution on the 2020 Annual Report of the Company.
9th meeting of the sixth session of the Board	9 April 2021	3 resolutions were considered and approved, including the Resolution on the Audit Reports of the Company for the Past Three Years and Other Special Reports, the Resolution on the Internal Control Assessment Report and Internal Control Audit Report of the Company and the Resolution on Confirmation of Related-party Transactions During the Reporting Period.
10th meeting of the sixth session of the Board	29 April 2021	3 resolutions were considered and approved, including the Resolution on the Financial Review Report of the Company for the First Quarter of 2021, the Resolution on the Unaudited Results Announcement of the Company for the Three Months Ended 31 March 2021 and the Resolution on the Social Responsibility Report of the Company for 2020.
11th meeting of the sixth session of the Board	21 July 2021	1 resolution was considered and approved, being the Resolution on Establishment of Broker-managed Collective Asset Management Plan for Certain Senior Management Members and Key Employees of the Company Who Participated in the Strategic Placement of Shares.
12th meeting of the sixth session of the Board	9 August 2021	4 resolutions were considered and approved, including the Resolution on the Reviewed Interim Financial Report of the Company for the Six Months Ended 30 June 2021, the Resolution on the 2021 Interim Results Announcement of the Company, the Resolution on the 2021 Interim Report of the Company and the Resolution on Relevant Issues Concerning the Interim Dividends of the Company for 2021.

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Session	Date of meeting	Resolutions approved at the meeting
13th meeting of the sixth session of the Board	31 August 2021	4 resolutions were considered and approved, including the Resolution on Estimations on Ordinary Related Party Transactions for 2021-2023, the Resolution on Opening Special Account of Proceeds and Authorisation to Execute the Tripartite Supervision Agreement for the Account, the Resolution on Amendments to the Information Disclosure Management Policy of the Company and the Resolution on Proposed Engagement of Ms. Xiao Ying as the Securities Affair Representative of the Company.
14th meeting of the sixth session of the Board	27 September 2021	6 resolutions were considered and approved, including the Resolution on Adjusting the Amount of Proceeds Used for Projects to be Funded with Proceeds, the Resolution on Lending the Proceeds to Units Responsible for the Projects to be Funded with Proceeds to Implement Such Projects and Executing the Quartet Supervision Agreement on the Special Account for Proceeds, the Resolution on Utilisation of Partial Idle Proceeds for Cash Management, the Resolution on Utilisation of Self-owned Idle Funds for Cash Management, the Resolution on Change of Registered Capital, Amendments to the Articles of Association and Going Through Industrial and Commercial Registration Change and the Resolution on Amendments to the H Share Abbreviation of the Company.
15th meeting of the sixth session of the Board	12 October 2021	3 resolutions were considered and approved, including the Resolution on the Interim Profit Distribution Plan of the Company for the First Half of 2021, the Resolution on Reappointment of Mr. Tang Tuong Hock, Gabriel as the Company Secretary and the Resolution on Convening the 2021 First Extraordinary General Meeting of the Company.
16th meeting of the sixth session of the Board	29 October 2021	1 resolution was considered and approved, being the Resolution on the Third Quarterly Report of the Company for 2021.
17th meeting of the sixth session of the Board	23 December 2021	3 resolutions were considered and approved, including the Resolution on Change of Use of Proceeds and Capital Increase to a Subsidiary, the Resolution on the 2022-2024 Product and Supporting Service Mutual Supply Framework Agreement Between the Company and Taiyuan CRRC Times Rail Engineering Machinery Co., Ltd. and Routine Related Party Transactions and the Resolution on Stripping Off the Qualifications Held by Wholly-owned Subsidiaries to the Listed Company.

# Section VI Corporate Governance Report

## VII. PERFORMANCE OF DUTIES OF DIRECTORS

### (I) Attendance of the Board Meetings and General Meetings by the Directors

Name of Director	Independent Director or not	Number of required attendance at Board meetings during the year	Attendance at Board meetings				Failure to attend in person for two consecutive times		Attendance at the general meetings
			Number of attendance in person	Number of attendance by means of telecommunications	Number of attendance by proxy	Number of absence	Number of attendance at the general meetings		
Li Donglin	No	10	10	4	0	0	No	1	
Liu Ke'an	No	10	10	4	0	0	No	2	
Shang Jing	No	10	10	4	0	0	No	2	
Yan Wu	No	10	10	4	0	0	No	2	
Zhang Xinning	No	10	10	4	0	0	No	2	
Chan Kam Wing, Clement	Yes	10	10	4	0	0	No	2	
Pao Ping Wing	Yes	10	10	4	0	0	No	2	
Liu Chunru	Yes	10	10	4	0	0	No	2	
Chen Xiaoming	Yes	10	10	4	0	0	No	2	
Gao Feng	Yes	10	10	4	0	0	No	2	

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	10
Including: number of meetings held onsite	0
Number of meetings held by means of telecommunications	4
Number of meetings held onsite and by means of telecommunications simultaneously	6

# Section VI Corporate Governance Report

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

Applicable  Not Applicable

## (III) Others

Applicable  Not Applicable

## (IV) Directors' Continuous Training and Development Program

Pursuant to the CG Code, all Directors should participate in continuous professional development program to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains fully informed and relevant.

All Directors of the Company have received regular briefings and updates on the Group's business, operations, risk management and corporate governance matters, and have been provided with material information on new laws and ordinances or changes to important laws and ordinances applicable to the Group. All Directors are required to provide the Company with their respective training records pursuant to the CG Code.

During the reporting period, the Company has provided the Directors with appropriate and continuous training, and professional development courses, the Directors attended the relevant training, and some of the independent non-executive Directors attended relevant trainings arranged by other organizers. The Company has received from each of the Directors the confirmation on attending continuous professional trainings. The trainings received by each Director in 2021 are as follows:

### Executive Directors

Li Donglin	A, B, D
Liu Ke'an	A, B, D
Shang Jing	A, B, D
Yan Wu	A, B, D

### Non-Executive Director

Zhang Xinning	A, B, D
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## Independent non-Executive Directors

Chan Kam Wing, Clement	A, B, C, D, E
Pao Ping Wing	A, B, C, D, E
Liu Chunru	A, B, D, E
Chen Xiaoming	A, B, D, E
Gao Feng	A, B, D, E

Note: A, B, C, D and E in the above table represent trainings of the following types respectively:

- A Attending trainings organised by the intermediary organisations of the Company on the SEHK Listing Rules, Core Business and Corresponding Responsibilities of Directors, Supervisors and Senior Management of Listed Companies, Compliance of Listed Companies from the Perspective of Subsidiaries, Standardised Operation and Information Disclosure of Listed Companies, Compliance Training for Directors, Supervisors and Senior Management of Listed Companies-on Trading in Listed Securities (H shares), etc.
- B Attending the trainings organised by the Company's regulatory agencies on the Standard Operation of Listed Companies under the New Situation.
- C Attending trainings in relation to connected transactions, Directors' responsibilities, the CG Code and accounting standards etc. arranged by other organizers.
- D Studying and reading briefings and analysis on the Group's business, operations, risk consciousness and corporate governance matters.
- E Attending trainings on qualifications of independent Directors required by the main board and the Science and Technology Innovation Board of the SSE.

## (V) Special Committees under the Board

✓ Applicable     Not Applicable

### (1) Members of the special committees under the Board

Committee	Name of members
Strategy committee	Li Donglin (chairman), Liu Ke'an, Shang Jing, Zhang Xinning and Gao Feng
Audit committee	Chan Kam Wing, Clement (chairman), Pao Ping Wing, Liu Chunru, Chen Xiaoming and Gao Feng
Risk control committee	Liu Ke'an (chairman), Yan Wu and Chan Kam Wing, Clement
Remuneration committee	Pao Ping Wing (chairman), Liu Chunru and Chen Xiaoming
Nomination committee	Liu Chunru (chairman), Li Donglin and Pao Ping Wing

# Section VI Corporate Governance Report

## (2) The strategy committee held 1 meeting during the reporting period

Date of meeting	Subject	Major opinions and suggestions	Other duties performed
30 March 2021	3 resolutions were considered, including, among others, the Resolution on the Work Report of the Strategy Committee under the Board for 2020 and the Resolution on Investment Budget of the Company for 2021.	All members attended the meeting and agreed to all the resolutions.	

During the reporting period, the strategy committee acted in strict accordance with the Implementation Rules and Regulations of the Strategy Committee of the Company and performed its duties independently and objectively. The strategy committee is responsible to the Board, and its major responsibilities include providing research reports on government policies and industry trends, studying the Company's long-term sustainable development strategies and business philosophy, and investigating into major investment and financing schemes and major capital operation projects.

## (3) The audit committee held 6 meetings during the reporting period

Date of meeting	Subject	Major opinions and suggestions	Other duties performed
26 March 2021	10 resolutions were considered, including, among others, the Resolution on Final Financial Statements of the Company for 2020; the Resolution on Proposed Engagement of Auditor of the Company for 2021 and the Resolution on the 2020 Annual Report of the Company.	All members attended the meeting and agreed to all the resolutions.	Members of the audit committee had separate communications with the auditors on the 2020 audit report of the Company.
9 April 2021	3 resolutions were considered, including the Resolution on the Audit Reports of the Company for the Past Three Years and Other Special Reports, the Resolution on the Internal Control Assessment Report and Internal Control Audit Report of the Company and the Resolution on Confirmation of Related-party Transactions During the Reporting Period.	All members attended the meeting and agreed to all the resolutions.	

# Section VI Corporate Governance Report

Date of meeting	Subject	Major opinions and suggestions	Other duties performed
29 April 2021	2 resolutions were considered, including the Resolution on the Financial Review Report of the Company for the First Quarter of 2021 and the Resolution on the Unaudited Results Announcement of the Company for the Three Months Ended 31 March 2021.	All members attended the meeting and agreed to all the resolutions.	
9 August 2021	3 resolutions were considered, including the Resolution on the Reviewed Interim Financial Report of the Company for the Six Months Ended 30 June 2021, the Resolution on the 2021 Interim Results Announcement of the Company and the Resolution on the 2021 Interim Report of the Company.	All members attended the meeting and agreed to all the resolutions.	Members of the audit committee had separate communications with the auditors on the interim financial report for 2021 of the Company.
29 October 2021	1 resolution was considered, being the Resolution on the Third Quarterly Report of the Company for 2021.	All members attended the meeting and agreed to the resolution.	
23 December 2021	2 resolutions were considered, including the Resolution on the Report of the Connected Transactions of the Company for the Third Quarter of 2021 and the Resolution of the Auditing Plan of the Company for 2021.	All members attended the meeting and agreed to all the resolutions.	Members of the audit committee had separate communications with the auditors on the auditing plan of the Company for 2021.

During the reporting period, the audit committee under the Board acted in strict accordance with the Implementation Rules and Regulations of the Audit Committee of the Board and performed its duties independently and objectively. The audit committee is responsible to the Board, and its major responsibilities include proposing engagement or replacement of external auditor and monitoring and evaluating the work of external auditor, review of the Company's financial information and its disclosure, supervision of the internal audit system and its implementation, review of the Company's internal control and risk management policy and system as well as communication between internal audit department and external auditor.



## Section VI Corporate Governance Report

### (4). *The risk control committee held 2 meetings during the reporting period*

Date of meeting	Subject	Major opinions and suggestions	Other duties performed
30 March 2021	3 resolutions were considered, including, among others, the Resolution on the Work Report of the Risk Control Committee under the Board for 2020 and the Resolution on the Internal Control of the Company for 2020.	All members attended the meeting and agreed to all the resolutions.	
9 April 2021	1 resolution was considered, being the Resolution on the Internal Control Assessment Report and Internal Control Audit Report of the Company.	All members attended the meeting and agreed to the resolution.	

During the reporting period, the risk control committee under the Board acted in strict accordance with the Implementation Rules and Regulations of the Risk Control Committee of the Board and performed its duties independently and objectively. The risk control committee is responsible to the Board, and its major responsibilities include formulating, reviewing and revising the Company's risk strategy, reviewing and periodically assessing its risk strategy and risk management policy, and examining and reviewing its risk management and control system.

### (5). *The remuneration committee held 2 meetings during the reporting period*

Date of meeting	Subject	Major opinions and suggestions	Other duties performed
30 March 2021	2 resolutions, including the Resolution on the Work Report of the Remuneration Committee under the Board for 2020 and the Resolution on the Annual Remuneration of the Directors, Supervisors and Senior Management of the Company for 2020 were considered.	All members attended the meeting and agreed to all the resolutions.	
12 October 2021	1 resolution, being the Resolution on Remuneration of Mr. Tang Tuong Hock, Gabriel Upon his Proposed Reappointment as the Company Secretary was considered.	All members attended the meeting and agreed to the resolution.	

## Section VI Corporate Governance Report

During the reporting period, the remuneration committee under the Board acted in strict accordance with the Implementation Rules and Regulations of the Remuneration Committee of the Board and performed its duties independently and objectively. The remuneration committee is responsible to the Board, and its major responsibilities include formulating an overall remuneration structure, scheme, proposal and/or policy based on the major scope, responsibilities and importance of the managerial position of directors and senior management members, as well as the levels of remunerations of relevant positions in relevant enterprise and setting up the procedures which shall be followed in relation to formulating the remuneration structure, scheme, proposal and/or policy (such procedures must be formal and transparent). The remuneration structure, scheme, proposal and/or policy shall include but not limited to appraisal standard, procedures and the principal appraisal system, the main proposal and system for reward and penalties; which shall be submitted to the Board for consideration.

### (6). The nomination committee held 3 meetings during the reporting period

Date of meeting	Subject	Major opinions and suggestions	Other duties performed
30 March 2021	1 resolution, being the Resolution on the Work Report of the Nomination Committee under the Board for 2020 was considered.	All members attended the meeting and agreed to the resolution.	
31 August 2021	1 resolution, being the Resolution on Proposed Engagement of Ms. Xiao Ying as the Securities Affair Representative of the Company was considered.	All members attended the meeting and agreed to the resolution.	
12 October 2021	1 resolution, being the Resolution on Proposed Reappointment of Mr. Tang Tuong Hock, Gabriel as the Company Secretary was considered.	All members attended the meeting and agreed to the resolution.	

During the reporting period, the nomination committee under the Board acted in strict accordance with the Implementation Rules and Regulations of the Nomination Committee of the Board and performed its duties independently and objectively. The nomination committee is responsible to the Board, and its major responsibilities include reviewing the structure, scale, size, composition and membership diversity of the Board, studying and formulating systems and policies relating to the nomination of Directors and senior management members and identifying suitable qualified candidates to become Directors and senior management members, and selecting and nominating the relevant person for appointment as a Director and senior management member or making recommendations to the Board of Directors on such matter.

## Section VI Corporate Governance Report

Pursuant to the nomination policy, the nomination committee is responsible for, among other things, identifying suitably qualified candidates to become Board members and senior management members, and selecting and nominating the relevant person for appointment as a Director (and senior management member) or make recommendations to the Board on such matter. When identifying suitable candidates, the nomination committee shall comply with the principle of meritocracy, consider the strengths of the relevant candidate, the contributions they can make to the Board and give due consideration to the benefits of membership diversity in terms of objective conditions. When making recommendations to the Board on the appointment of independent non-executive Directors, the nomination committee shall take into account the process used for identifying that person, the reasons for the person to be independent and to be able to devote sufficient time to perform the duties of a director, the perspectives, skills and experience that the person can bring to the Board, and how the person would contribute to the diversity of Board members.

The Board has adopted a board diversity policy effective on 11 October 2013, which was subsequently amended by the Board on 26 March 2019 to take effect on 1 January 2019. When determining the composition of the Board, the Company seeks to achieve board diversity through the consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service and any other factors that the Board may consider relevant and applicable from time to time. All appointments of the Board will be based on meritocracy, and candidates will be considered against objective criteria, having due regard to the benefits of diversity of the Board. Selection of candidates will be based on a range of diversity perspectives as mentioned above. The ultimate decision will be based on merits of the candidates and the contribution that they may bring to the Board, having due appropriate regard to the benefits of diversity to the Board and also the needs of the Board without focusing on a single diversity aspect.

The Board has set measurable objectives (including the aforesaid measurable objectives) to implement the policy and the nomination committee is responsible for reviewing such objectives from time to time to ensure their appropriateness and monitoring the progress made towards achieving those objectives, and reviewing the policy, as appropriate, to ensure its continued effectiveness from time to time.

During the reporting period, the nomination committee has considered the board diversity policy and whether the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. After due consideration, the nomination committee considered that the current composition of the Board is a balanced and diversified combination that suits the business development of the Company and satisfies the board diversity policy for the year under review.

### **(7). Details of Matters to which Objections have been Raised**

Applicable  Not Applicable

## VIII. SUPERVISORY COMMITTEE

As at the date of this report, the Supervisory Committee comprises four supervisors. Mr. Li Lue is the Chairman of the Supervisory Committee, Messrs. Pang Yiming and Zhou Guifa are the employee representative supervisors, and Mr. Geng Jianxin is an independent supervisor.

During the reporting period, pursuant to the Company Law of the PRC, the Articles, the SEHK Listing Rules, the SSE STAR Market Listing Rules and the Rules of Meetings of the Supervisory Committee, members of the Supervisory Committee performed their duties prudently and effectively with respect to the supervision of the Company's operations and business activities in accordance with the applicable rules and regulations in order to safeguard Shareholders' and the Company's interests.

## Section VI Corporate Governance Report

The Supervisory Committee is accountable to the general meeting and exercises the following powers in accordance with law:

- (1) to review the Company's periodic reports and provide written review opinions;
- (2) to examine the Company's financial condition;
- (3) to monitor whether the Directors, general managers, deputy general managers and other senior management of the Company act in contradiction with the laws, administrative regulations or the Articles of Association; to make suggestions on the removal of Directors or senior management personnel who violate laws and regulations, the Articles of Association or the resolutions of the general meeting, and where the Supervisory Committee identifies violation of laws and regulations, the relevant provisions of the stock exchange(s) where the Company's shares are listed and the Articles of Association by the Directors or senior management personnel, it shall notify the Board or report to the general meeting and disclose the same in a timely manner;
- (4) to demand rectification from a Director, the general manager, deputy general managers or other members of the senior management of the Company when the acts of such persons are prejudicial to the Company's interests;
- (5) to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the general meetings and, should any queries arise, to organise, in the name of the Company, a re-examination by the registered accountants and practicing auditors;
- (6) to conduct investigations into any irregularities identified in the operation of the Company and, if necessary, may engage the professional institutions, including accounting firms and law firms to assist its work and the expenses so incurred shall be borne by the Company;
- (7) to propose to convene an extraordinary general meeting, and to convene and preside over the general meeting when the Board of Directors fails to perform its duty of convening and presiding over the general meeting as prescribed by law;
- (8) to put forward proposals to the general meeting;
- (9) to represent the Company in negotiation with Directors and senior management personnel or to institute an action against the Directors and senior management personnel; and
- (10) other powers specified in the laws, regulations, departmental rules, and relevant provisions of the securities regulatory authorities where the Company's shares are listed, the Articles of Association and granted by the general meeting.

# Section VI Corporate Governance Report

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

Applicable  Not Applicable

## X. PLAN FOR DISTRIBUTION OF PROFITS OR TRANSFER OF CAPITAL RESERVE FUND

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

Applicable  Not Applicable

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

While pursuing sustainable and healthy business development, the Company attaches great importance to generating reasonable investment returns to the Shareholders. In accordance with the requirements of the CSRC, the Company has made specific stipulations regarding the consideration process of cash dividends and profit distribution. The profit distribution policy of the Company complies with the requirements as set out in the Articles of Association and is designated with defined and clear distribution standards and proportion, subject to complete and sound decision-making mechanism and procedures.

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

At the 8th meeting of the sixth session of the Board held on 30 March 2021, the Resolution in relation to the 2020 Annual Profit Distribution Plan was considered and approved. Given that back then, the Company was in the process of issuing A Shares through initial public issue and listing the same on the Science and Technology Innovation Board of the SSE (the "Issue"), in order to avoid time conflict between 2020 annual profit distribution and the Issue, and guarantee the successful completion of the Issue, the Board, after prudent discussion, resolved not to distribute profit for 2020, or conduct any transfer of capital reserve to share capital or bonus issue, and the remaining undistributed profit would be retained by the Company. To guarantee reasonable returns for investors, the Company will distribute profit as and when appropriate taking into account the progress of the Issue, and will hold separate Board meeting(s) and general meeting(s) for consideration. On 8 June 2021, the resolution was considered and approved at the 2020 annual general meeting of the Company.

# Section VI Corporate Governance Report

## 3. Information of 2021 annual profit distribution

At the 15th meeting of the sixth session of the Board held on 12 October 2021, the Resolution on the 2021 Interim Dividend Distribution Plan of the Company was considered and approved, pursuant to which, the Company proposed to distribute cash dividends of RMB4.5 (tax inclusive) for every ten Shares held by Shareholders based on the total share capital of the Company as at 30 September 2021. The resolution was considered and approved at the 2021 first extraordinary general meeting of the Company held on 9 November 2021. The 2021 interim dividends were distributed on 17 December 2021.

At the 20th meeting of the sixth session of the Board held on 29 March 2022, the Resolution on the Profit Distribution Plan of the Company for 2021 was considered and approved, pursuant to which, the Company proposes to distribute cash dividends to the Shareholders based on the total number of Shares determined on the record date fixed for the equity distribution which will be specified in the equity distribution implementation announcement. The Company proposes to distribute cash dividends of RMB4.5 (tax inclusive) for every ten Shares held by Shareholders, totaling RMB637,306,610.40 based on the total share capital of the Company of 1,416,236,912 as at 31 December 2021, accounting for 31.59% of the net profit attributable to Shareholders of the Company as contained in the consolidated financial statements for 2021. In case of any change in the total share capital of the Company from the date of the profit distribution announcement to the record date for implementation of the equity distribution, the Company proposes to maintain the payout ratio per Share unchanged, make corresponding adjustments to the total payout amount, and will publish separate announcement(s) on the specific adjustments. The above profit distribution plan is subject to consideration and approval at the 2021 annual general meeting of the Company. The independent Directors performed their fiduciary obligations, conducted an earnest review on the resolution regarding the cash dividend policy and issued independent opinions thereon.

Cash dividends for 2021 (including the 2021 interim cash dividend already paid) accounted for 63.17% of the net profit attributable to the shareholders of the parent company as stated in the Company's consolidated financial statements.

## (II) Special explanations on the cash dividend policy

Applicable  Not Applicable

Whether in compliance with the Articles of Association or resolutions passed at the general meeting

Yes  No

Whether with established and clear cash dividend standards and ratio

Yes  No

Whether determined with sound decision-making procedures and mechanism

Yes  No

Whether the independent Directors fulfill due diligence obligations and exercise the prescribed functions

Yes  No

Whether opportunities are available to minority shareholders for full and adequate expression of opinions and demands, and whether their legitimate rights and interests are fully protected

Yes  No

# Section VI Corporate Governance Report

(3) Detailed reasons for not distributing cash dividends when the Company is profit-making during the reporting period and the parent company achieves positive distributable profits, and utilisation and purpose of the undistributed profits

Applicable  Not Applicable

## XI. 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

(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

(III) 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

# Section VI Corporate Governance Report

## (IV) Establishment and implementation of evaluation and incentive mechanisms for senior management during the reporting period

Applicable  Not Applicable

According to the relevant requirements of the annual assessment system for management members, the principal positions of the Company's management team are assessed from two aspects: corporate asset management responsibility system, key acts and organisational construction, and the deputy positions of the management team are assessed from three aspects: corporate asset management responsibility system, annual major work objectives, key acts and organisational construction, so as to complete the inspection of the duty performance of the Company's executives and annual performance appraisal, and determine the annual remunerations of the Company's senior management according to the assessment results.

The annual remunerations of senior management are determined according to post responsibilities, post importance, performance evaluation and remuneration level of relevant positions in competitive industries. In the annual remuneration of senior management members, the basic remuneration is primarily determined according to factors such as post responsibilities, post importance and employees' average remuneration level, performance remuneration is determined according to performance evaluation, and special rewards are determined according to outstanding contributions.

## XII. DEVELOPMENT OF INTERNAL CONTROL SYSTEMS AND IMPLEMENTATION DURING THE REPORTING PERIOD

Applicable  Not Applicable

For details, please refer to the 2021 Internal Control Assessment Report of Zhuzhou CRRC Times Electric Co., Ltd. published on the website of the SSE.

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

Applicable  Not Applicable

Management and control over subsidiaries during the reporting period

Applicable  Not Applicable

During the reporting period, in strict accordance with the Company Law of the People's Republic of China, the articles of association of subsidiaries and the requirements of various internal control systems of the Company, the Company provided instructions to the subsidiaries on standardising operations, strengthening internal management, and safeguarding the legitimate rights and interests of investors to promote the sustained and healthy development of the subsidiaries.

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

Applicable  Not Applicable

For details, please refer to the 2021 Internal Control Audit Report of Zhuzhou CRRC Times Electric Co., Ltd. issued by Deloitte Touche Tohmatsu Certified Public Accountants LLP which is published on the website of the SSE on the same date.

Whether to disclose the audit report of internal control: Yes

Opinion type of internal control audit report: standard unqualified opinion



# Section VI Corporate Governance Report

## XIV. RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledged that it is responsible for the establishment, improvement and effective implementation of risk management and internal control systems as well as carrying out supervision on the effectiveness of the risk management and internal control systems of the Company and its subsidiaries. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has a sound organization system of internal control and has established the audit and risk control department in charge of internal audit. Guided by the Board, the audit committee and the risk control committee, the audit and risk control department carries out supervision and evaluation for internal controls of the Company and its branches and subsidiaries in respect of important control functions such as financial monitoring, operation monitoring, compliance monitoring, overseas business monitoring and risk prevention and management, supervises and timely rectifies internal control deficiencies and effectively controls operating risks.

With a focus on the target of “strengthening internal control, preventing risks and promoting compliance”, in line with the Basic Guidelines of Internal Control and through re-creating its internal control manual, the Company has developed a brand-new internal control system comprising “one system, two aspects, four focuses and N themes” to cater for the business development and reform of the Company. Leveraging streamlining and improving the audit management system, the Company reinforced management and control efforts to promote cost reduction within the Company, and established a closed-loop rectification model for auditing issues to materialise auditing rectification, which effectively optimised the internal control environment of the Company, consolidated employees’ awareness on internal control and ensured the effective implementation and stable operation of internal control system. During the reporting period, the Company placed great emphasis on various business lines, the implementation of corporate procedural system and the closed cycle of rectification of internal control defects with focus on supervision of major businesses. The Company controlled the risks within tolerable bounds through various controlling measures such as authorisation approval, process governance, comprehensive budgeting, cost control, asset management, lean management, information security control. Through annual internal monitoring and evaluation, the Company ensured the reasonable design, effective operation and appropriate implementation of internal monitoring systems. During the reporting period, the Company had no material internal control defects and monitoring failure, and had effective procedures in relation to financial reporting and compliance with requirements of the SEHK Listing Rules.

The Board has conducted one review of the effectiveness of risk management and the internal control system of the Company and its subsidiaries during the year and considered that the risk management and internal control systems are effective and adequate to allow the continuing protection and improvement of the Company’s internal control activities and ensure the Company’s ability to meet the internal business requirements and external environment changes from financial, operational, compliance, overseas operation and risk control perspectives, so as to safeguard the Company’s asset and interests of Shareholders.

In addition, in August 2021, the Board of Directors adopted the Administrative Measures for Information Disclosure (the “Measures”), which came into effect in September 2021, in order to meet the disclosure requirements (including disclosure of inside information) under the relevant laws and regulations (including the Securities and Futures Ordinance and the SEHK Listing Rules). These Measures regulate the standards, conditions, contents and management of the Company’s inside information disclosure. According to these Measures, Directors, Supervisors, senior management and different departments are required to determine and evaluate the inside information as soon as practicable, release the inside information to the public in a fair and timely manner, and take reasonable measures to keep the inside information confidential before publication.

# Section VI Corporate Governance Report

## XV. DIVIDEND POLICY

The Board adopted a dividend policy on 26 March 2019 to take effect on 1 January 2019, which aims to provide the Shareholders with stable dividends and sets out the principles and guidelines for declaring, paying and distributing the profits of the Company as dividends.

In deciding whether to propose a dividend and determining the amount of dividend, the Board takes into account (i) the Company's actual and expected financial performance, (ii) retained earnings and distributable reserves of the Company and each of the members of the Group, (iii) the debts to equity ratio, return on equity and relevant financial covenants of the Group, (iv) the Group's expected working capital requirements and future strategic plans, (v) the general economic conditions, the Group's financial conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and status of the Group, and (vi) other factors that the Board deems appropriate.

The Company does not have any pre-determined dividend distribution ratio. The declaration and payment of dividends is subject to the absolute discretion of the Board, and any restrictions under the Articles, the Company Law of the PRC, the Corporate Income Tax Law of the PRC and any other applicable laws and regulations. The Board will periodically review the dividend policy and reserves the right in its sole and absolute discretion to amend the policy at any time.

## XVI. REMUNERATION OF THE AUDITOR

Deloitte Touche Tohmatsu Certified Public Accountants LLP ("Deloitte Touche Tohmatsu") is the auditor of the Company. For the year ended 31 December 2021, the services provided by Deloitte Touche Tohmatsu and the remuneration are as follows:

	<i>(RMB'000)</i>
<b>Service provided:</b>	
Audit Service	5,800
Non-audit Services (Note)	—
	<hr/>
Total	<u>5,800</u>

Note: Non-audit services include tax service of related party transactions and contemporaneous documentation and tax advisory.

# Section VI Corporate Governance Report

## XVII. DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL REPORTS

The Directors acknowledged their responsibilities for the preparation of financial statements, and to give a true and fair view of the Group's financial status and operating results for the financial year ended 31 December 2021. The statement by the external auditors of the Company regarding its reporting responsibilities on the consolidated financial statements of the Group is set out in the "Auditors' Report" on pages 198 of this annual report.

The Directors also confirmed that there were no material uncertainties which may materially affect the ability of the Company to carry on as a going-concern.

## XVIII. COMPANY SECRETARY

Mr. Tang Tuong Hock, Gabriel was appointed as the company secretary of the Company in July 2006. Mr. Tang Tuong Hock, Gabriel, born in 1953, a Malaysian citizen with permanent residency in Hong Kong. He is the company secretary. Mr. Tang has been a member of the Institute of Chartered Accountants in England and Wales since 1981 and is also a member of the Chartered Association of Certified Accountants in the United Kingdom. Mr. Tang has more than 20 years of experience in accounting and management in various industries. He was appointed as qualified accountant and joint company secretary of the Company from July 2006 to June 2011. Mr. Tang served as the joint company secretary and the authorised representative of CRRC from December 2017 to December 2021. Mr. Tang has served as the company secretary and the authorized representative of the Company since July 2011.

Mr. Tang took no less than 15 hours of relevant professional training during the financial year ended 31 December 2021 as required under Rule 3.29 of the SEHK Listing Rules.

## XIX. CONSTITUTION

During the reporting period, the Articles of Association approved by way of special resolution at the 2020 extraordinary general meeting of the Company held on 7 December 2020 came into effect on 7 September 2021, which were amended on 27 September 2021 regarding the share issuance of the Company on the Science and Technology Innovation Board. The Articles currently in force are available on the websites of the Stock Exchange, SSE and the Company.

# Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

## I. BOARD STATEMENT ON ESG GOVERNANCE

The Board of Directors of the Company well recognises the importance of sound corporate governance and risk management process, including management over the ESG issues, which is crucial to the sustainable development of the Company, and undertakes that the Company will act in strict accordance with the disclosure requirements for environmental, social and governance (“ESG”) reports issued by stock exchanges on which the Company is listed.

The Board of Directors is responsible for overseeing the undertakings and performance of the Company in terms of key ESG issues. According to the latest requirements of the Environmental, Social and Governance Reporting Guide issued by the Hong Kong Stock Exchange, and in strict accordance with relevant State laws, regulations, CSRC requirements and requirements of the Hong Kong Stock Exchange, the Company releases periodical reports and discloses information to the public to ensure that investors and stakeholders have timely access to the operation and management condition of the Company. Based on external social, economic, environmental factors and corporate development strategy, the Board regularly reviews major ESG issues, discusses and determines the Company’s ESG risks and opportunities, focuses on management and improvement of major issues, which will be deemed as the annual ESG strategic task, takes such issues into consideration while formulating the overall strategies of the Company, and supervises the management over ESG issues and performance.

In 2022, the Board of Directors of the Company will further optimise ESG risk management, information collection and reporting system, develop sustainable development strategies and targets and integrate the same into the day-to-day operation of the Company.

## II. ENVIRONMENTAL INFORMATION

### (I) Whether the Company is on the list of critical pollutant dischargers published by the environmental protection authorities

Yes  No

#### 1. Information on discharge and emissions

Applicable  Not Applicable

Industrial wastewater discharged by the Company contains ammonia nitrogen, fluoride, chemical oxygen demand and total phosphorus, which shall be treated according to comprehensive wastewater discharge third-level standard as required under the discharge permit; and organised exhaust generated by the Company contains chlorine, fluoride, ammonia, nitrogen oxides, sulfur dioxide, sulfuric acid mist and particulate matter. In 2021, the Company engaged third parties to conduct test for the wastewater, organised exhaust and noise generated by the Company at the end of each month by testing three times at different sites, and the test results were all up to standard with a pass rate of 100%.

In 2021, the Company proactively launched the water conservation campaign, plugged six leaks through water balance tests, and recycled water for reuse, thereby saving 80,000 tons and recycling 150,000 tons of water throughout the year. In 2021, the Company was recognised as a water conservation enterprise in Hunan province.

# Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

Table: Wastewater discharge index

	2021
Wastewater discharge (0'000 tons)	84.3
Wastewater disposal (0'000 tons)	81.7
Industrial wastewater discharge (0'000 tons)	81.7

## 2. Construction and operation of pollution prevention and control facilities

Applicable  Not Applicable

During the year, the Company adopted the use of equipment with lower energy consumption. It completed elimination and upgrade of lithium bromide units in the technology building, and certain outdated pump motors in the manufacturing centre and testing centre, as well as optimisation of joint factory buildings in the manufacturing centre and air conditioning facilities in the finished product warehouses. In 2021, the reclaimed water recycling equipment which was put into operation in January saved cost of RMB1.5 million/year, and the project which was initiated by CRRC Times Semiconductor and commenced operation in July saved cost of RMB2 million/year.

## 3. Environmental impact assessment of construction projects and other environmental protection administrative licensing

Applicable  Not Applicable

Prior to project construction, the Company actively carried out environmental impact assessment of construction work so as to ensure that the environmental protection facilities and construction projects will be designed, constructed and put into operation at the same time. During the process of production and operation management, the Company has complied with the relevant national, Ministry of Ecology and Environment, provincial and municipal environmental protection laws, regulations and statutes, and timely obtained, updated and conveyed the relevant environmental protection regulations and standards. The Company conducted its day-to-day internal environmental protection management based on these new regulations and standards. Meanwhile, the Company actively fulfilled its corporate environmental protection obligations and implemented the principles and policies of national energy saving and emission reduction. In 2021, the Company was not subject to any penalties imposed by the relevant departments due to any violation of environmental regulations.

## 4. Contingency plans for unexpected environment-related events

Applicable  Not Applicable

With a focus on emergency response and practice, the Company pressed ahead with upgrading and modification of general emergency response plans, and earnestly formulated special emergency response plans in the principle of aligning response plans with reality, so as to develop scientific, feasible and rational plans. It continued to enhance supervision, instruction and assessment of security and emergency teams, and launched the "fire safety evacuation" and "stability maintenance and emergency response" drills, in a bid to enhance the precaution awareness and response capacity of emergency personnel, and constantly improve and guarantee the Company's emergency response capability and management level. As of 2021, the Company had developed 11 EHS-related contingency plans.

In order to ensure that the pollutant discharge concentration is lower than the national or local pollutant discharge standard concentration limit, once special circumstances are detected, environment emergency treatment facilities will be activated immediately, so as to ensure that the concentration of the discharged pollutants is not beyond the limit.

## 5. Self-monitoring environmental program

Applicable  Not Applicable

Pursuant to the Methods for Determination of Particulate Matter and Sampling of Gaseous Pollutants in Exhaust Gas of Stationary Pollution Sources GB/T 16157-1996 and Technical Specifications for Sewage Monitoring HJ/T 91.1-2019, the Company entrusted testing institutions to collect samples at the Company's exhaust and wastewater outlets on a monthly basis, and prepare testing reports for disclosure.

In order to ensure that the pollutant discharge concentration is lower than the national or local pollutant discharge standard concentration limit, the Company collects and processes the pollutants from the source by classification, so as to reduce the processing difficulty and cost. It standardizes the operation and management of the treatment system, monitors wastewater inflow and outflow in real time, and improves the treatment efficiency of facilities. The on-line monitoring system is adopted at the outlet to measure the flow rate, concentration, type and other indicators of the outlet in real time.

# Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

## 6. Other discloseable environmental information

✓ Applicable  Not Applicable

The Company releases periodic corporate social responsibility report pursuant to the Environmental, Social and Governance Reporting Guide, in which environmental information is disclosed.

### (II) Administrative penalties due to environmental issues during the reporting period

None.

### (III) Information on consumption of resources and energy and emission

✓ Applicable  Not Applicable

The Company is committed to the goal of promoting green transportation and sustainable energy development, and continues to foster the green manufacturing system, in a bid to provide safe and convenient core power for society and achieve the mutual development of ecological civilisation and mankind.

**Efficient energy conservation and carbon reduction.** The Company rolled out on-going energy conservation and cost reduction initiatives for the semiconductor and electromechanical segments, and reduced cost by approximately RMB5 million/year, including RMB3.5 million/year saved in the electromechanical segment, negotiation of semiconductor power supply and optimisation of multi-line unit control, and RMB1.4 million/year was saved in the transformation of semiconductor pure water heat source and water supply system.

**Use of clean energy.** The Company generated 1.6 million kWh of electricity leveraging its own photovoltaic facilities, and reduced greenhouse gas emissions through running pure electric vehicles within the factory.

**Use equipment with lower energy consumption.** The Company completed the elimination and upgrade of lithium bromide units in the technology building, and certain outdated pump motors in the manufacturing centre and testing centre, as well as optimisation of joint factory buildings in the manufacturing centre and air conditioning facilities in the finished product warehouses.

Table: Energy conservation and consumption reduction indicators

Indicators	2021
Power consumption (0'000 kWh)	14,910
Natural gas consumption (0'000 m <sup>3</sup> )	231
Power consumption per capita (kWh)	19,281
Natural gas consumption per capita (m <sup>3</sup> )	298.72
Greenhouse gas emissions from natural gas combustion (tCO <sub>2</sub> e)	4,994.53
Greenhouse gas emissions from power consumption (tCO <sub>2</sub> e)	6,773.61
Greenhouse gas emission intensity per capita (tCO <sub>2</sub> e/person)	1.52

# Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

## 1. Greenhouse gas emissions

✓ Applicable  Not Applicable

The Company proactively grasped the development opportunities brought about by the “emission peak and carbon neutrality” initiative, focused on environmental protection, clean production and sustainability in its course of business and made constant innovations to nurture the green and low carbon industry chain. In 2021, no case of excessive discharge or illegal discharge was identified within the Company.

In 2021, the Company’s greenhouse gas emissions from natural gas combustion and power consumption were 4,994.53 tCO<sub>2</sub>e and 6,773.61 tCO<sub>2</sub>e, respectively, and greenhouse gas emission intensity per capita was 1.52 (tCO<sub>2</sub>e/person).

## 2. Resource and energy consumption

✓ Applicable  Not Applicable

In 2021, the Company re-enacted the Detailed Rules for Assessment of Energy Management to standardise the assessment standards for production and office work for more scientific and reasonable energy management, and control the annual comprehensive energy consumption target within the range of 0.013 tons of standard coal/RMB10,000 of output. In 2021, the Company consumed 149.1 million kWh of electricity, 2.31 million cubic metres of natural gas and 1.72 million tons of water, and the comprehensive energy consumption was 0.013 tons of standard coal/RMB10,000 of output.

## 3. Waste and pollutant discharge

✓ Applicable  Not Applicable

### *Standard discharge of wastewater and exhaust gas*

Industrial wastewater discharged by the Company contains ammonia nitrogen, fluoride, chemical oxygen demand and total phosphorus, which shall be treated according to comprehensive wastewater discharge third-level standard as required under the discharge permit; and organised exhaust generated by the Company contains chlorine, fluoride, ammonia, nitrogen oxides, sulfur dioxide, sulfuric acid mist and particulate matter. In 2021, the Company engaged third parties to conduct test for the wastewater, organised exhaust and noise generated by the Company at the end of each month by testing three times at different sites, and the test results were all up to standard with a pass rate of 100%.

In 2021, the Company proactively launched the water conservation campaign, plugged six leaks through water balance tests, and recycled water for reuse, thereby saving 80,000 tons and recycling 150,000 tons of water throughout the year. In 2021, the Company was recognised as a water conservation enterprise in Hunan province.

Table: Wastewater discharge index

	2021
Wastewater discharge (0’000 tons)	84.3
Wastewater disposal (0’000 tons)	81.7
Industrial wastewater discharge (0’000 tons)	81.7

## Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

### *Hazardous waste discharge*

The Company classifies wastes into hazardous wastes and industrial solid wastes with reference to the National Catalogue of Hazardous Wastes and the environmental assessment report. Hazardous wastes are handed over to parties with hazardous waste disposal license for compliance disposal. In 2021, 519.26 tons of hazardous wastes were disposed of. Industrial solid wastes are mainly calcium fluoride sludge, which is delivered to qualified brick factories for brick making as auxiliary materials. In 2021, 734.63 tons of industrial solid wastes were disposed of. The compliance rate of hazardous waste disposal and non-hazardous waste disposal were both 100%.

Table: Discharge and disposal of industrial solid wastes and hazardous wastes

Disposal method	Discharge target (Kg)			Total discharge (Kg)		
	2019	2020	2021	2019	2020	2021
Reuse	–	100,000	150,000	–	88,330	100,860
Landfill	–	–	5,000	–	–	820
Others	211,000	230,000	522,000	191,510	195,970	417,580

### *The Company's environmental protection management system*

Applicable  Not Applicable

During the process of production and operation management, the Company has complied with the relevant national, Ministry of Ecology and Environment, provincial and municipal environmental protection laws, regulations and statutes, and timely obtained, updated and conveyed the relevant environmental protection regulations and standards. The Company conducted its day-to-day internal environmental protection management based on these new regulations and standards. Meanwhile, the Company actively fulfilled its corporate environmental protection obligations and implemented the principles and policies of national energy saving and emission reduction. There were no penalties imposed by the relevant departments due to any violation of environmental regulations.

We continue to formulate environmental protection management systems such as EHS System Management Manual, Management Measures for Environmental Factors and Hazard Sources, Management Measures for EHS Objectives, Indicators and Management Schemes, and EHS Incident Reporting, Investigation and Handling Procedures. As of 2021, the Company developed 1 EHS-related manual, 39 management methods, 10 detailed rules, 14 processes and 11 emergency plans.



# Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

## (IV) Measures taken to reduce carbon emissions during the reporting period and effects

✓ Applicable  Not Applicable

Global climate change not only causes various extreme weather conditions, but also leaves serious impacts on various economic and social activities. The Company proactively responded to the demands of the government, investors and other stakeholders on addressing climate change, identified the relevant risks and opportunities, and continued to improve management based on the results.

### Climate change management system

Governance	Establish a sound governance system to ensure that risks related to climate change are submitted to consideration by the top executives of the Company. Designate mitigation of and adaptation to climate change as one of the priorities of relevant business departments.
Strategies	Evaluate the potential operational and financial impact of major risks and opportunities identified on the Company, and adjust the investment and product strategies;
Risk management	Carry out management measures in the fields of low-carbon operation and support for clean energy development.
Indicators and target	Propose to incorporate climate change-related risks into operational risk management.

In 2021, the Company attached great importance to the impact of its operations on the environment, strived to integrate energy conservation and emission reduction into the whole process of daily management and operation, and guided employees to foster environmental awareness and habits to create a green office environment. The Company installed the lighting zone group control and air conditioning terminal group control systems in the office building to realize the functions of time switch, and unified setting of temperature and heating mode through remote automatic control, which effectively reduced the energy waste caused by leaving the lighting and air conditioning on after work. It encouraged employees to participate in green public welfare activities such as afforestation, low-carbon travelling, garbage sorting, recycling and environmental protection trainings, and motivated them to contribute to environmental protection and build a green homeland together from trivial things.

## (V) New technologies, products and services for carbon emission reduction

✓ Applicable  Not Applicable

The Company proactively responded to the "emission peak and carbon neutrality" State strategy, attached importance to the "green, energy-saving and efficient" product research and development and increased investment to focus on the major research and development projects including high-performance traction power supply project, electric system development of plateau dual power source centralised EMU, and metro CIMRES electromechanical system platform research, with major technological breakthroughs and innovations as follows:

The regenerative braking energy utilisation device developed in the high-performance traction power supply project has significantly improved the power supply quality and comprehensive energy efficiency. The device proposed the regenerative braking energy utilization overall system structure and management of section post energy based on the power integration of the section post, and according to onsite calculation of the demonstration project, it can save 12,000 kWh of electricity per day.

Intelligent power supply system and energy transportation control device developed in the metro CIMRES electromechanical system platform realizes the optimal energy dispatching of metro power supply system, and the traction power supply system can save energy by  $\geq 5\%$ . It overcomes the power flow control algorithm of energy transportation control device, and reduces the no-load loss between multiple bidirectional converters by more than 90%.

# Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

## (VI) Relevant information conducive to protecting ecology, preventing pollution and fulfilling environmental responsibilities

✓ Applicable     Not Applicable

In 2021, the Company re-enacted the Detailed Rules for Assessment of Energy Management to standardise the assessment standards for production and office work for more scientific and reasonable energy management, and control the annual comprehensive energy consumption target within the range of 0.013 tons of standard coal/RMB10,000 of output. It continued to conduct energy conservation and carbon reduction activities, and rolled out energy conservation and cost reduction initiatives for the semiconductor and electromechanical segments, and reduced cost by approximately RMB5 million/year, including RMB3.5 million/year saved in the electromechanical segment, negotiation of semiconductor power supply and optimisation of multi-line unit control, and RMB1.4 million/year was saved in the transformation of semiconductor pure water heat source and water supply system.

In terms of water resource management, the Company proactively launched the water conservation campaign, plugged six leaks through water balance tests, and recycled water for reuse, thereby saving 80,000 tons of water throughout the year. In 2021, the Company was recognised as a water conservation enterprise in Hunan province.

## III. PERFORMANCE OF SOCIAL RESPONSIBILITIES

### (I) Social contribution of principal business and key indicators of industry

Dedicated to social welfare, the Company proactively provided volunteer support, and continued to strengthen communication with the government, institutions and partners for resource complementation and share of development achievements, in an endeavor to build a harmonious society.

### (II) Form and contributions of charitable activities

The Company has been committed to public welfare, benefiting the community and rewarding society with gratitude. In 2021, the primary youth league (general) branches of the Company earnestly aligned voluntary services with the actual needs of the Company and launched a total of 16 voluntary activities based on the actual situation of each business unit.

# Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

## 1. *Specific conditions of engaging in charitable activities*

✓ Applicable     Not Applicable

### (1) *Providing educational assistance to ignite the dreams of kids*

On 19 November 2021, Party members from the Company's manufacturing centre arrived at Baishi Primary School in the remote mountainous area of Youxian County to provide educational assistance for the fourth consecutive year with plenty of materials, including hundreds of books, basketball stands, various sporting goods and educational subsidies for outstanding students. Dedicated to the belief of "roses given, fragrance in hand", the Party members and volunteers put the books and sports goods in the library, granted educational subsidies to outstanding students and took group pictures. More than one-third children in the school are left behind because their parents work in remote cities. However, the arduous conditions do not wrinkle the innocence of children. Through interactions with them, the Party members felt their unsophisticated joy and happiness. The Party members hope to improve the learning conditions of children through donation of books, broaden their horizons and help them to grow into better selves.

### (2) *Dispatching youth volunteers to fight against the COVID-19 pandemic*

In August 2021, Zhuzhou suffered a grim situation in pandemic prevention and control. Responding to the call of the Party, the youth league took swift action. In order to resolutely contain the spread of COVID-19 and win the battle against pandemic, the youth league of the Company immediately adopted measures, made comprehensive arrangements from the aspects of volunteer services, post contributions and psychological counseling. Youth league organisations at all levels of the Company responded actively and implemented effective anti-COVID-19 policies based on actual situation. As the Company's single apartment was located near the middle-risk area, the health code of several young employees changed to yellow during the pandemic. In order to effectively solve the problem that young employees could not eat out because of "yellow code", the youth league of the Company set up a youth volunteer service team with swiftness to provide meal delivery service for employees with "yellow code" in the apartments each day, and helped apartment keepers to record needs of nucleic acid testing for young employees. During the cold pandemic season, young volunteers brought warmth and strength to everyone, and devoted their youth and the enthusiasm at the frontline of pandemic prevention and control.

### (3) *Conducting the "learning from Lei Feng" theme activities to promote the volunteering spirit*

March 2021 witnessed the 58th "learning from Lei Feng" month. Under the leadership of the youth league of the Company, the youth league units at primary level organised the Lei Feng Month theme activities to proactively spread the volunteering spirit of "dedication, friendship, mutual assistance and progress".

### (4) *Integrating volunteer service with actual demand to promote the normalisation of volunteer service*

Each primary level youth league unit (general branch) of the Company fully integrated volunteer service with the actual needs of the Company, and conducted 16 volunteer activities according to the actual situation of each business unit, such as the "IGBT Park Raw Material Warehouse Arrangement Activity" carried out by the youth league general branch of the CRRC Times Semiconductor, and the "IT Xiaoxing Volunteer Service Activity" carried out by the general branch of affairs of the Company. The youth league of the Company will continue to promote the normalisation of the volunteer service system, popularise the spirit of Lei Feng in routine work and study, and encourage the young employees to be a screw that will never rust.

# Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

## 2. *Details on consolidation and expansion of the achievements of poverty alleviation and information about rural revitalisation*

Applicable  Not Applicable

### (III) Protection of the rights and interests of shareholders and creditors

The Board of the Company is comprised of 10 directors with different industry backgrounds and expertise. The Board has clearly defined duties and the convening procedures of Board meetings comply with the Articles of Association and other relevant laws, regulations and systems. It formulates the Company's development strategy and monitors the implementation of management and finance within the terms of reference as required in the Articles of Association and in accordance with the procedures set out in the Rules of Procedures of the Board, and takes long-term performance and returns as its priority. Five specific committees, namely strategy committee, audit committee, risk management committee, nomination committee and remuneration committee are established under the Board, which has further improved the Company's governance structure, internal control system, and its standardised, steady and sustainable development. The Company has 5 independent directors, representing half of the total number of directors. Independent non-executive directors focus on the improvement of corporate governance and major decisions of the Company, express fair and objective advice on major matters and connected transactions of the Company, and employ scientific approaches in the decision-making of the Board so as to safeguard the interests of the Company and minority shareholders. In 2021, a total of 10 Board meetings were held.

The supervisory committee is comprised of 4 supervisors, including 1 independent supervisor, 1 shareholder representative supervisor and 2 employee representative supervisors. Employee representative supervisors shall be recommended at the workers' congress and elected at the shareholders' general meeting. The supervisory committee exercises supervision rights independently according to the law and supervises the legitimacy and compliance of the Company's directors and senior management in performing their duties, so as to safeguard the legal rights and interests of shareholders, the Company and its employees. In 2021, a total of 10 meetings of the supervisory committee were held.

The Company disclosed the 2021 Internal Control Evaluation Report to shareholders according to the corporate internal control standard system. It is the responsibility of the Board of Directors of the Company to establish, improve and effectively implement internal control, evaluate its effectiveness and truthfully disclose the internal control evaluation report. The supervisory committee shall oversee the establishment and implementation of internal control by the Board of Directors. The management is responsible for organising and leading the daily operation of the internal control. The goal of the Company's internal control is to reasonably ensure the legitimacy and compliance of business management, asset security, truthfulness and completeness of financial reports and relevant information, improve business efficiency and performance, and promote the realisation of development strategies.

### (IV) Protection of employees' rights and interests

The Company strictly abides by the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and the Law of the People's Republic of China on the Protection of Minors and upholds equal employment, resolutely eradicates any discrimination caused by race, region, gender, disability and nationality. The Company did not employ child labor or any form of forced labor, and there did not exist any material noncompliance. The Company conducts regular labor inspections and spot checks on employment from time to time. The Company did not experience any employee lockout or strike in the past three years.

As of the end of 2021, the Group had 7,733 full-time employees in the domestic consolidated financial statements under the labour contract system, demonstrating sound employee stability. In the past three years, the employee turnover rate of the Company has been controlled within 5%, which was 4.56% in 2021, including 4.05% for male employees and 0.51% for female employees.

# Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

## **1. Staff recruitment**

The Company maintained a sound staff recruitment process in accordance with the requirements under the Labour Law, the Employment Contract Law, the Law on the Protection of Minors, the Law on Protection of Rights and Interests of Women and the relevant laws and regulations, and strictly carried out reviews on the basic information of job applicants. The Company forbade the employment of child labour and forced labour, and adhered to the principle of equality between men and women. The Company does not discriminate against staff on nationality, race, age, gender and marital status.

The Company has established various recruitment channels based on different needs of talents for various positions, including internal recommendation, internal recruitment, open recruitment and campus recruitment. It also introduced innovative measures to conduct recruitment of mature talents in various aspects such as railway signaling, rail transport digitalisation and intelligence, maglev, electric motor system for passenger trains, deep water equipment, semi-conductor, intelligent inspection robot and new energy and overseas talents, which will provide the Company with talents supporting its major industrial development.

## **2. Employee compensation and benefits**

The Company strictly observes the national labour law, the labour contract law and other laws and regulations, and has formulated the Management Measures for Labour Employment, the Management Measures for Total Salaries, the Management Measures for Salary Payment, the Management Measures for Employee Performance, the Management Measures for Employees Overtime Work, the Management Measures for Employee Attendance, the Management Measures for Reemployment after Retirement, the Management Measures for Personnel Exchange in Key Posts, the Management Measures for Restrictions on Engagement in Competing Business, the Management Measures for Punishment on Employee Noncompliance and the Management Measures for Internal Retirement. The Company treats each employee with equality, and there is no gender discrimination in the human resource management system and the contents of the labour contracts. According to the relevant regulations on protection women's rights and interests, the Company guarantees the rights female employees entitled to during "pregnancy, maternity and breastfeeding", such as maternity leave and breastfeeding leave, and will not terminate contracts with female employees during such leaves.

The Company promotes the concept of overall remuneration. It extends the concept of remuneration to include benefits and non-economic compensation involving honors and career development opportunities, so that employees can totally understand the rewards granted by the Company and the Company may attract and retain talents. The post salary of the Company is higher than the local minimum wage standard. In 2021, the minimum wage at the Company's headquarters was 1.7 times of the local minimum wage standard.

Meanwhile, in accordance with the requirements of national and regional laws and regulations, the Company provides and maintains statutory benefits for its staff, including basic pension insurance, basic medical insurance (including medical insurance for serious illnesses), work injury insurance, maternity insurance, unemployment insurance and housing provident fund, etc. It also provides the staff with various benefits at the discretion of the Company, including corporate annuities, supplemental medical insurance, meal subsidies, health allowance, physical examination, convalescence, mutual aid and commercial insurance, etc. In addition to weekends, statutory holidays, wedding, funeral and maternity leaves, the Company also grants annual leaves pursuant to the National Regulations on Paid Annual Leave for Employees and the Implementation Measures for Paid Annual Leave for Employees. In 2021, the Company employed dispatched labour in auxiliary, temporary and replaceable positions. Under the unified organisation, the Company implemented centralised procurement of dispatched labour and selected high-quality suppliers to provide services. Dispatched labourers and employees of the Company under the labour contract system are subject to the same salary and welfare policy.

# Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

## 3. Democratic management and communication

The Company attaches importance to employees' opinions and suggestions, and constantly strengthens communication with employees. Through holding Workers' Congress, the Company implements transparent operation, and adopts democratic supervision to open up communication channels among employees. Meanwhile, the Company actively promotes the collective consultation system and enters into collective contracts to guarantee employees' democratic communication rights.

### (1) Convening Workers' Congress

Based on the principle of democratic centralism, the Company established its Workers' Congress system in accordance with relevant requirements under the Trade Union Law. The Council of Labour Union is the operating authority of the Workers' Congress and is responsible for the daily work of the Workers' Congress. It has 149 existing staff representatives elected democratically from cadres (staff) in various departments (units), involving personnel from various fields of the Company, such as management, technology, production and marketing. The Workers' Congress system has strengthened the Company's democratic management effectively, guaranteed the rights of staff to exercise democratic management according to the law, fully utilised staff's motivation and creativity, and therefore effectively enhanced our enterprise quality and economic benefits. Opinions and suggestions were received at the 2021 Workers' Congress. After collection and processing, they mainly involved issues such as labour management, cost reduction and efficiency increase, livelihood measures, talent flow and cultivation, and industrial development.

### (2) Transparent operation

Work union organisations at all levels of the Company conscientiously implement the system of transparent operation, and publicise the major issues in the Company's production and operation, the integrity and self-discipline of executives, the disposal of major assets, etc., according to the four principles of seeking truth from facts, diversity of forms of public supervision, making adjustments to time and events, and the combination of publicity and supervision, through Workers' Congress, party committees, decision-making committees, administration and Party-masses regular meetings and documents.

### (3) Implementing democratic supervision

In 2021, employees of the Company considered eight document systems closely related to their interests, such as "Management Measures for Waiting for Post in Personnel Exchange Centre" and "Management Measures for Compensation", and proactively communicated with human resources, finance and other departments to coordinate and solve problems according to the feedback from the grassroots.

## Information on employee shareholding

Number of employees holding shares (individual)	0
Number of employees holding shares as a percentage of total number of employees (%)	0
Number of shares held by employees (0'000)	0
Number of shares held by employees as a percentage of total share capital (%)	0

- Notes: 1. The above employee shareholding information does not include shares indirectly held by the employees through asset management schemes before listing of the A Shares of the Company.
2. The above employee shareholding information does not include shares purchased on the secondary market by employees other than Directors, Supervisors and senior management of the Company.

# Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

## (V) Protection of rights and interests of suppliers, customers and consumers

For details, please refer to the Corporate Social Responsibility Report 2021 of Zhuzhou CRRC Times Electric Co., Ltd. disclosed by the Company on the websites of SSE and the Stock Exchange on the same date.

## (VI) Product safety guarantee

As a large-scale rail transit equipment manufacturing enterprise integrating research and development, production, distribution and sales and a core supplier of components for railway locomotive vehicles, the Company's products are widely used in high-speed trains, and the safety and reliability of its products are therefore directly related to the lives and safety of millions of passengers. Product quality equals to safety, and safety is the life assurance of millions of passengers, which is also the golden rule for an enterprise's survival. The Company has always regarded product safety as the core of its product quality work. Based on the technology safety policy of "Complying with railway safety standards to establish product safety concept; Understanding product safety effectiveness to improve safety rules and norms; Producing safe and reliable products to ensure train traffic safety", the Company implements strict control measures on various aspects including marketing, design, procurement, production, delivery and after-sales, and resolutely puts an end to product quality and safety problems. In 2021, the Company did not violate relevant laws and regulations in relation to health and safety for the products and services provided.

## (VII) Other circumstances in undertaking social responsibilities

Applicable  Not Applicable

For details, please refer to the Corporate Social Responsibility Report 2021 of Zhuzhou CRRC Times Electric Co., Ltd. disclosed by the Company on the websites of SSE and the Stock Exchange on the same date.

## IV. OTHER CORPORATE GOVERNANCE ISSUES

### (I) Party building

Applicable  Not Applicable

The Company focused on the spirit of General Secretary Xi Jinping's series of important speeches and instructions, implemented the requirements of Party building for state-owned enterprises, and achieved progress and in-depth promotion of Party building amid stability. Meanwhile, it pressed ahead to promote integrity and build a new political ecology with a sound environment.

#### 1. Promoting Party building

The Company gained accurate insight into the new situation and requirements of law-based governance of the Party in an all-round manner, and tapped into the guiding and safeguarding role of law-based governance of the Party, so as to provide strong discipline guarantee for the Company in business operations.

##### (1) Expediting the high-quality development of Party building

The Company earnestly forged the "Flying Flag" high-quality Party building brand, fully aligned with the "integration, standardisation, project-based and brand-oriented" high-quality Party building project of CRRC ZELRI, proactively explored the working model of Party building with the Company's characteristics, and continuously optimised the brand of Party building. In 2021, the Company continued to improve the logic and approach of the "Flying Flag" Party building brand, and comprehensively upgraded the platform for the cultivation, promotion and innovation of Party building. The "Flying Flag" high-quality Party building project is the only A-level Party building brand under the Party Committee of CRRC ZELRI.

# Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

## (2) *Promoting the in-depth development of full and strict governance over the Party*

The Company focused on the study and education of Party history. It innovated “six studies” interconnected method to promote the progress of learning party history and education, and integrated Party spirit into the thoughts of employees and management through theme activities such as self-study, leading study, study via singing, observation, competition and exhibition, as well as colourful events such as Party class competition, Party history knowledge contest, parent-child reading contest, etc.

The Company attached importance to patrol inspection and rectification. It focused on the actual situation of production and operation, reform and development, and realised the normalisation of patrol inspection. According to the six working mechanisms of “ledger, supervision, publicity, elimination, supervision and accountability”, it deployed supervision and inspection tasks, and actively established a long-term mechanism to ensure that the problems are accurately rectified with remedial measures and strictly eliminated.

## **2. Construction of the Party conduct**

The Company remained committed to building a “multi-in-one” supervision system, and promoted the “three non-corruptions” system and mechanism. Through signing the responsibility letters, integrity talks, inspection and supervision, and political inspection and rectification supervision by SASAC, carrying out special supervision, and optimizing the construction of integrity risk prevention and control system, the Company has continuously boosted the deterrent against corruption, stepped up anti-corruption efforts, and enhanced the consciousness of not committing corruption, so as to foster a clean and integrity environment. The Party Committee centre conducts integrity talks with the executive Directors each year, and the executive Directors acquire knowledge on integrity culture through activities held by the Party Committee center. Meanwhile, they also take part in lectures on Party conduct as party members in the Party branches.

In 2021, the Company continued to press ahead with the construction of the CRRC Electric clean culture education system integrating the four dimensions of “base, activities, standards and mechanisms”, vigorously fostered the integrity culture atmosphere of “cultivating morality, doing business with integrity and shouldering responsibilities”, and set up a whistleblower system to clarify the anti-corruption reporting procedures and implementation methods. Besides, the Company also encouraged employees to reflect and expose the existing corruption and non-compliance behaviors.

In 2021, the Company urged the organisations at different levels to conduct annual integrity talks, and held more than 90 collective talks and individual talks, covering 1,159 professional managers and employees from key positions. It organised the annual “Discipline Inspection for Disciplinary Executives” campaign, and conducted 24 lectures, covering 1,821 executives and employees at key positions in 22 party (general) branches of the Company, which further enhanced the awareness of Party members and cadre and employees at key positions on integrity and self-discipline. The Company systematically carried out integrity culture education activities to cultivate integrity culture and cement the foundation against corruption through integrity culture “micro lecture hall”, integrity lectures for new hires, “experiential” onsite warning education in Zhuzhou Qiaotoubao integrity education base, and undertaking the integrity and discipline inspection event and “Clean CRRC ZELRI” integrity micro video contest of CRRC ZELRI. In 2021, there were no corruption lawsuits against the Company or its employees.

## **1. Deep integration of supervision and promotion of corporate governance capacity**

The Company held two joint meetings on party integrity and clean government construction and anti-corruption. Through the platform of the joint meeting, the Company integrated the supervisory power to foster the collective supervisory force, and brought into play the role of the supervisory joint meeting as a supporting platform.

The Company organised self-examination and rectification on issues such as appropriating public interests for personal gains and shadow shareholders, and uncovered businesses run by party members and cadres, employees at key positions and their relatives to effectively enhance the function and effectiveness of the supervision system.



## Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

### 2. Deep integration of “innovation and brand establishment” with corporate discipline construction

The Company implemented the initiative of “innovation and brand establishment”, and vigorously forged the project of “precise inspection and cementing the foundation of integrity” of the Company, the discipline inspection work of “four-in-one” clean culture and education system construction project of CRRC ZELRI and 22 grass-roots discipline inspection brands.

### 3. Deep integration of digital supervision and corporate development strategy

According to the requirements of the Company’s “digital electricity” construction, the Company developed the new version of the integrity file system, the digital supervision platform for official vehicles, the collection and analysis of the key elements of bidding, the “three significant and one major” proposal and other information supervision processes with the help of information technology and platform, so as to proactively explore “digital supervision”.

## (II) Investor relations and protection

Type	Times	Relevant information
Performance briefing	4	The Company held the 2020 annual performance briefing on 30 March 2021, the 2021 first quarterly performance briefing on 29 April 2021, the 2021 interim performance briefing on 30 August 2021 and the 2021 third quarterly performance briefing on 29 October 2021.
Developing investor relations management – activities leveraging new media	–	–
Setting up investor relations column in official website	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	www.tec.crrcic.cc

### **Detailed information on investor relations management and protection**

Applicable  Not Applicable

In 2021, the Company communicated with investors and analysts via performance briefings, conference calls, roadshows, reverse roadshows, shareholders’ general meetings and other channels to expand the Company’s influence in the capital market.

The Company holds a performance briefing after releasing quarterly report, interim report and annual report, at which the Company’s senior management will report on the Company’s performance and latest development, and answer questions from investors and analysts.

On 25 August 2021, the Company staged a roadshow regarding IPO on the Science and Technology Innovation Board at the SSE Road Show Center to introduce the Company to investors.

On 5 November 2021, the Company organised a reverse roadshow, invited investors and analysts to the Company for communication, and exchanged views with investors and analysts on issues of concern to investors such as corporate governance, operating conditions and future development of the Company. The Company designated special personnel to answer phone calls and receive e-mails from investors, and record and answer their questions patiently.

### **Explanation of other channels to communicate with investors**

Applicable  Not Applicable

The Company replied to investors’ questions on SSE E-Interaction from time to time.

# Section VII Environmental, Social Responsibilities and Other Corporate Governance Issues

## (III) Transparency of information disclosure

Applicable  Not Applicable

The Company strictly complies with the regulatory requirements of laws, regulations and normative documents such as the Company Law, the Securities Law, the SSE STAR Market Listing Rules and the SEHK Listing Rules in fulfilling its obligation of information disclosure, so as to ensure the truthfulness, accuracy, completeness, timeliness and fairness of information disclosure, guarantee all shareholders have equal opportunities to obtain information and safeguard the interests of all shareholders, especially the interests of minority shareholders. It ensures that investors and stakeholders can keep abreast of the Company's operation and management. Besides, the Company has also established dedicated departments, positions and specific mailbox to enhance communication and exchange with its investors. The Company strictly fulfils the confidentiality obligations in information disclosure and there was no significant prior divulgence or misstatement of information in 2021.

## (IV) Protection of intellectual property rights and information security

Applicable  Not Applicable

The Company attaches great importance to the protection of intellectual property rights. In order to fully protect and safeguard the Company's intellectual property rights, it has formulated a series of management systems and guiding documents, such as Measures for the Administration of Intellectual Property Rights, Measures for the Administration of Intellectual Property Rights for Scientific Research Projects, Workbook for Intellectual Property Management and Measures for the Examination of Intellectual Property Rights for Scientific Papers, etc., to provide support for intellectual property management. In 2021, 35 external science and technology projects were approved, including 9 national key R&D projects; 666 patents were applied for and 515 patents were granted, including 293 invention patents. As of the end of 2021, the Company was granted a total of 3,145 valid patents, of which invention patents accounted for approximately 50%.

## (V) Institutional investors' participation in corporate governance

Applicable  Not Applicable

At the 2021 first extraordinary general meeting of the Company held on 9 November 2021, several institutions cast votes for the resolutions proposed thereat, including Bank of Communications Co., Ltd.-Boshi Emerging Growth Hybrid Securities Investment Fund, China Construction Bank Corporation-Southern Science and Technology Innovation Hybrid Securities Investment Fund, Shenzhen Zhengyuan Investment Co., Ltd.-Zhengyuan Changxing No.1 Private Equity Investment Fund, National Social Security Fund 103 Portfolio, Basic Endowment Insurance Fund 1301 Portfolio.

## (VI) Other corporate governance issues

Applicable  Not Applicable

# Section VIII Significant Events

## I. 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

✓ Applicable     Not applicable

Both the "Group" and the "Company" stated in the undertakings contained in this section represent the party/parties giving the undertakings.

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	CRRC Group	CRRC Group has given the following undertakings in respect of shares lock-up: 1. within 36 months from the date of the A Shares issue and Listing of Times Electric, Times Electric's domestic shares (transferred into A Shares upon the A Shares issue and Listing, not including the A Shares newly purchased from the public market after the A Shares issue and Listing of Times Electric, hereinafter referred to as the "Above Shares") directly or indirectly held by the group prior to the A Shares issue and Listing shall not be transferred or entrusted to others for management, nor shall Times Electric be proposed to repurchase the Above Shares; 2. if the group reduces its holdings in the Above Shares directly or indirectly held by it within two years from the expiration of the lock-up period, the reduction price shall not be lower than the issue price; if the closing price of the A Shares for 20 consecutive trading days (except for all-day suspension of Times Electric's A Shares) is lower than the issue price of the A Shares issue and Listing within six months after the A Shares issue and Listing of Times Electric, or the closing price as at the end of six months after the A Shares issue and 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 the A Shares issue and Listing, the lock-up period of the Above Shares directly or indirectly held by the 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 the A Shares issue and Listing of Times Electric. If Times Electric performs ex-right and ex-dividend for reasons such as profit distribution, conversion of the reserve into share capital, additional issuance, placement etc. after the A Shares issue and Listing, it shall do so in accordance with the relevant provisions of the Shanghai Stock Exchange; 3. if relevant laws, regulations and regulatory documents or securities regulatory authorities such as China Securities Regulatory Commission and Shanghai Stock Exchange have other requirements for the lock-up period of shares, the group agrees to adjust the lock-up period of the Above Shares directly or indirectly held by it accordingly; and 4. the group undertakes to assume all the loss caused to Times Electric and companies under its control and indemnify them for breaches of the above undertakings or relevant laws, regulations and regulatory documents.	Time of undertakings: 28 December 2020 Term: within 36 months from the date of the listing of Times Electric's A Shares	Yes	Yes	-	-

# Section VIII 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
Restricted shares	CRRC ZELRI, CRRC Zhuzhou, CRRC Investment & Leasing	CRRC ZELRI, CRRC Zhuzhou, CRRC Investment & Leasing	<p>CRRC ZELRI, CRRC Zhuzhou and CRRC Investment &amp; Leasing have given the following undertakings in respect of shares lock-up: 1. within 36 months from the date of the A Shares issue and Listing of Times Electric, Times Electric's domestic shares (transferred into A Shares upon the A Shares Issue and Listing, not including the A shares newly purchased by the company from the public market after the A Shares Issue and Listing of Times Electric, hereinafter referred to as the "Above Shares") directly or indirectly held by the company prior to the A Shares Issue and Listing shall not be transferred or entrusted to others for management, nor shall Times Electric be proposed to repurchase the Above Shares; 2. if the company reduces its holdings in the Above Shares held by it within two years from the expiration of the lock-up period, the reduction price shall not be lower than the issue price. If the closing price of the A Shares for 20 consecutive trading days (except for all-day suspension of Times Electric's A Shares) is lower than the issue price of the A Shares issue and Listing within six months after the A Shares Issue and Listing of Times Electric, or the closing price as at the end of six months after the A Shares Issue and 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 the A Shares Issue and Listing, the lock-up period of the Above Shares held by the company 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 the A Shares Issue and Listing of Times Electric. If Times Electric performs ex-right and ex-dividend for reasons such as profit distribution, conversion of the reserve into share capital, additional issuance, placement etc. after the A Shares Issue and Listing, it shall do so in accordance with the relevant provisions of the Shanghai Stock Exchange; 3. if relevant laws, regulations and regulatory documents or securities regulatory authorities such as China Securities Regulatory Commission and Shanghai Stock Exchange have other requirements for the lock-up period of shares, the company agrees to adjust the lock-up period of the Above Shares held by it accordingly; and 4. the company undertakes to assume all the loss caused to Times Electric and companies under its control and indemnify them for breaches of the above undertakings or relevant laws, regulations and regulatory documents.</p>	<p>Time of undertakings: 28 December 2020</p> <p>Term: within 36 months from the date of the listing of Times Electric's A Shares</p>	Yes	Yes	-	-

# Section VIII 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
	Restricted shares	CRCCE	CRCCE has given the following undertakings in respect of shares lock-up: 1. within 12 months from the date of the A Shares Issue and Listing of Times Electric, Times Electric's domestic shares (transferred into A Shares upon the A Shares Issue and Listing, not including the A shares newly purchased by the company from the public market after the A Shares Issue and Listing of Times Electric, hereinafter referred to as the "Above Shares") directly or indirectly held by the company prior to the A Shares Issue and Listing shall not be transferred or entrusted to others for management, nor shall Times Electric be proposed to repurchase the Above Shares; 2. if relevant laws, regulations and regulatory documents or securities regulatory authorities such as China Securities Regulatory Commission and Shanghai Stock Exchange have other requirements for the lock-up period of shares, the company agrees to adjust the lock-up period of the Above Shares held by it accordingly; and 3. the company undertakes to assume all the loss caused to Times Electric and companies under its control and indemnify them for breaches of the above undertakings or relevant laws, regulations and regulatory documents.	Time of undertakings: 28 December 2020 Term: within 12 months from the date of the listing of Times Electric's A Shares	Yes	Yes	-	-
	Restricted shares	Beijing Maohuan	Beijing Maohuan has given the following undertakings in respect of shares lock-up: 1. within 12 months from the date of the A Shares Issue and Listing of Times Electric, Times Electric's domestic shares (transferred into A Shares upon the A Shares Issue and Listing, not including the A shares newly purchased by the company from the public market after the A Shares Issue and Listing of Times Electric, hereinafter referred to as the "Above Shares") directly or indirectly held by the joint venture prior to the A Shares Issue and Listing shall not be transferred or entrusted to others for management, nor shall Times Electric be proposed to repurchase the Above Shares; 2. if relevant laws, regulations and regulatory documents or securities regulatory authorities such as China Securities Regulatory Commission and Shanghai Stock Exchange have other requirements for the lock-up period of shares, the joint venture agrees to adjust the lock-up period of the Above Shares held by it accordingly; 3. the joint venture undertakes to assume all the loss caused to Times Electric and companies under its control and indemnify them for breaches of the above undertakings or relevant laws, regulations and regulatory documents.	Time of undertakings: 28 December 2020 Term: within 12 months from the date of the listing of Times Electric's A Shares	Yes	Yes	-	-

# Section VIII 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
Others	CRCR ZELRI, CRRC Zhuzhou, CRRC Investment & Leasing	CRCR ZELRI, CRRC Zhuzhou, CRRC Investment & Leasing	<p>CRCR ZELRI, CRRC Zhuzhou and CRRC Investment &amp; Leasing have given the following undertakings in respect of intention of shareholding reduction: 1. the company will implement the relevant share lock-up matters in strict accordance with relevant laws and regulations, regulatory documents, requirements of securities regulatory authorities, and relevant undertakings given by the company;</p> <p>2. after the expiration of the lock-up period, the company will, according to its own needs, reduce its holdings of Times Electric's A Shares through methods such as centralised price bidding, block trade and transfer by agreement in accordance with relevant laws, regulations and regulatory documents in force at that time; 3. if the company reduces its holding of Times Electric's A Shares within two years from the expiration of the lock-up period, the total number of Times Electric's A Shares transferred each year shall not exceed the limit under relevant laws, regulations and regulatory documents in force at that time, and the reduction price shall not be lower than the issue price of the A Shares Issue and Listing of Times Electric. If Times Electric performs ex-right and ex-dividend for dividend payment, bonus issue, conversion of the reserve into share capital, additional issuance, placement etc. after the A Shares Issue and Listing and before the shareholding reduction of the company, the lower limit of the reduction price and the number of shares shall be adjusted accordingly; 4. when the company reduces its holdings in A Shares of Times Electric, it will publish an announcement in respect of the specific reduction plan in accordance with the law, and comply with relevant reduction methods, reduction ratio, reduction price, information disclosure and other requirements in accordance with relevant laws and regulations and regulatory documents such as the Rules Governing the Listing of Stocks on the STAR Market of Shanghai Stock Exchange (Shang Zheng Fa [2019] No. 22), the Several Provisions on Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Management of Listed Companies (China Securities Regulatory Commission Announcement [2017] No. 9) and the Detailed Implementing Rules of the Shanghai Stock Exchange for Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies (Shang Zheng Fa [2017] No. 24), so as to ensure the reduction of Times Electric's A Shares complies with requirements of China Securities Regulatory Commission and Shanghai Stock Exchange; and 5. the company will strictly comply with the above undertakings. If the company reduces its holding of Times Electric's A Shares in breach of the above undertakings, the company will voluntarily turn over the proceeds from the reduction to Times Electric and agree that such proceeds shall belong to Times Electric. If the company fails to hand over the above-mentioned proceeds from irregular shareholding reduction to Times Electric, Times Electric shall have the right to withhold from the cash dividends payable to the company an amount equal to the company's proceeds from irregular shareholding reduction that should be turned over to it.</p>	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-

# Section VIII 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
Others		The Company, CRRC ZELRI and the Company's Directors	<p>The Company, CRRC ZELRI (one of the controlling shareholders) and the Company's Directors (excluding independent non-executive Directors) and senior management have given the following undertakings in respect of A Shares price stabilisation measures:</p> <p><b>I. Conditions for Activation and Cessation of the Share Price Stabilisation Measures</b></p> <p>1. Conditions for Activation of the Share Price Stabilisation Measures</p> <p>During the three years from the date of the A Shares Issue and Listing of the Company, other than as a result of force majeure, the implementation of the share price stabilisation measures by the Company and the relevant entities will be triggered when the daily closing price of the Company's A shares is lower than the publicly disclosed latest audited net assets per share of the Company (after the reference date of the latest audit, should there be any change in the net assets or the total number of shares of the Company as a result of matters such as profit allocation, capitalisation of capital reserve, issue of additional shares and placing, the net assets per share shall be adjusted accordingly, the same hereinafter) for 20 consecutive trading days (except for trading days on which trading of A shares of the Company is suspended for the whole day, the same hereinafter) while the requirements of the relevant laws, regulations and regulatory documents regarding the relevant repurchase and increase of the shareholding in the Company are satisfied.</p> <p>2. Conditions for Cessation of the Share Price Stabilisation Measures</p> <p>Upon satisfaction of the conditions for activation of the share price stabilisation measures, in the event that any of the following circumstances occurs, the formulated or announced share price stabilisation measures shall be terminated, and the share price stabilisation measures which have begun implementation shall be deemed to have been completed without the need for further implementation: ① during or before the implementation of the specific share price stabilisation measures in the undertaking, where the closing price of the Company's A Shares is not lower than the latest audited net asset per share of the Company for five consecutive trading days; ② continued implementation of the share price stabilisation measures will result in non-compliance of the shareholding structure of the Company with the listing conditions under the listing rules of the place(s) where shares of the Company are listed or violation of the relevant prohibitive regulations in force at the time, or the shareholding increase in the Company will trigger the general takeover bid obligations.</p>	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-

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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
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## II. Specific Measures of the Share Price Stabilisation Plan

Upon satisfaction of the conditions for activation of the share price stabilisation measures, depending on the actual circumstances of the Company and the stock market, the share price stabilisation measures may be implemented in the following priority: ① increase of shareholding in A Shares of the Company by the controlling shareholders of the Company; ② repurchase of A Shares by the Company; ③ increase of shareholding in A Shares of the Company by the directors of the Company (excluding independent non-executive Directors, the same hereinafter) and the senior management of the Company.

1. Share Price Stabilisation Measures by the Controlling Shareholders of the Company
  - (1) Where the controlling shareholders increase shareholding in A Shares for the purpose of share price stabilisation, they shall do so in compliance with the provisions of the relevant laws, regulations and regulatory documents, including the Measures for the Administration of Acquisition of Listed Companies 《上市公司收购管理办法》 and the Guidelines on Shareholding Increase by Shareholders and Parties Acting in Concert of Listed Companies 《上市公司股东及其一致行动人增持股份行为指引》, and shall not lead to non-compliance of the shareholding structure of the Company with the listing conditions under the listing rules of the place(s) where the shares of the Company are listed.
  - (2) Should the conditions for activating the share price stabilisation measures arise, the controlling shareholders of the Company shall notify the Company in writing of whether there is a specific plan to increase shareholding in A Shares of the Company within 20 trading days after the conditions for activation of the share price stabilisation measures are triggered, and the Company shall publish announcement(s) in this regard. If there is a specific plan, information such as the quantity of the shareholding in A Shares proposed to be increased, price range, source of capital, method and completion schedule shall be disclosed, and the total amount of proposed increase shall not be less than RMB100 million.



# Section VIII 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
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2. Share Price Stabilisation Measures by the Company
- (1) Where the Company repurchases A Shares for the purpose of A Shares price stabilisation, it shall do so in compliance with the relevant laws, regulations and regulatory documents, including the Administrative Measures for Repurchase of Public Shares by Listed Companies (Trial) (《上市公司回购社会公众股份管理办法(试行)》), the Supplementary Provisions on Share Repurchases by Listed Companies through Centralised Bidding (《關於上市公司以集中競價交易方式回購股份的補充規定》), the Opinions on Supporting Share Repurchase by Listed Companies (《關於支持上市公司回購股份的意見》) and the Detailed Rules for the Implementation of Share Repurchase by Listed Companies on Shanghai Stock Exchange (《上海證券交易所上市公司回購股份實施細則》), and shall not lead to non-compliance of the shareholding structure of the Company with the listing conditions under the listing rules of the place(s) where the shares of the Company are listed.
- (2) If the controlling shareholders fail to notify the aforementioned specific plan for shareholding increase in A Shares as scheduled, or explicitly indicates that there is no plan for shareholding increase in A Shares, the board of directors of the Company will announce whether there is a specific A Shares repurchase plan within 20 trading days after the conditions for activation of the share price stabilisation measures are triggered for the first time. If so, such information as the quantity of A Shares proposed to be repurchased, price range, source of capital, completion schedule, etc. of the shares to be repurchased, and the total amount of such repurchase shall not be less than RMB 100 million. The Company shall implement the share price stabilisation measures after performing the relevant procedures stipulated in relevant laws, regulations and regulatory documents and obtaining the necessary approval.

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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
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3. Share Price Stabilisation Measures by the Directors and Senior Management of the Company
  - (1) Where the Directors and senior management of the Company increase shareholding in A Shares for the purpose of A Shares price stabilisation, they shall do so in compliance with the conditions and requirements of the laws, regulations and regulatory documents, including the Measures for the Administration of Acquisition of Listed Companies 《上市公司收購管理辦法》 and the Rules for the Administration of Shares and Changes in Shares Held by Directors, Supervisors and Senior Management of Listed Companies 《上市公司董事、監事和高級管理人員所持本公司股份及其變動管理規則》, and shall not lead to non-compliance of the shareholding structure of the Company with the listing conditions under the listing rules of the place(s) where the shares of the Company are listed.
  - (2) If the Board of Directors of the Company fails to announce the aforementioned A Shares repurchase plan as scheduled, or the aforementioned A Shares repurchase plan fails to be passed at the Board meeting or the general meeting due to various reasons, subject to compliance with the laws, regulations, the listing rules of the place(s) where shares of the Company are listed and relevant policy requirements, the then Directors and senior management of the Company shall, within 30 trading days (if there are N trading days during which the Directors and senior management are restricted from acquiring and selling A Shares, then the Directors and senior management shall, within 30+N trading days) after the conditions for activation of the A Share price stabilisation measures are triggered or within 10 trading days (if there are N trading days during which the Directors and senior management are restricted from acquiring and selling A Shares, then the Directors and senior management shall, within 10+N trading days) after the aforementioned A Share repurchase plan fails to be passed at the Board meeting or the general meeting, notify the Company in writing of the specific plan for shareholding increase in A Shares, and the Company shall publish announcement(s) on information including but not limited to the quantity of the shareholding in A Shares proposed to be increased, price range and completion schedule. The respective accumulated amount for shareholding increase by Directors and senior management shall not be less than 10% of their total remuneration (after tax) received from the Company in the previous year.

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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
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- (3) The Directors and senior management personnel newly appointed by the Company within three years from the date of the A Shares Issue and Listing shall perform relevant obligations in accordance with the undertakings in respect of share price stabilisation given by the Directors and senior management as to the A Shares issue and Listing.
4. The purpose of the Company's A Shares price stabilisation measures is not for the share price to exceed the net asset per share. Within 120 trading days after the implementation of the A Shares price stabilisation measures, the obligations of the controlling shareholders, the Company, the directors and senior management to increase their shareholdings in A Shares or repurchase will be automatically relieved. Commencing from the 121st trading day after the fulfillment of any discretionary increase or repurchase measures specified in the preceding three paragraphs, if the activation conditions for share price stabilisation measures are triggered again, the controlling shareholders, the Company, the Directors and senior management personnel will activate the next round of specific A Share price stabilisation measures according to the provisions of the preceding paragraphs.
5. The controlling shareholders, the Company, the Directors and senior management shall, when performing their repurchase or shareholding increase obligations of A Shares, fulfill the corresponding information disclosure obligations in accordance with the relevant laws, regulations, the listing rules of the place(s) where shares of the Company are listed and other applicable regulatory provisions, and shall comply with the relevant stipulations such as the regulation of state-owned assets.

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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
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### III. Relevant Restraint Measures

1. Restraint Measures for Violation of the Undertakings by the Controlling Shareholders of the Company

If the specific plan for the increase of shareholding in A Shares by the controlling shareholders of the Company has been announced but cannot be actually implemented due to subjective reasons, the Company shall withhold the cash dividends payable to the controlling shareholders in the amount equal to shareholding increase obligations of A Shares of such controlling shareholders, until the controlling shareholders have fulfilled their obligations for shareholding increase in A Shares. At the same time, the A Shares of the Company held by the controlling shareholders shall not be transferred until the controlling shareholders have adopted and implemented the corresponding A Shares price stabilisation measures in accordance with the provisions of the undertakings.
2. Restraint Measures for Violation of the Undertakings by the Company

If the Company has announced the A Shares repurchase plan of the Company but fails to actually implement it due to subjective reasons, the Company shall bear corresponding responsibilities according to the relevant laws, administrative regulations, departmental rules and regulations as well as the provisions of the listing rules of the place(s) where shares of the Company are listed and the requirements of regulatory authorities.
3. Restraint Measures for Violation of the Undertakings by the Directors and Senior Management of the Company

If the Directors and senior management of the Company fail to fulfil their obligations to increase their shareholdings in A Shares as agreed in the undertakings due to subjective reasons during their tenure, the Company shall freeze 30% of the monthly salary and cash dividends (if any) of the relevant personnel from the month when they fail to fulfil their agreed obligations and the accumulated frozen amount shall equal the amount payable to fulfil their obligations to increase their shareholdings in A Shares, until the relevant Directors and senior management have implemented and completed the corresponding share price stabilisation measures stipulated under the undertakings.

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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
			<p>4. If the controlling shareholders, the Company, the Directors and senior management cannot fulfill their obligations of shareholding increase in A Shares or share repurchase within a certain period of time due to the minimum shareholding ratio of A Shares by public shareholders stipulated in the securities regulatory regulations such as the listing rules of the place(s) where the Company's shares are listed or other relevant prohibitive regulations, the relevant responsible subjects may be exempted from the aforementioned restraint measures, but other measures shall be actively taken to stabilise the price of the A Shares.</p>					
Others		The Company	<p><b>The Company's Measures and Undertakings in respect of Share Repurchase and Share Buy-back</b></p> <p>The issuer has given the following undertakings in respect of share repurchase and share buy-back:</p> <ol style="list-style-type: none"> <li>1. The Company undertakes that there are no false records, misleading statements or material omissions in the prospectus and other information disclosure materials of the issuance, and shall bear corresponding legal responsibilities for its authenticity, accuracy and completeness.</li> <li>2. In case of false records, misleading statements or material omissions in the prospectus and other information disclosure materials, or fraudulence in seeking approval on an originally unqualified IPO application which results in losses to shareholders and social public investors in trading securities of the Company, the Company shall bear civil compensation liabilities and compensate shareholders and social public investors for losses in accordance with the provisions of relevant laws, regulations and regulatory documents based on the final decision or effective judgment of the CSRC or the people's court and other competent departments.</li> <li>3. Where the CSRC, Shanghai Stock Exchange or other competent departments determine that the information of the prospectus and other information disclosure materials contains any false records, misleading statements or material omissions which have a significant and substantial impact on judging whether the Company meets the issuance and listing conditions stipulated in laws, regulations and regulatory documents, the Company undertakes to repurchase all the A Shares issued under the issuance in the manners set out below:</li> </ol>	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-

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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
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- (1) To the extent as permitted by law, if the above-mentioned circumstances occur during the period when the A Shares under the issuance have been issued but yet to be listed, the Company shall repurchase all the A Shares issued by the Company from online successful subscribers and offline placement participants at the issue price plus the interest accrued thereon at the current bank deposit rate within 5 business days from the date on which the CSRC, Shanghai Stock Exchange or other competent departments determine that the above-mentioned circumstances have occurred to the Company.
- (2) To the extent as permitted by law, if the above-mentioned circumstances occur after the A Shares have been issued and listed, the Board of directors of the Company shall initiate the procedures for share repurchase within 10 business days from the date on which the CSRC, Shanghai Stock Exchange or other competent departments determine that the above-mentioned circumstances have occurred to the Company, to repurchase all the A Shares issued by the Company in accordance with the applicable laws, regulations, regulatory documents and the articles of association of the Company, at a price not lower than the issue price plus the interest accrued thereon at the current bank deposit rate during the relevant period from the date of issuance to the date of repurchase or other prices recognised by the CSRC (such prices shall be adjusted accordingly in case of ex-right and ex-dividend such as dividends, payout, bonus issue, transfer of capital reserve fund to share capital and rights issue).  
  
In the event that the aforesaid undertakings fail to be fulfilled, explicitly cannot be fulfilled or cannot be fulfilled on schedule, the Company shall publicly explain the specific reasons for such failure in the media designated by the CSRC, and apologise to shareholders and public investors. Shareholders and public investors shall have the right to require the Company to fulfill its undertakings through legal channels. If the Company fails to fulfill its undertakings and thus causes losses to shareholders and public investors, the Company shall make compensations according to law.

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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
Others	Others	CRRCL ZEIRI	<p>CRRCL ZEIRI has given the following undertakings in respect of share repurchase and share buy-back:</p> <ol style="list-style-type: none"> <li>There are no false records, misleading statements or material omissions in the prospectus and other information disclosure materials of the Issuance of Times Electric, and the company shall bear corresponding legal responsibilities for its authenticity, accuracy and completeness.</li> <li>In case of false records, misleading statements or material omissions in the prospectus and other information disclosure materials of Times Electric, or fraudulence in seeking approval on an originally unqualified IPO application which results in losses to other shareholders and social public investors in trading securities of Times Electric, the company shall bear civil compensation liabilities and compensate other shareholders and social public investors for losses in accordance with the provisions of relevant laws, regulations and regulatory documents based on the final decision or effective judgment of the CSRC or the people's court and other competent departments.</li> <li>Where the CSRC, Shanghai Stock Exchange or other competent departments determine that the information of the prospectus and other information disclosure materials of Times Electric contains any false records, misleading statements or material omissions which have a significant and substantial impact on judging whether Times Electric meets the issuance and listing conditions stipulated in laws, regulations and regulatory documents, the company shall use its controlling shareholder status to urge Times Electric to repurchase all A Shares of Times Electric under the issuance in accordance with the law.</li> </ol> <p>In the event that the aforesaid undertakings fail to be fulfilled, explicitly cannot be fulfilled or cannot be fulfilled on schedule, the company shall publicly explain the specific reasons for such failure in the media designated by the CSRC, and apologise to other shareholders of Times Electric and public investors. Other shareholders of Times Electric and public investors shall have the right to require the company to fulfill its undertakings through legal channels. If the company fails to fulfill its undertakings and thus causes losses to other shareholders of Times Electric and public investors, the company shall make compensations according to law.</p>	Time of undertakings: 28 December 2020 Term: long-term effective	Yes	Yes	-	-

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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
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Others	Others	CRCR Group	<p>CRCR Group has given the following undertakings in respect of share repurchase and share buy-back:</p> <ol style="list-style-type: none"> <li>There are no false records, misleading statements or material omissions in the prospectus and other information disclosure materials of the Issuance of Times Electric, and the group shall bear corresponding legal responsibilities for its authenticity, accuracy and completeness.</li> <li>In case of false records, misleading statements or material omissions in the prospectus and other information disclosure materials of Times Electric, or fraudulence in seeking approval on an originally unqualified IPO application which results in losses to shareholders of Times Electric and social public investors in trading securities of Times Electric, the group shall bear civil compensation liabilities and compensate shareholders of Times Electric and social public investors for losses in accordance with the provisions of relevant laws, regulations and regulatory documents based on the final decision or effective judgment of the CSRC or the people's court and other competent departments.</li> <li>Where the CSRC, Shanghai Stock Exchange or other competent departments determine that the information of the prospectus and other information disclosure materials of Times Electric contains any false records, misleading statements or material omissions which have a significant and substantial impact on judging whether Times Electric meets the issuance and listing conditions stipulated in laws, regulations and regulatory documents, the group will urge Times Electric to repurchase all A Shares of Times Electric under the Issuance in accordance with the law.</li> </ol> <p>In the event that the aforesaid undertakings fail to be fulfilled, explicitly cannot be fulfilled or cannot be fulfilled on schedule, the group shall publicly explain the specific reasons for such failure in the media designated by the CSRC, and apologise to shareholders of Times Electric and public investors. Shareholders of Times Electric and public investors shall have the right to require the group to fulfill its undertakings through legal channels. If the group fails to fulfill its undertakings and thus causes losses to shareholders of Times Electric and public investors, the group shall make compensations according to law.</p>	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-
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# Section VIII 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
Others		The Company	<p>The Company has given the following undertakings in respect of no-fraud in the issuance and listing.</p> <ol style="list-style-type: none"> <li>1. The Company guarantees that there is no fraud in the issuance.</li> <li>2. In the event that the Company does not meet the issuance and listing conditions, seeks approval on an originally unqualified IPO application and has completed issuance and listing, the Company shall initiate the share repurchase procedure within 5 business days after confirmation by the China Securities Regulatory Commission and other competent departments to repurchase all the new shares under the public offering of the Company.</li> </ol>	<p>Time of undertakings: 28 December 2020 Term: long-term effective</p>	Yes	Yes	-	-
Others		CRRC ZELRI	<p>CRRC ZELRI has given the following undertakings in respect of no-fraud in the issuance and listing.</p> <ol style="list-style-type: none"> <li>1. The company guarantees that there is no fraud in the issuance of Times Electric.</li> <li>2. In the event that Times Electric does not meet the issuance and listing conditions, seeks approval on an originally unqualified IPO application and has completed issuance and listing, the company shall initiate the share repurchase procedure within 5 business days after confirmation by the China Securities Regulatory Commission and other competent departments to repurchase all the new shares under the public offering of Times Electric.</li> </ol>	<p>Time of undertakings: 28 December 2020 Term: long-term effective</p>	Yes	Yes	-	-
Others		CRRC Group	<p>CRRC Group has given the following undertakings in respect of no-fraud in the issuance and listing.</p> <ol style="list-style-type: none"> <li>1. The group guarantees that there is no fraud in the issuance of Times Electric.</li> <li>2. In the event that Times Electric does not meet the issuance and listing conditions, seeks approval on an originally unqualified IPO application and has completed issuance and listing, the group shall initiate the share repurchase procedure within 5 business days after confirmation by the China Securities Regulatory Commission and other competent departments to repurchase all the new shares under the public offering of Times Electric.</li> </ol>	<p>Time of undertakings: 28 December 2020 Term: long-term effective</p>	Yes	Yes	-	-

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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
	Others	The Company	The Company has given the following undertaking in respect of remedial measures for dilution of immediate returns as a result of the issue and listing: the Company undertakes that it will adopt measures after the A Shares issue and listing to continuously strengthen technological research and development and product innovation, improve operation and management efficiency, strengthen management over the raised proceeds, reinforce investor return mechanism, increase sales revenue and future yields and enhance shareholder returns, so as to remedy the dilution of immediate returns due to the A Shares issue and Listing.	Time of undertakings: 28 December 2020 Term: long-term effective	Yes	Yes	-	-
	Others	CRRC ZELRI	CRRC ZELRI has given the following undertakings on the remedial measures for dilution of immediate returns in respect of the Issue and Listing: 1. The company will strictly implement various laws, regulations and rules on the governance of listed companies to protect the interests of Times Electric and the public shareholders, and will not overstep their authority to interfere with the operation and management activities of Times Electric. 2. The company undertakes not to encroach on the interests of Times Electric in any way, and will abide by relevant laws and regulations and regulatory documents. 3. The company undertakes to strictly perform the above undertakings given by it. If the company has violated the undertakings or refuse to perform the undertakings, the company will perform explanation, apology and other corresponding obligations in accordance with the Guidance on Matters Related to Dilution of Immediate Returns as a result of Initial Issue, Refinancing and Major Asset Reorganisation (《關於首次及再融資、重大資產重組籌備期間回報關事項的指導意見》) and other relevant regulations, and agrees to the regulatory measures or self-discipline regulatory measures made by China Securities Regulatory Commission, Shanghai Stock Exchange and China Association for Public Companies in accordance with the law. If losses are caused to Times Electric or other shareholders of Times Electric, the company is willing to be liable for corresponding compensation liabilities according to law.	Time of undertakings: 28 December 2020 Term: long-term effective	Yes	Yes	-	-

# Section VIII 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
	Others	CRRC Group	<p>CRRC Group has given the following undertakings on the remedial measures for dilution of immediate returns in respect of the Issue and Listing:</p> <ol style="list-style-type: none"> <li>The group will strictly implement various laws, regulations and rules on the governance of listed companies to protect the interests of Times Electric and the public shareholders, and will not overstep their authority to interfere with the operation and management activities of Times Electric.</li> <li>The group undertakes not to encroach on the interests of Times Electric in any way, and will abide by relevant laws and regulations and regulatory documents.</li> <li>The group undertakes to strictly perform the above undertakings given by it. If the group has violated the undertakings or refuse to perform the undertakings, the group will perform explanation, apology and other corresponding obligations in accordance with the Guidance on Matters Related to Dilution of Immediate Returns as a result of Initial Issue, Refinancing and Major Asset Reorganisation (《關於首次及再融資、重大資產重組籌期回報有關事項的指導意見》) and other relevant regulations, and agrees to the regulatory measures or self-discipline regulatory measures made by China Securities Regulatory Commission, Shanghai Stock Exchange and China Association for Public Companies in accordance with the law. If losses are caused to Times Electric or shareholders of Times Electric, the group is willing to be liable for corresponding compensation liabilities according to law.</li> </ol>	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-

# Section VIII 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
Others		The Directors and senior management of the Company	<p>The Directors and senior management of the Company have given the following undertakings on the remedial measures for dilution of immediate returns in respect of the Issue and Listing:</p> <ol style="list-style-type: none"> <li>undertake not to transfer benefits to other units or individuals free of charge or under unfair conditions, and not to damage the Company's interests by other means;</li> <li>undertake to restrict the post consumption behaviour of directors and senior management;</li> <li>undertake not to appropriate the Company's assets to engage in investment and consumption activities unrelated to the performance of their duties;</li> <li>undertake to actively promote the improvement of the Company's salary system and render it more in line with the requirements of remedies for dilution of immediate returns; support the linkage between the remuneration system and the implementation of the Company's remedial measures for dilution of immediate returns as formulated by the Board of directors or the remuneration committee, and strictly abide by such systems;</li> <li>undertake to actively support the linkage between the exercise conditions of equity incentive and the implementation of the Company's remedial measures for dilution of immediate returns in case that the Company establishes an equity incentive plan (if any);</li> <li>I will strictly abide by the remedial measures formulated by the Company, and will actively take all necessary and reasonable measures to urge the implementation of the remedial measures formulated by the Company within the scope of my authority according to the relevant regulations issued by the CSRC, the Shanghai Stock Exchange and other regulatory agencies in the future;</li> <li>after the date of issue of these undertakings and before the completion of the A Shares Issue and Listing, if the CSRC or the Shanghai Stock Exchange separately promulgate new regulatory provisions on the remedial measures for dilution of immediate returns and the undertakings thereof, and if the above undertakings cannot meet the requirements of the CSRC or the Shanghai Stock Exchange, I promise to issue supplementary undertaking(s) in accordance with the provisions of the CSRC or the Shanghai Stock Exchange.</li> </ol>	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-

# Section VIII 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
	Profit distribution	The Company	<p>The Company has given 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 Zhuzhou CRRC Times Electric Co., Ltd., and Three-year Distribution Plan for Shareholders after the Initial Public Issue and Listing of A Shares on the Science and Technology Innovation Board of Zhuzhou CRRC Times Electric Co., Ltd., 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.</p>	<p>Time of undertakings: 28 December 2020 Term: long-term effective</p>	Yes	Yes	-	-
	Others	The Company	<p>The Company has given the following undertakings in respect of compensation under the law or compensation liabilities:</p> <ol style="list-style-type: none"> <li>There are no false records, misleading statements or material omissions in the contents contained in the prospectus and other information disclosure materials, and the Company shall bear corresponding legal responsibilities for the authenticity, accuracy and completeness of the contents contained in the prospectus and other information disclosure materials.</li> <li>In case of false records, misleading statements or material omissions in the contents contained in the prospectus and other information disclosure materials, which results in losses to investors in the issue and trading of securities, the Company shall bear civil compensation liabilities and compensate investors for losses in accordance with the provisions of relevant laws and regulations. The amount of the compensation for such losses shall be limited to the direct losses actually incurred by the investors. The specific compensation standard, scope of compensation subject, amount of compensation and other details shall be determined according to the final compensation scheme or the way or amount determined by the China Securities Regulatory Commission, Shanghai Stock Exchange or judicial authorities when the above situations actually occur.</li> <li>Where there were discrepancies in the requirements among the laws, regulations, regulatory documents, the China Securities Regulatory Commission or the Shanghai Stock Exchange in respect of the related liabilities and consequences liable for as a result of breach of the above undertakings by the Company, the Company shall voluntarily and unconditionally abide by such requirements.</li> </ol>	<p>Time of undertakings: 28 December 2020 Term: long-term effective</p>	Yes	Yes	-	-

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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
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Others		CRRCL ZELRI	<p>CRRCL ZELRI has given the following undertakings in respect of compensation under the law or compensation liabilities:</p> <ol style="list-style-type: none"> <li>There are no false records, misleading statements or material omissions in the contents contained in the prospectus and other information disclosure materials, and CRRCL ZELRI shall bear corresponding legal responsibilities for the authenticity, accuracy and completeness of the contents contained in the prospectus and other information disclosure materials.</li> <li>In case of false records, misleading statements or material omissions in the contents contained in the prospectus and other information disclosure materials, which results in losses to investors in the issue and trading of securities, the company shall bear civil compensation liabilities and compensate investors for losses in accordance with the provisions of relevant laws and regulations. The amount of the compensation for such losses shall be limited to the direct losses actually incurred by the investors. The specific compensation standard, scope of compensation subject, amount of compensation and other details shall be determined according to the final compensation scheme or the way or amount determined by the China Securities Regulatory Commission, Shanghai Stock Exchange or judicial authorities when the above situations actually occur.</li> <li>Where there were discrepancies in the requirements among the laws, regulations, regulatory documents, the China Securities Regulatory Commission or the Shanghai Stock Exchange in respect of the related liabilities and consequences liable for as a result of breach of the above undertakings by the company, the company shall voluntarily and unconditionally abide by such requirements.</li> </ol>	<p>Time of undertakings: 28 December 2020 Term: long-term effective</p>	Yes	Yes	-	-
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# Section VIII 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
Others	Others	CRRC Group	<p>CRRC Group has given the following undertakings in respect of compensation under the law or compensation liabilities:</p> <ol style="list-style-type: none"> <li>There are no false records, misleading statements or material omissions in the contents contained in the prospectus and other information disclosure materials, and CRRC Group shall bear corresponding legal responsibilities for the authenticity, accuracy and completeness of the contents contained in the prospectus and other information disclosure materials.</li> <li>In case of false records, misleading statements or material omissions in the contents contained in the prospectus and other information disclosure materials, which results in losses to investors in the issue and trading of securities, the group shall bear civil compensation liabilities and compensate investors for losses in accordance with the provisions of relevant laws and regulations. The amount of the compensation for such losses shall be limited to the direct losses actually incurred by the investors. The specific compensation standard, scope of compensation subject, amount of compensation and other details shall be determined according to the final compensation scheme or the way or amount determined by the China Securities Regulatory Commission, Shanghai Stock Exchange or judicial authorities when the above situations actually occur.</li> <li>Where there were discrepancies in the requirements among the laws, regulations, regulatory documents, the China Securities Regulatory Commission or the Shanghai Stock Exchange in respect of the related liabilities and consequences liable for as a result of breach of the above undertakings by the group, the group shall voluntarily and unconditionally abide by such requirements.</li> </ol>	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-

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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
Others		Directors, supervisors and senior management of the Company	<p>The Directors, supervisors and senior management of the Company have given the following undertakings in respect of compensation under the law or compensation liabilities:</p> <ol style="list-style-type: none"> <li>There are no false records, misleading statements or material omissions in the contents contained in the prospectus and other information disclosure materials, and I shall bear corresponding legal responsibilities for the authenticity, accuracy and completeness of the contents contained in the prospectus.</li> <li>In case of false records, misleading statements or material omissions in the contents contained in the prospectus and other information disclosure materials, which results in losses to investors in the issue and trading of securities, I shall bear civil compensation liabilities and compensate investors for losses in accordance with the provisions of relevant laws and regulations. The amount of the compensation for such losses shall be limited to the direct losses actually incurred by the investors. The specific compensation standard, scope of compensation subject, amount of compensation and other details shall be determined according to the final compensation scheme or the way or amount determined by the China Securities Regulatory Commission, Shanghai Stock Exchange or judicial authorities when the above situations actually occur.</li> <li>Where there were discrepancies in the requirements among the laws, regulations, regulatory documents, the CSRC or stock exchanges in respect of the related liabilities and consequences liable for as a result of breach of the above undertakings by me, I shall voluntarily and unconditionally abide by such requirements.</li> </ol>	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-



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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
Others	The Company	The Company	<p>The Company agrees to take the following restrictive measures in case that it fails to fulfill the relevant public undertakings:</p> <ol style="list-style-type: none"> <li>Where the relevant undertakings made publicly by the Company in the prospectus already contain restrictive measures, such restrictive measures specified in the undertakings shall prevail. If the Company violates such undertakings, the Company agrees to take the restrictive measures already specified in the undertakings.</li> <li>Where the relevant undertakings made publicly by the Company in the prospectus do not contain restrictive measures and the Company fails to fully or effectively fulfill such undertakings due to reasons other than force majeure, it agrees to adopt the following restrictive measures: <ol style="list-style-type: none"> <li>The Company shall publicly explain the specific reasons for failure to fulfill its undertakings and apologise to shareholders and social public investors on newspapers designated by the general meeting, the Shanghai Stock Exchange and China Securities Regulatory Commission;</li> <li>The Company shall assume corresponding responsibilities in accordance with the provisions of relevant laws and regulations and the requirements of regulatory authorities;</li> <li>If shareholders and social public investors suffer losses in securities trading due to the Company's failure to fulfill the above undertakings, the Company shall compensate shareholders and social public investors for the losses according to law;</li> <li>The Company shall not raise the salary or allowance in any form to the Directors, supervisors and senior management personnel who are personally responsible for the Company's failure to fulfill relevant undertakings until the Company has completely eliminated the adverse effects caused by the failure to fulfill relevant undertakings;</li> <li>Other measures available for adoption according to the then prevailing regulations.</li> </ol> </li> </ol>	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-

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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
Others		CRRCC ZELRI	<p>CRRCC ZELRI agrees to take the following restrictive measures in case that it fails to fulfill the relevant public undertakings:</p> <ol style="list-style-type: none"> <li>Where the relevant undertakings made publicly by the company in the prospectus already contain restrictive measures, such restrictive measures specified in the undertakings shall prevail. If the company violates such undertakings, the company agrees to take the restrictive measures already specified in the undertakings.</li> <li>Where the relevant undertakings made publicly by the company in the prospectus do not contain restrictive measures and the company fails to fully or effectively fulfill such undertakings due to reasons other than force majeure, it agrees to adopt the following restrictive measures:               <ol style="list-style-type: none"> <li>The company shall publicly explain the specific reasons for failure to fulfill its undertakings and apologise to other shareholders of Times Electric and social public investors on newspapers designated by the Shanghai Stock Exchange and China Securities Regulatory Commission;</li> <li>The company shall assume corresponding responsibilities in accordance with the provisions of relevant laws and regulations and the requirements of regulatory authorities;</li> <li>If other shareholders of Times Electric and social public investors suffer losses in securities trading due to the company's failure to fulfill the above undertakings, the company shall compensate other shareholders of Times Electric and social public investors for the losses according to law;</li> <li>Other measures available for adoption according to the then prevailing regulations.</li> </ol> </li> </ol>	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-

# Section VIII Significant Events

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Others	Others	CRRCC Group	<p>CRRCC Group agrees to take the following restrictive measures in case that it fails to fulfill the relevant public undertakings:</p> <ol style="list-style-type: none"> <li>Where the relevant undertakings made publicly by the group in the prospectus already contain restrictive measures, such restrictive measures specified in the undertakings shall prevail. If the group violates such undertakings, the group agrees to take the restrictive measures already specified in the undertakings.</li> <li>Where the relevant undertakings made publicly by the group in the prospectus do not contain restrictive measures and the group fails to fully or effectively fulfill such undertakings due to reasons other than force majeure, it agrees to adopt the following restrictive measures:               <ol style="list-style-type: none"> <li>The group shall publicly explain the specific reasons for failure to fulfill its undertakings and apologise to shareholders of Times Electric and social public investors on newspapers designated by the Shanghai Stock Exchange and China Securities Regulatory Commission;</li> <li>The group shall assume corresponding responsibilities in accordance with the provisions of relevant laws and regulations and the requirements of regulatory authorities;</li> <li>If shareholders of Times Electric and social public investors suffer losses in securities trading due to the group's failure to fulfill the above undertakings, the group shall compensate shareholders of Times Electric and social public investors for the losses according to law;</li> <li>Other measures available for adoption according to the then prevailing regulations.</li> </ol> </li> </ol>	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-

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Others	Others	Directors, supervisors and senior management of the Company	<p>The Directors, supervisors and senior management of the Company agree to take the following restrictive measures in case that it fails to fulfill the relevant public undertakings</p> <ol style="list-style-type: none"> <li>Where the relevant undertakings made publicly by me in the prospectus already contain restrictive measures, such restrictive measures specified in the undertakings shall prevail. If I violate such undertakings, I agree to take the restrictive measures already specified in the undertakings.</li> <li>Where the relevant undertakings made publicly by me in the prospectus do not contain restrictive measures and I fail to fully or effectively fulfill such undertakings due to reasons other than force majeure, I agree to adopt the following restrictive measures: <ol style="list-style-type: none"> <li>I shall publicly explain the specific reasons for failure to fulfill its undertakings and apologise to shareholders and social public investors on newspapers designated by the general meeting, the Shanghai Stock Exchange and China Securities Regulatory Commission;</li> <li>I shall assume corresponding responsibilities in accordance with the provisions of relevant laws and regulations and the requirements of regulatory authorities;</li> <li>If shareholders and social public investors suffer losses in securities trading due to my failure to fulfill the above undertakings, I shall compensate shareholders and social public investors for the losses according to law;</li> <li>If I receive the salary from Times Electric, I agree that Times Electric can stop paying the salary to me and use it directly to perform my unfulfilled undertakings or to compensate for the loss caused to Times Electric and its shareholders by my unfulfilled undertakings;</li> <li>Other measures available for adoption according to the then prevailing regulations.</li> </ol> </li> </ol>	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-

# Section VIII 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
Others		CRRCC ZEERI	<p>CRRCC ZEERI has given the following undertakings in respect of avoiding appropriation of funds:</p> <ol style="list-style-type: none"> <li>As of the date of the letter of undertakings, the company and the companies under its control (excluding Times Electric and companies under the control of Times Electric) have not appropriated the funds of Times Electric and companies under its control for non-operating purposes.</li> <li>The company undertakes that from the date of the undertakings, the company and companies under its control will not appropriate the funds of Times Electric and companies under the control of Times Electric through borrowing, debt repayment (on their behalf), advance payment or any other means, and will strictly abide by the relevant provisions of laws and regulations on the corporate governance of listed companies to avoid capital transactions with Times Electric and companies under its control that are not related to normal production and operation. Times Electric shall not be required to provide any form of guarantee in violation of regulations to the company and companies under its control.</li> <li>The company undertakes that if the company violates the above undertakings which prejudice the interests of Times Electric or other shareholders of Times Electric, the company is willing to assume all the responsibilities arising therefrom, and fully indemnify or compensate Times Electric or other shareholders of Times Electric for actual losses caused to them.</li> </ol>	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-

# Section VIII 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
Others	Others	CRRC Group	<p>CRRC Group has given the following undertakings in respect of avoiding appropriation of funds:</p> <ol style="list-style-type: none"> <li>As of the date of the letter of undertakings, the group and the companies under its control (excluding Times Electric and companies under the control of Times Electric) have not appropriated the funds of Times Electric and companies under its control for non-operating purposes.</li> <li>The group undertakes that from the date of the undertakings, the group and companies under its control will not appropriate the funds of Times Electric and companies under the control of Times Electric through borrowing, debt repayment (on their behalf), advance payment or any other means, and will strictly abide by the relevant provisions of laws and regulations on the corporate governance of listed companies to avoid capital transactions with Times Electric and companies under its control that are not related to normal production and operation. Times Electric shall not be required to provide any form of guarantee in violation of regulations to the group and companies under its control.</li> <li>The group undertakes that if the group violates the above undertakings which prejudice the interests of Times Electric or its shareholders, the group is willing to assume all the responsibilities arising therefrom, and fully indemnify or compensate Times Electric or its shareholders for actual losses caused to them.</li> </ol>	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-

# Section VIII 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
	Related Party Transactions	CRRCC ZEIRI	<p>CRRCC ZEIRI has given the undertakings in respect of regulating related party transactions, details of which are as follows:</p> <ol style="list-style-type: none"> <li>The company and companies under its control (excluding Times Electric and companies under its control, the same hereinafter) shall try their best to avoid unnecessary related party transactions with Times Electric and companies under its control.</li> <li>For the unavoidable related party transactions related to the business activities of Times Electric and companies under its control, the company and companies under its control will strictly abide by the relevant requirements of laws and regulations and regulatory documents on related party transactions, and will conduct transactions with Times Electric and companies under its control at fair prices based on the principles of equality and mutual benefit, good faith, compensation of equal value, and fairness and reasonableness, so as to ensure that the legitimate rights and interests of Times Electric and other shareholders of Times Electric will not be harmed, and the profits of Times Electric will not be transferred through related party transactions, and that the legitimate rights and interests of Times Electric and other shareholders of Times Electric will not be impaired by exerting influence on the business decisions of Times Electric.</li> <li>The company will not take advantage of its controlling shareholder status to seek any favorable conditions or benefits over independent third parties for the company and companies under its control from Times Electric and companies under its control in terms of business operations and other aspects.</li> <li>The company undertakes to indemnify Times Electric and companies under its control against all actual loss, damage and expenses suffered/occurred for breach by the company and companies under its control of any clause of the undertakings, and to bear the corresponding liabilities in accordance with the law.</li> </ol>	<p>Time of undertakings: 28 December 2020</p> <p>Term: long-term effective</p>	Yes	Yes	-	-

# Section VIII 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
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Related Party Transactions	CRRCC Group	CRRCC Group	<p>CRRCC Group has given the undertakings in respect of regulating related party transactions, details of which are as follows:</p> <ol style="list-style-type: none"> <li>The group and companies under its control (excluding Times Electric and companies under its control, the same hereinafter) shall try their best to avoid unnecessary related party transactions with Times Electric and companies under its control.</li> <li>For the unavoidable related party transactions related to the business activities of Times Electric and companies under its control, the group and companies under its control will strictly abide by the relevant requirements of laws and regulations and regulatory documents on related party transactions, and will conduct transactions with Times Electric and companies under its control at fair prices based on the principles of equality and mutual benefit, good faith, compensation of equal value, and fairness and reasonableness, so as to ensure that the legitimate rights and interests of Times Electric and its shareholders will not be harmed, and the profits of Times Electric will not be transferred through related party transactions, and that the legitimate rights and interests of Times Electric and its shareholders will not be impaired by exerting influence on the business decisions of Times Electric.</li> <li>The group will not take advantage of its significant influence on Times Electric to seek any favorable conditions or benefits over independent third parties for the group and companies under its control from Times Electric and companies under its control in terms of business operations and other aspects.</li> <li>The group undertakes to indemnify Times Electric and companies under its control against all actual loss, damage and expenses suffered/occurred for breach by the group and companies under its control of any clause of the undertakings, and to bear the corresponding liabilities in accordance with the law.</li> </ol>	Time of undertakings: 28 December 2020 Term: long-term effective	Yes	Yes	-	-
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# Section VIII 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
	Non-competition undertakings	CRRCC Group	<p>CRRCC Group has given the undertakings in respect of non-competition, details of which are as follows:</p> <p>1. The group is a wholly state-owned company established on the basis of former China Northern Locomotive &amp; Rolling Stock Industry (Group) Corporation (中國北方機車車輛工業集團公司) merging former CSR Group (中國南車集團公司). There is certain business overlapping between the holding company of former China Northern Locomotive &amp; Rolling Stock Industry (Group) Corporation and Times Electric (including its subsidiaries, the same hereinafter). After the completion of the merger, there are certain business overlapping between other enterprises controlled by the group and Times Electric.</p> <p>2. At present, in the fields of traction converter systems, power supply systems, communication signal systems, rail engineering machinery and electronic components, other enterprises controlled by the group have certain businesses competing with Times Electric. There is no unfair competition, transfer of benefits, mutual or unilateral transfer of business opportunities between these enterprises and Times Electric, and nor is there competition that has a significant adverse impact on Times Electric. The group will strengthen the supervision and coordination of the aforesaid businesses competing with Times Electric, so as to avoid such competing businesses from having a material adverse impact on the businesses of Times Electric. In the field of vacuum sanitation systems, other enterprises controlled by the group have certain businesses competing with Times Electric. Times Electric, in combination with its own business development, has decided to stop the production of all vacuum sanitation system products after completing all sales contracts related to vacuum sanitation systems that are currently in effect, and will no longer sign any new sales contracts related to vacuum sanitation systems, nor will it explore new business opportunities in the field of vacuum sanitation systems or carry out this business in the future.</p>	<p>Time of undertakings: 28 December 2020</p> <p>Term: the letter of undertakings takes effect from the date of issuance, and will continue to be effective during the period when CRRCC Group is the indirect controlling shareholder of Times Electric and the A Shares of Times Electric continue to be listed and traded on the Sci-Tech Innovation Board.</p>	Yes	Yes	-	-

# Section VIII 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	
			<p>3. Except for the above circumstances, the group and other enterprises controlled by it are not currently engaged in any business that competes with the principal operating activities of Times Electric.</p> <p>4. In the future, the group will not take advantage of its status as the indirect controlling shareholder of Times Electric to carry out business activities that prejudice the interests of Times Electric and its shareholders, and will take legal and effective measures to prevent the group and other enterprises controlled by the group from creating competition with Times Electric.</p> <p>5. If the group or other enterprises controlled by it violate the above undertakings causing Times Electric to suffer any economic losses, the group undertakes to be liable for compensation of the actual economic losses of Times Electric.</p> <p>6. The letter of undertakings takes effect from the date of issuance, and will continue to be effective during the period when the group is the indirect controlling shareholder of Times Electric and the A Shares of Times Electric continue to be listed and traded on the Sci-Tech Innovation Board</p>						
Non-competition undertakings	CRC ZEIRI		<p>CRC ZEIRI has given the undertakings in respect of non-competition, details of which are as follows:</p> <p>1. As of the date of the letter of undertakings, the company and companies under its control (excluding Times Electric and companies under its control, the same hereinafter) have not directly or indirectly engaged in any business or activity that competes with the principal activities of Times Electric and companies under its control within or outside China.</p> <p>2. The company and companies under its control will continue not to directly or indirectly engage in any business or activity that competes with the principal activities of Times Electric and companies under its control within and outside China in the future.</p>	<p>Time of undertakings: 28 December 2020</p> <p>Term: the letter of undertakings takes effect from the date of issuance, and will continue to be effective during the period when CRC ZEIRI is the direct controlling shareholder of Times Electric and the A Shares of Times Electric continue to be listed and traded on the Sci-Tech Innovation Board.</p>	Yes	Yes			

# Section VIII 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
			<p>3. If the company or companies under its control identify any new business opportunity that competes or is likely to compete with the principal activities of Times Electric and companies under its control, it will immediately notify Times Electric in writing and try its best to procure that these business opportunities are first provided to Times Electric and companies under its control on reasonable and fair terms and conditions, so as to ultimately exclude the company and companies under its control from participating in the actual management or obtaining operation right of assets/equity/business involved in these business opportunities, thereby avoiding the competition with the principal activities engaged by Times Electric and companies under its control.</p> <p>4. If the company or companies under its control violate the above undertakings causing Times Electric to suffer any economic losses, the company undertakes to be liable for compensation of the actual economic losses of Times Electric.</p> <p>5. The letter of undertakings takes effect from the date of issuance, and will continue to be effective during the period when the company is the direct controlling shareholder of Times Electric and the A Shares of Times Electric continue to be listed and traded on the Sci-Tech Innovation Board.</p>					
Other Undertakings	Non-competition undertakings	CRRC	<p>In respect of the undertaking of non-competition with Zhuzhou CSR Times Electric Co., Ltd., CRRC undertakes that with respect to the operations of CRRC that compete with the operations of the Company: (1) CRRC will grant the Company a call option, pursuant to which the Company will be entitled to elect, at its own discretion, when to request CRRC to sell the competing businesses of CRRC to it; (2) CRRC will further grant the Company a pre-emptive right, pursuant to which if CRRC proposes to sell the competing business to an independent third party, CRRC shall offer to the Company the competing business first on the same terms and conditions, and the sale to an independent third party may only be effected after the Company refuses to purchase the competing business; (3) the decision of the Company to exercise the aforesaid call option and the pre-emptive right shall be made by the independent non-executive Directors of the Company; (4) the exercise of the aforesaid call option and the pre-emptive right as well as other effective methods to resolve this competition matter will be subject to the applicable regulatory and disclosure requirements and shareholders' approval at the general meeting in the places of listing of CRRC and the Company respectively; and (5) the non-competition undertaking will be effective from the date of issuance of the letter of undertaking to the time when the Company is delisted or CRRC ceases to be an indirect controlling shareholder of the Company.</p>	Time of undertakings: 5 August 2015 Term: from the date of issuance of the letter of undertaking to the time when the Company is delisted or CRRC ceases to be an indirect controlling shareholder of the Company	Yes	Yes		

# Section VIII Significant Events

(II) The Company's assets or projects involve profit forecast and were still in the profit forecast period during the reporting period, the Company's explanation on whether the assets or projects have met the original profit forecast and the reasons therefor

Reached  Not reached  Not applicable

(III) Completion process of performance commitment and its effect on goodwill impairment test

Applicable  Not applicable

**II. MISAPPROPRIATION OF FUNDS FOR PURPOSES OTHER THAN FOR BUSINESS BY THE CONTROLLING SHAREHOLDER AND OTHER RELATED PARTIES DURING THE REPORTING PERIOD**

Applicable  Not applicable

**III. ILLEGAL GUARANTEES**

Applicable  Not applicable

**IV. EXPLANATION GIVEN BY THE BOARD OF THE COMPANY ON THE "NON STANDARD AUDITOR'S REPORT" ISSUED BY THE AUDITORS**

Applicable  Not applicable

**V. EXPLANATION AND ANALYSIS OF THE COMPANY ON THE REASONS FOR AND EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES OR THE CORRECTION OF MAJOR ACCOUNTING ERRORS**

(1) Explanation and analysis of the Company on the reasons for and effects of the changes in accounting policies and accounting estimates

Applicable  Not applicable

1. For details, please refer to "43. Other Significant Accounting Policies and Accounting Estimates" and "44. Change in Significant Accounting Policies and Accounting Estimates" in the section headed "Financial Report".

(2) Explanation and analysis of the Company on the reasons for and effects of the correction of major accounting errors

Applicable  Not applicable

(3) Communication with former accounting firm

Applicable  Not applicable

(4) Others

Applicable  Not applicable

# Section VIII Significant Events

## VI. APPOINTMENT, DISMISSAL OR CHANGE IN EMPLOYMENT OF AUDITORS

Unit: Yuan Currency: RMB

Current auditors	
Name of domestic Certified Public Accountants	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Total remuneration of domestic Certified Public Accountants	5,200,000
Term of office of domestic Certified Public Accountants	4

	Name	Remuneration
Internal control audit Certified Public Accountants	Deloitte Touche Tohmatsu Certified Public Accountants LLP	600,000
Sponsor	China International Capital Corporation Limited	/

### Explanation on the appointment and dismissal of auditors

Applicable Not applicable

At the 8th meeting of the sixth session of the Board held on 30 March 2021, the Resolution on Appointment of Auditors of the Company for 2021 was considered and approved, and was also subsequently considered and approved at the 2020 annual general meeting of the Company held on 8 June 2021. Pursuant to the above resolution, the Company reappointed Deloitte Touche Tohmatsu Certified Public Accountants LLP as the auditors of the Company for 2021.

### Explanation on the change in the employment of auditors during the audit period

Applicable Not applicable

## VII. RISK FOR FACING DESISTING

### (1) Reasons leading to the risk warning of delisting

Applicable Not applicable

### (2) The response measures intended to be taken

Applicable Not applicable

### (3) The situation and reasons for facing desisting

Applicable Not applicable

## VIII. MATTERS RELEVANT TO WINDING UP AND SCHEME OF ARRANGEMENT

Applicable Not applicable

# Section VIII Significant Events

## IX. MATERIAL LITIGATION AND ARBITRATION MATTERS

The Company had involved in material litigation and arbitration during the year  The Company had not involved in any material litigation and arbitration during the year

## X. INFORMATION ON BREACH OF LAW AND REGULATIONS, PENALTIES, RECTIFICATION AND REFORM IN RESPECT OF THE LISTED COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS OR ACTUAL CONTROLLER

Applicable  Not applicable

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

Applicable  Not applicable

## XII. 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 and with progress or change in subsequent implementation*

Applicable  Not applicable

#### 3. *Events not disclosed in the temporary announcements*

Applicable  Not applicable

### (II) Related party transactions arising from acquisition and 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 temporary announcements and 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

## Section VIII Significant Events

### (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 and with progress or change in subsequent implementation**

Applicable Not applicable

**3. Events not disclosed in temporary announcements**

Applicable Not applicable

### (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 and with progress or change in subsequent implementation**

Applicable Not applicable

**3. Events not disclosed in temporary announcements**

Applicable Not applicable

### (V) Financial business between the Company and related financial companies, holding financial companies and related parties

Applicable Not applicable

# Section VIII Significant Events

## (VI) Others

✓Applicable    Not applicable

### 1. The Related Party Transactions in relation to the Ordinary Operations

Unit: RMB0'000    Currency: RMB

Related party	Relationship	Content of related party transaction	Actual amount incurred in 2021	Cap of related party transactions in 2021
Zhuzhou Shiling Transportation Equipment Co., Ltd. (株洲時菱交通設備有限公司)	A company in which Directors, Supervisors or senior management members of the Company hold position	Sales of products and/or rendering of ancillary services to the related party	0	41,300
Zhuzhou Shiling Transportation Equipment Co., Ltd.	A company in which Directors, Supervisors or senior management members of the Company hold position	Purchase of products and/or acceptance of ancillary services from the related party	842.81	43,000

Description of the related party transaction: the above transaction resulted from the implementation during the reporting period of the framework agreement on mutual supply of products and ancillary services ("2021-23 Shiling Mutual Supply Framework Agreement") signed between the Company and Zhuzhou Shiling Transportation Equipment Co., Ltd. ("Shiling Company") on 2 November 2020. The agreement is valid from 1 January 2021 to 31 December 2023. The transaction and the total amount involved were approved by the independent shareholders of the Company, for which an announcement has been issued.

As at the date of the agreement, as Shiling Company was not a connected person of the Company as defined under the Hong Kong Listing Rules, the transactions contemplated under the 2021-23 Shiling Mutual Supply Framework Agreement thus did not constitute connected transactions or continuing connected transactions of the Company under the Hong Kong Listing Rules. However, pursuant to the requirements of the SSE STAR Market Listing Rules, Shiling Company is a related party of the Company. Therefore, the transactions contemplated under the 2021-23 Shiling Mutual Supply Framework Agreement constitute related party transactions of the Company under the SSE STAR Market Listing Rules and are subject to consideration at the general meeting of the Company.

For details, please refer to the circular of the Company dated 20 November 2020 and announcement dated 7 December 2020.



## Section VIII Significant Events

Unit: RMB0'000 Currency: RMB

Related party	Relationship	Content of related party transaction	Actual amount incurred in 2021	Cap of related party transactions in 2021
LANP Electrical Co., Ltd. (溫州時代蘭普電氣設備有限公司)	A company in which Directors, Supervisors or senior management members of the Company hold position	Sale of products and rendering of services to related parties	541.18	1,200
Hunan Times Wabtec Transit Transport & equipment Co., Ltd. (湖南時代西屋交通裝備有限公司)	A company in which Directors, Supervisors or senior management members of the Company hold position	Sale of products and rendering of services to related parties	0	1,800
Shanghai S&C Rail Transit Operation Safety Engineering Technology Research Co., Ltd. (上海申中軌道交通運行安全工程技術研究有限公司)	A company in which Directors, Supervisors or senior management members of the Company hold position	Sale of products and rendering of services to related parties	533.51	2,000
Siemens Traction Equipment Ltd., Zhuzhou (株洲西門子牽引設備有限公司)	A company in which Directors, Supervisors or senior management members of the Company hold position	Sale of products and rendering of services to related parties	2.37	50
Wuxi CRRC Hofer Powertrain Co., Ltd. (無錫中車浩夫爾動力總成有限公司)	A company in which Directors, Supervisors or senior management members of the Company hold position	Sale of products and rendering of services to related parties	1,948.12	6,000
Zhengzhou Times Transportation Electrical Equipment Co., Ltd. (鄭州時代交通電氣設備有限公司)	A company in which Directors, Supervisors or senior management members of the Company hold position	Sale of products and rendering of services to related parties	3,508.48	9,500
Wuxi Times Intelligent Transportation Research Institute Co., Ltd. (無錫時代智能交通研究院有限公司)	A company in which Directors, Supervisors or senior management members of the Company hold position	Sale of products and rendering of services to related parties	0	30,000
Foshan Zhongshi Intelligent Transportation Technology Co., Ltd. (佛山中時智匯交通科技有限公司)	A company in which Directors, Supervisors or senior management members of the Company hold position	Sale of products and rendering of services to related parties	0	2,970
Fuzhou Jintou Intelligent Rail Transportation Equipment Co., Ltd. (福州市金投智能軌道交通設備有限公司)	A company in which Directors, Supervisors or senior management members of the Company hold position	Sale of products and rendering of services to related parties	2,530.00	5,200

# Section VIII Significant Events

Unit: RMB0'000 Currency: RMB

Related party	Relationship	Content of related party transaction	Actual amount incurred in 2021	Cap of related party transactions in 2021
LANP Electrical Co., Ltd. (溫州時代蘭普電氣設備有限公司)	A company in which Directors, Supervisors or senior management members of the Company hold position	Purchases of goods and acceptance of services from related parties	558.23	1,500
Hunan Times Wabtec Transit Transport & equipment Co., Ltd. (湖南時代西屋交通裝備有限公司)	A company in which Directors, Supervisors or senior management members of the Company hold position	Purchases of goods and acceptance of services from related parties	8,758.51	18,500
Shanghai S&C Rail Transit Operation Safety Engineering Technology Research Co., Ltd. (上海申中軌道交通運行安全工程技術研究有限公司)	A company in which Directors, Supervisors or senior management members of the Company hold position	Purchases of goods and acceptance of services from related parties	0	50
Siemens Traction Equipment Ltd., Zhuzhou (株洲西門子牽引設備有限公司)	A company in which Directors, Supervisors or senior management members of the Company hold position	Purchases of goods and acceptance of services from related parties	0	50
Wuxi CRRC Hofer Powertrain Co., Ltd. (無錫中車浩夫爾動力總成有限公司)	A company in which Directors, Supervisors or senior management members of the Company hold position	Purchases of goods and acceptance of services from related parties	710.20	3,000
Zhengzhou Times Transportation Electrical Equipment Co., Ltd. (鄭州時代交通電氣設備有限公司)	A company in which Directors, Supervisors or senior management members of the Company hold position	Purchases of goods and acceptance of services from related parties	4,147.76	10,000
Wuxi Times Intelligent Transportation Research Institute Co., Ltd. (無錫時代智能交通研究院有限公司)	A company in which Directors, Supervisors or senior management members of the Company hold position	Purchases of goods and acceptance of services from related parties	0	30,000
Foshan Zhongshi Intelligent Transportation Technology Co., Ltd. (佛山中時智匯交通科技有限公司)	A company in which Directors, Supervisors or senior management members of the Company hold position	Purchases of goods and acceptance of services from related parties	0	3,300
Fuzhou Jintou Intelligent Rail Transportation Equipment Co., Ltd. (福州市金投智能軌道交通設備有限公司)	A company in which Directors, Supervisors or senior management members of the Company hold position	Purchases of goods and acceptance of services from related parties	3,308.36	6,000
Siemens Traction Equipment Ltd., Zhuzhou (株洲西門子牽引設備有限公司)	A company in which Directors, Supervisors or senior management members of the Company hold position	Lease out premises/ equipment to related parties	41.79	60

Description of the related party transaction: the above is the estimated performance of the 2021-23 related party transactions in routine business operation during the reporting period. The transactions and the total amount involved were approved by the independent shareholders of the Company, for which an announcement has been issued.

## Section VIII Significant Events

As at the dates of the agreements, Foshan Zhongshi Intelligent Transportation Technology Co., Ltd., Siemens Traction Equipment Ltd., Zhuzhou and Fuzhou Jintou Intelligent Rail Transportation Equipment Co., Ltd. were associates of CRRC and CRRC Group and hence were connected persons of the Company. Therefore, the routine related party transactions between the Company and each of Foshan Zhongshi Intelligent Transportation Technology Co., Ltd., Siemens Traction Equipment Ltd., Zhuzhou and Fuzhou Jintou Intelligent Rail Transportation Equipment Co., Ltd. constitute continuing connected transactions under the Hong Kong Listing Rules. For the year ended 31 December 2021, none of the above transactions exceeded the aggregate annual caps approved for the year ended 31 December 2021.

For details, please refer to the circular of the Company dated 20 October 2021, general meeting materials dated 19 October 2021 and the announcement dated 9 November 2021.

### **2. Non-exempted Continuing Connected Transactions**

Set out below are the non-exempted continuing connected transactions of the Group which are therefore subject to the reporting, announcement, annual review and independent shareholders' approval requirements under the Hong Kong Listing Rules.

#### *Property Leasing Framework Agreement with CRRC*

On 17 August 2018, the Company entered into the 2018-27 Property and Ancillary Equipment and Facilities Leasing Framework Agreement (the "2018-27 Property Leasing Framework Agreement") with CRRC (together with its subsidiaries and each of their respective associates but excluding the Group, the "CRRC Corporation Group"), pursuant to which, the Company and CRRC agreed to lease and procure their group members to lease their lawfully owned properties and/or ancillary equipment and facilities to each other. The agreement shall be valid for a term of ten years commencing from 1 January 2018 and ending on 31 December 2027.

As at the date of the agreement, CRRC is an indirect controlling shareholder of the Company, and is therefore a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the 2018-27 Property Leasing Framework Agreement constitute continuing connected transactions of the Company under the Hong Kong Listing Rules.

For the year ended 31 December 2021, under the 2018-27 Property Leasing Framework Agreement, the rental and other expenses paid by CRRC Corporation Group to the Group were RMB9.6 million, and the rental and other expenses paid by the Group to CRRC Corporation Group were RMB13.4 million, neither of which exceeded the aggregate annual caps stipulated for the financial year ended 31 December 2021 under the 2018-27 Property Leasing Framework Agreement.

For details, please refer to the announcement of the Company dated 17 August 2018.

#### *Mutual Supply Agreement with Taiyuan CRRC Times Rail Engineering Machinery Co., Ltd. (太原中車時代軌道工程機械有限公司)*

On 28 December 2018, the Company entered into the 2019-21 Products and Ancillary Services Mutual Supply Agreement (the "2019-21 Taiyuan CRRC Times Mutual Supply Agreement") with Taiyuan CRRC Times Rail Engineering Machinery Co., Ltd. ("Taiyuan CRRC Times", together with its subsidiaries and each of their respective associates, the "Taiyuan CRRC Times Group"), pursuant to which, the Company agreed to supply and procure other members of the Group to supply to Taiyuan CRRC Times Group certain products (including electrical systems and electrical components), parts and components, technical services, after-sales services, management services and other related services, and related facilities for research and development, production and testing purposes; and Taiyuan CRRC Times agreed to supply and procure other members of the Taiyuan CRRC Times Group to supply to the Group certain products, parts and components, technical services, after-sales services, management services and other related services, and related facilities for research and development, production and testing purposes. The agreement shall be valid for a term of three years commencing from 1 January 2019 and ending on 31 December 2021.

## Section VIII Significant Events

As at the date of the agreement, CRRC ZELRI is a controlling shareholder of the Company. CRRC directly holds the entire equity interest in CRRC ZELRI and indirectly holds the entire equity interest in CRRC Taiyuan Co., Ltd. (“CRRC Taiyuan”). Baoji CRRC Times Engineering Machinery Co., Ltd. (“Baoji Times”), a subsidiary of the Company, and CRRC Taiyuan hold Taiyuan CRRC Times as to 55% and 45%, respectively. Taiyuan CRRC Times is a non-wholly owned subsidiary of the Company and therefore, a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the 2019-21 Taiyuan CRRC Times Mutual Supply Agreement constitute continuing connected transactions of the Company under the Hong Kong Listing Rules.

For the year ended 31 December 2021, under the 2019-21 Taiyuan CRRC Times Mutual Supply Agreement, amount payable by the Group to Taiyuan CRRC Times Group for products and/or services provided by Taiyuan CRRC Times Group was RMB11.7 million, and the amount payable by Taiyuan CRRC Times Group to the Group for products and/or services provided by the Group was RMB98.5 million, neither of which exceeded the aggregate annual caps stipulated for the financial year ended 31 December 2021 under the 2019-21 Taiyuan CRRC Times Mutual Supply Agreement.

For details, please refer to the announcement of the Company dated 28 December 2018.

### *Mutual Supply Framework Agreement with CRRC Group*

On 26 March 2019, the Company entered into the 2020-22 Products and Ancillary Services Mutual Supply Agreement (the “2020-22 CRRC Group Mutual Supply Agreement”) with CRRC Group (together with its subsidiaries and each of their respective associates but excluding the Group, the “CRRC Group of Companies”), pursuant to which, the Company agreed to supply and procure its subsidiaries to supply to the CRRC Group of Companies certain products (including electrical systems and electrical components), parts and components, technical services, after-sales services, management services and other related services, and related facilities for research and development, production and testing purposes; and CRRC Group agreed to supply and procure its subsidiaries and their respective associates (but excluding the Group) to supply to the Group certain products, parts and components, technical services, after-sales services, management services and other related services, and related facilities for research and development, production and testing purposes. The agreement shall be valid for a term of three years commencing from 1 January 2020 and ending on 31 December 2022.

As at the date of the agreement, CRRC Group is an indirect controlling shareholder of the Company, and is therefore a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the 2020-22 CRRC Group Mutual Supply Agreement constitute continuing connected transactions of the Company under the Hong Kong Listing Rules. Approvals from the independent shareholders have been obtained by the Company at the annual general meeting held on 20 June 2019.

For the year ended 31 December 2021, under the 2020-22 CRRC Group Mutual Supply Agreement, amount payable by the Group to CRRC Group of Companies for products and/or services provided by CRRC Group of Companies was RMB2,389.2 million, and the amount payable by CRRC Group of Companies to the Group for products and/or services provided by the Group was RMB6,226.6 million, neither of which exceeded the aggregate annual caps for the financial year ended 31 December 2021 as approved by the independent shareholders at the annual general meeting of the Company held on 20 June 2019.

For details, please refer to the announcement of the Company dated 26 March 2019, the circular dated 30 April 2019 and the announcement dated 20 June 2019.

## Section VIII Significant Events

### *Mutual Supply Framework Agreement with Qingdao CRRC Electric Equipment Co., Ltd. (青島中車電氣設備有限公司)*

On 24 April 2020, the Company entered into the 2020-22 Products and Ancillary Services Mutual Supply Agreement (“2020-22 Qingdao Electric Mutual Supply Agreement”) with Qingdao CRRC Electric Equipment Co., Ltd. (“Qingdao Electric Company”, together with its subsidiaries and each of their respective associates, the “Qingdao Electric Group”), pursuant to which, the Company agreed to supply and procure its subsidiaries (excluding the Qingdao Electric Group) to supply to the Qingdao Electric Group certain products (including electrical systems and electrical components), parts and components, technical services, after-sale services, management services and other related services, and related facilities for research and development, production and testing purposes; and Qingdao Electric Company agreed to supply and procure its subsidiaries and their respective associates to supply to the Group certain products, parts and components, technical services, after-sale services, management services and other related services, and related facilities for research and development, production and testing purposes. The agreement shall be valid for a term of three years commencing from 1 January 2020 and ending on 31 December 2022.

As at the date of the agreement, CRRC ZELRI is a controlling shareholder of the Company. CRRC directly holds the entire equity interest in CRRC ZELRI and 97.81% equity interest in CRRC Qingdao Sifang Locomotive & Rolling Stock Co., Ltd. (“CRRC Sifang”). CRRC Sifang is thus an associate of CRRC ZELRI and a connected person of the Company under the Hong Kong Listing Rules. Accordingly, Qingdao Electric Company is a connected subsidiary of the Company and the transactions contemplated under the 2020-22 Qingdao Electric Mutual Supply Agreement constitute continuing connected transactions of the Company under the Hong Kong Listing Rules.

For the year ended 31 December 2021, under the 2020-22 Qingdao Electric Mutual Supply Agreement, amount payable by the Group to Qingdao Electric Group for products and/or services provided by Qingdao Electric Group was RMB37.3 million, and the amount payable by Qingdao Electric Group to the Group for products and/or services provided by the Group was RMB18.2 million, neither of which exceeded the aggregate annual caps stipulated for the financial year ended 31 December 2021 under the 2020-22 Qingdao Electric Mutual Supply Agreement.

For details, please refer to the announcements of the Company dated 24 April 2020 and 8 May 2020.

### *Financial Services Framework Agreements with CRRC Hongkong Capital Management Co., Limited (中國中車香港資本管理有限公司)*

On 30 September 2020, the Company entered into the 2021-23 Financial Services Framework Agreements (“2021-23 CRRC Hongkong Capital Financial Services Framework Agreements”) with CRRC Hongkong Capital Management Co., Limited (“CRRC Hongkong Capital”), pursuant to which, CRRC Hongkong Capital agreed to provide the Group with loan services and other financial services subject to the terms and conditions provided therein. The agreement shall be valid for a term of three years commencing from 11 January 2021 and ending on 31 December 2023.

As at the date of the agreements, CRRC Hongkong Capital is a wholly-owned subsidiary of CRRC, and is hence a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the 2021-23 CRRC Hongkong Capital Financial Services Framework Agreements constitute continuing connected transactions of the Company under the Hong Kong Listing Rules.

For the year ended 31 December 2021, under the 2021-23 CRRC Hongkong Capital Financial Services Framework Agreements, the daily maximum loan balance available to the Group from CRRC Hongkong Capital was RMB73.6 million (including interests) and service fees charged for other financial services were RMB0 million, neither of which exceeded the daily maximum amount of the continuing connected transactions for the corresponding period stipulated under the 2021-23 CRRC Hongkong Capital Financial Services Framework Agreements. For the year ended 31 December 2021, the Group did not accept other financial services that may be provided by CRRC Hongkong Capital under the 2021-23 CRRC Hongkong Capital Financial Services Framework Agreements.

For details, please refer to the announcements of the Company dated 30 September 2020 and 7 December 2020, and the circular dated 20 November 2020.

## Section VIII Significant Events

### *Annual Review of Continuing Connected Transactions*

The Board has engaged the auditor of the Company to perform certain procedures in respect of the continuing connected transactions of the Group. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions to the Board in accordance with the Rule 14A.56 of the SEHK Listing Rules. The Company provided a copy of the said letter to the Hong Kong Stock Exchange.

The Directors (including independent non-executive Directors) have reviewed and confirmed that the continuing connected transactions of the Group comply with the agreed procedures and principles and the Group's continuing connected transactions above: were entered into in the ordinary and usual course of business of the Group; were entered into on normal commercial terms or if there were not sufficient comparable transactions to judge whether they were on normal commercial terms, on terms no less favourable to the Group than those available to or from (as the case may be) independent third parties; were conducted in accordance with the agreements governing such transactions, and the terms are fair, reasonable and in the interests of the Company and the Shareholders as a whole; and did not exceed the caps of continuing connected transactions for the financial year ended 31 December 2021 provided for by the continuing connected transactions agreements above.

### *Related party transactions*

For details of the related party transactions of the Group during the year, please refer to note X of the financial report. The Company has complied with the Hong Kong Listing Rules in respect of applicable requirements of transactions which constitute non-exempted connected transactions/continuing connected transactions. Other related party transactions do not constitute connected transactions/continuing connected transactions, or constitute connected transactions/continuing connected transactions but are exempt from all the disclosure or independent shareholders' approval requirements under the Hong Kong Listing Rules.

### **3. Non-exempted Connected Transactions**

Set out below are the non-exempted connected transactions of the Group which are therefore subject to the reporting, announcement, annual review and independent shareholders' approval requirements under the Hong Kong Listing Rules.

#### *Provision of loans to Taiyuan CRRC Times Rail Engineering Machinery Co., Ltd.*

On 29 April 2021, the Company (as lender) entered into the Loan Agreement with Taiyuan CRRC Times (as borrower), pursuant to which the Company agreed to provide a loan to Taiyuan CRRC Times in the principal amount of RMB100,000,000 for a term of one year commencing from the date of the loan agreement.

As disclosed above, as at the date of the agreement, Taiyuan CRRC Times is a connected subsidiary of the Company, and is hence a connected person of the Company. Accordingly, the provision of the loan by the Company to Taiyuan CRRC Times constitutes a connected transaction of the Company under the Hong Kong Listing Rules.

For the financial year ended 31 December 2021, the Company did not provide any loans to Taiyuan CRRC Times.

For details, please refer to the announcement of the Company dated 29 April 2021.

# Section VIII Significant Events

## XIII. MAJOR CONTRACTS AND THEIR PERFORMANCE

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

#### 1. *Entrustment*

Applicable Not applicable

#### 2. *Contracting*

Applicable Not applicable

#### 3. *Leasing*

Applicable Not applicable

### (II) Guarantees

Applicable Not applicable

# Section VIII Significant Events

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)	0
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)	0

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

Total guarantee to subsidiaries incurred during the reporting period	608,631,485
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)	608,631,485

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

Aggregate guarantee (A+B)	608,631,485
Percentage of aggregate guarantee to net assets of the Company (%)	1.83
Representing:	
Amount of guarantee provided for shareholders, actual controller and related parties (C)	Not applicable
Amount of debts guarantee directly or indirectly provided to guaranteed parties with gearing ratio over 70% (D)	321,975,600
Excess amount of aggregate guarantee over 50% of net assets (E)	Not applicable
Aggregate amount of the above three categories (C+D+E)	321,975,600
Description of the contingent joint and several repayment liability in connection with unexpired guarantee	Not applicable

Description of guarantee the guarantees provided to subsidiaries were considered and approved at the eighth meeting of the sixth session of the Board on 30 March 2021 and were conducted before the listing of A Shares.



# Section VIII Significant Events

## (III) Management of cash assets by entrusting third parties

### 1. *Entrusted wealth management activities*

#### (1) *Overview of the entrusted wealth management products*

Applicable Not applicable

*Others*

Applicable Not applicable

#### (2) *Individual entrusted wealth management products*

Applicable Not applicable

*Others*

Applicable Not applicable

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

Applicable Not applicable

### 2. *Entrusted loans*

#### (1) *Overview of the entrusted loans*

Applicable Not applicable

*Others*

Applicable Not applicable

# Section VIII Significant Events

(2) *One-off entrusted loans*

Applicable Not applicable

Others

Applicable Not applicable

(3) *Provision for impairment of entrusted loans*

Applicable Not applicable

**3. Others**

Applicable Not applicable

**(IV) Others material contracts**

Applicable Not applicable

## XIV. EXPLANATION ON PROCESS IN USE OF PROCEEDS

Applicable Not applicable

**(I) Overall utilization of proceeds raised from A Share**

Applicable Not applicable

Unit: Yuan Currency: RMB

Source of proceeds	Total proceeds	Net proceeds after deducting issue expenses	Total promised investment amounts of proceeds	Total promised investment amounts of proceeds after adjustments (1)	Total accumulated investment amount of proceeds as of the end of the reporting period (2)	Process of accumulated investment as of the end of the reporting period (%) (3)= (2)/ (1)	Investment amount for the year (4)	Percentage of investment amount for the year (%) (5)= (4)/ (1)
Initial public issue	7,555,057,430	7,443,212,046	7,443,212,046	7,443,212,046	1,888,986,190	25.38	1,888,986,190	25.38

# Section VIII Significant Events

## (II) Particulars of A Share investment projects

Applicable  Not applicable

Unit: Yuan Currency: RMB

Name of project	Change of the project or not	Source of proceeds	Total promised amounts of proceeds for project	Total promised amounts of proceeds after adjustments (1)	Total accumulated investment amount of proceeds as of the end of the reporting period (2)	Process of accumulated investment as of the end of the reporting period (%) (3)=(2)/(1)	Date of the projects becoming ready for intended use	Whether the project is completed or not	Whether the process of investment is in line with planned schedule or not	Specific reason for failure to reach the planned schedule of investment	Efficiency or research results achieved for the project	Whether feasibility of projects change significantly, if any, please state specific reason	Amount of and reasons for balance	Expected timetable for using the unutilised proceeds
Application project of rail transit traction and network technology and system	No	Initial public issue	2,095,500,000	2,095,500,000	87,720,668	4.19	Not ready yet	No	Not applicable	Not applicable	Not applicable	No	Not applicable	2024
The application project on key technologies and system R&D of smart railway bureau and smart urban rail transit	No	Initial public issue	1,070,830,000	1,070,830,000	23,992,900	2.24	Not ready yet	No	Not applicable	Not applicable	Not applicable	No	Not applicable	2023
Advanced technology R&D application project of New industry	No	Initial public issue	869,270,000	869,270,000	38,852,808	4.47	Not ready yet	No	Not applicable	Not applicable	Not applicable	No	Not applicable	2024
R&D and manufacturing platform construction project of New-type rail engineering machinery	No	Initial public issue	800,000,000	800,000,000	40,273,296	5.03	Not ready yet	No	Not applicable	Not applicable	Not applicable	No	Not applicable	2023
Innovative experimental platform construction project	No	Initial public issue	931,000,000	931,000,000	8,977,495	0.96	Not ready yet	No	Not applicable	Not applicable	Not applicable	No	Not applicable	2024
Replenishment of working capital	No	Initial public issue	2,000,000,000	1,676,612,046	1,689,169,023	100.75	Not applicable	No	Not applicable	Not applicable	Not applicable	No	Not applicable	Not applicable
Total			7,766,600,000	7,443,212,046	1,888,986,190	25.38								

## (III) Explanation on the change of use of proceeds during the reporting period

Applicable  Not applicable

## (IV) Other particulars of use of proceeds during the reporting period

### 1. Initial investment and replacement of projects with funds raised

Applicable  Not applicable

### 2. Temporarily supplement liquidity with idle proceeds

Applicable  Not applicable

## Section VIII Significant Events

### 3. Cash management against idle proceeds to invest on relevant products

✓Applicable Not applicable

At the 14th meeting of the sixth session of the Board and the 13th meeting of the sixth session of the Supervisory Committee, the Resolution on Utilisation of Certain Temporarily Idle Proceeds for Cash Management was considered and approved, pursuant to which, the Company was approved to conduct cash management regarding certain temporarily idle proceeds with an amount not up to RMB4,700 million (inclusive) to purchase investment products which feature sound safety and liquidity and are principal guaranteed, including but not limited to principal-guaranteed wealth management products, structured deposits, certificates of deposit, term deposits, call deposits and income receipts with a term of 12 months from the date of approval by the Board provided that the construction progress of the projects to be financed by the proceeds and the Company's normal operation are not prejudiced and capital safety can be assured. Within the aforesaid amount and term of authorisation, the funds can be used on a rolling basis.

In order to improve the utilisation efficiency of the proceeds, rationally use idle proceeds, increase income from the cash assets and maximise shareholders' interests, the Company used certain temporarily idle proceeds to purchase cash management products. As of 31 December 2021, the undue cash management products were as follows:

Bank for deposit	Product type	Maturity date	Term of deposit	Balance (RMB)
Industrial and Commercial Bank of China Zhuzhou Tianxin Branch	Structured deposit	10 October 2022	376 days	605,000,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	4 January 2022	96 days	19,500,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	4 January 2022	96 days	19,500,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	1 April 2022	183 days	19,500,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	1 April 2022	183 days	19,500,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	1 July 2022	274 days	39,000,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	1 July 2022	274 days	39,000,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	30 September 2022	365 days	344,000,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	30 September 2022	365 days	344,000,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	4 January 2022	96 days	3,500,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	4 January 2022	96 days	3,500,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	1 April 2022	183 days	3,500,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	1 April 2022	183 days	3,500,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	1 July 2022	274 days	6,500,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	1 July 2022	274 days	6,500,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	30 September 2022	365 days	18,000,000
Bank of Changsha Zhuzhou Tianxin Branch	Structured deposit	30 September 2022	365 days	18,000,000

## Section VIII Significant Events

Bank for deposit	Product type	Maturity date	Term of deposit	Balance (RMB)
Bank of China Zhuzhou Branch	Structured deposit	2 January 2022	94 days	37,000,000
Bank of China Zhuzhou Branch	Structured deposit	3 January 2022	95 days	37,000,000
China Construction Bank Zhuzhou Tianxin Branch	Structured deposit	11 April 2022	182 days	27,000,000
China Construction Bank Zhuzhou Tianxin Branch	Structured deposit	11 July 2022	273 days	75,000,000
China Construction Bank Zhuzhou Tianxin Branch	Structured deposit	11 October 2022	365 days	268,000,000
China Construction Bank Zhuzhou Tianxin Branch	Structured deposit	19 April 2022	182 days	20,000,000
China Construction Bank Zhuzhou Tianxin Branch	Structured deposit	19 July 2022	273 days	26,000,000
China Construction Bank Zhuzhou Tianxin Branch	Structured deposit	19 October 2022	365 days	50,000,000
China CITIC Bank Zhuzhou Jianshe Middle Road Branch	Structured deposit	4 January 2022	60 days	170,000,000
China CITIC Bank Zhuzhou Jianshe Middle Road Branch	Structured deposit	4 January 2022	60 days	1,200,000,000
China Merchants Bank Zhuzhou Branch	Structured deposit	31 March 2022	90 days	175,000,000
China Merchants Bank Zhuzhou Branch	Structured deposit	31 March 2022	90 days	175,000,000
China Merchants Bank Zhuzhou Branch	Structured deposit	31 March 2022	90 days	100,000,000
China Merchants Bank Zhuzhou Branch	Structured deposit	31 March 2022	90 days	100,000,000
Agricultural Bank of China Zhuzhou High-tech Development Zone Branch	Certificate of deposit	On demand	1,095 days	66,000,000
Agricultural Bank of China Zhuzhou High-tech Development Zone Branch	Certificate of deposit	On demand	1,095 days	10,000,000
Agricultural Bank of China Zhuzhou High-tech Development Zone Branch	Certificate of deposit	On demand	1,095 days	10,000,000
Total				4,058,000,000

#### 4. *Permanently supplement liquidity with over-raised proceeds or repay bank loans*

Applicable  Not applicable

#### 5. *Others*

Applicable  Not applicable

### XV. EXPLANATION ON OTHER MAJOR EVENTS THAT HAVE A SIGNIFICANT IMPACT ON INVESTORS' VALUE JUDGMENTS AND INVESTMENT DECISIONS

Applicable  Not applicable

# Section IX Changes in Shares and Particulars of Shareholders

## I. CHANGES IN SHARE CAPITAL

### (I) Table of changes in shares

#### 1. Table of changes in shares

Unit: Share

	Before changes		Changes for the period (+, -)				After changes		
	Number of Shares	Percentage (%)	New Shares	Bonus Shares	Reserve transferred to Shares	Others	Subtotal	Number of Shares	Percentage (%)
<b>I. Shares subject to trading moratorium</b>	628,147,237	53.44	75,749,726	-	-	-	75,749,726	703,896,963	49.70
1. State-owned Shares	-	-	-	-	-	-	-	-	-
2. State-owned legal person Shares	618,766,468	52.64	21,334,837	-	-	-	21,334,837	640,101,305	45.20
3. Other domestic Shares	9,380,769	0.80	54,407,514	-	-	-	54,407,514	63,788,238	4.50
Of which: Domestic non-state-owned legal person Shares	9,380,769	0.80	54,407,514	-	-	-	54,407,514	63,788,238	4.50
Domestic natural person Shares	-	-	-	-	-	-	-	-	-
4. Foreign shareholding	-	-	7,375	-	-	-	7,375	7,375	0.00
Of which: Overseas legal person Shares	-	-	7,375	-	-	-	7,375	7,375	0.00
Overseas natural person Shares	-	-	-	-	-	-	-	-	-
<b>II. Circulating Shares not subject to trading moratorium</b>	547,329,400	46.56	165,010,549	-	-	-	165,010,549	712,339,949	50.30
1. RMB ordinary Shares	-	-	165,010,549	-	-	-	165,010,549	165,010,549	11.65
2. Domestically listed foreign shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign shares	547,329,400	46.56	-	-	-	-	-	547,329,400	38.65
4. Others	-	-	-	-	-	-	-	-	-
<b>III. Total number of Shares</b>	<b>1,175,476,637</b>	<b>100.00</b>	<b>240,760,275</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>240,760,275</b>	<b>1,416,236,912</b>	<b>100.00</b>

#### 2. Explanation on changes in Shares

✓Applicable Not applicable

On 22 June 2021, pursuant to the Approval on Registration of Shares Issued by Zhuzhou CRRC Times Electric Co., Ltd. Through Initial Public Issue (Zheng Jian Xu Ke [2021] No. 2112) of the CSRC, the application for registration of Shares issued by the Company through initial public issue was approved. On 7 September 2021, the A Shares issued by the Company were listed on the Science and Technology Innovation Board of the SSE. A total of 240,760,275 A Shares were issued at an issue price of RMB31.38 per share and the net value available to the Company each share is approximately RMB30.92, and upon such issue, the total share capital of the Company was increased from 1,175,476,637 to 1,416,236,912, including 868,907,512 A Shares and 547,329,400 H Shares. For details, please refer to the Announcement on Issue of Shares Through Initial Public Issue and Listing on the Science and Technology Innovation Board dated 6 September 2021 published by the Company on the website of the SSE.

# Section IX Changes in Shares and Particulars of Shareholders

### 3. The impact of changes in 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

On 7 September 2021, the A Shares issued by the Company were listed on the Science and Technology Innovation Board of the SSE. A total of 240,760,275 Shares were issued through initial public issue, raising net proceeds of RMB7,443,212,000, and bringing the total number of Shares to 1,416,236,912 upon such issue.

After the proceeds raised from the issue are available, the Company's total share capital and net assets will increase as compared with those prior to the issue. However, as it takes certain periods before investment yields and return are generated from the investment projects, there is a risk that earnings per Share and net assets per Share may be diluted upon such issue.

### 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

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
CRRC Zhuzhou Institute Co., Ltd. (中車株洲電力機車研究所有限公司)	589,585,699	0	0	589,585,699	Trading moratorium on initial public issue	7 September 2024
CRRC Zhuzhou Locomotive Co., Ltd. (中車株洲電力機車有限公司)	10,000,000	0	0	10,000,000	Trading moratorium on initial public issue	7 September 2024
CRRC High-Tech Equipment Corporation Limited (中國鐵建高新裝備股份有限公司)	9,800,000	0	0	9,800,000	Trading moratorium on initial public issue	7 September 2022
CRRC Investment & Leasing Co., Ltd. (中車投資租賃有限公司)	9,380,769	0	0	9,380,769	Trading moratorium on initial public issue	7 September 2024
CRRC Fund Management (Beijing) Co., Ltd. – Beijing Maohuan Rail Transit Industry Investment Management Partnership (Limited Partnership) (中 車基金管理(北京)有限公司—北京懋峯軌道交通產 業投資管理合夥企業(有限合夥))	9,380,769	0	0	9,380,769	Trading moratorium on initial public issue	7 September 2022
China Internet Investment Fund Management Co., Ltd. – China Internet Investment Fund (Limited Partnership) (中國互聯網投資基金管理有限公司— 中國互聯網投資基金(有限合夥))	–	–	–	3,958,888	Strategic placement on initial public issue	7 September 2023
Guohua Investment Development Asset Management (Beijing) Co., Ltd. (國華投資開發資產管理(北京)有限公司)	–	–	–	3,958,888	Strategic placement on initial public issue	7 September 2023

# Section IX 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
CITIC Corporation Limited (中信投資控股有限公司)	-	-	-	3,958,888	Strategic placement on initial public issue	7 September 2023
Guoxin Investment Development Co., Ltd. (上海國鑫投資發展有限公司)	-	-	-	1,969,547	Strategic placement on initial public issue	7 September 2023
Shenzhen Metro Group Co., Ltd. (深圳地鐵建設集團有限公司)	-	-	-	1,969,547	Strategic placement on initial public issue	7 September 2023
Yingda Securities Co., Ltd. (英大證券有限責任公司)	-	-	-	2,375,333	Strategic placement on initial public issue	7 September 2023
Chengdu Rail Industrial Investment Co., Ltd. (成都軌道產業投資有限公司)	-	-	-	1,979,444	Strategic placement on initial public issue	7 September 2023
Hunan Rail Transit Holding Group Co., Ltd. (湖南軌道交通控股集團有限公司)	-	-	-	3,958,888	Strategic placement on initial public issue	7 September 2023
Guangzhou Industrial Control Mixed Reform Equity Investment Fund Partnership Corporation (Limited Partnership) (廣州工控混改股權投資基金合夥企業(有限合夥))	-	-	-	2,969,171	Strategic placement on initial public issue	7 September 2023
Hunan Hualing Dice Honggang Investment Partnership Corporation (Limited Partnership) (湖南華菱迪策鴻鋼投資合夥企業(有限合夥))	-	-	-	3,958,888	Strategic placement on initial public issue	7 September 2023
Taicang Assets Management Group Co., Ltd. (太倉市資產經營集團有限公司)	-	-	-	1,979,444	Strategic placement on initial public issue	7 September 2023
Shenzhen Jingshui Investment Co., Ltd. (深圳市靜水投資有限公司)	-	-	-	3,958,888	Strategic placement on initial public issue	7 September 2023
Zhuzhou State-owned Assets Investment Holding Group Co., Ltd. (株洲市國有資產投資控股集團有限公司)	-	-	-	8,285,532	Strategic placement on initial public issue	7 September 2023
CICC – Agricultural Bank of China – CICC Times Electric No. 1 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣1號員工參與科创板戰略配售集合資產管理計劃)	-	-	-	4,598,422	Strategic placement on initial public issue	7 September 2022
CICC – Agricultural Bank of China – CICC Times Electric No. 2 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣2號員工參與科创板戰略配售集合資產管理計劃)	-	-	-	3,306,856	Strategic placement on initial public issue	7 September 2022
CICC – Agricultural Bank of China – CICC Times Electric No. 3 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣3號員工參與科创板戰略配售集合資產管理計劃)	-	-	-	4,609,837	Strategic placement on initial public issue	7 September 2022



# Section IX 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 – Agricultural Bank of China – CICC Times Electric No. 4 Collective Asset Management Plan for Employees’ Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣4號員工參與科創板戰略配售集合資產管理計劃)	-	-	-	3,199,553	Strategic placement on initial public issue	7 September 2022
CICC – Agricultural Bank of China – CICC Times Electric No. 6 Collective Asset Management Plan for Employees’ Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣6號員工參與科創板戰略配售集合資產管理計劃)	-	-	-	3,294,426	Strategic placement on initial public issue	7 September 2022
CICC – Agricultural Bank of China – CICC Times Electric No. 8 Collective Asset Management Plan for Employees’ Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣8號員工參與科創板戰略配售集合資產管理計劃)	-	-	-	3,122,437	Strategic placement on initial public issue	7 September 2022
China CICC Wealth Management Securities Company Limited (中國中金財富證券有限公司)	-	-	-	4,815,205	Strategic placement on initial public issue	7 September 2023
Certain offline target places	-	-	-	10,043,644	Strategic placement on initial public issue	7 March 2022
<b>Total</b>	<b>628,147,237</b>	<b>-</b>	<b>-</b>	<b>710,418,963</b>		

Note: Difference between the aggregation of the numbers of Shares subject to trading moratorium in the above table and the number of Shares subject to trading moratorium in the preceding table of changes in shares is attributable to lending of Shares by Zhuzhou State-owned Assets Investment Holding Group Co., Ltd., CICC – Agricultural Bank of China – CICC Times Electric No. 1 Collective Asset Management Plan for Employees’ Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣1號員工參與科創板戰略配售集合資產管理計劃), CICC – Agricultural Bank of China – CICC Times Electric No. 2 Collective Asset Management Plan for Employees’ Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣2號員工參與科創板戰略配售集合資產管理計劃), CICC – Agricultural Bank of China – CICC Times Electric No. 3 Collective Asset Management Plan for Employees’ Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣3號員工參與科創板戰略配售集合資產管理計劃), CICC – Agricultural Bank of China – CICC Times Electric No. 4 Collective Asset Management Plan for Employees’ Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣4號員工參與科創板戰略配售集合資產管理計劃), CICC – Agricultural Bank of China – CICC Times Electric No. 6 Collective Asset Management Plan for Employees’ Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣6號員工參與科創板戰略配售集合資產管理計劃), CICC – Agricultural Bank of China – CICC Times Electric No. 8 Collective Asset Management Plan for Employees’ Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣8號員工參與科創板戰略配售集合資產管理計劃) and China CICC Wealth Management Securities Company Limited pursuant to the Implementation Rules on Refinancing and Lending Shares for Securities Financing Business of the Science and Technology Innovation Board, which complied with the requirements of relevant laws and regulations.

# Section IX Changes in Shares and Particulars of Shareholders

## II. SECURITIES ISSUE AND LISTING

### (I) Issue of Securities During the Reporting Period

Applicable  Not applicable

Unit: Share Currency: RMB

Type of Shares and their derivatives	Date of issue	Issue price (or interest rate)	Number	Listing date	Number of Shares permitted for listing and trading	Termination date of trading
<b>Ordinary Shares</b>						
Renminbi-denominated A Shares	7 September 2021	RMB31.38	240,760,275	7 September 2021	240,760,275	-

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

Applicable  Not applicable

For details, please refer to Section VIII "Changes in Shares and Particulars of Shareholders" of this report.

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

Applicable  Not applicable

During the reporting period, the Company was approved to issue 240,760,275 Renminbi-denominated ordinary Shares by way of initial public issue, and upon such issue, the total share capital of the Company increased from 1,175,476,637 to 1,416,236,912, including 868,907,512 A Shares and 547,329,400 H Shares.

As at the beginning of the reporting period, total assets and liabilities of the Company amounted to RMB33,865.7212 million and RMB9,606.1309 million, respectively with a gearing ratio of 28.37%; while as at the end of the reporting period, total assets and liabilities of the Company amounted to RMB44,150.7452 million and RMB10,858.1008 million, respectively with a gearing ratio of 24.59%.

## III. SHAREHOLDERS AND ACTUAL CONTROLLER

### (I) Total Number of Shareholders

Total number of ordinary Shareholders as at the end of the reporting period (account)	18,484
Total number of ordinary Shareholders at the end of the previous month before the disclosure date of annual report (account)	18,233
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 as at the end of the previous month before the disclosure date of the annual report (account)	Not applicable
Total number of Shareholders holding Shares with special voting rights as at the end of the reporting period (account)	Not applicable
Total number of Shareholders holding Shares with special voting rights as at the end of the previous month before the disclosure date of the annual report (account)	Not applicable

Note: As at the end of the reporting period, the Company had 17,377 A Shareholders and 1,107 registered H Shareholders; and as at the end of the previous month before the disclosure date of the annual report, the Company had 17,128 A Shareholders and 1,105 registered H Shareholders.

# Section IX Changes in Shares and Particulars of Shareholders

## Numbers of depositary receipt holders

Applicable  Not applicable

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

Unit: Share

Particulars of shareholdings of the top ten Shareholders								
Name of Shareholders (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, marked or frozen	Status of Shares	Nature of Shareholders
CRRC Zhuzhou Institute Co., Ltd. (中車株洲電力機車研究所有限公司)	-	589,585,699	41.63	589,585,699	589,585,699	No	-	State-owned legal person
HKSCC NOMINEES LIMITED <sup>Note 1</sup>	-	545,929,567	38.55	-	-	Unknown	-	Overseas legal person
China Merchants Bank Co., Ltd. – Galaxy Innovation Growth Hybrid Securities Investment Fund (招商銀行股份有限公司 – 銀河創新成長混合型證券投資基金)	21,000,000	21,000,000	1.48	-	-	No	-	Unknown
CRRC Zhuzhou Locomotive Co., Ltd. (中車株洲電力機車有限公司)	-	10,000,000	0.71	10,000,000	10,000,000	No	-	State-owned legal person
CRRC High-Tech Equipment Corporation Limited (中國鐵建高新裝備股份有限公司)	-	9,800,000	0.69	9,800,000	9,800,000	No	-	State-owned legal person
CRRC Investment & Leasing Co., Ltd. (中車投資租賃有限公司)	-	9,380,769	0.66	9,380,769	9,380,769	No	-	State-owned legal person
CRRC Fund Management (Beijing) Co., Ltd. – Beijing Maohuan Rail Transit Industry Investment Management Partnership (Limited Partnership) (中車基金管理(北京)有限公司 – 北京懋恒軌道交通產業投資管理合夥企業(有限合夥))	-	9,380,769	0.66	9,380,769	9,380,769	No	-	Other
Zhuzhou State-owned Assets Investment Holding Group Co., Ltd. (株洲市國有資產投資控股集團有限公司)	5,040,532	5,040,532	0.36	5,040,532	8,285,532	No	-	State-owned legal person
CICC – Agricultural Bank of China – CICC Times Electric No. 3 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司 – 農業銀行 – 中金公司時代電氣3號員工參與科创板戰略配售集合資產管理計劃)	4,507,237	4,507,237	0.32	4,507,237	4,609,837	No	-	Unknown
CICC – Agricultural Bank of China – CICC Times Electric No. 1 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司 – 農業銀行 – 中金公司時代電氣1號員工參與科创板戰略配售集合資產管理計劃)	4,495,822	4,495,822	0.32	4,495,822	4,598,422	No	-	Unknown

# Section IX Changes in Shares and Particulars of Shareholders

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

Name of Shareholders	Number of circulating Shares held not subject to trading moratorium	Type and number of Shares	
		Type	Number
HKSCC NOMINEES LIMITED <sup>Note 1</sup>	545,929,567	Overseas listed foreign shares	545,929,567
China Merchants Bank Co., Ltd. – Galaxy Innovation Growth Hybrid Securities Investment Fund (招商銀行股份有限公司—銀河創新成長混合型證券投資基金)	21,000,000	RMB ordinary shares	21,000,000
Industrial and Commercial Bank of China Limited – Zhong Ou Times Pioneer Equity Initiative Securities Investment Fund (中國工商銀行股份有限公司—中歐時代先鋒股票型發起式證券投資基金)	3,000,000	RMB ordinary shares	3,000,000
Shanghai Pudong Development Bank Co., Ltd. – Invesco Great Wall New Energy Industry Stock Securities Investment Fund (上海浦東發展銀行股份有限公司—景順長城新能源產業股票型證券投資基金)	2,117,337	RMB ordinary shares	2,117,337
Hong Kong Securities Clearing Company Limited	1,999,532	RMB ordinary shares	1,999,532
Xie Zhenghao (謝征昊)	1,932,078	RMB ordinary shares	1,932,078
Bank of Ningbo Co., Ltd. – Invesco Great Wall Growth Leaders One-Year Hybrid Securities Investment Fund (寧波銀行股份有限公司—景順長城成長龍頭一年持有期混合型證券投資基金)	1,794,078	RMB ordinary shares	1,794,078
China Construction Bank Corporation – Xinda Aoyin New Energy Industrial Equity Investment Fund (中國建設銀行股份有限公司—信達澳銀新能源產業股票型證券投資基金)	1,778,106	RMB ordinary shares	1,778,106
Xie Xiangju (謝湘菊)	1,744,746	RMB ordinary shares	1,744,746
China Merchants Bank Co., Ltd. – SAM Sci-tech Innovation Board Three-year Regular Opening Hybrid Securities Investment Fund (招商銀行股份有限公司—南方科創板3年定期開放混合型證券投資基金)	1,680,459	RMB ordinary shares	1,680,459
Explanation on the repurchase accounts among the top ten Shareholders	Not applicable		
Explanation on the aforesaid Shareholders entrusting voting rights, being entrusted with voting rights, and waiving voting rights	Not applicable		
Explanation on the related party relationship or acting-in-concert arrangement among the above Shareholders	<p>CRRC Zhuzhou Institute Co., Ltd. is a direct controlling Shareholder of the Company. CRRC Corporation Limited, as the shareholder holding 100% equity interests in CRRC Zhuzhou Institute Co., Ltd., CRRC Zhuzhou Locomotive Co., Ltd., CRRC Investment &amp; Leasing Co., Ltd. and CRRC Hong Kong Capital Management Co., Ltd., indirectly held a total of 608,966,468 RMB ordinary Shares through CRRC Zhuzhou Institute Co., Ltd., CRRC Zhuzhou Locomotive Co., Ltd. and CRRC Investment &amp; Leasing Co., Ltd., and indirectly held 16,200,000 overseas listed foreign Shares through CRRC Hong Kong Capital Management Co., Ltd.. CRRC Corporation Limited indirectly held a total of 44.14% shareholding in the Company.</p> <p>Save as aforementioned, the Company is not aware whether the other Shareholders have related party relationship or acting-in-concert arrangement.</p>		
Explanation on the preference Shareholders with voting right restored and their shareholdings	Not applicable		

Note: HKSCC NOMINEES LIMITED holds the H Shares on behalf of several customers.

# Section IX Changes in Shares and Particulars of Shareholders

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

✓Applicable □Not applicable

Unit: Share

No.	Name of Shareholders subject to trading moratorium	Number of Shares held subject to trading moratorium	Shares subject to trading moratorium available for listing and trading		Conditions of trading moratorium
			Time available for listing and trading	Number of additional shares available for listing and trading	
1	CRRC Zhuzhou Institute Co., Ltd. (中車株洲電力機車研究所有限公司)	589,585,699	7 September 2024	-	36 months from the date on which the Company's Shares are listed on the SSE
2	CRRC Zhuzhou Locomotive Co., Ltd. (中車株洲電力機車有限公司)	10,000,000	7 September 2024	-	36 months from the date on which the Company's Shares are listed on the SSE
3	CRRC High-Tech Equipment Corporation Limited (中國鐵建高新裝備股份有限公司)	9,800,000	7 September 2022	-	12 months from the date on which the Company's Shares are listed on the SSE
4	CRRC Investment & Leasing Co., Ltd. (中車投資租賃有限公司)	9,380,769	7 September 2024	-	36 months from the date on which the Company's Shares are listed on the SSE
5	CRRC Fund Management (Beijing) Co., Ltd. – Beijing Maohuan Rail Transit Industry Investment Management Partnership (Limited Partnership) (中車基金管理(北京)有限公司—北京懋煇軌道交通產業投資管理合夥企業(有限合夥))	9,380,769	7 September 2022	-	12 months from the date on which the Company's Shares are listed on the SSE
6	Zhuzhou State-owned Assets Investment Holding Group Co., Ltd. (株洲市國有資產投資控股集團有限公司)	5,040,532	7 September 2023	-	24 months from the date on which the Company's Shares are listed on the SSE
7	CICC – Agricultural Bank of China – CICC Times Electric No. 3 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司—農業銀行—中金公司時代電氣3號員工參與科創板戰略配售集合資產管理計劃)	4,507,237	7 September 2022	-	12 months from the date on which the Company's Shares are listed on the SSE
8	CICC – Agricultural Bank of China – CICC Times Electric No. 1 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司—農業銀行—中金公司時代電氣1號員工參與科創板戰略配售集合資產管理計劃)	4,495,822	7 September 2022	-	12 months from the date on which the Company's Shares are listed on the SSE
9	CITIC Corporation Limited (中信投資控股有限公司)	3,958,888	7 September 2023	-	24 months from the date on which the Company's Shares are listed on the SSE
10	China Internet Investment Fund Management Co., Ltd. – China Internet Investment Fund (Limited Partnership) (中國互聯網投資基金管理有限公司—中國互聯網投資基金(有限合夥))	3,958,888	7 September 2023	-	24 months from the date on which the Company's Shares are listed on the SSE

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

Note: Shares subject to trading moratorium actually held by Zhuzhou State-owned Assets Investment Holding Group Co., Ltd., CICC – Agricultural Bank of China – CICC Times Electric No. 3 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司—農業銀行—中金公司時代電氣3號員工參與科創板戰略配售集合資產管理計劃) and CICC – Agricultural Bank of China – CICC Times Electric No. 1 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司—農業銀行—中金公司時代電氣1號員工參與科創板戰略配售集合資產管理計劃) were 8,285,532, 4,609,837 and 4,598,422, respectively, and the difference from the number set out in the above table was attributable to lending of Shares pursuant to the Implementation Rules on Refinancing and Lending Shares for Securities Financing Business of the Science and Technology Innovation Board.

# Section IX Changes in Shares and Particulars of Shareholders

## **Particulars of the top ten domestic depositary 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 depositary 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/Depositary Receipts**

Applicable  Not applicable

Name of strategic investors or general legal persons	Agreed commencement date of shareholding	Agreed termination date of shareholding
Zhuzhou State-owned Assets Investment Holding Group Co., Ltd. (株州市國有資產投資控股集團有限公司)	7 September 2021	–
CICC – Agricultural Bank of China – CICC Times Electric No. 3 Collective Asset Management Plan for Employees’ Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司–農業銀行–中金公司時代電氣3號員工參與科創板戰略配售集合資產管理計劃)	7 September 2021	–
CICC – Agricultural Bank of China – CICC Times Electric No. 1 Collective Asset Management Plan for Employees’ Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司–農業銀行–中金公司時代電氣1號員工參與科創板戰略配售集合資產管理計劃)	7 September 2021	–
Explanation on the agreed term of shareholding of strategic investors or general legal persons participating in the placing of the new Shares		None

# Section IX Changes in Shares and Particulars of Shareholders

## (V) Strategic Placement of Initial Public Issue

### 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 initial public issue

✓Applicable □Not applicable

Unit: Share

Name of Shareholder/holder	Number of Shares/depository receipts allocated	Time available for listing and trading	Changes of number during the reporting period	Number of holdings of Shares/depository receipts including lending Shares for securities financing at the end of the period
CICC – Agricultural Bank of China – CICC Times Electric No. 1 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣1號員工參與科创板戰略配售集合資產管理計劃)	4,598,422	7 September 2022	(102,600)	4,598,422
CICC – Agricultural Bank of China – CICC Times Electric No. 2 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣2號員工參與科创板戰略配售集合資產管理計劃)	3,306,856	7 September 2022	(77,200)	3,306,856
CICC – Agricultural Bank of China – CICC Times Electric No. 3 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣3號員工參與科创板戰略配售集合資產管理計劃)	4,609,837	7 September 2022	(102,600)	4,609,837
CICC – Agricultural Bank of China – CICC Times Electric No. 4 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣4號員工參與科创板戰略配售集合資產管理計劃)	3,199,553	7 September 2022	(77,200)	3,199,553
CICC – Agricultural Bank of China – CICC Times Electric No. 6 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣6號員工參與科创板戰略配售集合資產管理計劃)	3,294,426	7 September 2022	(77,200)	3,294,426
CICC – Agricultural Bank of China – CICC Times Electric No. 8 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣8號員工參與科创板戰略配售集合資產管理計劃)	3,122,437	7 September 2022	(77,200)	3,122,437

Note: "Changes of number during the reporting period" in the above table was attributable to lending of Shares by CICC – Agricultural Bank of China – CICC Times Electric No. 1 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣1號員工參與科创板戰略配售集合資產管理計劃), CICC – Agricultural Bank of China – CICC Times Electric No. 2 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣2號員工參與科创板戰略配售集合資產管理計劃), CICC – Agricultural Bank of China – CICC Times Electric No. 3 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣3號員工參與科创板戰略配售集合資產管理計劃), CICC – Agricultural Bank of China – CICC Times Electric No. 4 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣4號員工參與科创板戰略配售集合資產管理計劃), CICC – Agricultural Bank of China – CICC Times Electric No. 6 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣6號員工參與科创板戰略配售集合資產管理計劃) and CICC – Agricultural Bank of China – CICC Times Electric No. 8 Collective Asset Management Plan for Employees' Participation in Strategic Placement on the Science and Technology Innovation Board (中金公司－農業銀行－中金公司時代電氣8號員工參與科创板戰略配售集合資產管理計劃) pursuant to the Implementation Rules on Refinancing and Lending Shares for Securities Financing Business of the Science and Technology Innovation Board.

# Section IX Changes in Shares and Particulars of Shareholders

## 2. Particulars of shareholding of relevant subsidiaries of sponsors participating in the strategic placement of initial public issue

✓Applicable    □Not applicable

Unit: Share

Name of Shareholders	Relationship with the sponsor	Number of Shares/ depositary receipts allocated	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 (中國中金財富證券有限公司)	A wholly-owned subsidiary of the sponsor	4,815,205	7 September 2023	(2,733,538)	4,815,205

Note: "Changes of number during the reporting period" in the above table was attributable to lending of Shares by China CICC Wealth Management Securities Company Limited pursuant to the Implementation Rules on Refinancing and Lending Shares for Securities Financing Business of the Science and Technology Innovation Board.

## (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 2021, 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 substantial Shareholders	Class of Shares	Number of Shares held	Capacity	Approximate percentage of A Shares of the Company	Approximate percentage of H Shares of the Company	Approximate percentage of total issued Shares of the Company
CRRCL ZELRI	A Shares	589,585,699 (Long position)	Beneficial owner	67.85%	–	41.63%
CRRCL <sup>(Note 1)</sup>	A Shares	608,966,468 (Long position)	Interest in controlled entity	70.08%	–	43.00%
	H Shares	16,200,000 (Long position)	Interest in controlled entity	–	2.96%	1.14%



# Section IX Changes in Shares and Particulars of Shareholders

Name of substantial Shareholders	Class of Shares	Number of Shares held	Capacity	Approximate percentage of A Shares of the Company	Approximate percentage of H Shares of the Company	Approximate percentage of total issued Shares of the Company
CRRG Group <sup>(Note 2)</sup>	A Shares	608,966,468 (Long position)	Interest in controlled entity	70.08%	–	43.00%
	H Shares	16,200,000 (Long position)	Interest in controlled entity	–	2.96%	1.14%
Citigroup Inc	H Shares	22,176,388 (Long position)	Interest in controlled entity	–	4.05%	1.57%
	H Shares	507,800 (Short position)	Interest in controlled entity	–	0.09%	0.04%
	H Shares	21,140,930 (Lending pool Shares – Long position)	Approved lending agent	–	3.86%	1.49%
Vontobel Asset Management AG	H Shares	33,112,400 (Long position)	Investment manager	–	6.05%	2.34%

Notes: As at 31 December 2021, the number of issued Shares of the Company was 1,416,236,912 Shares, including 547,329,400 H Shares and 868,907,512 A Shares.

1. CRRG is interested in 100% of the registered capital of CRRG ZELRI, CRRG Zhuzhou and CRRG Investment & Leasing Co., Ltd.. Accordingly, CRRG is deemed under the SFO to be interested in the shares held by each of CRRG ZELRI, CRRG Zhuzhou and CRRG Investment & Leasing Co., Ltd.. CRRG is interested in 16,200,000 H shares through CRRG Hong Kong Capital Management Co., Limited, a wholly-owned subsidiary of CRRG.
2. CRRG Group is directly and indirectly interested in 51.35% of the shares of CRRG. Accordingly, CRRG Group is deemed under the SFO to be interested in the shares held by CRRG.

Save as disclosed above, as at 31 December 2021, 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 IX Changes in Shares and Particulars of Shareholders

## IV. CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

### (I) Controlling Shareholder

#### 1 Legal person

Applicable Not applicable

Name	CRRC Zhuzhou Institute Co., Ltd.
Person-in-charge or legal representative	Li Donglin
Date of establishment	9 September 1992
Major business activities	Research and development, production, testing and sales of railway transportation products and equipment, electrical machinery and equipment, ordinary machinery, motors, electronic products, computer products and software for control purpose, rubber and plastic products, electronic components, electronic appliances, and electrical insulating materials; self-operate and as agent in the import and export of various commodities and technologies, except for commodities and technologies which are operated by companies approved by the PRC government or whose export is prohibited by the PRC government; the design, production and sales of large wind power generators as well as spare and accessory parts; the construction, operation and advisory services of wind power stations; general contract of electric power construction; general contract of comprehensive energy service project; and the production, sales and after-sales services of passenger cars and spare and accessory parts. (projects subject to approval according to law can be operated only after being approved by relevant departments)
Equity in other domestic and overseas listed companies controlled and invested during the reporting period	As of 31 December 2021, it held 36.43% equity interests in Zhuzhou Times New Material Technology Co., Ltd. (SH600458).
Other explanations	

# Section IX Changes in Shares and Particulars of Shareholders

## 2 *Natural person*

Applicable Not applicable

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

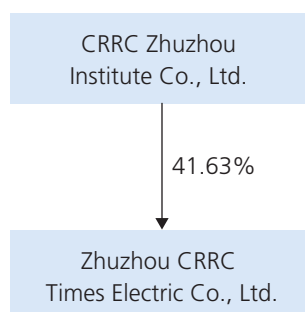
Applicable Not applicable

## 4 *Explanation on 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



## (II) *Actual Controller*

### 1 *Legal person*

Applicable Not applicable

Name SASAC

The actual controller of the Company is SASAC. As of 31 December 2021, SASAC directly held the 100% equity interests of CRRC Group, which is the controlling shareholder of CRRC, which in turn indirectly held a total of 44.14% equity interests in the Company through CRRC ZELRI, CRRC Zhuzhou, CRRC Investment & Leasing and CRRC Hong Kong Capital Management Co., Ltd.

### 2 *Natural person*

Applicable Not applicable

### 3 *Special explanation for absence of actual controller*

Applicable Not applicable

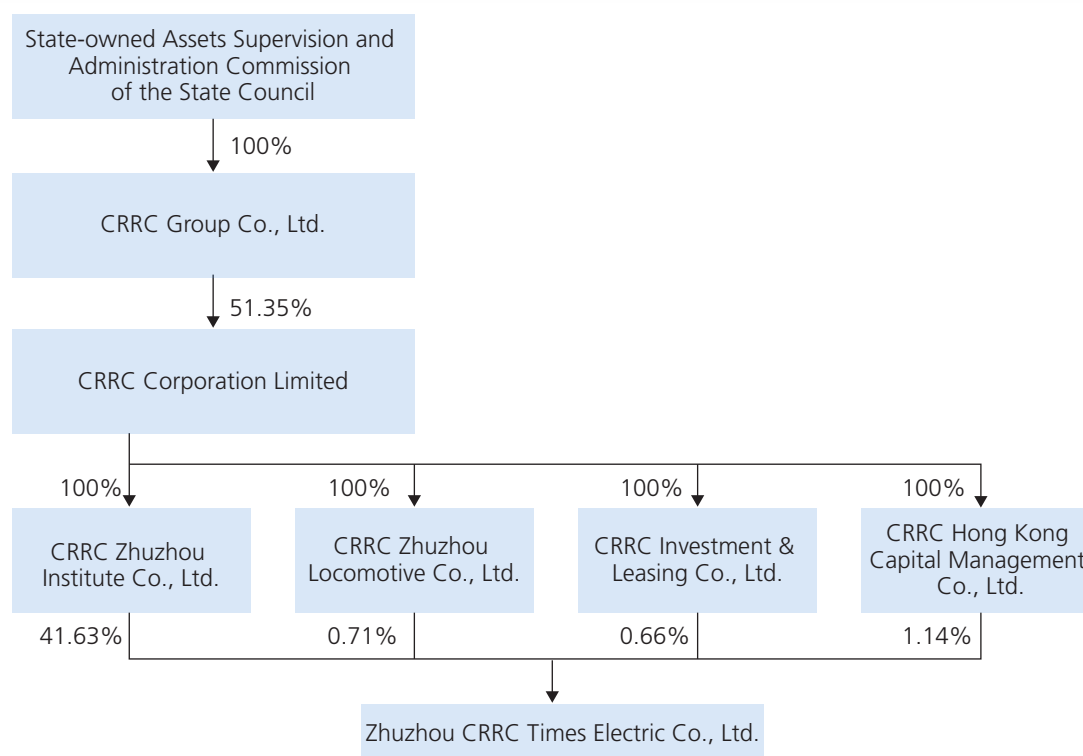
### 4 *Explanation on change of control of the Company during the reporting period*

Applicable Not applicable

# Section IX Changes in Shares and Particulars of Shareholders

## 5 Diagram of the property rights and control relationship between the Company and the actual controller

Applicable  Not applicable



## 6 Controlling the Company by actual controller through trust or other asset management methods

Applicable  Not applicable

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

Applicable  Not applicable

## V. THE CONTROLLING SHAREHOLDER OR LARGEST SHAREHOLDER OF THE COMPANY AND PARTIES ACTING IN CONCERT WITH THEM ACCUMULATIVELY PLEDGED MORE THAN 80% OF THE EQUITY INTERESTS IN COMPANIES HELD BY THEM

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

## VIII. IMPLEMENTATION OF SHARE REPURCHASE DURING THE REPORTING PERIOD

Applicable  Not applicable

# Section X Preference Shares

Applicable  Not applicable



# Section XI Corporate Bonds

## I. ENTERPRISE BONDS, CORPORATE BONDS AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES OF THE COMPANY

Applicable Not applicable

## II. CONVERTIBLE BONDS OF THE COMPANY

Applicable Not applicable

# Auditors' Report

# Deloitte.

De Shi Bao (Shen) Zi (22) No. P01450

TO ALL SHAREHOLDERS OF ZHUZHOU CRRCTIMES ELECTRIC CO., LTD.:

## I. OPINION

We have audited the financial statements of Zhuzhou CRRCTimes Electric Co., Ltd. ("CRRCTimes Electric"), which comprise the consolidated and Company's balance sheets as at 31 December 2021, and the consolidated and Company's income statements, the consolidated and Company's cash flow statements and the consolidated and Company's statements of changes in shareholders' equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements have been prepared and present fairly, in all material respects, the consolidated and Company's financial position of CRRCTimes Electric as at 31 December 2021 and the consolidated and Company's results of operations and cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

## II. BASIS FOR OPINION

We conducted our audit in accordance with the China Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of CRRCTimes Electric in accordance with the code of ethics for Chinese Certified Public Accountants, 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 MATTERS

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of the financial statements for the year ended 31 December 2021. 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. We determine the followings are key audit matters in need of communication in the auditors' report.

## III. KEY AUDIT MATTERS (continued)

### (I) Measurement of Expected Credit Losses of Accounts Receivable and Contract Assets

As disclosed in Note (V)4 and Note (V)9 to the financial statements, as at 31 December 2021, the gross carrying amounts of accounts receivable and contract assets of CRRC Times Electric were RMB6,774,369,518 and RMB768,445,429, respectively; the provision for credit loss of accounts receivable and contract assets were RMB224,952,493 and RMB16,996,520, respectively. As described in Note (III)10.2 to the financial statements, CRRC Times Electric adopts the expected credit losses model to recognize the provision for expected credit losses, and measures the provision for loss of all accounts receivable and contract assets at the lifetime expected credit losses. The measurement of expected credit losses involves significant judgements and assumptions by the management, including the estimation on expected credit risk and estimated lifetime expected credit losses rate on a basis of portfolios grouped as per credit risk characteristics. In the meantime, due to credit risk exposures of accounts receivable and contract assets and significant amounts of the provision for loss, we consider it as a key audit matter of the consolidated financial statements.

The audit procedures that we performed in response to above key audit matter mainly include:

- (1) Understand and evaluate the reasonableness of the method used by the management to determine expected credit losses, and review the underlying data based on which expected credit losses are calculated, such as customer type grouping, historical credit losses, current litigation status, and aging and overdue status of accounts receivable, etc.;
- (2) Review the reasonableness and consistency of the expected credit losses model and major parameters adopted by the management to determine the expected credit losses;
- (3) The samples are selected to review the expected loss rate of receivables or contract assets expected by the management according to different credit risk combinations and judge its rationality;
- (4) For accounts receivable for which expected credit losses are individually assessed, obtain relevant supporting documents from the management, understand the special consideration of the management for the individual assessment of expected credit losses, and assess the reasonableness of the individual assessment of expected credit losses.

### (II) Impairment of Goodwill

As disclosed in Note (V)18 to the financial statements, as at 31 December 2021, the net goodwill of CRRC Times Electric was RMB191,115,323. As described in Note (III)20 to the financial statements, CRRC Times Electric measures the goodwill acquired in the business combination according to the amount of the cost less the accumulated impairment provision after the initial recognition, and tests for impairment at least at the end of each year. Since the closing balance of the foresaid goodwill is significant at the end of year and the goodwill impairment test involves a large number of assumptions and judgments, including estimation of future cash flow generated from asset groups or asset group portfolios, and selection of discount rate which properly reflects the time value of money in the present market and the specific risk of the assets, and therefore, we identified the impairment loss of goodwill as a key audit matter of the consolidated financial statements.



# Auditors' Report



## III. KEY AUDIT MATTERS (continued)

### (II) Impairment of Goodwill (continued)

The audit procedures that we performed in response to above key audit matters mainly include:

- (1) Evaluate the reasonableness and consistency of the management's estimation method of recoverable amount based on the discount model of cash flow generated from asset groups containing goodwill by the management;
- (2) Evaluate the reasonableness of the key assumptions and judgments used by the management in estimating future cash flows;
- (3) Involve internal experts, and assess the reasonableness of the impairment test model and key parameters used by the management including the selection of applicable discount rate and other relevant assumptions;
- (4) Perform sensitivity test on possible changes related to key assumptions in the impairment test model;
- (5) Verify the computing accuracy of the impairment test model of goodwill.

## IV. OTHER INFORMATION

The management of CRRC Times Electric is responsible for other information. Other information includes information covered in the Annual Report of 2021, but not in financial statements and our auditors' report.

Our auditors' opinion on the financial statements is not applicable to other information, and we neither express assurance conclusion whatsoever and howsoever on the other information.

In accordance with our audit on the financial statements, our responsibility is to read the other information and to consider whether it is significantly different from the financial statements or our knowledge in the audit process or whether a material misstatement appears to exist.

If we identify a material misstatement in other information based on our work, we should report the fact. In this regard, we have nothing to report.

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

The management of CRRC Times Electric is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control that is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the financial reporting process of CRRC Times Electric.



# Auditors' Report

## VI. AUDITORS' 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 auditors' 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 the 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.

As part of an audit in accordance with the China Standards on Auditing, we exercise professional judgment 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's 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 ability of CRRC Times Electric to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause CRRC Times Electric 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 appropriate audit evidence regarding the financial information of the entities or business activities within CRRC Times Electric to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our auditors' opinion.

# Auditors' Report



## VI. AUDITORS' 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.

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 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation 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.

Deloitte Touche Tohmatsu Certified  
Public Accountants LLP

Chinese Certified Public Accountant: Peng Jinyong  
(Engagement partner)

Chinese Certified Public Accountant: Ye Xiangjia

Shanghai, China

29 March 2022

*The auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.*

# Consolidated Balance Sheet

At 31 December 2021  
Renminbi Yuan

Item	Note	31/12/2021	31/12/2020
<b>Current Assets</b>			
Cash and bank balances	(V)1	8,219,320,889	5,128,885,997
Held-for-trading financial assets	(V)2	7,579,988,489	3,732,327,307
Bills receivable	(V)3	2,757,119,757	2,460,737,156
Trade receivables	(V)4	6,549,417,025	7,936,895,209
Trade receivables financing	(V)5	2,910,527,667	1,443,941,055
Prepayments	(V)6	344,522,352	358,912,908
Other receivables	(V)7	199,941,167	162,774,728
Inventories	(V)8	4,921,087,633	4,258,490,200
Contract assets	(V)9	308,318,797	301,335,105
Other current assets	(V)10	852,738,172	641,182,827
<b>Total Current Assets</b>		<b>34,642,981,948</b>	<b>26,425,482,492</b>
<b>Non-current Assets</b>			
Long-term receivables		4,027,705	–
Long-term equity investments	(V)11	611,727,358	550,805,565
Other equity instrument investments	(V)12	112,400,000	92,832,300
Fixed assets	(V)13	3,964,429,248	2,751,142,435
Construction in progress	(V)14	921,284,020	1,644,012,744
Right-of-use assets	(V)15	129,873,626	80,331,083
Intangible assets	(V)16	713,241,582	803,773,005
Development expenditure	(V)17	366,577,298	308,376,123
Goodwill	(V)18	191,115,323	246,921,172
Long-term prepaid expenses	(V)19	40,688,040	46,038,198
Deferred tax assets	(V)20	605,752,717	484,378,231
Other non-current assets	(V)21	1,846,646,362	431,627,910
<b>Total Non-current Assets</b>		<b>9,507,763,279</b>	<b>7,440,238,766</b>
<b>TOTAL ASSETS</b>		<b>44,150,745,227</b>	<b>33,865,721,258</b>

# Consolidated Balance Sheet

At 31 December 2021  
Renminbi Yuan

Item	Note	31/12/2021	31/12/2020
<b>Current Liabilities</b>			
Short-term borrowings	(V)22	389,550,036	278,246,822
Bills payable	(V)23	1,640,341,546	1,767,905,098
Trade payables	(V)24	4,677,716,033	3,611,924,434
Contract liabilities	(V)25	828,709,519	692,579,809
Employee benefits payable	(V)26	143,687,549	117,663,008
Taxes payable	(V)27	190,170,858	165,498,903
Other payables	(V)28	753,174,560	643,771,172
Non-current liabilities due within 1 year	(V)29	428,664,506	516,727,113
Other current liabilities	(V)30	99,227,805	83,024,481
<b>Total Current Liabilities</b>		<b>9,151,242,412</b>	<b>7,877,340,840</b>
<b>Non-current Liabilities</b>			
Long-term borrowings	(V)31	77,688,000	82,688,000
Lease liabilities	(V)32	78,253,791	56,662,111
Long-term payables	(V)33	525,195	10,215,068
Provisions	(V)34	521,713,812	548,592,302
Deferred income	(V)35	976,067,861	963,716,803
Deferred tax liabilities	(V)20	32,201,270	40,780,758
Other non-current liabilities		20,408,448	26,134,972
<b>Total Non-current Liabilities</b>		<b>1,706,858,377</b>	<b>1,728,790,014</b>
<b>TOTAL LIABILITIES</b>		<b>10,858,100,789</b>	<b>9,606,130,854</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	(V)36	1,416,236,912	1,175,476,637
Capital reserve	(V)37	10,519,465,513	3,321,880,949
Other comprehensive income	(V)38	(208,084,629)	(152,338,731)
Special reserve	(V)39	30,785,734	25,247,257
Surplus reserve	(V)40	2,545,778,284	2,325,644,999
Retained earnings	(V)41	18,316,811,951	17,156,557,050
<b>Total equity attributable to shareholders of the Parent</b>		<b>32,620,993,765</b>	<b>23,852,468,161</b>
<b>Minority interests</b>		<b>671,650,673</b>	<b>407,122,243</b>
<b>Total shareholders' equity</b>		<b>33,292,644,438</b>	<b>24,259,590,404</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>44,150,745,227</b>	<b>33,865,721,258</b>

The accompanying notes form part of the financial statements.

The financial statements on pages 203 to 217 were signed by the following:

Legal Representative  
**Li Donglin**

Chief Financial Officer  
**Liu Zehua**

Head of Accounting Department  
**Sun Shan**

# Balance Sheet of the Company

At 31 December 2021  
Renminbi Yuan

Item	Note	31/12/2021	31/12/2020
<b>Current Assets</b>			
Cash and bank balances		5,514,146,561	3,285,589,102
Held-for-trading financial assets		6,624,150,077	3,732,327,307
Bills receivable		2,450,742,139	2,292,803,807
Trade receivables	(XIV)1	4,878,414,970	6,041,080,638
Trade receivables financing		2,301,829,596	1,161,363,269
Prepayments		176,060,834	252,076,711
Other receivables	(XIV)2	754,644,349	504,335,796
Inventories		3,516,881,961	2,819,283,803
Contract assets		78,976,234	82,933,795
Non-current assets due within one year		–	565,596,704
Other current assets		626,036,437	542,463,868
<b>Total Current Assets</b>		<b>26,921,883,158</b>	<b>21,279,854,800</b>
<b>Non-current Assets</b>			
Long-term receivables		1,858,637,704	–
Long-term equity investments	(XIV)3	6,037,237,536	5,573,966,557
Other equity instrument investments		112,400,000	92,832,300
Fixed assets		2,192,500,738	850,816,973
Construction in progress		826,575,159	1,605,136,735
Right-of-use assets		45,910,923	27,088,691
Intangible assets		270,815,456	343,594,952
Development expenditure		238,978,574	165,588,354
Long-term prepaid expenses		11,520,121	7,697,056
Deferred tax assets		266,660,119	298,394,825
Other non-current assets		1,543,741,355	334,786,636
<b>Total Non-current Assets</b>		<b>13,404,977,685</b>	<b>9,299,903,079</b>
<b>TOTAL ASSETS</b>		<b>40,326,860,843</b>	<b>30,579,757,879</b>

# Balance Sheet of the Company

At 31 December 2021  
Renminbi Yuan

Item	Note	31/12/2021	31/12/2020
<b>Current Liabilities</b>			
Bills payable		1,073,417,447	1,058,293,574
Trade payables		5,189,271,956	4,348,635,303
Contract liabilities		652,306,273	577,105,249
Employee benefits payable		51,436,647	63,313,611
Taxes payable		41,183,857	34,874,316
Other payables		612,386,268	554,109,964
Non-current liabilities due within one year		316,059,820	343,034,221
Other current liabilities		84,024,375	74,228,162
<b>Total Current Liabilities</b>		<b>8,020,086,643</b>	<b>7,053,594,400</b>
<b>Non-current Liabilities</b>			
Long-term borrowings		77,688,000	82,688,000
Lease liabilities		36,820,757	27,115,782
Long-term payables		525,195	10,215,068
Provisions		440,887,930	497,551,352
Deferred income		394,318,889	532,953,320
Other non-current liabilities		20,408,448	26,134,972
<b>Total Non-current Liabilities</b>		<b>970,649,219</b>	<b>1,176,658,494</b>
<b>TOTAL LIABILITIES</b>		<b>8,990,735,862</b>	<b>8,230,252,894</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital		1,416,236,912	1,175,476,637
Capital reserve		10,579,503,575	3,371,446,430
Other comprehensive income		(52,647,013)	(26,098,194)
Special reserve		4,621,477	4,296,322
Surplus reserve		2,545,778,284	2,325,644,999
Retained earnings		16,842,631,746	15,498,738,791
<b>Total shareholders' equity</b>		<b>31,336,124,981</b>	<b>22,349,504,985</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>40,326,860,843</b>	<b>30,579,757,879</b>

# Consolidated Income Statement

For the year ended 31 December 2021  
Renminbi Yuan

Item	Note	2021	2020
I. Revenue	(V)42	<b>15,121,167,406</b>	16,033,898,624
Less: Cost of sales	(V)42	<b>10,019,418,812</b>	10,066,659,450
Taxes and surcharges	(V)43	<b>116,396,054</b>	112,010,083
Selling expenses	(V)44	<b>1,050,331,762</b>	1,107,752,296
Administrative expenses	(V)45	<b>813,021,020</b>	760,727,754
Research and development expenses	(V)46	<b>1,690,047,967</b>	1,686,836,761
Finance costs	(V)47	<b>(73,805,176)</b>	2,993,873
Including: Interest expenses	(V)47	<b>21,068,951</b>	16,017,904
Interest income	(V)47	<b>95,501,635</b>	42,523,801
Add: Other income	(V)48	<b>533,085,368</b>	577,466,089
Investment income	(V)49	<b>33,608,925</b>	43,181,140
Including: Gains (losses) from investments in associates and joint ventures		<b>(18,083,858)</b>	(43,830,286)
Gains (losses) on derecognition of financial assets measured at amortized cost		<b>(9,102,199)</b>	(6,210,943)
Gains on changes in fair value	(V)50	<b>71,130,766</b>	2,327,307
Gains (losses) on credit impairment	(V)51	<b>121,825,631</b>	85,645,821
Gains (losses) on impairment of assets	(V)52	<b>(161,869,899)</b>	(234,409,991)
Gains (losses) on disposal of assets	(V)53	<b>(2,072,439)</b>	6,440,830
II. Operating profit		<b>2,101,465,319</b>	2,777,569,603
Add: Non-operating income	(V)54	<b>24,630,560</b>	65,923,604
Less: Non-operating expenses	(V)55	<b>3,012,417</b>	6,554,910
III. Total profit		<b>2,123,083,462</b>	2,836,938,297
Less: Income tax expenses	(V)56	<b>88,476,513</b>	340,381,369
IV. Net profit		<b>2,034,606,949</b>	2,496,556,928
(I) Net profit classified by business continuity:			
1. Net profit from continuing operations		<b>2,034,606,949</b>	2,496,556,928
2. Net profit from discontinued operations		<b>—</b>	—
(II) Net profit classified by ownership:			
1. Net profit attributable to shareholders of the Parent		<b>2,017,694,796</b>	2,475,454,606
2. Net profit attributable to minority interests		<b>16,912,153</b>	21,102,322



# Consolidated Income Statement

For the year ended 31 December 2021  
Renminbi Yuan

Item	Note	2021	2020
V. Other comprehensive income, net of tax		<b>(56,257,300)</b>	(11,880,700)
Other comprehensive income attributable to shareholders of the Parent, net of tax		<b>(55,745,898)</b>	(12,022,602)
(I) Other comprehensive income that will not be reclassified to profit or loss		<u>—</u>	<u>—</u>
(II) Other comprehensive income that may be reclassified to profit or loss		<b>(55,745,898)</b>	(12,022,602)
1. Changes in fair value of other debt investments	(V)38	<b>(32,632,221)</b>	24,780,341
2. Translation differences of financial statements denominated in foreign currencies	(V)38	<b>(23,113,677)</b>	(36,802,943)
Other comprehensive income attributable to minority interests, net of tax		<b>(511,402)</b>	141,902
VI. Total comprehensive income		<b>1,978,349,649</b>	2,484,676,228
Total comprehensive income attributable to shareholders of the Parent		<b>1,961,948,898</b>	2,463,432,004
Total comprehensive income attributable to minority interests		<b>16,400,751</b>	21,244,224
VII. Earnings per share			
Basic earnings per share		<b>1.63</b>	2.11

# Income Statement of the Company

For the year ended 31 December 2021  
Renminbi Yuan

Item	Note	2021	2020
I. Revenue	(XIV)4	11,593,525,372	12,194,955,265
Less: Cost of sales	(XIV)4	9,069,167,725	8,950,200,842
Taxes and surcharges		55,773,395	51,129,127
Selling expenses		669,585,054	782,440,913
Administrative expenses		387,697,032	355,705,603
Research and development expenses		758,260,222	843,321,916
Finance costs		(70,996,646)	10,252,651
Including: Interest expenses		13,841,955	4,937,040
Interest income		108,316,884	48,767,143
Add: Other income		105,007,530	55,623,245
Investment income	(XIV)5	1,395,700,747	1,640,379,942
Including: Gains (losses) from investments in associates and joint ventures		4,356,645	(28,407,709)
Gains (losses) on derecognition of financial assets measured at amortized cost		(8,640,000)	(6,113,684)
Gains on changes in fair value		68,292,354	2,327,307
Gains (losses) on credit impairment		101,489,856	(60,793,652)
Gains (losses) on impairment of assets		(128,682,441)	(215,083,324)
Gains (losses) on disposal of assets		(3,591,360)	(63,174)
II. Operating profit		2,262,255,276	2,624,294,557
Add: Non-operating income		10,823,867	22,934,950
Less: Non-operating expenses		13,982	336,896
III. Total profit		2,273,065,161	2,646,892,611
Less: Income tax expense		71,732,311	112,023,199
IV. Net profit		2,201,332,850	2,534,869,412
1. Net profit from continuing operations		2,201,332,850	2,534,869,412
2. Net profit from discontinued operations		—	—
V. Other comprehensive income, net of tax		(26,548,819)	15,877,411
(I) Other comprehensive income that will not be reclassified to profit or loss		—	—
(II) Other comprehensive income that may be reclassified to profit or loss		(26,548,819)	15,877,411
1. Changes in fair value of other debt investments		(25,773,531)	17,069,161
2. Translation differences of financial statements denominated in foreign currencies		(775,288)	(1,191,750)
VI. Total comprehensive income		2,174,784,031	2,550,746,823

# Consolidated Cash Flow Statement

For the year ended 31 December 2021  
Renminbi Yuan

Item	Note	2021	2020
<b>I. Cash Flows from Operating Activities:</b>			
Cash receipts from the sales of goods and rendering of services		16,485,788,328	18,573,079,049
Receipts of tax refunds		127,056,987	175,893,721
Other cash receipts relating to operating activities	(V)57(1)	1,037,720,409	1,197,340,522
<b>Sub-total of cash inflows from operating activities</b>		<b>17,650,565,724</b>	<b>19,946,313,292</b>
Cash payments for goods purchased and services received		10,354,203,877	13,021,468,010
Cash payments to and on behalf of employees		2,372,644,345	2,147,770,241
Payments of various types of taxes		1,193,066,783	1,159,623,895
Other cash payments relating to operating activities	(V)57(2)	1,580,396,061	1,870,102,689
<b>Sub-total of cash outflows from operating activities</b>		<b>15,500,311,066</b>	<b>18,198,964,835</b>
<b>Net Cash Flow from Operating Activities</b>	(V)58(1)	<b>2,150,254,658</b>	<b>1,747,348,457</b>
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from disposals and recovery of investments		15,278,000,000	21,090,000,000
Cash receipts from investment income		114,986,871	108,064,577
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		2,741,729	13,488,698
<b>Sub-total of cash inflows from investing activities</b>		<b>15,395,728,600</b>	<b>21,211,553,275</b>
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		974,003,215	1,855,160,516
Cash payments to acquire investments		20,435,467,700	19,986,117,550
<b>Sub-total of cash outflows from investing activities</b>		<b>21,409,470,915</b>	<b>21,841,278,066</b>
<b>Net Cash Flow from Investing Activities</b>		<b>(6,013,742,315)</b>	<b>(629,724,791)</b>

# Consolidated Cash Flow Statement

For the year ended 31 December 2021  
Renminbi Yuan

Item	Note	2021	2020
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from capital contributions		7,698,862,046	–
Including: Cash receipts from capital contributions from minority shareholders of subsidiaries		255,650,000	–
Cash receipts from borrowings		265,136,226	277,125,244
<b>Sub-total of cash inflows from financing activities</b>		<b>7,963,998,272</b>	277,125,244
Cash repayments of borrowings		232,377,298	210,808,167
Cash payments for distribution of dividends or profits or settlement of interest expenses		673,386,564	552,348,653
Including: Payments for distribution of dividends or profits to minority shareholders of subsidiaries		13,390,661	17,679,410
Other cash payments relating to financing activities	(V)57(3)	83,306,940	59,207,596
<b>Sub-total of cash outflows from financing activities</b>		<b>989,070,802</b>	822,364,416
<b>Net Cash Flow from Financing Activities</b>		<b>6,974,927,470</b>	(545,239,172)
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>			
		(12,269,246)	(32,575,614)
<b>V. Net Increase (Decrease) in Cash and Cash Equivalents</b>			
Add: Opening balance of cash and cash equivalents		4,783,889,538	4,244,080,658
<b>VI. Closing Balance of Cash and Cash Equivalents</b>	(V)58(2)	<b>7,883,060,105</b>	4,783,889,538

# Cash Flow Statement of the Company

For the year ended 31 December 2021  
Renminbi Yuan

Item	Note	2021	2020
<b>I. Cash Flows from Operating Activities:</b>			
Cash receipts from the sales of goods and rendering of services		12,834,054,174	13,534,247,957
Receipts of tax refunds		21,461,851	15,098,623
Other cash receipts relating to operating activities		450,812,652	497,396,990
<b>Sub-total of cash inflows from operating activities</b>		<b>13,306,328,677</b>	14,046,743,570
Cash payments for goods purchased and services received		9,796,728,587	10,987,306,562
Cash payments to and on behalf of employees		1,051,799,896	1,006,995,684
Payments of various types of taxes		512,283,679	429,386,627
Other cash payments relating to operating activities		1,262,954,824	1,335,212,965
<b>Sub-total of cash outflows from operating activities</b>		<b>12,623,766,986</b>	13,758,901,838
<b>Net Cash Flow from Operating Activities</b>		<b>682,561,691</b>	287,841,732
<b>II. Cash Flows from Investing Activities:</b>			
Cash receipts from disposals and recovery of investments		14,587,000,000	21,090,000,000
Cash receipts from investment income		1,440,773,064	1,656,889,411
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		2,420,628	12,012,970
Net cash receipts from disposals of subsidiaries and other business units		1,663,389	–
Other cash receipts relating to investing activities		38,879,612	217,293,401
<b>Sub-total of cash inflows from investing activities</b>		<b>16,070,736,693</b>	22,976,195,782
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		720,727,890	1,704,152,755
Cash payments to acquire investments		19,100,796,619	20,450,981,056
Other cash payments relating to investing activities		1,479,689,010	–
<b>Sub-total of cash outflows from investing activities</b>		<b>21,301,213,519</b>	22,155,133,811
<b>Net Cash Flow from Investing Activities</b>		<b>(5,230,476,826)</b>	821,061,971

# Cash Flow Statement of the Company

For the year ended 31 December 2021  
Renminbi Yuan

Item	Note	2021	2020
<b>III. Cash Flows from Financing Activities:</b>			
Cash receipts from capital contributions		<u>7,443,212,046</u>	—
<b>Sub-total of cash inflows from financing activities</b>		<u>7,443,212,046</u>	—
Cash repayments of borrowings		5,000,000	5,000,000
Cash payments for distribution of dividends or profits or settlement of interest expenses		648,962,608	532,526,099
Other cash payments relating to financing activities		<u>38,380,704</u>	<u>14,180,461</u>
<b>Sub-total of cash outflows from financing activities</b>		<u>692,343,312</u>	<u>551,706,560</u>
<b>Net Cash Flow from Financing Activities</b>		<u>6,750,868,734</u>	<u>(551,706,560)</u>
<b>IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents</b>			
		(4,384,645)	(4,397,246)
<b>V. Net Increase (Decrease) in Cash and Cash Equivalents</b>			
Add: Opening balance of cash and cash equivalents		<u>3,005,589,102</u>	<u>2,452,789,205</u>
<b>VI. Closing Balance of Cash and Cash Equivalents</b>		<u>5,204,158,056</u>	<u>3,005,589,102</u>

# Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2021  
Renminbi Yuan

Item	Note	2021								Total shareholders' equity
		Attributable to shareholders of the Parent							Minority interests	
		Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total		
I. At 31 December 2020		1,175,476,637	3,321,880,949	(152,338,731)	25,247,257	2,325,644,999	17,156,557,050	23,852,468,161	407,122,243	24,259,590,404
II. At 1 January 2021		1,175,476,637	3,321,880,949	(152,338,731)	25,247,257	2,325,644,999	17,156,557,050	23,852,468,161	407,122,243	24,259,590,404
III. Changes for the year		240,760,275	7,197,584,564	(55,745,898)	5,538,477	220,133,285	1,160,254,901	8,768,525,604	264,528,430	9,033,054,034
(I) Total comprehensive income		-	-	(55,745,898)	-	-	2,017,694,796	1,961,948,898	16,400,751	1,978,349,649
(II) Shareholders' contribution and reduction in capital		240,760,275	7,202,451,771	-	-	-	-	7,443,212,046	255,650,000	7,698,862,046
1. Ordinary shares contributed by shareholders		240,760,275	7,202,451,771	-	-	-	-	7,443,212,046	255,650,000	7,698,862,046
(III) Profit distribution		-	-	-	-	220,133,285	(857,439,895)	(637,306,610)	(13,390,661)	(650,697,271)
1. Transfer to surplus reserve		-	-	-	-	220,133,285	(220,133,285)	-	-	-
2. Distributions to shareholders		-	-	-	-	-	(637,306,610)	(637,306,610)	(13,390,661)	(650,697,271)
(IV) Special reserve		-	-	-	5,538,477	-	-	5,538,477	1,001,133	6,539,610
1. Transfer to special reserve in the year		-	-	-	59,678,310	-	-	59,678,310	3,922,602	63,600,912
2. Amount utilized in the year		-	-	-	(54,139,833)	-	-	(54,139,833)	(2,921,469)	(57,061,302)
(V) Others	(V)37	-	(4,867,207)	-	-	-	-	(4,867,207)	4,867,207	-
IV. At 31 December 2021		1,416,236,912	10,519,465,513	(208,084,629)	30,785,734	2,545,778,284	18,316,811,951	32,620,993,765	671,650,673	33,292,644,438

# Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2021  
Renminbi Yuan

Item	Note	2020								Total shareholders' equity
		Attributable to shareholders of the Parent							Minority interests	
		Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total		
I. At 31 December 2019		1,175,476,637	3,321,880,949	(140,316,129)	17,509,972	2,072,158,058	15,463,553,872	21,910,263,359	286,015,798	22,196,279,157
II. At 1 January 2020		1,175,476,637	3,321,880,949	(140,316,129)	17,509,972	2,072,158,058	15,463,553,872	21,910,263,359	286,015,798	22,196,279,157
III. Changes for the year		-	-	(12,022,602)	7,737,285	253,486,941	1,693,003,178	1,942,204,802	121,106,445	2,063,311,247
(I) Total comprehensive income		-	-	(12,022,602)	-	-	2,475,454,606	2,463,432,004	21,244,224	2,484,676,228
(II) Shareholders' contribution and reduction in capital		-	-	-	-	-	-	-	115,929,144	115,929,144
1. Shareholders' contribution in capital		-	-	-	-	-	-	-	115,929,144	115,929,144
(III) Profit distribution		-	-	-	-	253,486,941	(782,451,428)	(528,964,487)	(17,679,410)	(546,643,897)
1. Transfer to surplus reserve		-	-	-	-	253,486,941	(253,486,941)	-	-	-
2. Distributions to shareholders		-	-	-	-	-	(528,964,487)	(528,964,487)	(17,679,410)	(546,643,897)
(IV) Special reserve		-	-	-	7,737,285	-	-	7,737,285	1,612,487	9,349,772
1. Transfer to special reserve in the year		-	-	-	44,464,987	-	-	44,464,987	3,047,961	47,512,948
2. Amount utilized in the year		-	-	-	(36,727,702)	-	-	(36,727,702)	(1,435,474)	(38,163,176)
IV. At 31 December 2020		1,175,476,637	3,321,880,949	(152,338,731)	25,247,257	2,325,644,999	17,156,557,050	23,852,468,161	407,122,243	24,259,590,404



# Statement of Changes in Shareholders' Equity of the Company

For the year ended 31 December 2021  
Renminbi Yuan

Item	Note	2021						Total shareholders' equity
		Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	
I. At 31 December 2020		1,175,476,637	3,371,446,430	(26,098,194)	4,296,322	2,325,644,999	15,498,738,791	22,349,504,985
II. At 1 January 2021		1,175,476,637	3,371,446,430	(26,098,194)	4,296,322	2,325,644,999	15,498,738,791	22,349,504,985
III. Changes for the year		240,760,275	7,208,057,145	(26,548,819)	325,155	220,133,285	1,343,892,955	8,986,619,996
(I) Total comprehensive income		-	-	(26,548,819)	-	-	2,201,332,850	2,174,784,031
(II) Shareholders' contributions and reduction in capital		240,760,275	7,202,451,771	-	-	-	-	7,443,212,046
1. Ordinary shares contributed by shareholders		240,760,275	7,202,451,771	-	-	-	-	7,443,212,046
(III) Profit distribution		-	-	-	-	220,133,285	(857,439,895)	(637,306,610)
1. Transfer to surplus reserve		-	-	-	-	220,133,285	(220,133,285)	-
2. Distributions to shareholders		-	-	-	-	-	(637,306,610)	(637,306,610)
(IV) Special reserve		-	-	-	325,155	-	-	325,155
1. Transfer to special reserve in the year		-	-	-	22,397,328	-	-	22,397,328
2. Amount utilized in the year		-	-	-	(22,072,173)	-	-	(22,072,173)
(V) Others	(VI)1	-	5,605,374	-	-	-	-	5,605,374
IV. At 31 December 2021		1,416,236,912	10,579,503,575	(52,647,013)	4,621,477	2,545,778,284	16,842,631,746	31,336,124,981

# Statement of Changes in Shareholders' Equity of the Company

For the year ended 31 December 2021  
Renminbi Yuan

Item	Note	2020						Total shareholders' equity
		Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	
I. At 31 December 2019		1,175,476,637	3,371,446,430	(41,975,605)	4,296,322	2,072,158,058	13,746,320,807	20,327,722,649
II. At 1 January 2020		1,175,476,637	3,371,446,430	(41,975,605)	4,296,322	2,072,158,058	13,746,320,807	20,327,722,649
III. Changes for the year		-	-	15,877,411	-	253,486,941	1,752,417,984	2,021,782,336
(I) Total comprehensive income		-	-	15,877,411	-	-	2,534,869,412	2,550,746,823
(II) Profit distribution		-	-	-	-	253,486,941	(782,451,428)	(528,964,487)
1. Transfer to surplus reserve		-	-	-	-	253,486,941	(253,486,941)	-
2. Distributions to shareholders		-	-	-	-	-	(528,964,487)	(528,964,487)
(III) Special reserve		-	-	-	-	-	-	-
1. Transfer to special reserve in the year		-	-	-	22,600,958	-	-	22,600,958
2. Amount utilized in the year		-	-	-	(22,600,958)	-	-	(22,600,958)
IV. At 31 December 2020		1,175,476,637	3,371,446,430	(26,098,194)	4,296,322	2,325,644,999	15,498,738,791	22,349,504,985



# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (I) BASIC INFORMATION ABOUT THE COMPANY

### 1. General

Zhuzhou CRRC Times Electric Co., Ltd. (the “Company”), is a joint stock limited company registered in Hunan Province, the People’s Republic of China (the “PRC”). It was jointly established by CRRC Zhuzhou Institute Co., Ltd. (hereinafter referred to as “CRRC ZELRI”), CRRC Changzhou Industrial Management Co., Ltd., CRRC Zhuzhou Locomotive Co., Ltd., CRRC Investment & Leasing Co., Ltd. and CRRC High-Tech Equipment Co., Ltd. on 26 September 2005.

In December 2006, the Company issued 414,644,000 H Shares (including H shares issued via the exercise of the over-allotment option) with a nominal value of RMB1 each through the Hong Kong Stock Exchange. The issue price was HKD5.3 per share. The total proceeds before deducting issuing expenses amounted to HKD2,197,613,000 (equivalent to approximately RMB2,209,968,000). These H shares were listed and traded on the Main Board of the Hong Kong Stock Exchange since December 2006. In October 2013, the Company issued 91,221,000 H Shares with a nominal value of RMB1 each through the Hong Kong Stock Exchange. The issue price was HKD25 per share. The total proceeds before deducting issuing expenses amounted to HKD2,280,525,000 (equivalent to approximately RMB1,803,872,470). These H shares were listed and traded on the Main Board of the Hong Kong Stock Exchange since October 2013. In September 2021, the Company issued 240,760,275 A shares with a nominal value of RMB1 each through the STAR Market of Shanghai Stock Exchange (“SSE STAR Market”). The issue price was RMB31.38 per share. The total proceeds before deducting issuing expenses amounted to RMB7,555,057,430. These H shares were listed and traded on SSE STAR Market since September 2021. Consequently upon the issue of the A Shares, the registered capital and share capital of the Company was increased to RMB1,416,236,912.

The Company is headquartered at Times Road, Shifeng District, Zhuzhou City, Hunan Province. The Company and its subsidiaries (together, the “Group”) are principally engaged in the sale and manufacture of railway transportation equipment.

### 2. Scope of the consolidated financial statements

The consolidated and Company’s financial statements have been approved by the Company’s board of directors on 29 March 2022. In accordance with the Company’s articles of association, the financial statements will be submitted to the shareholders’ meeting for review.

Details of the scope of consolidated financial statements for the current year are set out in Note (VII) “Interests in Other Entities”. Details of the changes in the scope of consolidated financial statements for the year are set out in Note (VI) “Changes in Scope of Consolidation”.



# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### Basis of preparation

The Group implements the Accounting Standards for Business Enterprises and related regulations promulgated by the Ministry of Finance of the People's Republic of China ("the MoF"). In addition, the Group also disclosed relevant financial information in accordance with the *Reporting Rules for the Disclosure of Information of Companies Offering Public Securities No. 15 – General Requirements for Financial Reporting (2014 Amendment)*, the *Hong Kong Companies Ordinance* and the *Listing Rules for Securities of the Stock Exchange of Hong Kong Limited*.

### Going concern

The Group assessed its ability to continue as a going concern for the 12 months from 31 December 2021 and did not notice any events or circumstances that may cast significant doubt upon its ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

### Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

Where the historical cost is adopted as the measurement basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds or assets received or the contractual amounts for assuming the present obligation, or, at the amounts of cash and cash equivalents expected to be paid to settle the liabilities in the normal course of business.

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, regardless of whether that price is directly observable or estimated using valuation technique. Fair value measurement and/or disclosure in the financial statements are determined according to the above basis.

The Group considers the ability of market participants to put assets into best use for economic benefits or sell the assets to other market participants who are able to put the assets into best use for economic benefits when measuring non-financial assets at fair value.

For financial assets with transaction prices as the fair value upon initial recognition and the valuation technique of unobservable inputs employed in the subsequent measurement at the fair value, the technique is adjusted during the valuation to match the initial recognition results determined with the transaction prices.



# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS (continued)

### Basis of accounting and principle of measurement (continued)

Fair value measurements are categorized into Level 1, 2 or 3 based on degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than inputs within Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs are unobservable inputs for the asset or liability.

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

### 1. Statement of compliance with the Accounting Standards for Business Enterprises (“ASBE”)

The financial statements of the Company have been prepared in accordance with the ASBE, and present truly and completely, the consolidated and Company’s financial position as of 31 December 2021, and the consolidated and Company’s operating results, the consolidated and the Company’s changes in shareholders’ equity and cash flows for the year then ended.

### 2. Accounting period

The accounting period of the Group is from 1 January to 31 December of each calendar year.

### 3. Operating cycle

An operating cycle refers to the period since when an enterprise purchases assets for processing purpose till the realization of those assets in cash or cash equivalents. The Group’s operating cycle is 12 months.

### 4. Functional currency

Renminbi (“RMB”) is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The Company’s foreign subsidiaries determine their functional currency on the basis of the primary economic environment in which they operate. The Company adopts RMB to prepare its financial statements.



# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

#### 5.1 Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. 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 shares issued as consideration) is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained profits.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

#### 5.2 Business combinations not involving enterprises under common control and goodwill

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognized as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognizes the remaining difference immediately in profit or loss for the current period.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements.

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 6. Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control is the power over the investee, exposures or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. If changes of related facts and situations lead to changes of related elements of control, the Group will conduct reassessment.

The combination of subsidiaries begins with the Group's control over the subsidiary, and ceases with the Group's losing control of the subsidiary.

For a subsidiary disposed by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated cash flow statements, as appropriate.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated cash flow statements, as appropriate.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control or the party being absorbed under merger by absorption are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period or from the date when they first came under the common control of the ultimate controlling party are included in the consolidated income statement and consolidated cash flow statements, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

Influence over the consolidated financial statements arising from significant intra-group transactions are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "minority interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority interests is presented as "Profit or loss attributable to minority interests" in the consolidated income statement below the "net profit" line item.

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 shareholders' equity of the subsidiary, the excess amount is still allocated against minority interests.

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company's interests and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against retained profits.



# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 7. Classification of joint arrangements

A joint arrangement is classified into joint operation and joint venture, depending on the rights and obligations of the parties to the arrangement, which is assessed by considering the structure and the legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances. 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 joint arrangement.

The Group accounts for investments in joint ventures using equity method. Refer to Note (III)15.3.2 “Long-term equity investments accounted for using the equity method” for details.

### 8. Recognition criteria of cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group’s short-term (generally due within three months from the date of purchase), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 9. Translation of transactions and financial statements denominated in foreign currencies

#### 9.1 Transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

At the balance sheet date, foreign currency monetary items are translated into the functional currency using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognized in profit or loss for the period, except that (i) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalization are capitalized as part of the cost of the qualifying asset during the capitalization period; (ii) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (iii) exchange differences arising from changes in the carrying amounts (other than the amortized cost) of available-for-sale monetary items are recognized as other comprehensive income.

When the consolidated financial statements include foreign operation(s), if there is foreign currency monetary item constituting a net investment in a foreign operation, exchange difference arising from changes in exchange rates are recognized as “exchange differences arising on translation of financial statements denominated in foreign currencies” in other comprehensive income, and in profit and loss for the period upon disposal of the foreign operation.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognized in profit and loss or as other comprehensive income.



# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 9. Translation of transactions and financial statements denominated in foreign currencies (continued)

#### 9.2 Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items (excluding "retained earnings") are translated at the spot exchange rates at the dates on which such items arose; income and expense items in the income statement are translated at average exchange rate for the period in which the transaction occurs; the difference between the translated assets and the aggregate of liabilities and shareholders' equity items is recognized as other comprehensive income and included in shareholders' equity.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at the average exchange rate for the period of the cash flows. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the cash flow statement as "effect of exchange rate changes on cash and cash equivalents".

The closing balances and the comparative figures of the previous year are presented at the translated amounts in the previous year's financial statements.

### 10. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

For financial assets purchased or sold in a regular way, the Group recognizes assets acquired and liabilities assumed on a trade date basis, or derecognizes the assets sold on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts. For accounts receivable excluding significant financing components or regardless of financing components of contracts less than one year recognized based on the *Accounting Standards for Business Enterprises No. 14 –Revenue* (the "Revenue Standards"), accounts receivable initially recognized shall be measured at transaction price defined based on the Revenue Standards on initial recognition.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over each accounting period.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the net carrying amount of the financial asset or the amortized cost of financial liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability including earlier repayment, extension, call option or other similar options etc. without considering future credit losses.

The amortized cost of a financial asset or a financial liability is the amount of a financial asset or a financial liability initially recognized net of principal repaid, plus or less the cumulative amortized amount arising from amortization of the difference between the amount initially recognized and the amount at the maturity date using the effective interest method, net of cumulative loss allowance (only applicable to financial assets).



# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial instruments (continued)

#### 10.1 Classification, recognition and measurement of financial assets

Subsequent to initial recognition, the Group's financial assets of various categories are subsequently measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL").

If contractual terms of the financial asset give rights on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, such asset is classified into financial asset measured at amortized cost. Such type of financial assets mainly comprise cash and bank balances, notes receivable, accounts receivable, other receivables, debt investments, and long-term receivables, etc.

The contract clauses of financial assets stipulate that cash flows generated on a specified date are only payments of principal and interest based on the amount of outstanding principal and the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. The financial assets that meet the above conditions are classified as at FVTOCI. Such type of financial assets with a period of over one year since obtaining are presented as other debt investments and financial assets due within one year (inclusive) since the balance sheet date are presented as non-current assets due within one year; accounts receivable and notes receivable at FVTOCI are presented as accounts receivable financing, and other financial assets with a period within one year (inclusive) upon obtaining are presented as other current assets.

Upon initial recognition, the Group irrevocably designates non-held-for-trading equity instrument investments except contingent considerations recognized in the business combination not under the same control as financial assets at FVTOCI based on individual financial assets. Such type of financial assets are presented as other equity instrument investments.

A financial asset is classified as held for trading if one of the following conditions is satisfied:

- It has been acquired principally for the purpose of selling in the near term;
- Relevant financial assets are part of the identifiable financial instrument combination under centralized management upon initial recognition and there is objective evidence indicating that recently there exists a short-term profit model;
- Relevant financial assets are derivatives, excluding derivatives following the definition of financial guarantee contracts as well as derivatives designated as effective hedging instruments.

Financial assets at FVTPL include financial assets classified as at fair value through profit or loss and those designated as at fair value through profit or loss:

- Financial assets that are unqualified for the classification as at amortized cost and at FVTOCI are classified as at FVTPL.
- Upon initial recognition, to eradicate or significantly reduce accounting mismatches, the Group can irrevocably designate financial assets as at fair value through profit or loss.

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial instruments (continued)

#### 10.1 Classification, recognition and measurement of financial assets (continued)

Financial assets at FVTPL are presented as held-for-trading financial assets. Financial assets due over one year (or without a fixed term) and expected to be held over one year as of the balance sheet date are presented as other non-current financial assets.

##### 10.1.1 Financial assets measured at amortized cost

Financial assets at amortized cost are measured subsequently at amortized cost using the effective interest method. Gains or losses arising from impairment or derecognition are recorded to profit or loss for the period.

The Group recognizes interest income for financial assets measured at amortized cost using the effective interest method. The Group determines the interest income by multiplying the gross carrying amount of financial assets by effective rate except the following situations:

- For purchased or original credit-impaired financial assets, the Group recognizes their interest income based on amortized cost and credit-adjusted effective interest rate of such financial assets since initial recognition.
- For purchased or original financial assets without credit impairment but subsequently becoming credit impaired, the Group subsequently recognizes their interest income based on amortized costs and effective interest rate of such financial assets. If there exists no credit impairment due to improvement in credit risk of the financial instruments subsequently and the improvement is relevant to an event incurred subsequent to the application of above provisions, the Group recognizes interest income based on applying effective interest rate to carrying amount of the financial assets.

##### 10.1.2 Financial assets at FVTOCI

Except that gains or losses on impairment relating to financial assets at fair value through other comprehensive income, interest income calculated using effective interest rate and exchange gains or losses are recognized in profit or loss for the period, changes in fair value in the above financial assets are included in other comprehensive income. The amount of the financial assets included into profit or loss of each period shall be regarded as equal as the amount measured at amortized cost through profit or loss over each period. Upon derecognition of the financial assets, cumulative gains or losses previously recognized in other comprehensive income are transferred and reclassified into profit or loss for the period.

For non-held-for-trading equity investment designated as financial assets at FVTOCI, changes in fair value are recognized in other comprehensive income. Upon derecognition of the financial asset, cumulative gains or losses previously recognized in other comprehensive income are transferred and included in retained earnings. During the period for which the Group holds the investments in the non-held-for-trading equity instruments, dividend income is recognized and included in profit or loss for the period when 1) the Group's right to collect dividend has been established; 2) it is probable that economic benefits associated with dividend will flow to the Group; and 3) the amount of dividend can be reliably measured.



# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial instruments (continued)

#### 10.1 Classification, recognition and measurement of financial assets (continued)

##### 10.1.3 Financial assets classified as at FVTPL

Financial assets at FVTPL is measured subsequently at fair value, with gains or losses arising from changes in the fair value and dividend and interest income relevant to the financial assets are recorded to profit or loss for the period.

#### 10.2 Impairment of financial instruments

The Group makes accounting treatment on impairment and recognizes loss allowance for financial assets measured at amortized cost, financial assets classified as at FVTOCI and contract assets based on expected credit losses ("ECL").

For notes receivable, accounts receivable, and contract assets arising from transactions regulated by the Revenue Standards, operating lease receivables arising from transactions regulated by the *Accounting Standard for Business Enterprises No.21 – Lease*, the Group measures loss allowance at the full lifetime ECL.

For other financial instruments, except for the purchased or originated credit-impaired financial assets, at each balance sheet date, the Group assesses changes in credit risk of relevant financial instruments since initial recognition. If the credit risk of the above financial instruments has increased significantly since initial recognition, the Group measures loss allowance based on the amount of full lifetime; if credit risk of the financial instrument has not increased significantly since initial recognition, the Group recognizes loss allowance based on 12-month ECL of the financial instrument. Increase in or reversal of credit loss allowance is included in profit or loss as loss/gain on impairment, except for financial assets classified as at fair value through other comprehensive income. The Group recognizes credit loss allowance for financial assets at FVTOCI in other comprehensive income and recognizes loss/gain on impairment in profit or loss for the period, without reducing the carrying amount of the financial assets presented in the balance sheet.

The Group measured loss allowance at the full lifetime ECL of the financial instruments in the prior accounting period. However, as at the balance sheet date for the current period, for the above financial instruments, due to failure to qualify as significant increase in credit risk since initial recognition, the Group measures loss allowance for the financial instrument at 12-month ECL at the balance sheet date for the current period. Relevant reversal of loss allowance is included in profit or loss as gain on impairment.

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial instruments (continued)

#### 10.2 Impairment of financial instruments (continued)

##### 10.2.1 Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition based on available reasonable and supportable forward-looking information.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- (1) Significant changes in internal price indicators as a result of a change in credit risk.
- (2) If the existing financial instruments are derived into or issued as new financial instruments at the end of each period, whether interest rates or other terms of the above financial instruments have changed significantly (including harsher contractual terms, increase in collaterals or higher yield rate etc.);
- (3) Whether external credit rating of the financial instrument has actually changed significantly or is expected to change significantly;
- (4) Whether expected detrimental changes in business, financial and economic conditions of the borrower which will affect borrower's ability to perform repayment obligation have changed significantly;
- (5) Whether the actual or expected operating results of the borrower have changed significantly;
- (6) Whether credit risk of other financial instruments issued by the same borrower has increased significantly;
- (7) Whether supervisory, economic or technical environment for the borrower has significant detrimental changes;
- (8) Whether the economic motive that will lower the borrower's repayment based on contractual stipulation has changed significantly;
- (9) Whether the borrower's expected performance and repayment activities have changed significantly.

No matter whether the credit risk is increased significantly after above assessment, it indicates that the credit risk of such financial instrument has been increased significantly if it lasts over 30 days (inclusive) after the overdue payment of the financial instrument contract.

The Group may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the balance sheet date. If the risk of default on financial instruments is low, the borrower is highly able to perform its contractual cash flow obligations in the short term, and even if the economic situation and operating environment are adversely changed over a long period of time but not necessarily reducing the borrower's performance of its contractual cash obligations, the financial instrument is considered as having a lower credit risk.



# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial instruments (continued)

#### 10.2 Impairment of financial instruments (continued)

##### 10.2.2 Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (1) Significant financial difficulty of the issuer or debtor;
- (2) A breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- (3) The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the creditor would not otherwise consider;
- (4) It is probable that the debtor will enter bankruptcy or other financial reorganizations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor.

Based on the Group's internal credit risk management, if internal suggestions or external information indicate that the debtors of the financial instruments cannot make the full repayments to creditors including the Group (considering no guarantee obtained by the Group), the Group then considers it as an event of default.

Regardless of the above assessment, the Group presumes that a financial instrument is in default if the contractual payment of the financial instrument has been overdue for more than 90 days (inclusive).

##### 10.2.3 Recognition of expected credit losses

Except that the Group recognizes credit loss for accounts receivable, contract assets, other receivables, notes receivable and operating lease receivables that are individually significant or credit-impaired on an individual asset basis, the Group recognizes credit loss for relevant financial instruments on a collectively basis using a provision matrix. The Group classifies financial instruments into different groups based on shared risk characteristics. Shared credit risk characteristics include type of financial instruments, type of debtors, industry of debtors, initial recognition date, and contract collection term etc.

The Group classifies its accounts receivable and contract assets into different groups that includes central state-owned enterprises, local state-owned enterprises, China Railway and its subsidiaries, and other enterprises based on their credit risk characteristics. For the grouped accounts receivable and contract assets, the Group takes consideration of the aging analysis, historical loss and other factors, and properly adjusts the lifetime expected credit losses rate in respect of the future economic condition and other factors so as to calculate the expected credit losses by default risk exposures and lifetime expected credit losses rate.

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial instruments (continued)

#### 10.2 Impairment of financial instruments (continued)

##### 10.2.3 Recognition of expected credit losses (continued)

ECL of relevant financial instruments is recognized based on the following methods:

- For a financial asset, credit loss is the present value of difference between the contractual cash flow receivable and the expected cash flows to be received.
- For an operating lease receivable, credit loss is the present value of difference between the contractual cash flow receivable and the expected cash flows to be received.
- For credit-impaired financial assets other than the purchased or originated credit-impaired financial assets at the balance date, credit loss is difference between the carrying amount of financial assets and the present value of expected future cash flows discounted at original effective interest rate.

The Group's measurement of ECL of financial instruments reflects factors including unbiased probability weighted average amount recognized by assessing a series of possible results, including time value of money, reasonable and supportable information related to historical events, current condition and forecast of future economic position that is available without undue cost or effort at the balance sheet date.

##### 10.2.4 Reduction in financial assets

The Group directly reduce the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Such reduction constitutes a derecognition of relevant financial assets.



# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial instruments (continued)

#### 10.3 Transfer of financial assets

The Group derecognizes a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability. Relevant liabilities are measured using the following methods:

- For transferred financial assets carried at amortized cost, the carrying amount of relevant liabilities is the carrying amount of financial assets transferred with continuing involvement less amortized cost of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of amortized cost of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Relevant liabilities are not designated as financial liabilities at fair value through profit or loss.
- For financial assets carried at fair value, the carrying amount of relevant financial liabilities is the carrying amount of financial assets transferred with continuing involvement less fair value of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of fair value of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Accordingly, the fair value of relevant rights and obligations shall be measured on an individual basis.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognized in other comprehensive income, is recognized in profit or loss. While regarding non-trading equity instrument investments designated as at FVTOCI, cumulative gains or losses previously recognized in other comprehensive income are transferred and included in retained profits.

If a part of the transferred financial asset qualifies for derecognition, the overall carrying amount of the financial asset prior to transfer is allocated between the part that continues to be recognized and the part that is derecognized, based on the respective fair value of those parts at the date of transfer. The difference between (1) the carrying amount allocated to the part derecognized on the date of derecognition; and (2) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss or retained earnings. While regarding non-trading equity instrument investments designated as at FVTOCI, cumulative gains or losses previously recognized in other comprehensive income are transferred and included in retained profits.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group continues to recognize the transferred financial asset in its entirety. The consideration received from transfer of assets is recognized as a liability upon receipt.



# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial instruments (continued)

#### 10.4 Classification of financial liabilities and equity instruments

Financial instruments or their components are classified into financial liabilities or equity instruments on initial recognition according to not only the legal form but also the contractual arrangements and their economic substance of the financial instruments issued by the Group in consideration of the definitions of the financial liability and equity instrument.

##### 10.4.1 Classification, recognition and measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. All of the Group's financial liabilities are other financial liabilities.

##### 10.4.1.1 Other financial liabilities

The Group shall classify all financial liabilities as subsequently measured at amortized cost, except for financial liabilities and financial guarantee contracts that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and gains or losses arising from derecognition or amortization are recognized in profit or loss for the period.

When the contractual cash flows are changed due to the renegotiation or modification of the contract made between the Group and the counterparty and the renegotiation or modification does not result in the derecognition of the financial liabilities that is subsequently measured at amortized cost, the Group shall recalculate the carrying amount of the financial liabilities and shall recognize related gains or losses in profit or loss. The carrying amount of the financial liabilities shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial liability's original effective interest rate. Any costs or fees incurred adjust the carrying amount of the modified financial liabilities and are amortized over the remaining term of the modified financial liabilities.

##### 10.4.2 Derecognition of financial liabilities

The Group derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (a borrower) and a lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.



# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial instruments (continued)

#### 10.4.3 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognized as changes of equity. Change of fair value of equity instruments is not recognized by the Group. Transaction costs related to equity transactions are deducted from equity.

The Group recognizes the distribution to holders of the equity instruments as distribution of profits, and dividends paid do not affect total amount of shareholders' equity.

#### 10.5 Derivative instruments

The derivative instruments of the Group include forward exchange contract, etc. The derivative instruments are measured initially at fair value on the relevant contractual signing date, and measured subsequently at fair value. At the end of reporting period, the derivative financial instruments at a positive fair value are presented in derivative financial assets, and those at a negative fair value are presented in derivative financial liabilities.

#### 10.6 Offsetting financial assets and financial liabilities

Where the Group has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

### 11. Receivables financing

Notes receivable and accounts receivable classified as at FVTOCI with a period of one year (inclusive) since obtaining are presented as receivables financing; those with a period of over one year since obtaining are presented as other debt investments. For the relevant accounting policies, see Note (III)10.1, Note (III)10.2 and Note (III)10.3.

### 12. Inventories

#### 12.1 Categories of inventories

The Group's inventories mainly include raw materials, semi-finished products, work in progress, goods on hand, turnover materials, etc. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

#### 12.2 Valuation method of inventories upon delivery

The actual cost of inventories upon delivery is calculated using the weighted average method.

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 12. Inventories (continued)

#### **12.3 Basis for determining net realizable value of inventories**

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realizable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of events after balance sheet date. The provision for decline in values of raw materials, semi-finished products, work in progress, finished goods, and turnover materials are made on an individual basis. For items of inventories relating to a product line that are produced and marketed in the same geographical area, have the same or similar end uses or purposes, and cannot be practicably evaluated separately from other items in that product line, provision for decline in value is determined on an aggregate basis. After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

#### **12.4 Inventory count system**

The perpetual inventory system is maintained for stock system.

#### **12.5 Amortization method for low cost and short-lived consumable items and packaging materials**

Turnover materials include low value consumables and packing materials, which are amortized by using the immediate write-off method.

### 13. Contract assets

#### **13.1 Recognition method and standards of contract assets**

Contract assets refer to the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time. The Group's unconditional (i.e., depending on the passage of time only) right to receive consideration from the customer is separately presented as receivables.

#### **13.2 Determination and accounting methods of expected credit loss ("ECL") of contract assets**

For the determination and accounting methods of expected credit loss of contract assets, see Note (III) "10.2 Impairment of financial instruments" for details.



# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 14. Assets classified as held-for-sale

Non-current assets and disposal groups are classified as held for sale category when the Group recovers the book value through a sale (including an exchange of non-monetary assets that has commercial substance) rather than continuing use.

Non-current assets or disposal groups classified as held for sale are required to satisfy the following conditions: (1) the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset or disposal group; (2) the sale is highly probable, i.e. the Group has made a resolution about selling plan and obtained a confirmed purchase commitment and the sale is expected to be completed within one year.

The Group measures the no-current assets or disposal groups classified as held for sale at the lower of their carrying amount and fair value less costs to sell. Where the carrying amount is higher than the net amount of fair value less costs to sell, the carrying amount should be reduced to the net amount of fair value less costs to sell, and such reduction is recognized in impairment loss of assets and included in profit or loss for the period. Meanwhile, provision for impairment of held-for-sale assets are made. When there is increase in the net amount of fair value of non-current assets held for sale less costs to sell at the balance sheet date, the original deduction should be reversed in impairment loss of assets recognized after the classification of held-for-sale category, and the reverse amount is include in profit or loss for the period.

Non-current assets classified as held-for-sale or disposal groups are not depreciated or amortized, interest and other costs of liabilities of disposal group classified as held for sale continue to be recognized.

All or part of equity investments in an associate or joint venture are classified as held-for-sale assets. For the part that is classified as held-for-sale, it is no longer accounted for using the equity method since the date of the classification.

### 15. Long-term equity investments

#### 15.1 Determination criteria of joint control and significant influence

Control is achieved when the Group has the power over the investee, is exposed or, has the rights to, variable returns from its involvement with the investee; and has the ability to use its power to affect its return. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require 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. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, convertible corporate bonds and exercisable warrants) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 15. Long-term equity investments (continued)

#### 15.2 Determination of initial investment cost

For a long-term equity investment acquired through business combination involving enterprises under common control, shares of carrying amount of shareholders' equity of the acquiree in the consolidated financial statements of the ultimate controlling party is recognized as initial investment cost of long-term equity investment at the date of combination. The difference between initial investment cost of long-term equity investment and the aggregate of cash paid, non-cash assets transferred and book value of liabilities assumed, is adjusted to capital reserve. If the balance of capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained profits. If the consideration of the combination is satisfied by the issue of equity securities, the initial investment cost of the long-term equity investment is determined in accordance with shares of carrying amount of shareholders' equity of the acquiree in the consolidated financial statements of the ultimate controlling party at the date of combination, with the aggregate face value of the shares issued accounted for as share capital, and the difference between the initial investment cost and the aggregate face value of the shares issued adjusted to capital reserve. If the balance of capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained profits.

For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition at the date of combination.

The expenses incurred by the acquirer or in respect of auditing, legal services, valuation and consultancy services and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

Long-term equity investment acquired otherwise than through a business combination is initially measured at its cost. When the entity is able to exercise significant influence or joint control (but not control) over an investee due to additional investment, the cost of long-term equity investments is the sum of the fair value of previously-held equity investments determined in accordance with Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments and the additional investment cost.

#### 15.3 Subsequent measurement and recognition of profit or loss

##### 15.3.1 Long-term equity investment accounted for using the cost method

The parent company's separate financial statements adopted cost method to account for the long-term equity investments of subsidiaries. A subsidiary is an investee that is controlled by the Group.

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 is adjusted accordingly. Investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.



# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 15. Long-term equity investments (continued)

#### 15.3 Subsequent measurement and recognition of profit or loss (continued)

##### 15.3.2 Long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and a joint venture is an entity over which the Group exercises joint control along with other investors.

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, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income of the investee for the period as investment income and other comprehensive income for the period. Meanwhile, carrying amount of long-term equity investment is adjusted: the carrying amount of long-term equity investment is decreased in accordance with its share of the investee's declared profit or cash dividends; Other changes in owners' equity of the investee other than net profit or loss and other comprehensive income are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized in the capital reserve. The Group recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual identifiable assets, etc. at the acquisition date after making appropriate adjustments. When the investors' accounting policies and accounting period are inconsistent with those of the Company, the Company recognizes investment income and other comprehensive income after making appropriate adjustments to conform to the Company's accounting policies and accounting period. However, unrealized gains or losses resulting from the Group's transactions with its associates and joint ventures, which do not constitute a business, are eliminated based on the proportion attributable to the Group and then investment gains or losses or is recognized. However, unrealized losses are not eliminated if they result from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets.

The Group discontinues recognizing 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. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 15. Long-term equity investments (continued)

#### 15.4 Disposal of long-term equity investments

On disposal of a long term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognized in profit or loss for the period.

### 16. Fixed assets

#### 16.1 Recognition criteria

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognized 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. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognized. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

#### 16.2 Depreciation method

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation method	Depreciation period (years)	Estimated net residual value rate (%)	Annual depreciation rate (%)
Buildings	Straight-line method	20-45	5	2.11-4.75
Machinery	Straight-line method	6-10	5	9.50-15.83
Vehicles	Straight-line method	5	5	19.00
Office facilities and others	Straight-line method	5	5	19.00

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

#### 16.3 Other descriptions

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and accounts for any change as a change in accounting estimate.

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 17. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalized before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

### 18. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months. Capitalization is suspended until the acquisition, construction or production of the asset is resumed. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

### 19. Intangible asset

#### 19.1 Valuation method, useful life and impairment testing of intangible assets

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost less net residual value and any accumulated impairment losses is amortized over its estimated useful life. An intangible asset with an indefinite useful life is not amortized. The amortization methods, useful lives, and estimated net residual value rates of each class of intangible assets are as follows:

Category	Amortization method	Useful life (Years)	Residual value rate (%)
Land use rights	Straight-line method	40-50	—
Software licenses	Straight-line method	3-10	—
Patents, licenses and technical know-how	Straight-line method	5-10	—
Trademarks	Straight-line method	20	—
Backlog orders and service contracts	Straight-line method	Period during which the service is rendered	—



# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 19. Intangible asset (continued)

#### 19.1 Valuation method, useful life and impairment testing of intangible assets (continued)

For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at the end of the period, and makes adjustments when necessary.

For the impairment testing of intangible assets, please refer to Note (III) 20. "Impairment of long-term assets" for details.

#### 19.2 Research and development expenditure

The Group classifies the expenditure on an internal research and development project into expenditure on the research phase and expenditure on the development phase.

Expenditure during the research phase is recognized as an expense in the period in which it is incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognized as intangible asset. Expenditure during development phase that does not meet the following conditions is recognized in profit or loss for the period.

- (1) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (2) the Group has the intention to complete the intangible asset and use or sell it;
- (3) the Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of 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;
- (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;
- (5) the expenditure attributable to the intangible asset during its development phase can be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognizes all of them in profit or loss for the period. The cost of intangible assets formed in internal development activities only includes the total amount of expenditures from the time point when the capitalization conditions are met to the time when the intangible assets reach the predetermined uses. For the same intangible asset, the expenditures that have been expensed into profit and loss before the capitalization conditions are met in the development process will not be adjusted.



# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 20. Impairment of long-term assets

The Group reviews the long-term equity investments, fixed assets, construction in progress, intangible assets with a finite useful life and assets related to contract costs at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of an asset or asset group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset.

If such recoverable amount of an asset is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognized in profit or loss for the period.

In determining impairment losses on assets related to contract costs, impairment losses are first determined for other assets recognized in accordance with other relevant ASBEs and related to the contract; then, for assets related to contract costs, the Group shall recognized an impairment loss to the extent that the carrying amount of an asset exceeds: (1) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less (2) the estimated costs that relate to providing those goods or services.

Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, goodwill is considered together with the related assets group(s), i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognized if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group on the pro-rata basis of the carrying amount of each asset (other than goodwill) in the group.

Except for impairment losses related to contract costs, once the impairment losses are recognized for above assets, they will not be reversed in any subsequent period. The Group shall, after the asset impairment related to contract costs has been provided, recognized in profit or loss a reversal of some or all of an impairment loss previously recognized when the impairment conditions no longer exist or have improved. The increased carrying amount of the asset shall not exceed the carrying amount that would have been determined if no impairment loss had been recognized previously.

### 21. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortized over the current and subsequent periods (together of more than one year), including leasehold improvement. Long-term prepaid expenses are amortized using the straight-line method over the shorter of the expected useful life of the asset and the lease term.

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 22. Contract liabilities

Contract liabilities refer to the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. Contract assets and contract liabilities under the same contract are presented at net amount.

### 23. Employee benefits

Employee benefits are all forms of considerations given by the Group in exchange for services rendered by employees or for the termination of employment. Employee benefits include short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits.

#### **23.1 Accounting treatment of short-term benefits**

Actually occurred short-term employee benefits are recognized as liabilities, with a corresponding charge to the profit or loss for the period or in the costs of relevant assets in the accounting period in which employees provide services to the Group. Staff welfare expenses incurred by the Group are recognized in profit or loss for the period or the costs of relevant assets based on the actually occurred amounts when it actually occurred. Non-monetary staff welfare expenses are measured at fair value.

Payment made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as trade union fund and employee education fund provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognized as relevant liabilities, with a corresponding charge to the profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

#### **23.2 Accounting treatment of post-employment benefits**

The Group's benefits after demission are all defined contribution plans, including pension insurance, work injury insurance and supplementary pensions paid by the Group for its employees.

During the accounting period of rendering service to employees of the Group, amount which should be paid according to defined contribution plans is recognized as liabilities, and recognized in profit or loss or related costs of assets.

#### **23.3 Accounting treatment of termination benefits**

A liability for a termination benefit is recognized in profit or loss for the period at the earlier of when the Group cannot unilaterally withdraw from the termination plan or the redundancy offer and when the Group recognizes any related restructuring costs or expenses.



# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 24. Provisions

Provisions are recognized when the Group has a present obligation related to a contingency such as products quality assurance, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

### 25. Revenue

#### 25.1 Accounting policy for revenue recognition and measurement

The revenue of the Group is mainly generated from business types as follows:

- (1) Revenue from sales of goods and materials;
- (2) Revenue from rendering of maintenance service;
- (3) Revenue from construction contracts.

The Group recognizes revenue based on the transaction price allocated to such performance obligation 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. A performance obligation represents the commitment that a good and service that is distinct shall be transferred by the Group to the customer. Transaction price refers to the consideration that the Group is expected to charge due to the transfer of goods or services to the customer, but it does not include payments received on behalf of third parties and amounts that the Group expects to return to the customer.

If there are two or more of performance obligations included in the contract, at the contract inception, the Group allocates the transaction price to each single performance obligation based on the proportion of stand-alone selling price of goods or services promised in single performance obligation. However, if there is conclusive evidence indicating that the contract discount or variable consideration is only relative with one or more (not the whole) performance obligations in the contract, the Group will allocate the contract discount or variable consideration to relative one or more performance obligation. Stand-alone selling price refers to the price of single sales of goods or services. When the stand-alone selling price cannot be observed directly, the Group estimates the stand-alone selling price through comprehensive consideration of all reasonably acquired relative information and maximum use of observable inputs.

It is a performance obligation satisfied during a period of time if one of the following conditions is met: (i) the customer obtains and consumes economic benefits at the same time of the Group's performance; (ii) the customer is able to control goods in progress during the Group's performance; (iii) goods generated during the Group's performance have irreplaceable utilization, and the Group is entitled to collect amounts of cumulative performance part which have been done up to now. Otherwise, the Group will recognize revenue at the point in time when the customer obtains control over relative goods or services.

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 25. Revenue (continued)

#### 25.1 Accounting policy for revenue recognition and measurement (continued)

The Group adopts the input method to determine performance schedules, namely according to the Group's input into the performance of contractual obligations. When the performance progress cannot be identified reasonably, and where the cost having occurred is expected to be compensated, the Group recognizes revenue in accordance with the cost having occurred until the performance progress can be identified reasonably.

For sales with quality assurance terms, if the quality assurance provides a separate service to the customer other than ensuring that the goods or services sold meet the established standards, the quality assurance constitutes a single performance obligation. Otherwise, the Group will account for the quality assurance responsibility in accordance with the Accounting Standards for Business Enterprises No. 13 – Contingencies.

The Group determines whether it is a principal or an agent at the time of the transaction based on whether it owns the "control" of the goods or services before the transfer of such goods or services to the customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer, and the revenue shall be recognized based on the total consideration received or receivable; otherwise, the Group is an agent, and the revenue shall be recognized based on the amount of commission or handling fee that is expected to be charged, and such amount is 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.

When the Group collects amounts of sold goods or services in advance from the customer, the Group will firstly recognize the amounts as liabilities and then transfer to revenue until satisfying relevant performance obligations. When the receipts in advance is non-refundable and the customer may give up all or part of contract right, and the Group is expected to be entitled to obtain amounts associated with contract rights given up by the customer, the above amounts shall be proportionally recognized as revenue in accordance with the model of exercising contract rights by the customer; otherwise, the Group will transfer the relevant balance of the above liability to revenue only when the probability is extremely low for the customer to require the Group to satisfy remaining performance obligations.

#### 25.2 Specific revenue recognition criteria for the Group

##### (1) Revenue from sales of goods and materials

The Group mainly sells rail transit equipment products, and revenue is usually recognized when the products are received and accepted by customers.

##### (2) Revenue from rendering of maintenance service

The Group mainly provide maintenance service of rail transit equipment products, and revenue is recognized when the services are completed and accepted by customers.

##### (3) Revenue from construction contracts

The Group mainly produces offshore products such as deep-sea robots and recognizes revenue according to the progress of performance.



# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 25. Revenue (continued)

#### **25.3 Costs of obtaining the contract**

If the incremental costs (costs that will not occur if no contract obtained) incurred for obtaining the contract are expected to be recovered, the Group recognizes it as an asset. The asset mentioned above shall be amortized on a basis that is consistent with the transfer to the customer of the goods or services to which the asset relates and recognized in profit or loss for the period. If the amortization period of the asset does not exceed one year, it is recognized in profit or loss for the period in which it occurs. Other expenses incurred by the Group for obtaining the contract are recognized in profit or loss for the period in which it occurs.

#### **25.4 Costs to fulfil a contract**

If the costs incurred in fulfilling a contract are not within the scope of other standard other than standards on revenue, the Group shall recognized 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 contract or to an anticipated contract that the Group can specifically identify; 2) the costs generate or enhance resources of the entity that will be used in satisfying performance obligations in the future; and 3) the costs are expected to be recovered. The asset mentioned above shall be amortized on a basis that is consistent with the transfer to the customer of the goods or services to which the asset relates and recognized in profit or loss for the period.

### 26. Government grants

Government grants are monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognized only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

#### **26.1 Determination basis and accounting treatment of government grants related to assets**

Government grants related to assets refer to those acquired by the Group for the purpose of purchasing or constructing or forming long-term assets by other means.

A government grant related to an asset is recognized as deferred income and included in profit or loss over the useful life of the related asset on an average distribution basis. The relevant asset is sold, transferred, scrapped or damaged prior to the end of its useful life, the related undistributed deferred income is transferred to the profit or loss of the disposal period.

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 26. Government grants (continued)

#### 26.2 Determination basis and accounting treatment of government grants related to income

Government grants received by the Group other than those related to assets are recognized as government grants related to income. The Group classifies government grants whose nature is difficult to distinguish as government grants related to income.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income and recognized in profit or loss over the periods in which the related costs or losses are recognized; If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss.

A government grant related to the Group's daily activities is recognized in other income based on the nature of economic activities; a government grant not related to the Group's daily activities is recognized in non-operating income.

For the return of a government grant already recognized, if there is any related deferred income, the repayment is offset against the carrying amount of the deferred income, with any excess recognized in profit or loss for the period.

### 27. Deferred tax assets and deferred tax liabilities

Income tax expenses comprise current and deferred tax. Current and deferred tax expenses or income are recognized in profit or loss for the period, except when they arise from transactions or events that are directly recognized in other comprehensive income or in shareholders' equity, in which case they are recognized in other comprehensive income or in shareholders' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

#### 27.1 Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

#### 27.2 Deferred tax assets and deferred tax liabilities

For differences between the carrying amounts of certain assets or liabilities and their tax base, or between the carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

Deferred tax is generally recognized for all temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.



# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 27. Deferred tax assets and deferred tax liabilities (continued)

#### 27.2 Deferred tax assets and deferred tax liabilities (continued)

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

On the balance sheet date, the Group will review the carrying value of the deferred income tax asset and write down the carrying value of the deferred income tax asset if it is likely to fail to obtain sufficient taxable income to offset the benefit of the deferred income tax asset in the future. The amount written down is reversed when sufficient taxable income is likely to be obtained.

#### 27.3 Income tax offsetting

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

## 28. Leases

Lease is a contract that conveys the right to use an asset for a period of time in exchange for consideration.

At inception of the contracts, the Group assesses whether the contract is, or contains, a lease. Unless the terms and conditions of the contract are changed, the Group does not reassess whether a contract is, or contains, a lease.

### 28.1 The Group as a lessee

#### 28.1.1 Separating components of a lease

For a contract that contains lease and non-lease components, the Group allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease components and the aggregate stand-alone price of the non-lease components.



# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 28. Leases (continued)

#### 28.1 The Group as a lessee (continued)

##### 28.1.2 Right-of-use assets

Except for short-term leases and leases for which the underlying asset is of low value, at the commencement date of the lease, the Group recognizes right-of-use assets. The commencement date of the lease is the date on which a lessor makes an underlying asset available for use by the Group. The Group measures the right-of-use assets at cost. The cost of the right-of-use assets comprises:

- (1) the amount of the initial measurement of the lease liabilities;
- (2) any lease payments made at or before the commencement date, less any lease incentives;
- (3) any initial direct costs incurred by the Group;
- (4) an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, exclusive of the cost incurred for production of inventories.

Right-of-use assets are depreciated based on depreciation provisions in the *Accounting Standards for Business Enterprises No. 4 – Fixed Assets*. If the Group is reasonably certain, that the lease will transfer ownership of the underlying asset to the Group by the end of the lease term, the right-of-use assets is depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the right-of-use assets is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

The Group applies the *Accounting Standards for Business Enterprises No. 8 – Impairment of Assets*, to determine whether the right-of-use assets are impaired and to account for any impairment loss identified.



# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 28. Leases (continued)

#### 28.1 The Group as a lessee (continued)

##### 28.1.3 Lease liabilities

Except for short-term leases and leases for which the underlying asset is of low value, at the commencement date of the lease, the Group measures the lease liabilities at the present value of the lease payments that are not paid at that date. The Group determines the present value of the lease payments using the interest rate implicit in the lease as the discount rate. If the interest rate implicit in the lease cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The lease payments comprise the following payments by the Group for the right to use the underlying asset during the lease term, including:

- (1) fixed payments (including in-substance fixed payments), less any lease incentives;
- (2) variable lease payments that depend on an index or a rate;
- (3) the exercise price of a purchase option reasonably certain to be exercised by the Group;
- (4) payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease;
- (5) amounts expected to be paid under residual value guarantees provided by the Group.

After the commencement date of the lease, interest on the lease liabilities in each period during the lease term is calculated by a constant periodic rate of interest on the remaining balance of the lease liabilities, and recognized in profit or loss or the cost of relevant assets.

Subsequent to the commencement date of a lease, in case of any of the following circumstances, the Group remeasures lease liabilities and makes a corresponding adjustment to the related right-of-use assets. Where the lease liabilities need to be further reduced even the carrying amount of right-of-use assets has been reduced to zero, the Group recognizes the difference in profit or loss for the current period.

- (1) there is a change in the lease term, or in the assessment of an option to purchase the underlying asset, the Group re-measures the lease liabilities, on the basis of the revised lease term and the revised discount rate;
- (2) there is a change in the amounts expected to be payable under a residual value guarantee, or in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group re-measures the lease liabilities, on the basis of the revised lease payments and the unchanged discount rate. If the change of lease payment arises from the change of variable interest rate, the revised discount rate shall be used to calculate the present value.

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 28. Leases (continued)

#### 28.1 The Group as a lessee (continued)

##### 28.1.4 Short-term leases and leases for which the underlying asset is of low value

The Group elects not to recognize right-of-use assets or lease liabilities for short-term leases and leases for which the underlying asset is of low value, including leasing of buildings, machinery, vehicles, office facilities and others. A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less and has no options to purchase. A lease for which the underlying asset is of low value is that, the value of the underlying asset is low when it is new. For short-term leases and leases for which the underlying asset is of low value, the Group recognizes the lease payments associated with those leases as an expense or cost of relevant asset on a straight-line basis over the lease term.

##### 28.1.5 Lease modifications

The Group accounts for a lease modification as a separate lease if:

- (1) the modification increases the scope of the lease by adding the right to use one or more underlying assets;
- (2) the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group reallocates the consideration in the contract, and re-measures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

If a lease modification reduces the scope of the lease or shortens the lease term, the Group shall reduce the carrying amount of right-of-use assets accordingly, and recognize the gains or losses on part or complete derecognition of lease in profit or loss of the period. For other lease modifications that result in re-measurement of lease liabilities, the Group shall adjust the carrying amount of right-of-use assets accordingly.

#### 28.2 The Group as a lessor

##### 28.2.1 Separating components of a lease

For a contract that contains lease and non-lease components, the Group shall allocate the consideration in the contract in accordance with the provisions for allocation of transaction price specified in Revenue Standards, on the basis of the relative stand-alone price of the lease components and the aggregate stand-alone price of the non-lease components.

##### 28.2.2 Classification of leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.



# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 28. Leases (continued)

#### 28.2 The Group as a lessor (continued)

##### 28.2.2 Classification of leases (continued)

###### 28.2.2.1 The Group as a lessor under operating leases

Receipts of lease under operating leases are recognized as rental income on a straight-line basis over the term of the relevant lease. Initial direct costs related to operating leases incurred by the Group are capitalized when incurred, and are recognized in profit or loss for the current period on the same basis as recognition of rental income over the lease term. The variable receipts of lease received by the Group that are related to operating leases and not included in receipts of lease are recognized in profit or loss for the period when they are incurred.

###### 28.2.3 Subleases

As the lessor of a sublease, the Group accounts for the original lease contract and the sublease contract on a separate basis. The Group classifies the subleases based on the right-of-use assets generating from the original lease rather than the underlying assets of the original lease.

###### 28.2.4 Lease modifications

For an operating lease modification, the Group accounts for it as a separate lease since the effective date of the modification. The amount received in advance or lease receivable related to the lease before the modification shall be treated as the receivable of the new lease.

### 29. Production safety expenses

According to the "Administrative Measures for the Collection and Utilization of Enterprise Work Safety Funds" issued by the Ministry of Finance and the State Administration of Work Safety on 14 February 2012, the Group withdraws production safety expenses. The production safety expenses shall be recognized in profit or loss for the current period and in special reserve. When the production safety expenses are utilized as expenses, they should be directly used to offset against the special reserve. When the production safety expenses incurred relate to fixed assets, relevant expenditures shall be accrued in the item of "Construction in progress" and then recognized as fixed asset when the project is completed and ready for intended use; meanwhile, special reserve shall be offset at the amount of cost of the fixed assets and accumulated depreciation shall be recognized at the same amount. Such fixed asset is not subject to any further depreciation in subsequent periods.

### 30. Critical judgement in applying accounting policies and key assumptions and uncertainties in accounting estimates

As operating activities have inherent uncertainties, the Group need to make judgments, estimates and assumptions upon reporting items that cannot be accurately calculated in applying the above accounting policies set out in Note (III). These judgments, estimates and assumptions are made based on historical experiences of the management of the Group, taking other related factors into consideration. The actual results may be different from the estimates of the Group.

The Group reviews the above judgments, estimates and assumptions periodically based on going concern. If the changes of accounting estimates only affect the current period, the influence amount is recognized in the current period. If the changes of accounting estimates affect both of the current period and the future period, the influence amount is recognized in the current period and the future period.

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 30. Critical judgement in applying accounting policies and key assumptions and uncertainties in accounting estimates (continued)

#### 30.1 Critical judgements in applying accounting policies

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 recognized in the financial statements:

##### 30.1.1 Scope of consolidation – the Group holds 50% or less than 50% of the voting rights of the investee

The Company considers that it controls Qingdao CRRC Electric Equipment Co., Ltd. ("Qingdao CRRC Electric") even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of Qingdao CRRC Electric with a 45% equity interest. Pursuant to articles of Qingdao CRRC Electric, for resolutions of the shareholders' meeting affecting relative operating activities of Qingdao CRRC Electric, CRRC Qingdao Sifang Co., Ltd., a related party of the Company, which owns Qingdao CRRC Electric 38% equity interest, commits to comply with the Company in the exercise of the proposal rights and voting rights. The Company recommends four of the seven directors in Board of Qingdao CRRC Electric and the resolutions of Board are deemed as valid when more than half of all directors approve.

#### 30.2 Key assumptions and uncertainties used in accounting estimates

The key assumptions and uncertainties, which may lead to significant adjustment to carrying amount of assets and liabilities in the future at the end of each period, are set out as follows:

##### 30.2.1 Provision for expected credit losses of accounts receivable and contract assets

The Group recognizes impairment provision for contract assets and accounts receivable based on expected credit losses. The Group divides the above items into different portfolios based on the common risk characteristics, and employs impairment matrix on the basis of portfolios to determine the credit loss of related items. If there is an evidence proving that the value of accounts receivable or contract assets has been recovered, and the recovery is related to the matter subsequent to the determination of the loss objectively, the impairment loss originally recognized shall be reversed. As at 31 December 2020, the Group has re-evaluated the historically observable overdue ratio and considered the changes in forward-looking information to calculate the expected credit losses through default risk exposures and lifetime expected credit loss rate.

##### 30.2.2 Provision for decline in value of inventories

According to the accounting policy for inventories, the Group adopts the lower of cost and net realizable value to measure inventories, and recognizes provision for decline in value of inventories on the condition that the cost of them is higher than the net realizable value or they are slow-moving or obsolete. At the end of each reporting period, the Group will review whether a single inventory is an obsolete and slow-moving item and whether the net realizable value is lower than its cost. The differences (if any) between the re-estimated value and the current estimate will impact the carrying amount of the inventory in the period in which the estimate is changed.

##### 30.2.3 Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires a calculation of the present value of the future expected cash flows from the asset groups or sets of asset groups in which the goodwill is included and an estimate of the expected future cash flow from the asset groups or sets of asset groups, and also chooses an appropriate discount rate which reflects the time value of currency and particular risk of assets in the present market.



# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 30. Critical judgement in applying accounting policies and key assumptions and uncertainties in accounting estimates (continued)

#### 30.2 Key assumptions and uncertainties used in accounting estimates (continued)

##### 30.2.4 Impairment of non-current assets other than financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-current assets other than financial assets and goodwill at each balance sheet date. Other non-current assets other than financial assets and goodwill are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When the carrying amount of an asset or asset group is higher than its recoverable amount (i.e., the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from it), it is indicated that such asset or asset group is impaired. When calculating the present value of expected future cash flows, management shall estimate the expected future cash flows from the asset or asset group and choose an appropriate discount rate in order to calculate the present value of those cash flows.

##### 30.2.5 Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, such as the expected actual profitability condition of the enterprise running under deficit and the actual tax rate in the expected reversed years based upon the likely timing and level of future taxable profit.

##### 30.2.6 Provision for warranties

The Group makes product warranty provision for the sales of some products. Management estimates future maintenance expense based on the historical maintenance experience of products and discount it into the present value by selecting an appropriate discount rate to recognize provision for warranties.

## 31. Significant changes in accounting policies

### 31.1 Interpretation of Accounting Standards for Business Enterprise No. 14

On 26 January 2021, the Ministry of Finance (the "MoF") issued the Interpretation of Accounting Standards for Business Enterprise No. 14 (hereinafter referred to as "Interpretation No. 14") in the form of the Cai Kuai [2011] No. 1 Document. The Interpretation No. 14 standardizes accounting treatment of project contract for Public and Private Partnership ("PPP") and accounting treatment of changes in the basis for determining the relevant contractual cash flows arising from benchmark interest rate reform. The foregoing provisions have no material impact on the Group's and the Company's financial statements for the year 2021.

### 31.2 Provisions on accounting treatment of rental concessions related to COVID-19

On 26 May 2021, the MoF issued the Circular on Adjustments of the Provisions on Accounting Treatment of Rental Concessions Related to COVID-19 (hereinafter referred to as "No. 9 Document") in the form of Cai Kuai [2021] No. 9 Document. The No. 9 Document has adjusted the application scope of the Provisions on Accounting Treatment of Rental Concessions Related to COVID-19 in the form of Cai Kuai [2020] No.10 Document on 19 June 2020. The foregoing provisions have no material impact on the Group's and the Company's financial statements for the year 2021.

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 31. Significant changes in accounting policies (continued)

#### 31.3 Interpretation of Accounting Standards for Business Enterprise No. 15

On 30 December 2021, the MoF issued the Interpretation of Accounting Standards for Business Enterprise No. 15 (hereinafter referred to as "Interpretation No. 15") in the form of the Cai Kuai [2021] No. 35 Document. The Interpretation No. 15 standardizes presentations related to centralized fund management and is implemented since the date of issuance. The presentations related to centralized fund management incurred before 31 December 2020 are consistent with the provisions of Interpretation No. 15, therefore, the Group considers that application of these provisions have no material impact on the Group's and the Company's financial statements.

## (IV) TAXATION

### 1. Major categories of taxes and respective tax rates

Category of tax	Basis of tax computation	Tax rate
Value-added tax ("VAT")	Sale of general goods, rendering of rental service of tangible movable properties, and sale of imported goods	13%
	Rendering of rental service of real properties	9%
	Rendering of general service	6%
City maintenance and construction tax	VAT actually paid	7%, 5% and 1%
Education surcharges	VAT actually paid	3%
Local education surcharges	VAT actually paid	2%
Enterprise income tax	Taxable income	25% (Note)

Note: The enterprise income tax of the Company and the subsidiaries incorporated in the PRC is levied at 25% of taxable income. The subsidiaries incorporated out of the PRC shall pay the enterprise income tax in accordance with their local tax laws.

### 2. Tax incentive

#### 2.1 Value-added tax ("VAT")

In accordance with the Notice of the Ministry of Finance and the State Administration of Taxation on Value-added Tax Policies for Software Products (Cai Shui [2011] No. 100), for the sales of self-developed and produced software products by the Company and its subsidiaries, Zhuzhou Times Electronics Technology Co., Ltd. ("CRRC Times Electronics"), Ningbo CRRC Times Transducer Technology Co., Ltd. ("Ningbo CRRC Times"), Zhuzhou CRRC Times Software Technology Co., Ltd. ("CRRC Times Software"), Hunan CRRC Signal Co., Ltd. ("Hunan CRRC Signal"), Zhuzhou National Engineering Research Centre of Converters Co., Ltd. ("CRRC National Centre of Converters"), Ningbo CRRC Times Electric Equipment Co., Ltd. ("Ningbo CRRC Electric"), the refund-upon-collection policy shall be applied to the part of actual VAT burden in excess of 3%.



# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (IV) TAXATION (continued)

### 2. Tax incentive (continued)

#### 2.2 Enterprise income tax

The main tax incentives for enterprise income tax of the Group are as follows:

In accordance with the provisions of Article 28 under the Enterprise Income Tax Law of the People's Republic of China, high-tech enterprises that require government support are subject to a reduced enterprise income tax rate of 15%. The Company and its subsidiaries CRRC Times Software, CRRC Times Electronics, Ningbo CRRC Electric, Ningbo CRRC Times, CRRC National Centre of Converters, Hunan CRRC Signal, Baoji CRRC Times Engineering Machinery Co., Ltd. ("Baoji CRRC Times"), Taiyuan CRRC Times Rail Engineering Machinery Co., Ltd. ("Taiyuan CRRC Times"), Shenyang CRRC Times Transportation Technology Co., Ltd. ("Shenyang CRRC Times"), Qingdao CRRC Electric, and Specialist Machine Developments (Shanghai) Co., Ltd. ("Shanghai CRRC SMD"), obtained the high-tech enterprise certificates approved by the corresponding tax authorities from 2019 to 2021, and were subject to a reduced enterprise income tax rate of 15% in 2020 and 2021.

In accordance with the Notice of the Ministry of Finance, the General Administration of Customs and the State Taxation Administration on Tax Policy Issues concerning Further Implementing the Western China Development Strategy (Cai Shui [2011] No. 58), and the Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China (Cai Shui [2020] No. 23), Chongqing CRRC Times Electric Technology Co., Ltd. ("Chongqing CRRC Electric") is in compliance with the relevant provisions of the preferential enterprise income tax policy for the Western China Development and subject to the rate of 15% for enterprise income tax in 2020 and 2021.

In accordance with the Notice of the Ministry of Finance and the State Taxation Administration on the Enterprise Income Tax Policies for Further Encouraging the Development of the Software Industry and the Integrated Circuit Industry (Cai Shui [2012] No. 27), the Notice of the Ministry of Finance, the State Taxation Administration, the National Development and Reform Commission and the Ministry of Industry and Information Technology on Issues concerning Preferential Enterprise Income Tax Policies for the Software and Integrated Circuit Industries (Cai Shui [2016] No. 49), the Notice of the Ministry of Finance, the State Administration of Taxation, the National Development and Reform Commission and the Ministry of Industry and Information Technology on Issues concerning Enterprise Income Tax Policies for Integrated Circuit Production Enterprises (Cai Shui [2018] No. 27), and the Reply of Hunan Provincial Development and Reform Commission on the Verification of Recordation Information of Income Tax Preferential Policies for Key Integrated Circuit Design and Key Software Enterprises, Zhuzhou CRRC Times Semiconductor Co., Ltd. ("CRRC Times Semiconductor"), a subsidiary of the Company, has been entitled to the policy of "five-year exemption and five-year half payment" for enterprise income tax since 2019, and therefore, it is exempted from enterprise income tax in 2020. According to the Circular on Printing and Issuing the List of the Integrated Circuit Enterprises or Projects and Software Enterprises Entitled to Enjoy the Preferential Taxation Policies (Fa Gai Gao Ji [2021] No. 756) issued by the National Development and Reform Commission ("NDRC"), the Ministry of Industry and Information Technology ("MIIT"), the MoF, the General Administration of Customs and the State Taxation Administration ("STA") and the Circular of the State Council on Printing and Issuing Certain Policies for Promoting High-quality Development of Integrated Circuit Industry and Software Industry in the New Times (Guo Fa [2020] No. 8) issued by the State Council, the manufacturers for integrated circuit with line width less than 130 nanometres (inclusive) have been entitled to the preferential policy of "two-year exemption and three-year half payment" for enterprise income tax, CRRC Times Semiconductor has changed to be entitled to the policy of "two-year exemption and three-year half payment" for enterprise income tax since 2019, it paid the enterprise income tax at the preferential tax rate of 12.5%.



# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (IV) TAXATION (continued)

### 2. Tax incentive (continued)

#### 2.2 Enterprise income tax (continued)

In accordance with the Enterprise Income Tax Law of the People's Republic of China, the Notice of the Ministry of Finance, the State Taxation Administration and the Ministry of Science and Technology on Improving the Policies for the Weighted Pre-tax Deduction of Research and Development Expenses (Cai Shui [2015] No. 119), the Notice on Raising the Proportion of Weighted Pre-tax Deduction of the Research and Development Expenses of Small- and Medium-Sized Scientific and Technological Enterprises (Cai Shui [2017] No. 34), and the Notice by the Ministry of Finance, the State Taxation Administration and the Ministry of Science and Technology of Raising the Proportion of Weighted Pre-tax Deduction of Research and Development Expenses (Cai Shui [2018] No. 99), and the Announcement of the Ministry of Finance and the the State Taxation Administration on Further Improvement of the Policies for Weighted Deduction of Research and Development Expenses Before Tax (Announcement of the MoF and the STA [2021] No. 13), for the Company and its subsidiaries CRRC Times Electronics, Baoji CRRC Times, Ningbo CRRC Times, Ningbo CRRC Electric, Shenyang CRRC Times, Qingdao CRRC Electric, CRRC Times Software, Hunan CRRC Signal, CRRC National Centre of Converters, Shanghai CRRC SMD and CRRC Times Semiconductor are qualified for the R&D expenses actually incurred by the enterprise in the course of its R&D activities in the manufacturing industry, an extra 75% of the amount of R&D expenses actually incurred in 2020 and an extra 100% of the amount of R&D actually incurred in 2021 is deductible before tax payment, in addition to the deduction of actual expenses as prescribed, in 2019 and 2020, provided that the said expenses are not recognized as intangible asset and included in the current profits and losses; if the said expenses have been recognized as an intangible asset, such expenses may be amortized at the rate of 175% of the costs of the intangible assets before tax payment in 2020 and 200% of the costs of the intangible assets before tax payment in 2021.

In accordance with the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (Cai Shui [2019] No. 13), Chengdu CRRC Times Electric Technology Co., Ltd. ("Chengdu CRRC Electric"), a subsidiary of the Company, is qualified to be recognized as a small low-profit enterprise in 2020 and 2021 and is subject to a tax rate of 20% for the enterprise income tax.

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Cash and bank balances

Item	31/12/2021	31/12/2020
Cash on hand	29,256	52,256
Bank deposits	8,193,019,354	5,113,837,282
Other monetary funds	26,272,279	14,996,459
Total	8,219,320,889	5,128,885,997
Including: Total funds deposited overseas	199,717,650	199,238,118

The Group's other monetary funds are as follows:

Item	31/12/2021	31/12/2020
Security deposits of the Letter of Guarantee (L/G)	14,272,279	14,996,459
Security deposits of the bank acceptances	12,000,000	—
Total	26,272,279	14,996,459

The Group's time deposits at the bank with more than three months that are not pledged are as follows:

Item	31/12/2021	31/12/2020
Time deposits with more than three months	309,988,505	330,000,000

Interest income earned on current deposits is calculated by using the current deposit interest rate. The deposit periods for short-term time deposits vary from 1 day to 3 months depending on the cash demand of the Group, with interest income earned at the respective interest rates of the banks' time deposits.

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 2. Held-for-trading financial assets

Item	31/12/2021	31/12/2020
Financial assets at FVTPL	7,579,988,489	3,732,327,307
Including: Structured deposits	7,579,988,489	3,732,327,307

As at 31 December 2021 and 31 December 2020, the yield rate per annum of structured deposits held by the Group ranges from 1.49% to 4.51%.

### 3. Notes receivable

#### (1) Category of notes receivable

Item	31/12/2021	31/12/2020
Bank acceptances	282,239,607	255,597,271
Commercial acceptances	2,478,720,481	2,226,100,772
Total	2,760,960,088	2,481,698,043
Less: Provision for credit loss	3,840,331	20,960,887
Carrying amount	2,757,119,757	2,460,737,156

#### (2) Pledged notes receivable at the end of the year

Item	31/12/2021	31/12/2020
Bank acceptances	1,710,000	—
Commercial acceptances	20,897,000	—
Total	22,607,000	—

#### (3) Notes receivable endorsed or discounted by the group at the end of the year and not yet due on the balance sheet date.

Item	31/12/2021		31/12/2020	
	Amount derecognized at the end of the year	Amount not derecognized at the end of the year	Amount derecognized at the end of the year	Amount not derecognized at the end of the year
Commerical acceptances	—	231,156,166	—	36,203,116
Bank acceptances	948,163,957	63,483,204	247,743,856	69,235,222
Total	948,163,957	294,639,370	247,743,856	105,438,338

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 3. Notes receivable (continued)

#### (4) Notes of the Group that transferred to accounts receivable at the end of the year due to the default of the drawer

Item	31/12/2021	31/12/2020
Commercial acceptances	700,000	700,000

#### (5) Notes receivable for which provision for credit loss is assessed on a portfolio basis:

##### Bank acceptances

As at 31 December 2021 and 31 December 2020, the Group considered that the credit rating of the acceptance bank was relatively high and there was no significant credit risk. Therefore, no provision for credit losses was made.

##### Commercial acceptances

Provision for credit loss of commercial acceptances is assessed on a portfolio basis of four categories of customers, each of which involves a large number of customers with the same risk characteristics.

Analysis of notes receivable for which provision for credit loss is assessed on a portfolio basis of four categories of customers is as follows:

#### 31/12/2021

Not credit-impaired	Expected average loss rate	Gross carrying amount	Provision for credit loss	Carrying amount
Category I	0.10%	616,295,163	616,295	615,678,868
Category II	1.00%	34,494,690	344,947	34,149,743
Category III	0.10%	1,776,237,068	1,776,237	1,774,460,831
Category IV	2.13%	51,693,560	1,102,852	50,590,708
Total		<u>2,478,720,481</u>	<u>3,840,331</u>	<u>2,474,880,150</u>

#### 31/12/2020

Not credit-impaired	Expected average loss rate	Gross carrying amount	Provision for credit loss	Carrying amount
Category I	1.85%	918,185,365	16,960,469	901,224,896
Category III	0.10%	1,197,495,464	1,179,847	1,196,315,617
Category IV	2.55%	110,419,943	2,820,571	107,599,372
Total		<u>2,226,100,772</u>	<u>20,960,887</u>	<u>2,205,139,885</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 3. Notes receivable (continued)

(6) Provision for credit loss of notes receivable is as follows:

Item	2021	2020
Opening balance	20,960,887	20,438,563
Provision for the year	1,728,489	7,005,166
Reversal for the year	(18,849,045)	(6,482,842)
Closing balance	3,840,331	20,960,887

(7) In 2021 and 2020, the Group has no notes receivable that have been actually written off.

(8) As at 31 December 2021 and 31 December 2020, notes due from related parties of the Group within the balances of notes receivable are detailed in Note (X)6.

### 4. Accounts receivable

(1) Disclosed by aging:

Aging	Accounts receivable	31/12/2021 Provision for credit loss	Proportion of provision (%)
Within 6 months	5,160,346,451	72,729,308	1.41
6 months to 1 year	638,971,921	19,949,960	3.12
1 to 2 years	865,797,373	78,555,248	9.07
2 to 3 years	77,767,356	31,397,387	40.37
Over 3 years	31,486,417	22,320,590	70.89
Total	6,774,369,518	224,952,493	

The credit period of accounts receivable is usually 6 months. The accounts receivable bear no interest.

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 4. Accounts receivable (continued)

#### (2) Disclosed by method of provision for credit loss:

By category	31/12/2021				Carrying amount
	Gross carrying amount		Provision for credit loss		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Individually assessed	42,782,876	0.63	42,782,876	100.00	–
Collectively assessed	6,731,586,642	99.37	182,169,617	2.71	6,549,417,025
Including: Category I	1,753,334,085	25.88	22,679,393	1.29	1,730,654,692
Category II	2,305,951,133	34.04	92,677,551	4.02	2,213,273,582
Category III	1,484,839,673	21.92	10,856,703	0.73	1,473,982,970
Category IV	1,187,461,751	17.53	55,955,970	4.71	1,131,505,781
Total	<u>6,774,369,518</u>	100.00	<u>224,952,493</u>		<u>6,549,417,025</u>

By category	31/12/2020				Carrying amount
	Gross carrying amount		Provision for credit loss		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Individually assessed	73,139,842	0.88	73,139,842	100.00	–
Collectively assessed	8,206,932,627	99.12	270,037,418	3.29	7,936,895,209
Including: Category I	3,411,998,538	41.21	76,733,040	2.25	3,335,265,498
Category II	2,675,151,700	32.31	113,657,715	4.25	2,561,493,985
Category III	1,080,441,283	13.05	14,018,654	1.30	1,066,422,629
Category IV	1,039,341,106	12.55	65,628,009	6.31	973,713,097
Total	<u>8,280,072,469</u>	100.00	<u>343,177,260</u>		<u>7,936,895,209</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 4. Accounts receivable (continued)

#### (2) Disclosed by method of provision for credit loss: (continued)

Accounts receivable for which provision for credit loss is assessed individually:

Accounts receivable (by entity)	Gross carrying amount	31/12/2021		Reason for provision
		Provision for credit loss	Proportion of provision (%)	
Qingdao New Energy Solutions Inc.	30,178,462	30,178,462	100.00	Low possibility of recovery
Huasheng Green Energy (Changxing) Agricultural Technology Co., Ltd.	2,680,000	2,680,000	100.00	Low possibility of recovery
Jiutai Energy (Zhungeer) Co., Ltd.	2,034,155	2,034,155	100.00	Low possibility of recovery
Shengnuo Chuangke (Beijing) Electric Co., Ltd.	1,400,000	1,400,000	100.00	Low possibility of recovery
Tibet Julong Copper Co., Ltd.	1,200,000	1,200,000	100.00	Low possibility of recovery
Others	5,290,259	5,290,259	100.00	Low possibility of recovery
Total	<u>42,782,876</u>	<u>42,782,876</u>	100.00	

Accounts receivable (by entity)	Gross carrying amount	31/12/2020		Reason for provision
		Provision for credit loss	Proportion of provision (%)	
Qingdao New Energy Solutions Inc.	30,563,584	30,563,584	100.00	Low possibility of recovery
Changde Lantianwuling Energy Technology Co., Ltd.	8,093,692	8,093,692	100.00	Low possibility of recovery
Shenzhen Blue Wave New Energy Group Co., Ltd.	3,649,874	3,649,874	100.00	Low possibility of recovery
Baotou City Shansheng New Energy Co., Ltd.	3,013,743	3,013,743	100.00	Low possibility of recovery
China Railway Materials Shanghai Co., Ltd.	2,970,000	2,970,000	100.00	Low possibility of recovery
Others	24,848,949	24,848,949	100.00	Low possibility of recovery
Total	<u>73,139,842</u>	<u>73,139,842</u>		

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 4. Accounts receivable (continued)

#### (2) Disclosed by method of provision for credit loss: (continued)

Accounts receivable for which provision for credit loss is assessed collectively:

As part of the Group's credit risk management, the Group uses the aging to assess the expected credit losses of accounts receivable arising from the following four categories of customers. These four categories of customers involve a large number of customers with the same risk characteristics respectively, and the aging information can reflect their solvency when the accounts receivable fall due.

Items for which the credit loss is assessed collectively: Category I

Item	Expected average loss rate (%)	31/12/2021		
		Gross carrying amount	Provision for credit loss	Carrying amount
Within 6 months	0.63	1,396,012,881	8,772,120	1,387,240,761
6 months to 1 year	1.41	244,618,443	3,444,642	241,173,801
1 to 2 years	3.32	72,869,823	2,418,993	70,450,830
2 to 3 years	17.07	33,093,198	5,649,314	27,443,884
Over 3 years	35.53	6,739,740	2,394,324	4,345,416
Total		<u>1,753,334,085</u>	<u>22,679,393</u>	<u>1,730,654,692</u>

Item	Expected average loss rate (%)	31/12/2020		
		Gross carrying amount	Provision for credit loss	Carrying amount
Within 6 months	1.97	3,162,078,870	62,148,359	3,099,930,511
6 months to 1 year	2.38	146,064,911	3,471,304	142,593,607
1 to 2 years	7.37	90,580,724	6,676,218	83,904,506
2 to 3 years	28.93	7,885,304	2,281,294	5,604,010
Over 3 years	40.01	5,388,729	2,155,865	3,232,864
Total		<u>3,411,998,538</u>	<u>76,733,040</u>	<u>3,335,265,498</u>



# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 4. Accounts receivable (continued)

#### (2) Disclosed by method of provision for credit loss: (continued)

Accounts receivable for which provision for credit loss is assessed collectively: (continued)

Items for which the credit loss is assessed collectively: Category II

Item	Expected average loss rate (%)	31/12/2021		Carrying amount
		Gross carrying amount	Provision for credit loss	
Within 6 months	2.21	1,437,734,968	31,832,753	1,405,902,215
6 months to 1 year	3.53	209,803,164	7,410,442	202,392,722
1 to 2 years	7.41	638,360,820	47,281,558	591,079,262
2 to 3 years	19.67	14,300,471	2,812,293	11,488,178
Over 3 years	58.08	5,751,710	3,340,505	2,411,205
Total		<u>2,305,951,133</u>	<u>92,677,551</u>	<u>2,213,273,582</u>

Item	Expected average loss rate (%)	31/12/2020		Carrying amount
		Gross carrying amount	Provision for credit loss	
Within 6 months	3.19	2,359,749,483	75,290,649	2,284,458,834
6 months to 1 year	6.66	193,505,576	12,892,911	180,612,665
1 to 2 years	17.79	108,901,681	19,377,274	89,524,407
2 to 3 years	46.90	12,991,915	6,093,836	6,898,079
Over 3 years	100.00	3,045	3,045	—
Total		<u>2,675,151,700</u>	<u>113,657,715</u>	<u>2,561,493,985</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 4. Accounts receivable (continued)

#### (2) Disclosed by method of provision for credit loss: (continued)

Accounts receivable for which provision for credit loss is assessed collectively: (continued)

Items for which the credit loss is assessed collectively: Category III

Item	Expected average loss rate (%)	31/12/2021		Carrying amount
		Gross carrying amount	Provision for credit loss	
Within 6 months	0.25	1,286,742,369	3,213,043	1,283,529,326
6 months to 1 year	1.65	101,571,449	1,675,302	99,896,147
1 to 2 years	5.30	91,794,499	4,861,902	86,932,597
2 to 3 years	23.39	4,731,356	1,106,456	3,624,900
Total		<u>1,484,839,673</u>	<u>10,856,703</u>	<u>1,473,982,970</u>

Item	Expected average loss rate (%)	31/12/2020		Carrying amount
		Gross carrying amount	Provision for credit loss	
Within 6 months	0.79	883,650,882	6,985,535	876,665,347
6 months to 1 year	3.36	184,657,351	6,205,167	178,452,184
1 to 2 years	6.41	12,021,214	770,962	11,250,252
2 to 3 years	50.96	111,836	56,990	54,846
Total		<u>1,080,441,283</u>	<u>14,018,654</u>	<u>1,066,422,629</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 4. Accounts receivable (continued)

#### (2) Disclosed by method of provision for credit loss: (continued)

Accounts receivable for which provision for credit loss is assessed collectively: (continued)

Items for which the credit loss is assessed collectively: Category IV

Item	Expected average loss rate (%)	31/12/2021		Carrying amount
		Gross carrying amount	Provision for credit loss	
Within 6 months	2.78	1,039,856,235	28,911,392	1,010,944,843
6 months to 1 year	8.00	82,978,864	6,638,309	76,340,555
1 to 2 years	19.58	48,222,380	9,442,945	38,779,435
2 to 3 years	54.22	9,817,594	5,323,062	4,494,532
Over 3 years	85.63	6,586,678	5,640,262	946,416
Total		<u>1,187,461,751</u>	<u>55,955,970</u>	<u>1,131,505,781</u>

Item	Expected average loss rate (%)	31/12/2020		Carrying amount
		Gross carrying amount	Provision for credit loss	
Within 6 months	3.91	939,052,757	36,732,105	902,320,652
6 months to 1 year	11.11	43,651,051	4,847,971	38,803,080
1 to 2 years	26.01	37,642,331	9,792,481	27,849,850
2 to 3 years	58.05	4,335,009	2,516,417	1,818,592
Over 3 years	80.08	14,659,958	11,739,035	2,920,923
Total		<u>1,039,341,106</u>	<u>65,628,009</u>	<u>973,713,097</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 4. Accounts receivable (continued)

#### (3) Provision for credit loss of accounts receivable is as follows:

Item	Lifetime ECL (Not credit- impaired)	Lifetime ECL (Credit- impaired)	2021
1 January 2021	208,574,000	134,603,260	343,177,260
Transferred to credit-impaired losses	(38,558,339)	38,558,339	–
Provision (Reversal) for the year	(78,139,216)	(29,522,990)	(107,662,206)
Written-off for the year	–	(10,551,013)	(10,551,013)
Translation differences of financial statements denominated in foreign currencies	21,558	(33,106)	(11,548)
31 December 2021	<u>91,898,003</u>	<u>133,054,490</u>	<u>224,952,493</u>

Item	Lifetime ECL (Not credit- impaired)	Lifetime ECL (Credit- impaired)	2020
1 January 2020	115,090,926	327,933,212	443,024,138
Transferred to credit-impaired losses	(5,292,133)	5,292,133	–
Provision (reversal) for the year	98,780,790	(183,777,159)	(84,996,369)
Written-off for the year	–	(14,811,342)	(14,811,342)
Translation differences of financial statements denominated in foreign currencies	(5,583)	(33,584)	(39,167)
31 December 2020	<u>208,574,000</u>	<u>134,603,260</u>	<u>343,177,260</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 4. Accounts receivable (continued)

#### (4) Accounts receivable that are actually written-off are as follows:

Item	2021	2020
Written-off accounts receivable	10,551,013	14,811,342

The written-off accounts receivable are receivables resulting from sales of goods to non-related parties. Due to these counterparties' operating difficulties, the amounts are uncollectible and the accounts receivable are written-off accordingly.

#### (5) Top five accounts receivable categorized by debtors 31/12/2021

Name of the entity	Gross carrying amount	Provision for credit loss	Proportion to total accounts receivable (%)
Chongqing Rail Transit (Group) Co., Ltd.	372,455,720	13,711,166	5.50
Hangzhou Metro Group Co., Ltd.	342,859,666	12,399,198	5.06
China State Railway Group Co., Ltd.	336,292,869	516,695	4.96
CRRC Qingdao Sifang Co., Ltd.	294,359,666	2,857,981	4.35
Wuhan Metro Group Co., Ltd.	109,735,047	7,449,875	1.62
Total	1,455,702,968	36,934,915	21.49

31/12/2020

Name of the entity	Gross carrying amount	Provision for credit loss	Proportion to total accounts receivable (%)
CRRC Qingdao Sifang Co., Ltd.	1,571,155,822	23,699,957	18.97
Chongqing Rail Transit (Group) Co., Ltd.	588,704,434	40,538,826	7.11
Wuhan Metro Group Co., Ltd.	299,417,348	14,908,574	3.62
Beijing HUA-TIE Information Technology Co., Ltd.	195,229,340	15,659	2.36
CRRC Zhuzhou Locomotive Co., Ltd.	170,645,903	2,488,221	2.06
Total	2,825,152,847	81,651,237	34.12

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 4. Accounts receivable (continued)

#### (6) Accounts receivable derecognized due to transfer of financial assets

In 2021 and 2020, the Group derecognized accounts receivable of RMB413,518,544 and RMB736,950,800 respectively, due to factoring of accounts receivable.

### 5. Trade Receivables financing

Item	31/12/2021	31/12/2020
Bills receivable measured at fair value	1,172,878,926	884,373,305
Trade receivable measured at fair value	1,737,648,741	559,567,750
Total	2,910,527,667	1,443,941,055

The Group discounted and endorsed a part of bank acceptances while transferred a part of accounts receivable according to its daily fund management needs, which qualified for derecognition. Therefore, such part of notes receivable and accounts receivable were classified by the Group as financial assets at fair value through other comprehensive income.

#### (1) Fair value measurement

Item	31/12/2021	31/12/2020
Cost	2,984,400,555	1,478,983,216
Carrying amount	2,910,527,667	1,443,941,055
Accumulated changes in fair value	(73,872,888)	(35,042,161)

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 6. Prepayments

(1) Aging analysis of prepayments is as follows:

Aging	31/12/2021		31/12/2020	
	Carrying amount	Proportion (%)	Carrying amount	Proportion (%)
Within 1 year	330,781,189	96.01	334,607,492	93.23
1 to 2 years	6,388,352	1.85	9,210,423	2.57
2 to 3 years	1,882,872	0.55	6,254,367	1.74
Over 3 years	5,469,939	1.59	8,840,626	2.46
Total	<u>344,522,352</u>	<u>100.00</u>	<u>358,912,908</u>	<u>100.00</u>

At the balance sheet date, significant prepayments aged over one year are as follows:

#### 31/12/2021

Name of the entity	Gross carrying amount	Aging
Changzhou Yaotuo Electromechanical Equipment Co., Ltd.	2,000,000	1 to 2 years
Zurich Insurance Group	977,913	1 to 2 years
NAURA Technology Group Co., Ltd.	669,141	1 to 2 years
Ansys UK Ltd.	626,697	1 to 2 and 2 to 3 years
The 4th Engineering Co., Ltd. of China Railway Construction Electrification Bureau Group	494,695	4 to 5 years
Total	<u>4,768,446</u>	

#### 31/12/2020

Name of the entity	Gross carrying amount	Aging
State Grid Zhuzhou Power Supply Company	5,906,599	1 to 2 and 3 to 4 years
Qingdao Chengtie Woodwork Manufacturing Co., Ltd.	2,000,000	2 to 3 years
Tianjin Aosheng Electrical Engineering Co., Ltd.	1,674,000	2 to 3 years
Panasonic Manufacturing (Beijing) Co., Ltd.	1,527,925	2 to 3 years
Hunan Nonferrous Construction Engineering Co., Ltd.	548,122	2 to 3 years
Total	<u>11,656,646</u>	

Significant prepayments aged over one year are not settled in a timely manner mainly because the relevant projects are not yet completed or materials or equipment are not yet received.

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 6. Prepayments (continued)

#### (2) Top five balances of prepayments categorized by receivers

31/12/2021

Name of the entity	Gross carrying amount	Proportion to total closing balance of prepayments (%)
Infineon Technologies AG	28,059,816	8.14
HFZT (HK) Co., Ltd.	22,419,629	6.51
Shenyang Yonglian Track Sales Co., Ltd.	21,420,000	6.22
State Grid Huitongjincai (Beijing) Information Technology Co., Ltd.	17,217,782	5.00
Zhuzhou Gexin Electric Technology Co., Ltd.	14,602,500	4.24
Total	103,719,727	30.11

31/12/2020

Name of the entity	Gross carrying amount	Proportion to total closing balance of prepayments (%)
Infineon Technologies AG	87,143,198	24.28
Secheron SA	35,253,559	9.82
HFZT (HK) Co., Ltd.	19,746,685	5.50
Palfinger EMEA GmbH	17,592,195	4.90
TESMECS.p.A	12,363,761	3.44
Total	172,099,398	47.94



# Notes to the Financial Statements

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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 7. Other receivables

#### (1) Details of items

Item	31/12/2021	31/12/2020
Dividends receivable	90,000	—
Other receivables	199,851,167	162,774,728
Total	199,941,167	162,774,728

#### (2) Dividends receivable

Item	31/12/2021	31/12/2020
Shanghai Shenzhong Rail Transit Operation Safety Engineering Technology Research Co., Ltd. ("Shanghai Shenzhong")	90,000	—
Total	90,000	—

#### (3) Other receivables disclosed by aging

Aging	31/12/2021	31/12/2020
Within 1 year	127,148,931	115,882,064
1 to 2 years	39,867,349	9,105,815
2 to 3 years	1,874,046	8,920,157
Over 3 years	35,197,861	30,536,985
Total	204,088,187	164,445,021
Less: Provision for credit loss	4,237,020	1,670,293
Carrying amount	199,851,167	162,774,728

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 7. Other receivables (continued)

#### (4) Other receivables categorized by nature

Item	31/12/2021	31/12/2020
Deposits and guarantees	127,956,931	92,026,663
Tax refunds receivable	27,012,094	32,033,545
Others	49,119,162	40,384,813
Total	204,088,187	164,445,021

#### (5) Provision for credit loss of other receivables is as follows:

12-month ECL	2021	2020
Opening balance	1,670,293	3,364,729
Provision for the year	3,905,769	908,744
Reversal for the year	(948,638)	(2,080,520)
Written-off for the year	(390,404)	(522,660)
Closing balance	4,237,020	1,670,293

# Notes to the Financial Statements

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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 7. Other receivables (continued)

#### (6) Top five other receivables categorized by debtors:

31/12/2021

Name of the entity	Nature	Closing balance	Aging	Proportion to total closing balance of other receivables	Closing balance of provision for credit loss
Chongqing Rail Transit (Group) Co., Ltd.	Deposits and guarantees	33,894,620	3-4 years and 4-5 years	16.61	1,168,456
Baoji Chencang District People's Government	Deposits and guarantees	30,000,000	1-2 years	14.70	-
HM Revenue and Customs	Tax refunds receivable	27,012,094	Within 1 year	13.24	-
Changsha Public Resource Trading Center	Deposits and guarantees	14,200,000	Within 1 year	6.96	357,270
Shaanxi Shenyan Coal Co., Ltd.	Deposits and guarantees	3,845,000	Within 1 year	1.88	192,807
Total		<u>108,951,714</u>		<u>53.39</u>	<u>1,718,533</u>

31/12/2020

Name of the entity	Nature	Closing balance	Aging	Proportion to total closing balance of other receivables	Closing balance of provision for credit loss
Chongqing Rail Transit (Group) Co., Ltd.	Deposits and guarantees	33,894,620	2-3 years and 3-4 years	20.62	491,357
HM Revenue and Customs	Tax refunds receivable	32,033,545	Within 1 year	19.48	-
Baoji Chencang District People's Government	Deposits and guarantees	30,000,000	Within 1 year	18.24	-
Xuzhou Weiyunxi Commercial and Trading Co., Ltd.	Deposits and guarantees	3,761,763	Within 1 year	2.29	38,351
China Shenhua International Engineering Co., Ltd.	Deposits and guarantees	3,007,450	Within 1 year	1.83	52,033
Total		<u>102,697,378</u>		<u>62.46</u>	<u>581,741</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 7. Other receivables (continued)

#### (7) Receivables involving government grants

31/12/2021

Name of the entity	Name of government grants project	Closing balance	Aging	Expected time and amount of receipt and its basis
HM Revenue and Customs	R&D expenditure credit	27,012,094	Within 1 year	It is expected to receive a tax refund of RMB27,012,094 in 2022 based on the R&D expense credit policy.

31/12/2020 RMB

Name of the entity	Name of government grants project	Closing balance	Aging	Time of collection
HM Revenue and Customs	R&D expenditure credit	32,033,545	Within 1 year	2021

# Notes to the Financial Statements

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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 8. Inventories

#### (1) Category of inventories

Item	31/12/2021		
	Gross carrying amount	Provision for decline in value	Carrying amount
Raw materials	1,150,161,573	230,241,517	919,920,056
Semi-finished products/Work in progress	1,368,695,562	30,063,896	1,338,631,666
Finished goods	2,676,873,047	47,597,760	2,629,275,287
Turnover materials	37,854,383	4,593,759	33,260,624
Total	<u>5,233,584,565</u>	<u>312,496,932</u>	<u>4,921,087,633</u>

Item	31/12/2020		
	Gross carrying amount	Provision for decline in value	Carrying amount
Raw materials	1,152,038,170	160,893,693	991,144,477
Semi-finished products/Work in progress	1,423,700,306	36,643,368	1,387,056,938
Finished goods	1,871,709,771	20,823,233	1,850,886,538
Turnover materials	30,843,434	1,441,187	29,402,247
Total	<u>4,478,291,681</u>	<u>219,801,481</u>	<u>4,258,490,200</u>

# Notes to the Financial Statements

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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 8. Inventories (continued)

(2) Provision for decline in value of inventories is as follows:

Item	Balance at 1 January 2021	Increase Provision	Decrease Reversal/ Write-off	Translation differences of financial statements denominated in foreign currencies	Balance at 31 December 2021
Raw materials	160,893,693	90,959,968	(20,775,541)	(836,603)	230,241,517
Semi-finished products/ Work in progress	36,643,368	20,082,859	(25,674,131)	(988,200)	30,063,896
Finished goods	20,823,233	44,803,294	(17,440,576)	(588,191)	47,597,760
Turnover materials	1,441,187	3,189,693	(37,121)	–	4,593,759
<b>Total</b>	<b>219,801,481</b>	<b>159,035,814</b>	<b>(63,927,369)</b>	<b>(2,412,994)</b>	<b>312,496,932</b>

Item	Balance at 1 January 2020	Increase Provision	Decrease Reversal/ Write-off	Translation differences of financial statements denominated in foreign currencies	Balance at 31 December 2020
Raw materials	88,643,409	84,185,463	(11,203,704)	(731,475)	160,893,693
Semi-finished products/ Work in progress	24,003,711	26,865,080	(13,738,310)	(487,113)	36,643,368
Finished goods	17,595,093	16,980,383	(13,601,843)	(150,400)	20,823,233
Turnover materials	22,943	1,429,132	(10,888)	–	1,441,187
<b>Total</b>	<b>130,265,156</b>	<b>129,460,058</b>	<b>(38,554,745)</b>	<b>(1,368,988)</b>	<b>219,801,481</b>

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 9. Contract assets

#### (1) Details of contract assets:

Item	31/12/2021		
	Gross carrying amount	Provision for asset loss	Carrying amount
Quality guarantee funds receivable	692,022,984	16,996,520	675,026,464
Construction service contract assets	76,422,445	—	76,422,445
Total	768,445,429	16,996,520	751,448,909
Less: Contract assets included in other non-current assets (Note (V)21)	455,282,087	12,151,975	443,130,112
Net amount	313,163,342	4,844,545	308,318,797

Item	31/12/2020		
	Gross carrying amount	Provision for asset loss	Carrying amount
Quality guarantee funds receivable	433,964,231	9,451,601	424,512,630
Construction service contract assets	58,145,940	—	58,145,940
Total	492,110,171	9,451,601	482,658,570
Less: Contract assets included in other non-current assets (Note (V)21)	186,646,188	5,322,723	181,323,465
Net amount	305,463,983	4,128,878	301,335,105

The above quality guarantee deposit mainly include quality guarantee deposits related to sales contracts, construction contracts and maintenance service contracts. The Group's construction contracts related to the construction of some offshore products such as deep-sea robots are recognized as revenue according to the performance progress, and the portion of the consideration in excess of the settlement processed by the customer is recognized as contract assets, because it has not yet reached the condition to receive the contractual consideration as agreed in the contract. When the Group obtains this unconditional right to receive the consideration, the contract assets will be transferred to accounts receivable.

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 9. Contract assets (continued)

#### (2) Provision for asset loss of contract assets is as follows:

Item	2021	2020
Opening balance	9,451,601	11,683,162
Provision (Reversal) for the year	7,674,259	(2,177,546)
Translation differences of financial statements denominated in foreign currencies	(129,340)	(54,015)
Closing balance	16,996,520	9,451,601

At 31 December 2021 and 31 December 2020, the Group has no credit-impaired contract assets.

Category	31/12/2021				31/12/2020			
	Gross carrying amount	Provision for asset loss Amount	Proportion of provision (%)	Carrying amount	Gross carrying amount	Provision for asset loss Amount	Proportion of provision (%)	Carrying amount
Collectively assessed								
Category I	151,396,424	2,610,520	1.72	148,785,904	63,518,926	1,170,260	1.84	62,348,666
Category II	312,213,576	10,855,956	3.48	301,357,620	139,529,650	2,822,438	2.02	136,707,212
Category III	157,206,421	627,239	0.40	156,579,182	108,846,000	628,179	0.58	108,217,821
Category IV	147,629,008	2,902,805	1.97	144,726,203	180,215,595	4,830,724	2.68	175,384,871
Total	768,445,429	16,996,520		751,448,909	492,110,171	9,451,601		482,658,570

### 10. Other current assets

Item	31/12/2021	31/12/2020
VAT retained for deduction	729,803,139	625,772,961
Other taxes prepaid/retained for deduction	72,935,033	15,409,866
Certificate of deposits ("CDs")	50,000,000	—
Total	852,738,172	641,182,827



# Notes to the Financial Statements

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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 11. Long-term equity investments

Name of investees	Balance at 1 January 2021	Changes for the year			Translation differences of financial statements denominated in foreign currencies	Balance at 31 December 2021	Impairment provision at 31 December 2021
		Investments in the current year	Investment income or loss recognized under equity method	Profits declared to be distributed			
<i>Non-listed investments</i>							
<b>Joint ventures</b>							
Zhuzhou Shiling Transportation Equipment Co., Ltd. ("Shiling")	186,163,918	-	4,825,573	(20,000,000)	-	170,989,491	-
LANP Electrical Co., Ltd. ("LANP Electrical")	16,620,801	-	(140,912)	(450,000)	-	16,029,889	-
Shanghai Shenzhong	6,506,016	-	(195,802)	(90,000)	-	6,220,214	-
Zhengzhou Times Transportation Electrical Equipment Co., Ltd. ("Zhengzhou Times")	8,146,591	-	(2,351,277)	-	-	5,795,314	-
Guangzhou Qinglan Semiconductor Co., Ltd. ("Qinglan Semiconductor") (Note 1)	-	73,500,000	-	-	-	73,500,000	-
Sub-total	217,437,326	73,500,000	2,137,582	(20,540,000)	-	272,534,908	-
<b>Associates</b>							
Wuxi CRRC Hofer Powertrain Co., Ltd. ("CRRC Hofer")	117,952,387	-	(18,264,165)	-	(3,082,043)	96,606,179	-
Siemens Traction Equipment Ltd., Zhuzhou ("Zhuzhou Siemens")	46,010,196	-	315,542	-	-	46,325,738	-
Hunan Guoxin Semiconductor Technology Co., Ltd. ("CRRC Guoxin Technology")	50,068,270	-	263,888	(272,306)	-	50,059,852	-
Hunan Times Wabtec Transit Transport & Equipment Co., Ltd. ("Times Wabtec")	9,672,000	-	4,180,984	-	-	13,852,984	-
Zhixin Semiconductor Co., Ltd. ("Zhirui Semiconductor")	94,480,136	-	(4,176,338)	-	-	90,303,798	-
CRRC India Private Limited ("CRRC India")	15,185,250	-	58,017	-	-	15,243,267	-
Wuxi Times Smart Transportation Institute Co., Ltd. ("Wuxi Times") (Note 2)	-	23,000,000	(2,519,368)	-	-	20,480,632	-
Foshan Zhongshi Zhihui Transportation Technology Co., Ltd. ("Foshan Zhongshi") (Note 3)	-	6,400,000	(80,000)	-	-	6,320,000	-
Sub-total	333,368,239	29,400,000	(20,221,440)	(272,306)	(3,082,043)	339,192,450	-
Total	550,805,565	102,900,000	(18,083,858)	(20,812,306)	(3,082,043)	611,727,358	-

# Notes to the Financial Statements

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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 11. Long-term equity investments (continued)

Name of investees	Balance at 1 January 2020	Changes for the year				Balance at 31 December 2020	Impairment provision at 31 December 2020
		Investments in the current year	Investment income or loss recognized under equity method	Profits declared to be distributed	Translation differences of financial statements denominated in foreign currencies		
<i>Non-listed investments</i>							
<b>Joint ventures</b>							
Shiling	208,663,918	-	(22,500,000)	-	-	186,163,918	-
LANP Electrical	16,020,801	-	600,000	-	-	16,620,801	-
Shanghai Shenzhong	6,343,316	-	162,700	-	-	6,506,016	-
Zhuzhou Times	-	13,500,000	(5,353,409)	-	-	8,146,591	-
Sub-total	231,028,035	13,500,000	(27,090,709)	-	-	217,437,326	-
<b>Associates</b>							
CRRC Hofer	141,847,140	-	(15,804,225)	-	(8,090,528)	117,952,387	-
Zhuzhou Siemens	45,962,196	-	48,000	-	-	46,010,196	-
CRRC Guoxin Technology	50,033,270	-	35,000	-	-	50,068,270	-
Times Wabtec	11,072,000	-	(1,400,000)	-	-	9,672,000	-
Zhirui Semiconductor	47,098,488	47,000,000	381,648	-	-	94,480,136	-
CRRC India	-	15,185,250	-	-	-	15,185,250	-
Sub-total	296,013,094	62,185,250	(16,739,577)	-	(8,090,528)	333,368,239	-
Total	527,041,129	75,685,250	(43,830,286)	-	(8,090,528)	550,805,565	-

Note 1: In October 2021, the Group and GAC Components Co., Ltd. jointly established Qinglan Semiconductor, in which the Group contributed RMB73,500,000, holding 49% shares. Qinglan Semiconductor has 5 directors in total, two of which are appointed by the Group, the resolution of the Board will come to force as approved by more than two thirds directors in total, therefore, the Group and GAC Components Co., Ltd. jointly exercise control over Qinglan Semiconductor and this is accounted for as investment in a joint venture.

Note 2: In January 2021, the Group, Wuxi Metro Group Co., Ltd. and China Railway Siyuan Survey and Design Group Co., Ltd. jointly contributed to establish Wuxi Times, in which the Group contributed RMB23,000,000, holding 46% shares. Wuxi Times has 5 directors in total, two of which is appointed by the Group, which makes the Group have significant influence over Wuxi Times, so this is accounted for as investment in associates.

Note 3: In October 2021, the Group, Foshan Fotie Investment and Development Co., Ltd. and Zhuzhou Times Fortune Investment Center (LP) jointly contributed to establish Foshan Zhongshi, in which the Group contributed RMB6,400,000, holding 40% shares. Foshan Zhongshi has 5 directors in total, two of which is appointed by the Group, which makes the Group have significant influence over Foshan Zhongshi, so this is accounted for as investment in associates.

# Notes to the Financial Statements

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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 12. Other equity instrument investments

Item	31/12/2021	31/12/2020
Xicheng CRRC (Wuxi) Urban Transit Transport Engineering Co., Ltd. ("Xicheng CRRC ") (Note 1)	80,000,000	60,432,300
CRRC Environmental & Technology Co., Ltd. ("CRRC Environmental") (Note 2)	30,000,000	30,000,000
Guochuang Energy Internet Innovation Center (Guangdong) Co., Ltd.	2,400,000	2,400,000
Total	112,400,000	92,832,300

Note 1: The Group invested RMB60,432,300 and RMB19,567,700 in Xicheng CRRC in January 2020 and December 2021, holding 4.00% shares.

Note 2: The Group invested RMB30,000,000 to CRRC Environmental in January 2020, holding 1.98% shares.

Details of fair value measurement of the above other equity instrument investments are set out in Note (IX).

The Group does not hold the above investments for the purpose of selling them in the near future for short-term returns but for a strategic purpose of holding them for a long term. Therefore, the Group designates them as financial assets at fair value through other comprehensive income.

# Notes to the Financial Statements

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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 13. Fixed assets

#### (1) Details of fixed assets

Item	Buildings	Machinery	Vehicles	Office facilities and others	Total
I. Cost					
1. Balance at 1 January 2021	1,919,672,606	2,887,529,369	44,017,434	496,588,216	5,347,807,625
2. Increase for the year					
(1) Purchase	1,865,222	105,281,632	2,490,342	100,686,723	210,323,919
(2) Transferred from construction in progress Note (V)14)	28,072,892	1,371,044,571	-	9,843,508	1,408,960,971
3. Disposal or retirement	(593,271)	(33,045,675)	(1,997,909)	(15,571,987)	(51,208,842)
4. Translation differences of financial statements denominated in foreign currencies	(2,333,819)	(6,238,665)	(615,984)	(1,042,246)	(10,230,714)
5. Balance at 31 December 2021	1,946,683,630	4,324,571,232	43,893,883	590,504,214	6,905,652,959
II. Accumulated depreciation					
1. Balance at 1 January 2021	540,735,848	1,674,930,318	38,307,274	287,506,165	2,541,479,605
2. Provision	61,890,233	260,314,592	3,809,343	71,350,088	397,364,256
3. Disposal or retirement	(553,851)	(28,636,943)	(1,906,939)	(14,458,660)	(45,556,393)
4. Translation differences of financial statements denominated in foreign currencies	(903,638)	(2,746,527)	(555,163)	(609,013)	(4,814,341)
5. Balance at 31 December 2021	601,168,592	1,903,861,440	39,654,515	343,788,580	2,888,473,127
III. Impairment provision					
1. Balance at 1 January 2021	10,513,264	44,665,742	-	6,579	55,185,585
2. Disposal or retirement	-	(2,428,422)	-	(6,579)	(2,435,001)
3. Balance at 31 December 2021	10,513,264	42,237,320	-	-	52,750,584
IV. Net book value					
1. Balance at 31 December 2021	1,335,001,774	2,378,472,472	4,239,368	246,715,634	3,964,429,248
2. Balance at 1 January 2021	1,368,423,494	1,167,933,309	5,710,160	209,075,472	2,751,142,435

# Notes to the Financial Statements

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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 13. Fixed assets (continued)

#### (1) Details of fixed assets (continued)

Item	Buildings	Machinery	Vehicles	Office facilities and others	Total
I. Cost					
1. Balance at 1 January 2020	1,919,472,425	2,804,081,727	45,174,639	460,226,522	5,228,955,313
2. Increase for the year					
(1) Purchase	219,288	107,822,705	761,848	38,666,458	147,470,299
(2) Transferred from construction in progress (Note (V)14)	1,857,731	4,354,228	–	9,822,040	16,033,999
(3) Additional capital contributions made by minority shareholders (Note)	–	13,804,087	–	–	13,804,087
3. Disposal or retirement	(675,340)	(33,831,786)	(1,899,516)	(11,542,092)	(47,948,734)
4. Translation differences of financial statements denominated in foreign currencies	(1,201,498)	(8,701,592)	(19,537)	(584,712)	(10,507,339)
5. Balance at 31 December 2020	<u>1,919,672,606</u>	<u>2,887,529,369</u>	<u>44,017,434</u>	<u>496,588,216</u>	<u>5,347,807,625</u>
II. Accumulated depreciation					
1. Balance at 1 January 2020	477,787,150	1,433,591,328	37,497,352	240,656,819	2,189,532,649
2. Provision	63,268,036	274,868,643	2,616,556	58,045,441	398,798,676
3. Disposal or retirement	–	(26,830,700)	(1,721,892)	(10,470,894)	(39,023,486)
4. Translation differences of financial statements denominated in foreign currencies	(319,338)	(6,698,953)	(84,742)	(725,201)	(7,828,234)
5. Balance at 31 December 2020	<u>540,735,848</u>	<u>1,674,930,318</u>	<u>38,307,274</u>	<u>287,506,165</u>	<u>2,541,479,605</u>
III. Impairment provision					
1. Balance at 1 January 2020	10,513,264	46,347,067	–	6,579	56,866,910
2. Disposal or retirement	–	(1,681,325)	–	–	(1,681,325)
3. Balance at 31 December 2020	<u>10,513,264</u>	<u>44,665,742</u>	<u>–</u>	<u>6,579</u>	<u>55,185,585</u>
IV. Carrying amount					
1. Balance at 31 December 2020	<u>1,368,423,494</u>	<u>1,167,933,309</u>	<u>5,710,160</u>	<u>209,075,472</u>	<u>2,751,142,435</u>
2. Balance at 1 January 2020	<u>1,431,172,011</u>	<u>1,324,143,332</u>	<u>7,677,287</u>	<u>219,563,124</u>	<u>2,982,555,754</u>

# Notes to the Financial Statements

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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 13. Fixed assets (continued)

(2) As at 31 December 2021 and 31 December 2020, the Group had no temporarily idle fixed assets.

#### (3) Fixed assets leased out under operating leases

Item	Carrying amount at 31 December 2021	Carrying amount at 31 December 2020
Buildings	52,496,879	54,685,507

(4) As at 31 December 2021 and 31 December 2020, the Group had no buildings for which the certificate of title had not yet been obtained.

### 14. Construction in progress

#### (1) Details of construction in progress

Item	31/12/2021	31/12/2020
Automobile components supporting construction project	623,253,029	1,294,885,697
The revamping and expansion of high voltage IGBT chip module production line	124,031,946	256,858,382
Chencang base project	72,831,031	–
Innovation experiment platform construction project	48,491,380	32,760,630
Semiconductor intelligent manufacturing project	15,278,779	5,067,395
Investments in manufacturing equipment of IGBT manufacturing center in 2017	8,998,114	–
PLM Phase II Project	4,180,189	3,905,661
Substation and distribution system project of PCB plant renovation project	2,648,309	–
Coating thickness tester/step profiler (TEG-GZ1916BHKS)	1,185,923	1,185,923
High-power AC drive system	–	13,273,145
Verification and screening platform for key materials of rail transit products	–	12,507,308
Laboratory of urban rail transit driverless signal system	–	1,821,649
IGBT park janitor reconstruction project	–	1,112,046
Others	20,385,320	20,634,908
Total	921,284,020	1,644,012,744

# Notes to the Financial Statements

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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 14. Construction in progress (continued)

#### (2) Movements of significant construction in progress:

Name of project	Budget	Balance at 1 January 2021	Increase	Transferred to fixed assets	Other transfer -out	Translation differences of financial statements denominated in foreign currencies	Balance at 31 December 2021	Proportion of amount injected to the budget	Source of funds
Automobile components supporting construction project	3,337,700,000	1,294,885,697	523,446,071	(1,190,380,398)	(4,698,341)	-	623,253,229	55%	Self-raised
The revamping and expansion of high voltage IGBT chip module production line	505,000,000	256,858,382	16,430,793	(149,257,229)	-	-	124,031,946	72%	Government grants & self-raised
Chencang base project	600,000,000	-	72,831,031	-	-	-	72,831,031	12%	Raised funds
Innovation experiment platform construction project	991,600,000	32,760,630	15,730,750	-	-	-	48,491,380	5%	Raised funds
Semiconductor intelligent manufacturing project	60,846,400	5,067,395	10,211,384	-	-	-	15,278,779	61%	Self-raised
Investments in manufacturing equipment of IGBT manufacturing center in 2017	66,990,000	-	8,998,114	-	-	-	8,998,114	13%	Self-raised
PLM phase II project	5,570,000	3,905,661	274,528	-	-	-	4,180,189	75%	Self-raised
Substation and distribution system project of PCB plant renovation project	4,600,000	-	2,648,309	-	-	-	2,648,309	58%	Self-raised
Coating thickness tester/step profiler (TEG-GZ1916BHKS)	1,300,000	1,185,923	-	-	-	-	1,185,923	91%	Self-raised
High-power AC drive system	14,998,654	13,273,145	-	(13,273,145)	-	-	-	100%	Self-raised
Verification and screening platform for key materials of rail transit products	21,571,000	12,507,308	2,796,933	(15,304,241)	-	-	-	100%	Self-raised
Laboratory of urban rail transit driverless signal system	2,370,000	1,821,649	-	(1,821,649)	-	-	-	100%	Self-raised
IGBT park janitor reconstruction project	1,500,000	1,112,046	301,226	(1,413,272)	-	-	-	100%	Self-raised
Full cabinet manufacturing technical upgrading project Item (intelligent manufacturing 2020)	5,720,000	-	3,365,876	(3,365,876)	-	-	-	100%	Self-raised
Others		20,634,908	34,643,347	(34,145,161)	(329,562)	(418,212)	20,385,320		
Total		1,644,012,744	691,678,362	(1,408,960,971)	(5,027,903)	(418,212)	921,284,020		

# Notes to the Financial Statements

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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 14. Construction in progress (continued)

#### (2) Movements of significant construction in progress: (continued)

Name of project	Budget	Balance at 1 January 2020	Increase	Transferred to fixed assets	Other transfer-out	Translation differences of financial statements denominated in foreign currencies	Balance at 31 December 2020	Proportion of amount injected to the budget	Source of funds
Automobile components supporting construction project	3,337,700,000	1,370,521	1,293,515,176	-	-	-	1,294,885,697	39%	Self-raised
The revamping and expansion of high voltage IGBT chip module production line	505,000,000	28,000,306	228,858,076	-	-	-	256,858,382	69%	Government grants & self-raised
Innovation experiment platform construction project	964,500,000	30,291,863	2,468,767	-	-	-	32,760,630	3%	Self-raised
High-power AC drive system	14,998,654	-	13,273,145	-	-	-	13,273,145	88%	Self-raised
Verification and screening platform for key materials of rail transit products	21,571,000	3,232,180	9,941,500	(666,372)	-	-	12,507,308	62%	Self-raised
Semiconductor intelligent manufacturing project	43,400,000	3,247,955	1,819,440	-	-	-	5,067,395	62%	Self-raised
PLM phase II project	5,000,000	867,925	3,037,736	-	-	-	3,905,661	78%	Self-raised
Laboratory of urban rail transit driverless signal system	4,760,000	1,429,490	392,159	-	-	-	1,821,649	38%	Self-raised
IGBT park janitor reconstruction project	1,500,000	823,257	288,789	-	-	-	1,112,046	74%	Self-raised
Coating thickness tester/step profiler (TEG-GZ1916BHKS)	1,184,420	-	1,185,923	-	-	-	1,185,923	100%	Self-raised
Data centre computer room	16,500,000	8,273,087	740,215	(9,013,302)	-	-	-	55%	Self-raised
Office renovation	8,000,000	7,697,056	-	-	(7,697,056)	-	-	96%	Self-raised
Others		6,976,160	20,448,995	(6,354,325)	(257,981)	(177,941)	20,634,908	95%	Self-raised
<b>Total</b>		<b>92,209,800</b>	<b>1,575,969,921</b>	<b>(16,033,999)</b>	<b>(7,955,037)</b>	<b>(177,941)</b>	<b>1,644,012,744</b>		



# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 15. Right-of-use assets

Item	Land use rights (Note)	Buildings	Machinery	Vehicles	Office facilities and others	Total
I. Carrying amount						
1. Balance at 1 January 2021	14,458,883	128,415,751	12,173,521	11,430,565	1,718,283	168,197,003
2. Newly added lease	9,709,396	85,315,024	11,626,920	4,883,041	-	111,534,381
3. Expired lease contracts	-	(41,137,467)	(525,683)	(4,469,897)	(294,816)	(46,427,863)
4. Translation differences of financial statements denominated in foreign currencies	(632,430)	(1,405,642)	(660,527)	(96,267)	(75,362)	(2,870,228)
5. Balance at 31 December 2021	<u>23,535,849</u>	<u>171,187,666</u>	<u>22,614,231</u>	<u>11,747,442</u>	<u>1,348,105</u>	<u>230,433,293</u>
II. Accumulated depreciation						
1. Balance at 1 January 2021	2,724,814	75,404,449	3,186,629	5,244,408	1,305,620	87,865,920
2. Provision for the year	1,417,276	49,692,140	5,937,717	3,208,333	291,183	60,546,649
3. Lease contracts	-	(41,137,467)	(525,683)	(4,469,897)	(294,816)	(46,427,863)
4. Translation differences of financial statements denominated in foreign currencies	(104,765)	(959,297)	(252,649)	(45,602)	(62,726)	(1,425,039)
5. Balance at 31 December 2021	<u>4,037,325</u>	<u>82,999,825</u>	<u>8,346,014</u>	<u>3,937,242</u>	<u>1,239,261</u>	<u>100,559,667</u>
III. Carrying amount						
1. Balance at 1 January 2021	19,498,524	88,187,841	14,268,217	7,810,200	108,844	129,873,626
2. Balance at 31 December 2021	<u>11,734,069</u>	<u>53,011,302</u>	<u>8,986,892</u>	<u>6,186,157</u>	<u>412,663</u>	<u>80,331,083</u>

Item	Land use rights (Note)	Buildings	Machinery	Vehicles	Office facilities and others	Total
I. Carrying amount						
1. Balance at 1 January 2020	14,881,413	111,514,107	8,148,271	8,185,249	1,542,830	144,271,870
2. Newly added lease	-	26,291,418	5,992,014	3,741,228	217,825	36,242,485
3. Expired lease contracts	-	(6,963,815)	(1,622,865)	(159,209)	-	(8,745,889)
4. Translation differences of financial statements denominated in foreign currencies	(422,530)	(2,425,959)	(343,899)	(336,703)	(42,372)	(3,571,463)
5. Balance at 31 December 2020	<u>14,458,883</u>	<u>128,415,751</u>	<u>12,173,521</u>	<u>11,430,565</u>	<u>1,718,283</u>	<u>168,197,003</u>
II. Accumulated depreciation						
1. Balance at 1 January 2020	1,417,278	30,671,394	2,808,728	2,226,695	596,147	37,720,242
2. Provision for the year	1,375,449	52,702,035	2,085,975	3,265,594	731,683	60,160,736
3. Lease contracts	-	(6,963,815)	(1,622,865)	(159,209)	-	(8,745,889)
4. Translation differences of financial statements denominated in foreign currencies	(67,913)	(1,005,165)	(85,209)	(88,672)	(22,210)	(1,269,169)
5. Balance at 31 December 2020	<u>2,724,814</u>	<u>75,404,449</u>	<u>3,186,629</u>	<u>5,244,408</u>	<u>1,305,620</u>	<u>87,865,920</u>
III. Carrying amount						
1. Balance at 1 January 2021	11,734,069	53,011,302	8,986,892	6,186,157	412,663	80,331,083
2. Balance at 31 December 2021	<u>13,464,135</u>	<u>80,842,713</u>	<u>5,339,543</u>	<u>5,958,554</u>	<u>946,683</u>	<u>106,551,628</u>

Note: Land use rights are industrial land use rights rented by Specialist Machine Developments Limited ("SMD"), a subsidiary of the Group, from non-related parties in 2019. The original lease period is from 10 June 2019 to 9 June 2029, but on 24 August 2021, the lease period was extended to 9 June 2034, and the total rent not discounted is approximately RMB31,409,325.

# Notes to the Financial Statements

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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 15. Right-of-use assets (continued)

The Group leases a number of assets, including land use rights, buildings, machinery, vehicles, office facilities and others, with a lease term of 1-15 years.

In 2021 and 2020, the Group's simplified short-term lease expenses included in the current profit or loss were RMB16,256,345 and RMB5,568,468 respectively.

In 2021 and 2020, the Group's cash outflows incurred related to lease were RMB99,563,285 and RMB64,776,064 respectively.

### 16. Intangible assets

Item	Land use rights	Software licenses	Patents, licenses and technical know-how	Trademarks	Backlog orders and service contracts	Total
I. Cost						
1. Balance at 1 January 2021	229,257,489	184,132,474	1,026,147,751	124,333,611	52,935,664	1,616,806,989
2. Increase						
(1) Purchase	-	9,920,005	227,518	-	-	10,147,523
(2) Transferred from construction in progress	-	5,027,903	-	-	-	5,027,903
(3) Internal R&D	-	-	37,121,760	-	-	37,121,760
3. Decrease	-	-	(131,627,620)	-	-	(131,627,620)
4. Translation differences of financial statements denominated in foreign currencies	(345,179)	(2,413,410)	(7,984,570)	(4,002,362)	(1,704,027)	(16,449,548)
5. Balance at 31 December 2021	228,912,310	196,666,972	923,884,839	120,331,249	51,231,637	1,521,027,007
II. Accumulated amortization						
1. Balance at 1 January 2021	50,392,339	135,515,037	381,349,799	46,296,481	52,935,664	666,489,320
2. Provision	4,266,207	20,247,122	97,046,192	13,329,807	-	134,889,328
3. Translation differences of financial statements denominated in foreign currencies	(136,449)	(1,660,177)	(3,766,247)	(1,243,367)	(1,704,027)	(8,510,267)
4. Balance at 31 December 2021	54,522,097	154,101,982	474,629,744	58,382,921	51,231,637	792,868,381
III. Impairment provision						
1. Balance at 1 January 2021	-	506,859	146,037,805	-	-	146,544,664
2. Decrease for the year	-	-	(131,627,620)	-	-	(131,627,620)
3. Balance at 31 December 2021	-	506,859	14,410,185	-	-	14,917,044
IV. Net book value						
1. Balance at 31 December 2021	174,390,213	42,058,131	434,844,910	61,948,328	-	713,241,582
2. Balance at 1 January 2021	178,865,150	48,110,578	498,760,147	78,037,130	-	803,773,005

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 16. Intangible assets (continued)

Item	Land use rights	Software licenses	Patents, licenses and technical know-how	Trademarks	Backlog orders and service contracts	Total
I. Cost						
1. Balance at 1 January 2020	229,745,038	171,184,026	875,074,811	127,703,038	54,370,215	1,458,077,128
2. Increase						
(1) Purchase	-	13,661,153	1,081,088	-	-	14,742,241
(2) Transferred from construction in progress	-	257,981	-	-	-	257,981
(3) Internal R&D	-	-	64,150,349	-	-	64,150,349
(4) Additional capital contributions made by minority shareholders	-	-	100,304,000	-	-	100,304,000
3. Decrease	-	(66,610)	-	-	-	(66,610)
4. Translation differences of financial statements denominated in foreign currencies	(487,549)	(904,076)	(14,462,497)	(3,369,427)	(1,434,551)	(20,658,100)
5. Balance at 31 December 2020	<u>229,257,489</u>	<u>184,132,474</u>	<u>1,026,147,751</u>	<u>124,333,611</u>	<u>52,935,664</u>	<u>1,616,806,989</u>
II. Accumulated amortization						
1. Balance at 1 January 2020	46,355,236	120,775,518	308,733,702	35,125,092	54,370,215	565,359,763
2. Provision	4,355,820	15,515,556	82,856,329	12,398,675	-	115,126,380
3. Decrease for the year	-	(66,610)	-	-	-	(66,610)
4. Translation differences of financial statements denominated in foreign currencies	(318,717)	(709,427)	(10,240,232)	(1,227,286)	(1,434,551)	(13,930,213)
5. Balance at 31 December 2020	<u>50,392,339</u>	<u>135,515,037</u>	<u>381,349,799</u>	<u>46,296,481</u>	<u>52,935,664</u>	<u>666,489,320</u>
III. Impairment provision						
1. Balance at 1 January 2020 and 31 December 2020	-	506,859	146,037,805	-	-	146,544,664
IV. Net book value						
1. Balance at 31 December 2020	<u>178,865,150</u>	<u>48,110,578</u>	<u>498,760,147</u>	<u>78,037,130</u>	<u>-</u>	<u>803,773,005</u>
2. Balance at 1 January 2020	<u>183,389,802</u>	<u>49,901,649</u>	<u>420,303,304</u>	<u>92,577,946</u>	<u>-</u>	<u>746,172,701</u>

As at 31 December 2021 and 31 December 2020, the Group has no land use rights pledged for secured bank borrowings. The lands used by the Group are located in China's Mainland and are held under a term of 40-50 years.

Proportions of the Group's intangible assets formed through internal research and development to the cost of intangible assets are 26.12% and 22.28% as at 31 December 2021 and 31 December 2020 respectively.

# Notes to the Financial Statements

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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 17. Development expenditure

Item	Balance at 1 January 2021	Internal R&D expenses	Decrease for the year		Balance at 31 December 2021
			Recognized as intangible assets	Transferred to profit or loss	
Research expenses	–	1,690,047,967	–	1,690,047,967	–
Development expenditure	<u>308,376,123</u>	<u>95,322,935</u>	<u>37,121,760</u>	<u>–</u>	<u>366,577,298</u>
Total	<u>308,376,123</u>	<u>1,785,370,902</u>	<u>37,121,760</u>	<u>1,690,047,967</u>	<u>366,577,298</u>

Item	Balance at 1 January 2020	Internal R&D expenses	Decrease for the year		Balance at 31 December 2020
			Recognized as intangible assets	Transferred to profit or loss	
Research expenses	–	1,686,836,761	–	1,686,836,761	–
Development expenditure	<u>205,708,046</u>	<u>166,818,426</u>	<u>64,150,349</u>	<u>–</u>	<u>308,376,123</u>
Total	<u>205,708,046</u>	<u>1,853,655,187</u>	<u>64,150,349</u>	<u>1,686,836,761</u>	<u>308,376,123</u>

# Notes to the Financial Statements

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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 18. Goodwill

Item	DynexPowerInc. ("Canada Dynex")	Ningbo CRRC Times	CRRC Times Electronics	SMD	Total
I. Carrying amount					
1. Balance at 1 January 2021	46,517,958	437,432	13,333,101	569,863,321	630,151,812
Translation differences of financial statements denominated in foreign currencies	-	-	-	(16,250,854)	(16,250,854)
2. Balance at 31 December 2021	46,517,958	437,432	13,333,101	553,612,467	613,900,958
II. Impairment provision					
1. Balance at 1 January 2021	46,517,958	-	-	336,712,682	383,230,640
Provision for the year	-	-	-	49,878,550	49,878,550
Translation differences of financial statements denominated in foreign currencies	-	-	-	(10,323,555)	(10,323,555)
2. Balance at 31 December 2021	46,517,958	-	-	376,267,677	422,785,635
III. Net carrying amount					
Balance at 31 December 2021	-	437,432	13,333,101	177,344,790	191,115,323
Balance at 1 January 2021	-	437,432	13,333,101	233,150,639	246,921,172

Item	DynexPowerInc. ("Canada Dynex")	Ningbo CRRC Times	CRRC Times Electronics	SMD	Total
I. Carrying amount					
1. Balance at 1 January 2020	46,517,958	437,432	13,333,101	606,549,627	666,838,118
Translation differences of financial statements denominated in foreign currencies	-	-	-	(36,686,306)	(36,686,306)
2. Balance at 31 December 2020	46,517,958	437,432	13,333,101	569,863,321	630,151,812
II. Impairment provision					
1. Balance at 1 January 2020	46,517,958	-	-	203,222,785	249,740,743
Provision for the year	-	-	-	154,724,000	154,724,000
Translation differences of financial statements denominated in foreign currencies	-	-	-	(21,234,103)	(21,234,103)
2. Balance at 31 December 2020	46,517,958	-	-	336,712,682	383,230,640
III. Net carrying amount					
Balance at 31 December 2020	-	437,432	13,333,101	233,150,639	246,921,172
Balance at 1 January 2020	-	437,432	13,333,101	403,326,842	417,097,375

Considering the management method of the operation activities of the asset group, and whether the cash flow generated by the asset group through operation is independent of other assets of the Company, the Group determines that SMD, Canada Dynex, CRRC Times Electronics, Ningbo CRRC Times is an asset group including goodwill respectively.

# Notes to the Financial Statements

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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 18. Goodwill (continued)

The Group performs impairment tests on goodwill arising from the acquisitions of Ningbo CRRCTimes, CRRCTimes Electronics and SMD. The recoverable amount of the goodwill is determined based on present value of the expected future cash flows of each subsidiary. The management prepares the cash flow prediction for the next five years (the "budget period") based on the latest financial budgets, and deduces the cash flow of the subsequent years. The discount rates used to calculate the recoverable amount are as follows:

Item	31/12/2021	31/12/2020
Ningbo CRRCTimes	12.00	12.00
CRRCTimes Electronics	12.00	12.00
SMD	13.50	13.50

In 2021 and 2020, the Group assessed the recoverable amount of the asset group of goodwill arising from the acquisition of SMD and performed impairment tests, and recognized impairment of goodwill of RMB49,878,550 and RMB154,724,000 respectively. The world economic downturn arising from the impact of COVID-19 affects the overall development of SMD's future business. This is the major fact that caused the impairment loss of the asset groups. There are no other assets within this asset group that require impairment provision. A key assumption in predicting future cash flows is the revenue growth rate for the budget period, and the expected revenue growth rate at the end of each year is as follows:

Item	31/12/2021	31/12/2020
Expected revenue growth rate	2%	2%

Other key assumptions used in predicting future cash flows include a stable gross margin of budget. The gross margin of budget is determined based on SMD's past performance.

### 19. Long-term prepaid expenses

Item	01/01/2021	Increase for the year	Amortized for the year	31/12/2021
Leasehold improvement	46,038,198	4,380,863	9,731,021	40,688,040

Item	01/01/2020	Increase for the year	Amortized for the year	31/12/2020
Leasehold improvement	34,744,515	24,214,305	12,920,622	46,038,198

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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 20. Deferred tax assets/liabilities

#### (1) Deferred tax assets that are not offset

Item	31/12/2021		31/12/2020	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for product quality warranties	898,295,955	138,244,492	950,454,435	142,171,572
Provision for credit loss	233,029,844	34,789,972	365,501,152	54,081,894
Provision for impairment of assets	359,143,985	54,955,060	252,566,307	33,569,498
Government grants	976,067,861	132,158,343	951,888,602	87,958,406
Unrealized profits from internal transactions	683,254,376	102,488,156	575,446,953	86,317,043
Differences of depreciation/ amortization years due to tax laws and accounting treatment differences	77,878,229	11,887,111	61,750,769	9,891,455
Deductible losses	622,956,262	93,644,938	313,348,817	49,493,347
Accrued expenses	59,635,710	8,459,190	66,312,458	9,972,481
Accrued employee benefits that have not been paid yet	2,424,793	363,719	20,045,000	3,006,750
Changes in fair value of financial assets at fair value through other comprehensive income	73,872,888	10,896,855	35,042,161	5,209,751
Items of costs and expenses without invoices obtained	107,867,588	16,495,157	—	—
Others	8,029,783	1,369,724	13,368,538	2,706,034
Total	<u>4,102,457,274</u>	<u>605,752,717</u>	<u>3,605,725,192</u>	<u>484,378,231</u>

#### (2) Deferred tax liabilities that are not offset

Item	31/12/2021		31/12/2020	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Appreciation of assessment on assets	144,372,227	27,430,723	186,627,727	35,459,268
Differences of depreciation due to different depreciation years specified by tax laws and accounting treatment	17,997,465	4,770,547	20,076,385	5,321,490
Total	<u>162,369,692</u>	<u>32,201,270</u>	<u>206,704,112</u>	<u>40,780,758</u>

# Notes to the Financial Statements

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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 20. Deferred tax assets/liabilities (continued)

**(3) Deferred tax assets and deferred tax liabilities that are presented at the net amount after offset**

Item	31/12/2021		31/12/2020	
	Offset amount of deferred tax assets and liabilities	Deferred tax assets/liabilities after offsetting	Offset amount of deferred tax assets and liabilities	Deferred tax assets/liabilities after offsetting
Deferred tax assets	–	605,752,717	–	484,378,231
Deferred tax liabilities	–	32,201,270	–	40,780,758

### (4) Details of unrecognized deferred tax assets

Item	31/12/2021	31/12/2020
Deductible losses	194,193,270	221,847,312
Deductible temporary differences	144,440,930	134,982,291
Total	338,634,200	356,829,603

**(5) Deductible losses, for which no deferred tax assets are recognized, will expire in the following years**

Item	31/12/2021	31/12/2020
2021	–	12,017,907
2022	–	11,913,401
2029	–	8,750,182
2030	–	50,261,658
Without fixed term (Note)	194,193,270	138,904,164
Total	194,193,270	221,847,312

Note: There is no fixed term for carry-forward of deductible losses generated by Canada Dynex, a subsidiary of the Group, as well as SMD and CRRC Times Electric (Hong Kong) Co., Ltd. (hereinafter referred to as "HK CRRC Times Electric").



# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 21. Other non-current assets

Item	31/12/2021	31/12/2020
Certificate of deposits	1,190,080,714	–
Prepayments for purchase of machinery and equipment	128,052,104	207,472,845
Prepayments for construction of projects	42,551,832	–
Prepayments for acquisition of land use rights	42,831,600	42,831,600
Contract assets	443,130,112	181,323,465
Total	<u>1,846,646,362</u>	<u>431,627,910</u>

### 22. Short-term borrowings

Item	31/12/2021	31/12/2020
Credit borrowings	<u>389,550,036</u>	<u>278,246,822</u>

### 23. Notes payable

Item	31/12/2021	31/12/2020
Commercial acceptances	48,730,000	73,025,426
Bank acceptances	<u>1,591,611,546</u>	<u>1,694,879,672</u>
Total	<u>1,640,341,546</u>	<u>1,767,905,098</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 24. Accounts payable

(1) *Accounts payable are set out as follows:*

Item	31/12/2021	31/12/2020
Related parties	555,535,398	368,591,069
Third parties	4,122,180,635	3,243,333,365
Total	4,677,716,033	3,611,924,434

Accounts payable bear no interest and are usually repayable within 3 months.

(2) *Accounts payable are disclosed by aging as follows:*

Aging	31/12/2021	31/12/2020
Within 6 months	3,726,371,766	3,093,019,736
6 months to 1 year	464,249,145	173,642,131
1 to 2 years	204,394,491	135,315,626
2 to 3 years	90,476,157	51,052,964
Over 3 years	192,224,474	158,893,977
Total	4,677,716,033	3,611,924,434

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 24. Accounts payable (continued)

#### (3) Significant accounts payable aged over one year:

31/12/2021

Name of the entity	Closing balance	Reasons for not being repaid or carried forward
Mitsubishi Corporation Machinery INC.	71,130,548	Outstanding payments for purchase of materials
CRRC Datong Co., Ltd.	25,304,012	Outstanding payments for purchase of materials
Siemens International Trading Ltd	25,211,652	Outstanding payments for purchase of materials
Beijing Jiaoda Signal Technology Co., Ltd.	18,492,019	Outstanding payments for purchase of materials
CRRC Erqi Co., Ltd.	15,321,132	Outstanding payments for purchase of materials
Total	<u>155,459,363</u>	

31/12/2020

Name of the entity	Closing balance	Reasons for not being repaid or carried forward
Mitsubishi Corporation Machinery INC.	104,502,072	Outstanding payments for purchase of materials
Siemens International Trading Ltd.	27,890,454	Outstanding payments for purchase of materials
Siemens International Trading (Shanghai) Co., Ltd.	12,966,260	Outstanding payments for purchase of materials
Beijing Jiaoda Signal Technology Co., Ltd.	11,102,903	Outstanding payments for purchase of materials
Nantong Astom Electric Appliance Manufacturing Co. Ltd.	10,791,840	Outstanding payments for purchase of materials
Total	<u>167,253,529</u>	

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 25. Contract liabilities

#### (1) Details of contract liabilities

Item	31/12/2021	31/12/2020
Related to sales contract	<u>828,709,519</u>	<u>692,579,809</u>

For part of the Group's sales contracts, the time point at which goods are transferred and accepted is later than the time point at which customers make payments, which results in contractual liabilities related to the sales contracts. Related revenue will be recognized upon the completion of the transfer of the Group's relevant goods/performance obligations.

#### (2) Significant changes in balance of contract liabilities

	2021	2020
Opening balance	692,579,809	896,368,688
Contract liabilities included in the opening balance that are recognized as revenue		
1) Related to advance from clients in respect of sales contract	(665,256,321)	(805,839,723)
Increase for the receipt of cash (excluding amount that is recognized as revenue for the year)		
1) Related to advance from clients in respect of sales contract	<u>801,386,031</u>	<u>602,050,844</u>
Closing balance	<u>828,709,519</u>	<u>692,579,809</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 26. Employee benefits payable

#### (1) Details of employee benefits payable

Item	01/01/2021	Increase	Decrease	Translation differences of financial statements denominated in foreign currencies	31/12/2021
I. Short-term benefits	111,544,064	2,123,305,959	2,105,009,922	(84,121)	129,755,980
II. Post-employment benefits (defined contribution plan)	6,118,944	270,704,358	261,907,305	(984,428)	13,931,569
Total	117,663,008	2,394,010,317	2,366,917,227	(1,068,549)	143,687,549

Item	01/01/2020	Increase	Decrease	Translation differences of financial statements denominated in foreign currencies	31/12/2020
I. Short-term benefits	143,742,758	1,928,779,610	1,960,767,367	(210,937)	111,544,064
II. Post-employment benefits (defined contribution plan)	6,645,650	177,751,397	177,687,356	(590,747)	6,118,944
Total	150,388,408	2,106,531,007	2,138,454,723	(801,684)	117,663,008

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 26. Employee benefits payable (continued)

#### (2) Details of short-term benefits

Item	01/01/2021	Increase	Decrease	Translation differences of financial statements denominated in foreign currencies	31/12/2021
I. Salaries, bonuses, allowances and subsidies	21,841,375	1,677,611,875	1,697,319,468	(48,064)	2,085,718
II. Staff welfare	–	68,880,827	68,880,827	–	–
III. Social security contributions	1,107,309	147,106,605	139,864,927	–	8,348,987
Including: Basic medical insurance	621,482	87,331,377	85,199,189	–	2,753,670
Supplementary medical insurance	–	49,542,115	44,316,952	–	5,225,163
Work injury insurance	461,826	10,230,016	10,321,688	–	370,154
Maternity insurance	24,001	3,097	27,098	–	–
IV. Housing fund	279,290	126,419,779	125,659,211	–	1,039,858
V. Union fund and employee education fund	87,940,652	62,178,801	32,730,954	–	117,388,499
VI. Others	375,438	41,108,072	40,554,535	(36,057)	892,918
Total	111,544,064	2,123,305,959	2,105,009,922	(84,121)	129,755,980

Item	01/01/2020	Increase	Decrease	Translation differences of financial statements denominated in foreign currencies	31/12/2020
I. Salaries, bonuses, allowances and subsidies	70,948,275	1,520,359,164	1,569,255,127	(210,937)	21,841,375
II. Staff welfare	95,430	71,091,300	71,186,730	–	–
III. Social security contributions	992,458	113,984,493	113,869,642	–	1,107,309
Including: Basic medical insurance	449,492	63,575,188	63,403,198	–	621,482
Supplementary medical insurance	10,724	42,148,229	42,158,953	–	–
Work injury insurance	481,153	7,926,278	7,945,605	–	461,826
Maternity insurance	51,089	334,798	361,886	–	24,001
IV. Housing fund	507,087	112,145,847	112,373,644	–	279,290
V. Union fund and employee education fund	70,238,324	55,357,671	37,655,343	–	87,940,652
VI. Others	961,184	55,841,135	56,426,881	–	375,438
Total	143,742,758	1,928,779,610	1,960,767,367	(210,937)	111,544,064

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 26. Employee benefits payable (continued)

#### (3) Defined contribution plan

Item	01/01/2021	Increase	Decrease	Translation differences of financial statements denominated in foreign currencies	31/12/2021
I. Basic pension insurance	6,019,304	202,569,162	194,278,098	(984,428)	13,325,940
II. Unemployment insurance	99,640	6,867,921	6,930,512	–	37,049
III. Annuity	–	61,267,275	60,698,695	–	568,580
Total	<u>6,118,944</u>	<u>270,704,358</u>	<u>261,907,305</u>	<u>(984,428)</u>	<u>13,931,569</u>

Item	01/01/2020	Increase	Decrease	Translation differences of financial statements denominated in foreign currencies	31/12/2020
I. Basic pension insurance	6,549,523	126,442,129	126,381,601	(590,747)	6,019,304
II. Unemployment insurance	86,073	4,044,961	4,031,394	–	99,640
III. Annuity	10,054	47,264,307	47,274,361	–	–
Total	<u>6,645,650</u>	<u>177,751,397</u>	<u>177,687,356</u>	<u>(590,747)</u>	<u>6,118,944</u>

### 27. Taxes payable

Item	31/12/2021	31/12/2020
Enterprise income tax	18,820,345	66,066,440
VAT	104,318,658	59,814,897
City maintenance and construction tax and education surcharges	8,523,696	6,994,995
Individual income tax	51,891,101	28,308,321
Others	6,617,058	4,314,250
Total	<u>190,170,858</u>	<u>165,498,903</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 28. Other payables

Other payables are analyzed by nature as follows:

Item	31/12/2021	31/12/2020
Dividends payable	–	7,425,000
Other payables	<u>753,174,560</u>	<u>636,346,172</u>
Total	<u>753,174,560</u>	<u>643,771,172</u>

### (1) Other payables

Other payables are presented by nature as follows:

Item	31/12/2021	31/12/2020
Amounts due to related parties	404,537,638	290,066,482
Deposits and guarantees	285,791,299	242,919,677
Recovery of factoring payable	8,640,000	56,900,381
Withholding social security contributions	17,230,973	22,631,334
Others	<u>36,974,650</u>	<u>23,828,298</u>
Total	<u>753,174,560</u>	<u>636,346,172</u>



# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 28. Other payables (continued)

#### (1) Other payables (continued)

Significant other payables aged over one year

31/12/2021

Name of the entity	Closing balance	Reasons for not being repaid or carried forward
CRRC ZELRI	379,920,925	Payments are not due
Zhuzhou Times Network Information Co., Ltd.	13,429,770	Payments are not due
NAURA Technology Group Co., Ltd.	11,036,863	Payments are not due
Bank of Changsha Co., Ltd. Zhuzhou Tianxin Branch	8,640,000	Payments are not due
Micro-Power Scientific (H.K.) CO., Ltd.	6,930,912	Payments are not due
Total	419,958,470	

31/12/2020

Name of the entity	Closing balance	Reasons for not being repaid or carried forward
CRRC ZELRI	273,475,100	Payments are not due
Micro-Power Scientific (H.K.) CO., Ltd.	7,634,208	Payments are not due
Shanghai Nokida Technology Co., Ltd.	7,775,084	Payments are not due
Beijing Sanmo Technology Co., Ltd.	5,700,000	Payments are not due
CREA Collaudi Elettronici Automatiz	6,714,485	Payments are not due
Total	301,298,877	

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 29. Non-current liabilities due within 1 year

Item	31/12/2021	31/12/2020
Lease liabilities due within 1 year (Note V. 32)	41,963,370	29,225,642
Provisions due within 1 year (Note V. 34)	381,673,849	406,953,839
Long-term borrowings due within 1 year (Note V. 31)	5,027,287	80,547,632
Total	428,664,506	516,727,113

### 30. Other current liabilities

Item	31/12/2021	31/12/2020
VAT for sales of goods collected in advance	99,227,805	83,024,481

### 31. Long-term borrowings

Item	31/12/2021	31/12/2020
Credit borrowings	82,715,287	163,235,632
Less: Long-term borrowings due within 1 year (Note (V)29)	5,027,287	80,547,632
Net amount	77,688,000	82,688,000

(1) Interest rate of the above borrowings is as follows:

Item	2021	2020
Floating interest rate per annum	–	0.44%-2.32%
Fixed interest rate per annum	1.08%	1.08%

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 31. Long-term borrowings (continued)

#### (2) Maturity analysis:

Item	31/12/2021	31/12/2020
Due within 1 year	5,027,287	80,547,632
Due within 1 to 2 years	5,000,000	5,000,000
Due within 2 to 5 years	24,000,000	15,000,000
Due over 5 years	48,688,000	62,688,000
Total	82,715,287	163,235,632

### 32. Lease liabilities

Item	31/12/2021	31/12/2020
Long-term lease liabilities	120,217,161	85,887,753
Less: Lease liabilities classified as non-current liabilities due within 1 year (Note (V)29)	41,963,370	29,225,642
Net amount	78,253,791	56,662,111

Maturity analysis:

Item	31/12/2021	31/12/2020
Due within 1 to 2 years	37,797,585	24,647,233
Due within 2 to 5 years	36,544,755	29,216,342
Due over 5 years	20,335,564	15,127,200
Total	94,677,904	68,990,775
Unrecognized financing expenses	(16,424,113)	(12,328,664)
Lease liabilities	78,253,791	56,662,111

### 33. Long-term payables

#### (1) Analysis of long-term payables by nature

Item	31/12/2021	31/12/2020
Quality warranties	525,195	10,215,068

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 34. Provisions

Item	01/01/2021	Increase	Decrease	Translation differences of financial statements denominated in foreign currencies	31/12/2021
Provision for product quality warranties	950,454,435	596,637,483	648,614,739	(181,224)	898,295,955
Provision for repair of equipment under custody	5,091,706	—	—	—	5,091,706
Total	<u>955,546,141</u>	<u>596,637,483</u>	<u>648,614,739</u>	<u>(181,224)</u>	<u>903,387,661</u>
Less: Provisions due within 1 year (Note (V)29)	<u>406,953,839</u>				<u>381,673,849</u>
Net amount	<u>548,592,302</u>				<u>521,713,812</u>

Item	01/01/2020	Increase	Decrease	Translation differences of financial statements denominated in foreign currencies	31/12/2020
Provision for product quality warranties	803,484,009	639,774,495	492,795,918	(8,151)	950,454,435
Provision for repair of equipment under custody	—	5,091,706	—	—	5,091,706
Total	<u>803,484,009</u>	<u>644,866,201</u>	<u>492,795,918</u>	<u>(8,151)</u>	<u>955,546,141</u>
Less: Provisions due within 1 year (Note (V)29)	<u>353,383,129</u>				<u>406,953,839</u>
Net amount	<u>450,100,880</u>				<u>548,592,302</u>

### 35. Deferred income

Item	31/12/2021	31/12/2020
Government grants related to assets	244,653,579	240,321,291
Government grants related to income	<u>731,414,282</u>	<u>723,395,512</u>
Total	<u>976,067,861</u>	<u>963,716,803</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 35. Deferred income (continued)

Projects involving government grants:

Item	01/01/2021	Increase	Recognized as other income	Other changes	31/12/2021	Related to asset/income
Automobile component project	334,729,591	200,000,000	(240,458,295)	-	294,271,296	Income
8-inch IGBT intelligent manufacturing and digital factory construction project	37,916,667	45,000,000	(12,981,517)	-	69,935,150	Asset
Construction of R&D and trial-manufacturing center of IGBT for electric vehicles	50,000,000	-	-	-	50,000,000	Asset
Fiscal allotment for IGBT Phase II information industry technological upgrading (The revamping of high voltage and low voltage IGBT chip module production line)	50,000,000	-	(5,882,353)	-	44,117,647	Asset
Research on key technologies of high speed maglev transportation	41,870,000	-	-	-	41,870,000	Income
Silicon carbide (SiC) MOSFET chip industrialization project for new energy vehicles	-	32,300,000	-	-	32,300,000	Income
Industrial foundation fortification project-production of IGBT module for alternative fuel automobiles	23,340,000	-	(1,059,729)	-	22,280,271	Asset
Maotangao public rental housing construction project	17,703,883	-	(454,918)	-	17,248,965	Asset
SiC single crystal material R & D and industrialization project	13,984,454	-	(4,126,181)	-	9,858,273	Asset
Electric drive system of electric wheel harvester (national allocation)	6,830,000	1,370,000	-	-	8,200,000	Income
SiC base industrial construction project fund	10,649,213	-	(2,790,795)	-	7,858,418	Asset
Refund of land subsidy	7,966,112	-	(206,912)	-	7,759,200	Asset
Hunan governmental earmark on the development of the second batch of mobile internet industry in 2016	5,000,000	-	-	-	5,000,000	Asset
Semiconductor three-line construction infrastructure subsidies	3,600,000	-	(400,000)	-	3,200,000	Asset
Industrial support fund	3,216,040	-	(78,440)	-	3,137,600	Asset
Construction of intelligent manufacturing works for core components of rolling stock (Manufacturing center)	3,263,889	-	(833,333)	-	2,430,556	Asset
High-speed railway system security technology	7,457,300	890,000	(8,347,300)	-	-	Income
Virtual co-phase flexible power supply technology	4,890,000	-	(4,890,000)	-	-	Income
Others	341,299,654	63,000,776	(47,699,945)	-	356,600,485	Asset/Income
Total	963,716,803	342,560,776	(330,209,718)	-	976,067,861	

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 35. Deferred income (continued)

Projects involving government grants: (continued)

Item	01/01/2020	Increase	Recognized as other income	Other changes	31/12/2020	Related to asset/income
Automobile component project	150,000,000	425,000,000	(240,270,409)	-	334,729,591	Income
Fiscal allotment for IGBT Phase II information industry technological upgrading (The revamping of high voltage and low voltage IGBT chip module production line)	50,000,000	-	-	-	50,000,000	Asset
Construction of R&D and trial-manufacturing center of IGBT for electric vehicles	50,000,000	-	-	-	50,000,000	Asset
Research on key technologies of high speed maglev transportation	55,790,000	-	(13,920,000)	-	41,870,000	Income
8-inch IGBT intelligent manufacturing and digital factory construction project	42,000,000	-	(4,083,333)	-	37,916,667	Asset
Industrial foundation fortification project-production of IGBT module for alternative fuel automobiles	23,340,000	-	-	-	23,340,000	Asset
Maotangao public rental housing construction project	18,158,800	-	(454,917)	-	17,703,883	Asset
SIC single crystal material R & D and industrialization project	23,947,258	-	(9,962,804)	-	13,984,454	Asset
SIC base industrial construction project fund	13,640,016	-	(2,990,803)	-	10,649,213	Asset
Research and development of power transmission and control system	11,113,500	1,171,500	-	-	12,285,000	Income
Refund of land subsidy	8,173,024	-	(206,912)	-	7,966,112	Asset
High-speed railway system security technology	2,640,000	6,717,300	(1,900,000)	-	7,457,300	Income
Hunan governmental earmark on the development of the second batch of mobile internet industry in 2016	5,000,000	-	-	-	5,000,000	Asset
Virtual co-phase flexible power supply technology	4,890,000	-	-	-	4,890,000	Income
Semiconductor three-line construction infrastructure subsidies	4,000,000	-	(400,000)	-	3,600,000	Asset
Construction of intelligent manufacturing works for core components of rolling stock (Manufacturing center)	4,097,222	-	(833,333)	-	3,263,889	Asset
Industrial support fund	3,294,480	-	(78,440)	-	3,216,040	Asset
8 MW golden sun demonstration project	10,891,667	-	(10,891,667)	-	-	Asset
Integrated manufacturing technology R&D and industrialization of SIC based power electronic devices	3,100	-	-	-	3,100	Income
EMU AC Drive & network control system and on-board control unit project	791,667	-	(791,667)	-	-	Asset
1MW Photovoltaic building demonstration project	791,667	-	(791,667)	-	-	Asset
Others	<u>82,878,282</u>	<u>297,799,922</u>	<u>(36,836,650)</u>	<u>(8,000,000)</u>	<u>335,841,554</u>	Asset/Income
Total	<u>565,440,683</u>	<u>730,688,722</u>	<u>(324,412,602)</u>	<u>(8,000,000)</u>	<u>963,716,803</u>	

# Notes to the Financial Statements

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Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 36. Share capital

Item	1/1/2021	Movement (+ · -)		31/12/2020
		Shares issued	subtotal	
<b>Restricted shares :</b>				
Shares held by state-owned legal person	618,766,468	21,334,837	21,334,837	640,101,305
Shares held by other domestic investors	9,380,769	54,407,514	54,407,514	63,788,283
<b>Shares held by foreign investor</b>	–	7,375	7,375	7,375
<b>Unrestricted shares:</b>				
H Shares listed abroad	547,329,400	–	–	547,329,400
A Shares listed domestically	–	165,010,549	165,010,549	165,010,549
<b>Total</b>	<b>1,175,476,637</b>	<b>240,760,275</b>	<b>240,760,275</b>	<b>1,416,236,912</b>

### 37. Capital reserve

Item	01/01/2021	Increase	Decrease	31/12/2021
Share premium	3,321,880,949	7,202,451,771	–	10,524,332,720
Other capital reserve (Note (VII)2)	–	–	4,867,207	(4,867,207)
<b>Total</b>	<b>3,321,880,949</b>	<b>7,202,451,771</b>	<b>4,867,207</b>	<b>10,519,465,513</b>

Item	01/01/2020	Increase	Decrease	31/12/2020
Share premium	3,321,880,949	–	–	3,321,880,949

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 38. Other comprehensive income

Item	01/01/2021	Movement for the year					31/12/2021
		Amount incurred for current year before tax	Less: Transferred from other comprehensive income to profit or loss	Less: Income tax expenses	Attributable to owners of the Parent Company after tax	Attributable to non-controlling shareholders after tax	
<i>Other comprehensive income that will be reclassified to profit or loss:</i>							
Changes in fair value of other debt investments	(29,681,509)	(73,872,888)	(35,042,161)	(5,687,104)	(32,632,221)	(511,402)	(62,313,730)
Translation differences of financial statements denominated in foreign currencies	(122,657,222)	(23,113,677)	–	–	(23,113,677)	–	(145,770,899)
<b>Total other comprehensive income</b>	<b>(152,338,731)</b>	<b>(96,986,565)</b>	<b>(35,042,161)</b>	<b>(5,687,104)</b>	<b>(55,745,898)</b>	<b>(511,402)</b>	<b>(208,084,629)</b>

Item	01/01/2020	Movement for the year					31/12/2020
		Amount incurred for current year before tax	Less: Transferred from other comprehensive income to profit or loss	Less: Income tax expenses	Attributable to owners of the Parent Company after tax	Attributable to non-controlling shareholders after tax	
<i>Other comprehensive income that will be reclassified to profit or loss:</i>							
Changes in fair value of other debt investments	(54,461,850)	(35,042,161)	(64,295,083)	4,330,679	24,780,341	141,902	(29,681,509)
Translation differences of financial statements denominated in foreign currencies	(85,854,279)	(36,802,943)	–	–	(36,802,943)	–	(122,657,222)
<b>Total other comprehensive income</b>	<b>(140,316,129)</b>	<b>(71,845,104)</b>	<b>(64,295,083)</b>	<b>4,330,679</b>	<b>(12,022,602)</b>	<b>141,902</b>	<b>(152,338,731)</b>



# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 39. Special reserve

Item	01/01/2021	Increase	Decrease	31/12/2021
Safety production fee	<u>25,247,257</u>	<u>59,678,310</u>	<u>54,139,833</u>	<u>30,785,734</u>

Item	01/01/2020	Increase	Decrease	31/12/2020
Safety production fee	<u>17,509,972</u>	<u>44,464,987</u>	<u>36,727,702</u>	<u>25,247,257</u>

### 40. Surplus reserve

Item	01/01/2021	Increase (Note)	Decrease	31/12/2021
Statutory surplus reserve	<u>2,325,644,999</u>	<u>220,133,285</u>	<u>–</u>	<u>2,545,778,284</u>

Item	01/01/2020	Increase (Note)	Decrease	31/12/2020
Statutory surplus reserve	<u>2,072,158,058</u>	<u>253,486,941</u>	<u>–</u>	<u>2,325,644,999</u>

Note: According to the Company Law and the Company's articles of association, the Company is required to transfer 10% of its net profit to the statutory surplus reserve. After statutory surplus reserve is accrued, discretionary surplus reserve can be accrued accordingly, which can be used to make up for the losses of previous years or increase capital upon approval.

### 41. Retained earnings

Item	2021	2020
Retained earnings at the beginning of the year	<u>17,156,557,050</u>	15,463,553,872
Add: Net profit attributable to shareholders of the Parent Company	<u>2,017,694,796</u>	2,475,454,606
Less: Appropriation to statutory surplus reserve (Note (V)40)	<u>220,133,285</u>	253,486,941
Common stock dividends payable	<u>637,306,610</u>	<u>528,964,487</u>
Retained earnings at the end of the year	<u>18,316,811,951</u>	<u>17,156,557,050</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 41. Retained earnings (continued)

#### (1) Cash dividends approved at the annual general meeting of shareholders for the year

The 2021 half-year profit distribution proposal of the Company has been reviewed and approved in the first extraordinary general meeting of shareholders for 2021 held on 9 November 2021, pursuant to which a final dividend of RMB0.45 Yuan (including tax) for the half year of 2021 was paid on each of the 1,416,236,912 shares in issue, amounting to a total cash dividend of RMB637,306,610 Yuan.

#### (2) Profit distribution determined after balance sheet date

According to the resolution of the 20th meeting of the sixth session of the board of directors of the Company, the Company plans to distribute profits based on the total share capital of 1,416,236,912 shares, and distribute 2021 cash dividends to all shareholders, with a cash dividend of RMB 0.45 Yuan per share (tax included), a total of RMB 637,306,610 Yuan, the proposal still needs to be submitted to the general meeting for consideration and approval.

### 42. Revenue and cost of sales

#### (1) Details of revenue and cost of sales:

Item	2021		2020	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operating activities	14,824,024,477	9,776,568,579	15,791,633,733	9,882,775,167
Other operating activities	297,142,929	242,850,233	242,264,891	183,884,283
Total	<u>15,121,167,406</u>	<u>10,019,418,812</u>	<u>16,033,898,624</u>	<u>10,066,659,450</u>

#### (2) Presentation of revenue and cost of sales by business type is as follows:

Item	2021		2020	
	Revenue	Cost of sales	Revenue	Cost of sales
Rail transit equipment business	12,251,551,183	7,719,876,181	13,890,431,884	8,402,666,456
Emerging equipment business	2,572,473,294	2,056,692,398	1,901,201,849	1,480,108,711
Others	297,142,929	242,850,233	242,264,891	183,884,283
Total	<u>15,121,167,406</u>	<u>10,019,418,812</u>	<u>16,033,898,624</u>	<u>10,066,659,450</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 42. Revenue and cost of sales (continued)

#### (3) Revenue from contracts

Categories of contracts	2021	2020
By geographic areas of sales		
Mainland China	14,438,485,804	15,233,746,212
Other countries and regions	682,681,602	800,152,412
Total	15,121,167,406	16,033,898,624

#### (4) Description of performance obligations

##### *Sales of goods and materials*

The Group mainly sells rail transit equipment and components, which are mainly delivered using land transportation. The Group recognizes revenue upon receipts and acceptance of the goods by the customer.

Advances from customer before delivery of rail transit equipment and components are recognized as contract liabilities in the financial statements. There is no significant financing component and right of return during the course of sales of rail transit equipment and components.

##### *Revenue from maintenance service*

The Group mainly repairs and maintains rail transit equipment and components. According to the service contract, the maintenance service is subject to customer's acceptance upon delivery, and the Group is entitled to collect the payment upon acceptance by the customer. As the customer can't simultaneously receive and consume the economic benefits provided by the Group's performance as the Group performs; and can't control the service during the Group's performance either; and during the contract period, the Group can't collect the payment in respect of the part of obligations completed up to date, therefore, the maintenance service represents the performance obligation performed at a point in time, and the Group recognizes revenue from maintenance service upon acceptance by customer.

##### *Revenue from construction contracts*

The Group's revenue from construction contracts mainly arises from production of marine engineering products such as deep-sea robot. The Group mainly adopts marine transportation. As the products of the Group have irreplaceable uses, and the Group has the right to ask for payment for the cumulative part that has been completed so far during the entire contract period, the Group recognizes revenue from construction contracts according to the progress of performance as a performance obligation to be performed in a certain period of time. The Group uses the input method to determine the progress of performance.

The sales course of marine engineering products has no significant financing component and right of return.

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 43. Taxes and surcharges

Item	2021	2020
City maintenance and construction tax	43,425,148	42,033,917
Education surcharges	31,471,018	30,413,569
Others	41,499,888	39,562,597
Total	116,396,054	112,010,083

### 44. Selling expenses

Item	2021	2020
Provision for product quality warranties	596,637,483	639,774,495
Employee benefits	234,250,686	211,793,570
Transportation and handling charges	28,145,961	30,874,139
Office and travel expenses	63,904,394	69,019,277
Business entertainment expenses	32,233,376	29,208,470
Bidding and tendering fee	15,963,787	15,608,937
Advertising and publicity cost	4,239,404	9,001,909
Others	74,956,671	102,471,499
Total	1,050,331,762	1,107,752,296

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 45. Administrative expenses

Item	2021	2020
Employee benefits	451,376,501	371,242,220
Depreciation and amortization expenses	88,262,042	106,186,551
Facility maintenance cost	45,134,953	61,642,909
Office and travel expenses and conference fee	46,142,777	41,955,825
Property management fee	27,192,674	24,546,352
Service fees for intermediaries and professional institutions	26,774,176	18,144,143
Utilities expenses	19,717,237	14,940,191
Insurance expenses	10,549,636	49,794,087
Rental expenses	15,970,409	12,076,632
Business entertainment expenses	10,987,888	7,706,891
Others	70,912,727	52,491,953
Total	813,021,020	760,727,754

Note: The administrative expenses in 2021 include the auditor's fee of RMB5,800,000 (2020: RMB4,170,000).

### 46. R&D expenses

Item	2021	2020
Employee benefits	789,377,405	686,769,931
Cost of materials consumed	253,880,705	296,340,090
Depreciation and amortization expenses	197,682,366	170,009,233
Technical service fee	186,006,342	279,351,497
Office and travel expenses	68,644,799	59,637,400
Experiment and inspection cost	34,171,147	35,784,330
Others	160,285,203	158,944,280
Total	1,690,047,967	1,686,836,761

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 47. Finance costs

Item	2021	2020
Interest expenses of borrowings	15,469,215	12,163,219
Interest expenses of lease liabilities	5,963,478	4,068,051
Less: Capitalized interest expenses	363,742	213,366
Interest income	(95,501,635)	(42,523,801)
Net exchange losses (gains)	(5,410,475)	18,346,950
Financial institution charges	9,624,569	12,335,412
Others	(3,586,586)	(1,182,592)
Total	<u>(73,805,176)</u>	<u>2,993,873</u>

### 48. Other income

Item	2021	2020
Refunds of VAT	127,056,987	175,893,721
Technology project fund	336,443,607	297,928,025
Government rewards	69,584,774	103,644,343
Total	<u>533,085,368</u>	<u>577,466,089</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 49. Investment income

Item	2021	2020
Gains (losses) from long-term equity investments under the equity method	(18,083,858)	(43,830,286)
Gains on disposal of held-for-trading financial assets	60,557,582	114,579,327
Gains (losses) on de-recognition of financial assets measured at amortized cost	(9,102,199)	(6,210,943)
Investment income (losses) from other equity instruments during the holding period	237,400	–
Gains (losses) on disposal of derivative financial instruments	–	(6,080,568)
Gains (losses) on debt restructuring	–	(15,276,390)
Total	<u>33,608,925</u>	<u>43,181,140</u>

### 50. Gains on changes in fair value

Item	2021	2020
Held-for-trading financial assets	<u>71,130,766</u>	<u>2,327,307</u>
Total	<u>71,130,766</u>	<u>2,327,307</u>

### 51. Gains (losses) on credit impairment

Item	2021	2020
Gains (losses) on credit impairment of notes receivable	17,120,556	(522,324)
Gains (losses) on credit impairment of accounts receivable	107,662,206	84,996,369
Gains (losses) on credit impairment of other receivables	(2,957,131)	1,171,776
Total	<u>121,825,631</u>	<u>85,645,821</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 52. Gains (losses) on impairment of assets

Item	2021	2020
Gains (losses) on decline in value of inventories	(104,317,090)	(81,863,537)
Gains (losses) on impairment of goodwill	(49,878,550)	(154,724,000)
Gains (losses) on impairment of contract assets	(745,182)	(718,135)
Gains (losses) on impairment of contract assets in other non-current assets	(6,929,077)	2,895,681
Total	(161,869,899)	(234,409,991)

### 53. Gains (losses) on disposal of assets

Item	2021	2020
Gains (losses) on disposal of fixed assets	(2,072,439)	6,440,830
Total	(2,072,439)	6,440,830

### 54. Non-operating income

Item	2021		2020	
	Amount	Amount included in non-recurring profit or loss	Amount	Amount included in non-recurring profit or loss
Penalty income and default compensation income	3,626,935	3,626,935	9,588,444	9,588,444
Unsettled payment	1,882,745	1,882,745	14,258,668	14,258,668
Insurance claims income	2,672,352	2,672,352	36,809,294	36,809,294
Government grants	7,000,000	7,000,000	–	–
Others	9,448,528	9,448,528	5,267,198	5,267,198
Total	24,630,560	24,630,560	65,923,604	65,923,604



# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 54. Non-operating income (continued)

Government grants recognized in profit or loss:

Item	Amount incurred in the current period	Amount incurred in the prior period	Related to assets/income
Listing subsidies	7,000,000	–	Income

### 55. Non-operating expenses

Item	2021		2020	
	Amount	Amount included in non-recurring profit or loss	Amount	Amount included in non-recurring profit or loss
Expenses on penalties and default compensation	470,075	470,075	1,707,879	1,707,879
Losses on retirement of assets	895	895	196,055	196,055
Others	2,541,447	2,541,447	4,650,976	4,650,976
Total	3,012,417	3,012,417	6,554,910	6,554,910

# Notes to the Financial Statements

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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 56. Income tax expenses

Item	2021	2020
Current income tax expense		
– Mainland China	202,209,698	400,810,279
– Other countries and regions	9,411,875	6,239,969
Sub-total	211,621,573	407,050,248
Deferred tax expense	(123,145,060)	(66,668,879)
Total	88,476,513	340,381,369

The reconciliation from total profit to income tax expenses is as follows:

Item	2021	2020
Total profit	2,123,083,462	2,836,938,297
Income tax expenses calculated at statutory tax rate of 25% (Note 1)	530,770,866	709,234,574
Effect of different income tax rates for overseas entities	16,548,229	20,394,482
Effect of preferential tax rate applicable to the Company and its certain subsidiaries	(224,723,087)	(301,278,927)
Effect of profit or loss attributable to joint ventures and associates	2,882,133	6,868,853
Effect of tax-free income	(3,555,632)	(385,684)
Effect of additional deduction for R&D expenses	(186,366,104)	(130,923,232)
Effect of expenses that are not deductible for tax purposes	17,544,931	31,012,445
Effect of deductible temporary differences and deductible losses not recognized	12,664,527	10,738,625
Effect of utilization of deductible temporary differences and deductible losses not recognized in the prior years	(11,537,624)	(501,112)
Differences of annual filing	(14,893,022)	(5,290,009)
Changes in opening balance of deferred tax assets due to changes in tax rate (Note 2)	(50,858,704)	–
Others	–	511,354
Income tax expenses	88,476,513	340,381,369

Note 1: Income tax expenses of the Group include income tax of the Group's subsidiaries in PRC calculated based on the taxable income at the applicable tax and income tax of the Group's subsidiaries not located in PRC calculated based on the taxable income at the applicable tax rate under the local tax laws and regulations.

Note 2: As described in Note (IV), the preferential policy of enterprise income tax enjoyed by CRRC Times Semiconductor is changed in 2021 from "5-year exemption and 5-year half payment" to "2-year exemption and 3-year half payment" since 2019.

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 57. Items in the cash flow statement

#### (1) Other cash receipts relating to operating activities

Item	2021	2020
Government grants	397,675,544	807,848,488
Interest income	95,501,636	42,523,801
Income from insurance claims	2,672,352	36,809,294
Current amounts received	187,246,202	250,482,779
Others	354,624,675	59,676,160
Total	1,037,720,409	1,197,340,522

#### (2) Other cash payments relating to operating activities

Item	2021	2020
Payments for selling expenses, administrative expenses and R&D expenses	1,129,096,642	1,024,076,892
Bank charges	9,624,569	12,335,412
Payments for current amounts	117,444,959	528,138,580
Others	324,229,891	305,551,805
Total	1,580,396,061	1,870,102,689

#### (3) Other cash payments relating to financing activities

Item	2021	2020
Expenses of lease liabilities	83,306,940	59,207,596
Total	83,306,940	59,207,596

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 58. Supplementary information to the cash flow statement

#### (1) Supplementary information to the cash flow statement

Item	2021	2020
Reconciliation of net profit to cash flows from operating activities:		
Net profit	2,034,606,949	2,496,556,928
Add: Losses on impairment of assets	161,869,899	234,409,991
Losses (gains) on credit impairment	(121,825,631)	(85,645,821)
Depreciation of fixed assets	397,364,256	398,798,676
Amortization of intangible assets	134,889,328	115,126,380
Depreciation of right-of-use assets	60,546,649	60,160,736
Increase in special reserve	6,539,610	7,737,285
Amortization of long-term prepaid expenses	9,731,021	12,920,622
Losses (gains) on disposal of fixed assets	2,072,439	(6,440,830)
Finance costs	21,068,951	13,963,392
Investment losses (gains)	(42,711,124)	(43,181,140)
Losses (gains) on changes in fair value	(71,130,766)	(2,327,307)
Decrease (increase) in deferred tax assets	(116,182,312)	(57,580,771)
Increase (decrease) in deferred tax liabilities	(7,667,985)	(9,088,108)
Decrease (increase) in inventories	(755,292,884)	(556,908,310)
Decrease (increase) in operating receivables	(783,123,848)	966,085,658
Increase (decrease) in operating payables	1,219,500,106	(1,797,238,924)
Net cash flow from operating activities	<u>2,150,254,658</u>	<u>1,747,348,457</u>

#### (2) Net movement in cash and cash equivalents:

Item	2021	2020
Closing balance of cash	7,883,060,105	4,783,889,538
Less: Opening balance of cash	<u>4,783,889,538</u>	<u>4,244,080,658</u>
Net increase (decrease) in cash and cash equivalents	<u>3,099,170,567</u>	<u>539,808,880</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 58. Supplementary information to the cash flow statement (continued)

#### (3) Cash and cash equivalents

Item	31/12/2021	31/12/2020
Cash on hand	29,256	52,256
Bank deposits on demand	<u>7,883,030,849</u>	<u>4,783,837,282</u>
Closing balance of cash and cash equivalents	<u><u>7,883,060,105</u></u>	<u><u>4,783,889,538</u></u>

### 59. Assets with restrictions on ownership or use right

Item	31/12/2021	31/12/2020
Cash and bank balances for guarantee	26,272,279	14,996,459
Bills receivable endorsed or discounted but not yet due at the balance sheet date	<u>294,639,370</u>	<u>105,438,338</u>
Pledged bills receivable	<u>22,607,000</u>	<u>—</u>
Total	<u><u>343,518,649</u></u>	<u><u>120,434,797</u></u>

# Notes to the Financial Statements

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Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 60. Foreign currency monetary items

Item	Foreign currency balance at 31/12/2021	Exchange rate	Equivalent to RMB at 31/12/2021
Cash and bank balances			104,427,620
Including: USD	2,281,628	6.38	14,546,976
EUR	2,340,101	7.22	16,894,827
JPY	16,922,892	0.06	937,528
HKD	57,414	0.82	46,942
GBP	7,980,431	8.61	68,682,780
Others			3,318,567
Accounts receivable			70,147,191
Including: USD	5,225,145	6.38	33,313,957
EUR	1,723,274	7.22	12,441,521
Others			24,391,713
Accounts payable			137,225,400
Including: USD	1,154,580	6.38	7,361,256
EUR	4,971,372	7.22	35,891,814
JPY	1,653,235,167	0.06	91,589,228
GBP	117,723	8.61	1,013,171
Others			1,369,931
Other payables			34,601,076
Including: USD	486,482	6.38	3,101,663
EUR	2,165,093	7.22	15,631,322
JPY	343,379	0.06	19,023
GBP	1,424,608	8.61	12,260,746
Others			3,588,322

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (V) NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 60. Foreign currency monetary items (continued)

Item	Foreign currency balance at 31/12/2020	Exchange rate	Equivalent to RMB at 31/12/2020
Cash and bank balances			197,012,582
Including: USD	7,616,176	6.52	49,694,786
EUR	3,709,040	8.03	29,765,042
JPY	154,874,686	0.06	9,793,656
HKD	2,197,836	0.84	1,849,787
GBP	11,245,804	8.89	99,978,570
Others			5,930,741
Accounts receivable			38,612,942
Including: USD	2,178,224	6.52	14,212,695
EUR	1,063	8.03	8,534
Others			24,391,713
Accounts payable			176,010,863
Including: USD	1,301,445	6.52	8,491,797
EUR	5,416,600	8.03	43,468,212
JPY	1,662,973,056	0.06	105,159,764
GBP	293,128	8.89	2,605,993
Others			16,285,097
Other payables			25,473,763
Including: USD	589,581	6.52	3,846,959
EUR	2,588,257	8.03	20,770,765
GBP	63,147	8.89	561,393
Others			294,646

### 61. Government grants

Item	Amount	Presenting item	Amount recognized in profit or loss
Refunds of VAT	127,056,987	Other income	127,056,987
Technology project fund	35,952,511	Other income	35,952,511
Government rewards	39,866,152	Other income	39,866,152
Listing subsidies	7,000,000	Non-operating income	7,000,000
Government rewards	45,000,000	Deferred income	29,718,622
Technology project fund	297,560,776	Deferred income	300,491,096
Total	<u>552,436,426</u>		<u>540,085,368</u>

# Notes to the Financial Statements

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## (VI) CHANGES IN SCOPE OF CONSOLIDATION

### 1. Establishment of subsidiaries

In March 2021, the Company and Chongqing Rail Transit Industry Investment Co., Ltd. jointly established Chongqing CRRC Electric with a registered capital of RMB150,000,000. As at 31 December 2021, the Company has contributed RMB60,000,000, including RMB6,120,000 in cash and RMB53,880,000 in kind with the net assets of the existing Power Supply System Division, with an appreciation of RMB5,610,000 after appraisal. As the Company holds 60% of equity interest and a majority of voting seats on the Board of Directors, the Company has control over Chongqing CRRC Electric.

### 2. Subsidiaries decreased in the current period

In September 2021, CRRC Times Semiconductor acquired Shanghai Yongdian Electronic Technology Co., Ltd. ("Shanghai Yongdian") involving enterprises under common control. After the acquisition, the acquiree Shanghai Yongdian was deregistered, and all of its interests and liabilities shall be assumed by the acquirer CRRC Times Semiconductor.

## (VII) INTERESTS IN OTHER ENTITIES

### 1. Interests in subsidiaries

#### (1) Composition of the Group

Names of the subsidiary	Place of registration/ Principal place of business	Registered capital	Nature of business	Proportion of shareholding		Acquisition method
				Direct	Indirect	
Ningbo CRRC Times	Ningbo, Zhejiang <sup>#1</sup>	RMB148,826,200	Manufacturing	100%	–	Incorporation
CRRC Times Electronics	Zhuzhou, Hunan <sup>#2</sup>	RMB80,000,000	Manufacturing	100%	–	Incorporation
Shenyang CRRC Times	Shenyang, Liaoning <sup>#2</sup>	RMB56,000,000	Manufacturing	100%	–	Incorporation
CRRC Times Semiconductor	Zhuzhou, Hunan <sup>#2</sup>	RMB2,879,600,000	Manufacturing	93.80%	–	Incorporation
Baoji CRRC Times	Baoji, Shaanxi <sup>#3</sup>	RMB589,258,590	Manufacturing	93.21%	–	Incorporation
Taiyuan CRRC Times	Taiyuan, Shanxi <sup>#4</sup>	RMB307,620,400	Manufacturing	–	55%	Incorporation
Kunming CRRC Times Electric Equipment Co., Ltd. ("Kunming Electric")	Kunming, Yunnan <sup>#2</sup>	RMB55,000,000	Manufacturing	100%	–	Incorporation
Hangzhou CRRC Times Electric Equipment Co., Ltd. ("Hangzhou Electric")	Hangzhou, Zhejiang <sup>#5</sup>	RMB75,000,000	Manufacturing	60%	–	Incorporation
Guangzhou CRRC Times Electric Technology Co., Ltd. ("Guangzhou Electric")	Guangzhou, Guangdong <sup>#6</sup>	RMB30,000,000	Manufacturing	60%	–	Incorporation
HK CRRC Times Electric	Hong Kong	HKD856,952,000	Investment holding	100%	–	Incorporation
Ningbo CRRC Electric	Ningbo, Zhejiang <sup>#7</sup>	RMB110,000,000	Manufacturing	100%	–	Incorporation
Chengdu CRRC Electric	Chengdu, Sichuan <sup>#6</sup>	RMB30,000,000	Manufacturing	100%	–	Incorporation
Qingdao CRRC Electric (Note 1)	Qingdao, Shandong <sup>#4</sup>	RMB100,000,000	Manufacturing	45%	–	Incorporation
Shanghai CRRC Rail Transit Technology Co., Ltd. ("Shanghai CRRC Rail Transit")	Shanghai <sup>#6</sup>	RMB50,000,000	Manufacturing	51%	–	Incorporation
CRRC Times Software	Zhuzhou, Hunan <sup>#8</sup>	RMB100,000,000	Software service	100%	–	Incorporation
Hunan CRRC Signal	Changsha, Hunan <sup>#2</sup>	RMB229,000,000	Manufacturing	100%	–	Incorporation
Lanzhou CRRC Times Rail Transit Technology Co., Ltd. ("Lanzhou Times")	Lanzhou, Gansu <sup>#5</sup>	RMB50,000,000	Manufacturing	51%	–	Incorporation



# Notes to the Financial Statements

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## (VII) INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in subsidiaries (continued)

#### (1) Composition of the Group (continued)

Names of the subsidiary	Place of registration/ Principal place of business	Registered capital	Nature of business	Proportion of shareholding		Acquisition method
				Direct	Indirect	
Shanghai CRRC SMD	Shanghai #3	RMB70,000,000	Manufacturing	100%	–	Incorporation
CRRC Times Electric Australia Pty. Ltd. ("Times Australia")	Australia	AUD290,000	Trading	100%	–	Incorporation
CRRC Times Electric USA, LLC ("Times USA")	USA	USD430,000	Trading	100%	–	Incorporation
CRRC Times Electric Brasil Ltda. ("Times Brasil")	Brasil	BRL1,320,000	Trading	99%	1%	Incorporation
Chongqing CRRC Electric	Chongqing #5	RMB150,000,000	Manufacturing	60%	–	Incorporation
Canada Dynex	Canada	CAD37,096,192	Investment holding	100%	–	By business combination not involving enterprises under common control
Dynex Semiconductor Limited	UK	GBP15,000,000	Manufacturing	–	100%	By business combination not involving enterprises under common control
SMD	UK	GBP44,049,014	Investment holding	–	100%	By business combination not involving enterprises under common control
Soil Machine Dynamics Limited	UK	GBP938,950	Manufacturing	–	100%	By business combination not involving enterprises under common control
SMD Offshore Support Limited	UK	GBP2	Trading	–	100%	By business combination not involving enterprises under common control
Soil Machine Dynamics USA LLC	USA	USD0	Trading	–	100%	By business combination not involving enterprises under common control
SMD Robotics Limited	UK	GBP1	Trading	–	100%	By business combination not involving enterprises under common control

# Notes to the Financial Statements

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## (VII) INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in subsidiaries (continued)

#### (1) Composition of the Group (continued)

Names of the subsidiary	Place of registration/ Principal place of business	Registered capital	Nature of business	Proportion of shareholding		Acquisition method
				Direct	Indirect	
Soil Machine Dynamics Singapore Pte. Ltd.	Singapore	SGD1	Manufacturing	–	100%	By business combination not involving enterprises under common control
SMD do Brasil Ltd.	Brasil	BRL100	Trading	–	100%	By business combination not involving enterprises under common control
CRRC National Centre of Converters	Zhuzhou, Hunan <sup>#2</sup>	RMB273,000,000	Manufacturing	100%	–	By business combination involving enterprises under common control

Note 1: The management of the Group considers that the Group still has control over Qingdao CRRC Electric even if it only holds less than 50% of the voting rights of Qingdao CRRC Electric.

#1 Limited liability company (wholly-owned by the legal person)

#2 Limited liability company (wholly-owned by a non-natural person)

#3 Limited liability company (other)

#4 Other limited liability company

#5 Limited liability company

#6 Limited liability company (foreign investment enterprise and domestic enterprise)

#7 Limited liability company (invested by a foreign investment enterprise)

#8 Limited liability company (wholly-owned by a natural person)

#9 Limited liability company (foreign investment enterprise wholly-owned by the legal person)

#### (2) Significant non-wholly owned subsidiaries

Name of the subsidiaries	Proportion of shareholding of non-controlling shareholders	Net profit (Loss) attributable to non-controlling shareholders	Dividends paid to non-controlling shareholders	Closing balance of non-controlling interests
Baoji CRRC Times	6.79%	(12,212,178)	1,683,661	196,871,964
CRRC Times Semiconductor	6.20%	3,034,975	–	218,386,603

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (VII) INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in subsidiaries (continued)

#### (3) Material financial information of Significant non-wholly owned subsidiaries (continued)

##### Baoji CRRC Times (Consolidated)

Item	31/12/2021	31/12/2020
Current assets	3,600,699,321	2,473,688,047
Non-current assets	486,586,242	375,471,912
Total assets	4,087,285,563	2,849,159,959
Current liabilities	2,155,413,929	1,849,406,690
Non-current liabilities	512,169,096	5,140,393
Total liabilities	2,667,583,025	1,854,547,083
Total shareholders' equity	1,419,702,538	994,612,876
Total equity attributable to shareholders of the Parent Company	1,311,909,209	874,321,990
Non-controlling interests	107,793,329	120,290,886

Item	2021	2020
Revenue	1,838,090,090	2,109,441,279
Net profit (loss)	(6,291,808)	28,306,778
Including: Net profit attributable to shareholders of the Parent Company	6,567,243	28,062,956
Profit or loss attributable to non-controlling interests	(12,859,051)	243,822
Total comprehensive income	(8,198,162)	28,053,310
Including: Total comprehensive income attributable to shareholders of the Parent Company	4,573,081	27,813,655
Total comprehensive income attributable to non-controlling interests	(12,771,243)	239,655
Net cash flow from operating activities	(67,423,606)	(237,509,147)

# Notes to the Financial Statements

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## (VII) INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in subsidiaries (continued)

#### (3) Material financial information of Significant non-wholly owned subsidiaries (continued)

##### CRRC Times Semiconductor

Item	31/12/2021	31/12/2020
Current assets	2,622,844,678	1,959,869,970
Non-current assets	1,487,572,578	1,453,750,055
Total assets	4,110,417,256	3,413,620,025
Current liabilities	546,713,286	317,169,701
Non-current liabilities	518,365,181	373,571,497
Total liabilities	1,065,078,467	690,741,198
Total shareholders' equity	3,045,338,789	2,722,878,827

# Notes to the Financial Statements

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## (VII) INTERESTS IN OTHER ENTITIES (continued)

### 1. Interests in subsidiaries (continued)

#### (3) Material financial information of Significant non-wholly owned subsidiaries (continued)

##### CRRC Times Semiconductor (continued)

Item	2021	2020
Revenue	1,310,437,610	969,932,692
Net profit	124,591,429	23,270,775
Total comprehensive income	119,226,732	21,916,587
Net cash flow from operating activities	167,223,449	160,387,710

### 2. Transactions in which the share of owners' equity in a subsidiary is changed but the subsidiary is still under control

#### (1) Description of changes in share of owners' equity in subsidiaries

The Group unilaterally increased its capital investment of RMB450,000,000 in Baoji CRRC Times in December 2021, including registered capital increased RMB183,121,990. Upon the capital increase, the Group's proportion of owners' equity in Baoji CRRC Times increased from 90.15% to 93.21%. Relevant industrial and commercial modification registration was completed at 30 December 2021. RMB4,867,207, consideration paid for the capital increase in excess of the share of net assets of Baoji CRRC Times based on the proportion of owners' equity was offset against the capital reserve.

In September 2021, the Company, CRRC Times Semiconductor and Zhuzhou Xin Connection No. 0 Enterprise Management Partnership (hereinafter referred to as "Zhuzhou Xin Connection") jointly signed the Zhuzhou CRRC Times Semiconductor Co., Ltd. Capital Increase and Share Expansion Agreement. The registered capital of CRRC Times Semiconductor increased from RMB2,700,000,000 to RMB2,879,600,000, and Zhuzhou Xin Connection contributed RMB215,650,000, with a shareholding ratio of 6.20%. After the completion of this capital increase, the shareholding ratio held by the Group in CRRC Times Semiconductor decreased from 100% to 93.80%.

#### (2) Effect of transaction on non-controlling interests and equity attributable to the owners of the Parent Company

Item	Baoji CRRC Times
Cost of acquisition	450,000,000
– Cash	<u>450,000,000</u>
Less: Share of net assets of subsidiary based on the proportion of owners' equity acquired/disposed	<u>445,132,793</u>
Difference	<u>4,867,207</u>
Including: Increase (decrease) in capital reserve	<u>(4,867,207)</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (VII) INTERESTS IN OTHER ENTITIES (continued)

### 3. Interests in joint ventures or associates

#### (1) Joint ventures or associates

Name of joint ventures or associates	Principal place of business/Place of registration	Nature of business	Proportion of shareholding		Accounting treatment for investments in joint ventures or associates
			Direct	Indirect	
<b>Joint ventures</b>					
Shiling	Zhuzhou, Hunan	Manufacturing	50%	–	Equity method
LANP Electrical	Wenzhou, Zhejiang	Manufacturing	50%	–	Equity method
Shanghai Shentong	Shanghai	R&D and technical service industry	50%	–	Equity method
Zhengzhou Times	Zhengzhou, Henan	Manufacturing	50%	–	Equity method
Qinglan Semiconductor	Guangzhou, Guangdong	R&D and technical service industry	–	49%	Equity method
<b>Associates</b>					
CRRC Hofer	Wuxi, Jiangsu	Manufacturing	–	49%	Equity method
Zhuzhou Siemens	Zhuzhou, Hunan	Manufacturing	30%	–	Equity method
Guoxin Technology	Zhuzhou, Hunan	Manufacturing	25%	–	Equity method
Times Wabtec	Changsha, Hunan	Manufacturing	50%	–	Equity method
Zhirui Semiconductor	Wuhan, Hubei	Manufacturing	47%	–	Equity method
CRRC India	India	Manufacturing	15%	–	Equity method
Wuxi Times	Wuxi, Jiangsu	Software and information technology services	46%	–	Equity method
Foshan Zhongshi	Foshan, Guangdong	Software and information technology services	40%	–	Equity method

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (VII) INTERESTS IN OTHER ENTITIES (continued)

### 3. Interests in joint ventures or associates (continued)

#### (2) Main financial information of significant joint ventures

Shiling

Item	31/12/2021	31/12/2020
Current assets	339,796,725	363,408,059
Including: Cash and cash equivalents	315,855,158	286,249,514
Non-current assets	36,983,070	41,084,265
Total assets	376,779,795	404,492,324
Current liabilities	29,569,172	32,164,488
Total liabilities	29,569,172	32,164,488
Net assets	347,210,623	372,327,836
Share of net assets calculated based on the proportion of shareholding	170,989,491	186,163,918
Adjustments		
– Unrealized profit from downstream transactions	–	–
Carrying amount of investments	170,989,491	186,163,918
Revenue	54,009,903	404,578,639
Income tax expenses	–	–
Net profit (loss)	9,651,146	(45,000,000)
Total comprehensive income	9,651,146	(45,000,000)
Dividends received from joint ventures	20,000,000	–

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (VII) INTERESTS IN OTHER ENTITIES (continued)

### 3. Interests in joint ventures or associates (continued)

#### (3) Financial information of joint ventures and associates that are individually insignificant to the Group

Item	2021	2020
Joint ventures:		
Total carrying amount of investments	101,545,417	31,273,408
Total amounts calculated based on proportion of shareholding		
Net profit (loss)	(2,687,991)	(4,590,709)
Total comprehensive income	<u>(2,687,991)</u>	<u>(4,590,709)</u>
Associates:		
Total carrying amount of investments	339,192,450	333,368,239
Total amounts calculated based on proportion of shareholding		
Net profit (loss)	(20,221,440)	(16,739,577)
Total comprehensive income	<u>(20,221,440)</u>	<u>(24,830,105)</u>



# Notes to the Financial Statements

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## (VIII) RISKS RELATED TO FINANCIAL INSTRUMENTS

### 1. Classification of financial instruments

The Group's principal financial instruments comprise cash and bank balances, held-for-trading financial assets, notes receivable, accounts receivable, receivables financing, other receivables, other equity instrument investments, notes payable, accounts payable, other payables, borrowings, long-term payables and lease liabilities, etc. As at 31 December 2021, details of these financial instruments held by the Group are disclosed in Note (V). The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

Item	31/12/2021	31/12/2020
<b>Financial assets</b>		
<i>At FVTPL</i>		
Held-for-trading financial assets	7,579,988,489	3,732,327,307
<i>At FVTOCI</i>		
Receivables financing	2,910,527,667	1,443,941,055
Other equity instrument investments	112,400,000	92,832,300
<i>At amortized cost</i>		
Cash and bank balances	8,219,320,889	5,128,885,997
Notes receivable	2,757,119,757	2,460,737,156
Accounts receivable	6,549,417,025	7,936,895,209
Other receivables	177,166,093	162,774,728
Other current assets	50,000,000	–
Other non-current assets	1,190,080,714	–
<b>Financial liabilities</b>		
<i>At amortized cost</i>		
Short-term borrowings	389,550,036	278,246,822
Notes payable	1,640,341,546	1,767,905,098
Accounts payable	4,677,716,033	3,611,924,434
Other payables	753,174,560	643,771,172
Long-term borrowings (including long-term borrowings due within 1 year)	82,715,287	163,235,632
Lease liabilities (including lease liabilities due within 1 year)	120,217,161	85,887,753
Long-term payables	525,195	10,215,068

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (VIII) RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 2. Transfer of financial assets

The bank acceptances and commercial acceptances endorsed by the Group to the suppliers for settlement of accounts payable are as follows:

Item	31/12/2021	31/12/2020
Financial assets that have been transferred but not derecognized in entirety	294,639,370	105,438,338
Financial assets that have been derecognized in entirety but with continuous involvement	948,163,957	247,743,856
Total	1,242,803,327	353,182,194

For the bank acceptances and commercial acceptances that have been transferred but not derecognized in entirety, the Group considers that it has retained substantially all the risks and rewards, including the related default risk. Therefore, the Group continues to recognize these acceptances in full and the related accounts payable that have been settled.

The maturity date of the bank acceptances that have been derecognized and meet certain criteria is 3-12 months, substantially all the risks and rewards of which have been transferred. Therefore, the relevant notes receivable are derecognized.

The accounts receivable derecognized due to factoring are as follows:

Item	2021	2020
Factoring of accounts receivable	413,518,544	736,950,800

The Group considers that substantially all the risks and rewards of ownership of these accounts receivable have been transferred to the other party and therefore derecognizes these accounts receivable.

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (VIII) RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 3. Risks of financial instruments

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, and market risk. The Group's risk management policies are outlined below.

#### (1) Credit risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which mainly comprise cash and bank balances, notes receivable and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

The credit risk on cash and bank balances is limited because they are deposited with banks with high credit ratings.

The major customers of the Group are subsidiaries of CRRC Corporation Limited as well as other state-owned enterprises and institutions in the railway transportation industry. Since the Group trades only with recognized and creditworthy third parties, there is no requirement for collateral. As at 31 December 2021 and 31 December 2020, the Group had certain concentrations of credit risk as 5.06% and 18.97% of the Group's accounts receivable were due from the Group's largest customer, and 16.16% and 24.11% of the Group's accounts receivable were due from the five largest customers.

Principles for assessing whether the credit risk has increased significantly since the initial recognition, basis for determining the credit impairment of financial assets, the method to assessing expected credit risk on a portfolio basis and the direct write down policy are listed in Note (III)10.2.

As part of the Group's credit risk management, the Group uses the aging of accounts receivable to assess the credit impairment losses of receivables arising from various kinds of business. This type of business involves a large number of small customers, which with the same risk characteristics, and the aging information can reflect the solvency of them when the accounts receivable expire.

The above-mentioned expected average loss rate is based on historically actual bad debt rate and takes current conditions and forecasts of future economic conditions into consideration.

The Group reviews the recoverable amount of the financial assets at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk assumed is significantly reduced.

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (VIII) RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 3. Risks of financial instruments (continued)

#### (2) Liquidity risk

The Group monitors its risk of shortage of funds using a continuous liquidity planning tool. This tool considers both the maturity of its financial instruments and expected cash flows from the Group's operations.

The Group's objective is to maintain a balance between the continuity of funding and flexibility through the use of various financing means, such as note settlement and bank borrowings. The Group has obtained banking facilities from several commercial banks to meet working capital requirements and capital expenditures.

The Group's management monitors the liquidity position of the Group 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 Group's financial resources.

The maturity analysis of the Group's financial liabilities based on the undiscounted contractual cash flows is as follows:

#### As at 31 December 2021

Item	Within 1 year	1-2 years	Over 2 years	Total	Carrying amount
Short-term borrowings	389,820,483	-	-	389,820,483	389,550,036
Notes payable	1,640,341,546	-	-	1,640,341,546	1,640,341,546
Accounts payable	4,677,716,033	-	-	4,677,716,033	4,677,716,033
Other payables	753,174,560	-	-	753,174,560	753,174,560
Long-term borrowings (including long-term borrowings due within 1 year)	5,920,317	5,839,030	76,179,814	87,939,161	82,715,287
Lease liabilities (including lease liabilities due within 1 year)	46,916,907	31,695,945	50,950,748	129,563,600	120,217,161
Long-term payables	-	234,060	291,135	525,195	525,195
Total	<u>7,513,889,846</u>	<u>37,769,035</u>	<u>127,421,697</u>	<u>7,679,080,578</u>	<u>7,664,239,818</u>

# Notes to the Financial Statements

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## (VIII) RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 3. Risks of financial instruments (continued)

#### (2) Liquidity risk (continued)

As at 31 December 2020

Item	Within 1 year	1-2 years	Over 2 years	Total	Carrying amount
Short-term borrowings	278,403,513	–	–	278,403,513	278,246,822
Notes payable	1,767,905,098	–	–	1,767,905,098	1,767,905,098
Accounts payable	3,611,924,434	–	–	3,611,924,434	3,611,924,434
Other payables	643,771,172	–	–	643,771,172	643,771,172
Long-term borrowings (including long-term borrowings due within 1 year)	81,803,536	5,453,600	79,758,878	167,016,014	163,235,632
Lease liabilities (including lease liabilities due within 1 year)	35,303,374	24,478,884	44,343,542	104,125,800	85,887,753
Long-term payables	–	10,215,068	–	10,215,068	10,215,068
Total	<u>6,419,111,127</u>	<u>40,147,552</u>	<u>124,102,420</u>	<u>6,583,361,099</u>	<u>6,561,185,979</u>

#### (3) Market risk

##### Foreign currency risk

Several of the Group's subsidiaries have purchases and sales denominated in JPY, USD, GBP, EUR and HKD, while the Group's other principal activities are denominated and settled in RMB. Currency risk arising from the assets and liabilities denominated in foreign currencies may have impact on the Group's performance.

As at the end of the reporting period, the balances of the Group's assets and liabilities are as follows:

#### As at 31 December 2021

Item	Total assets	Total liabilities
JPY	937,528	91,608,251
USD	47,860,933	10,462,919
GBP	68,682,780	13,273,917
EUR	29,336,348	51,523,136
HKD	46,942	–
Total	<u>146,864,531</u>	<u>166,868,223</u>

As at 31 December 2020

Item	Total assets	Total liabilities
JPY	9,793,656	105,159,764
USD	63,907,481	12,338,756
GBP	99,978,570	3,167,386
EUR	29,773,576	64,238,977
HKD	1,849,787	–
Total	<u>205,303,070</u>	<u>184,904,883</u>

# Notes to the Financial Statements

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## (VIII) RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 3. Risks of financial instruments (continued)

#### (3) Market risk (continued)

##### Foreign currency risk (continued)

The following table demonstrates the sensitivity analysis on currency risk, which reflects the impact of reasonably possible changes in the exchange rates of JPY, USD, GBP, EUR and HKD on the Group's profit or loss and shareholder's equity before tax, with all other variables held constant.

#### As at 31 December 2021

Item	Base point Increase/ (decrease)	Effect on profit Increase/ (decrease)
JPY		
If RMB strengthens against JPY	+10%	7,707,011
If RMB weakens against JPY	-10%	(7,707,011)
USD		
If RMB strengthens against USD	+10%	(3,178,831)
If RMB weakens against USD	-10%	3,178,831
GBP		
If RMB strengthens against GBP	+10%	(4,709,753)
If RMB weakens against GBP	-10%	4,709,753
EUR		
If RMB strengthens against EUR	+10%	1,885,877
If RMB weakens against EUR	-10%	(1,885,877)
HKD		
If RMB strengthens against HKD	+10%	(3,990)
If RMB weakens against HKD	-10%	3,990

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (VIII) RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 3. Risks of financial instruments (continued)

#### (3) Market risk (continued)

Foreign currency risk (continued)

As at 31 December 2020

Item	Base point Increase/ (decrease)	Effect on profit Increase/ (decrease)
JPY		
If RMB strengthens against JPY	+10%	3,543,126
If RMB weakens against JPY	-10%	(3,543,126)
USD		
If RMB strengthens against USD	+10%	(4,347,132)
If RMB weakens against USD	-10%	4,347,132
GBP		
If RMB strengthens against GBP	+10%	(8,225,892)
If RMB weakens against GBP	-10%	8,225,892
EUR		
If RMB strengthens against EUR	+10%	2,949,637
If RMB weakens against EUR	-10%	(2,949,637)
HKD		
If RMB strengthens against HKD	+10%	(153,861)
If RMB weakens against HKD	-10%	153,861

#### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital for the years ended 31 December 2021 and 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. The Group's policy is to maintain the gearing ratio no more than 30%. Net debt includes all borrowings, notes payable, accounts payable, employee benefits payable, other taxes payable excluding enterprise income tax payable, other payables, lease liabilities and long-term payables, less cash and cash equivalents. Capital includes equity attributable to shareholders of the Parent Company.

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (VIII) RISKS RELATED TO FINANCIAL INSTRUMENTS (continued)

### 3. Risks of financial instruments (continued)

#### (3) Market risk (continued)

##### Capital management (continued)

The gearing ratios as at the balance sheet date are as follows:

Item	31/12/2021	31/12/2020
Short-term borrowings	389,550,036	278,246,822
Notes payable	1,640,341,546	1,767,905,098
Accounts payable	4,677,716,033	3,611,924,434
Employee benefits payable	143,687,549	117,663,008
Taxes payable (excluding enterprise income tax payable)	171,350,513	99,432,463
Other payables	753,174,560	643,771,172
Long-term borrowings (including long-term borrowings due within 1 year)	82,715,287	163,235,632
Lease liabilities (including lease liabilities due within 1 year)	120,217,161	85,887,753
Long-term payables	525,195	10,215,068
Less: Cash and cash equivalents	<u>7,883,060,105</u>	<u>4,783,889,538</u>
Net liabilities	96,217,775	1,994,391,912
Equity attributable to shareholders of the Parent Company	<u>32,620,993,765</u>	<u>23,852,468,161</u>
Capital and net liabilities	<u>32,717,211,540</u>	<u>25,846,860,073</u>
Gearing ratio	<u>0.29%</u>	<u>7.72%</u>



# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (IX) DISCLOSURE OF FAIR VALUE

### 1. Closing fair value of assets and liabilities measured at fair value

As at 31 December 2021

Item	Closing fair value			Total
	Level 1	Level 2	Level 3	
I. Continuous fair value measurement				
(I) Financial assets at FVTPL				
1. Held-for-trading financial assets	–	7,579,988,489	–	7,579,988,489
(II) Receivables financing	–	–	2,910,527,667	2,910,527,667
(III) Other equity instrument investments	–	–	112,400,000	112,400,000

As at 31 December 2020

Item	Closing fair value			Total
	Level 1	Level 2	Level 3	
I. Continuous fair value measurement				
(I) Financial assets at FVTPL				
1. Held-for-trading financial assets	–	3,732,327,307	–	3,732,327,307
(II) Receivables financing	–	–	1,443,941,055	1,443,941,055
(III) Other equity instrument investments	–	–	92,832,300	92,832,300

### 2. Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous level 2 fair value measurement items

Fair value measurement of held-for-trading financial assets and receivables financing is determined based on the method of discounted cash flow analysis. The future cash flows are estimated based on the projected returns and discounted at the discount rate reflecting the counterparty's credit risk.

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (IX) DISCLOSURE OF FAIR VALUE (continued)

### 3. Valuation techniques and qualitative and quantitative information of key parameters adopted for continuous level 3 fair value measurement items

Fair value measurement of receivables financing and other equity instrument investments is determined based on the method of discounted cash flow analysis. Unobservable inputs include weighted average cost of capital and long-term income growth rate.

4. There are no transfers between Level 1, Level 2 and Level 3 fair value measurements of the Group's financial assets during the reporting period.

### 5. Fair values of financial assets and financial liabilities that are not measured at fair value

The Group's financial assets and financial liabilities at amortized cost are detailed in Note (VIII) 1. As at 31 December 2021 and 31 December 2020, the fair values of long-term borrowings and long-term payables are determined using the method of discounted cash flow analysis, with market yields on other financial instruments with similar contractual terms, credit risk and remaining maturity as the discount rate. Except for the above items, the carrying amounts of financial assets and financial liabilities at amortized cost in the financial statements approximate their fair values.

## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

### 1. Particulars of the intermediate controlling shareholder of the Company

Name of the intermediate controlling shareholder	Place of registration	Nature of business	Registered capital	Proportion of shareholding	Proportion of voting rights
CRRC ZELRI	Zhuzhou, Hunan	R&D, manufacturing and sales of rail transportation products and equipment	RMB 8,446,840,000	41.63%	41.63%

CRRC ZELRI and the companies it holds are collectively referred to as "CRRC ZELRI Group".

The controlling party of the Company's intermediate controlling shareholder is CRRC Corporation Limited.

The ultimate holding party of the Company is CRRC Group, which is an enterprise directly under the central government and directly administered by the State-owned Assets Supervision and Administration Commission of the State Council. The ultimate holding party and the companies it holds are collectively referred to as "the ultimate holding party group".

### 2. Particulars of subsidiaries of the Company

For details of the subsidiaries of the Company, please refer to Note (VII)1.

### 3. Particulars of joint ventures and associates of the Company

For details of the joint ventures and associates of the Company, please refer to Note (VII)3.

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### 4. Particulars of other related parties

#### (1) Companies controlled by CRRC ZELRI

Name of other related parties	Relationship between other related parties and the Company
CRRC Beijing Heavy Industry and Mechanics Co., Ltd.	Company controlled by CRRC ZELRI
Xiangyang CRRC Electric Machinery Co., Ltd.	Company controlled by CRRC ZELRI
Zhuzhou Times RUIWEI Anti-vibration Equipment Limited	Company controlled by CRRC ZELRI
Zhuzhou Times New Material Technology Co., Ltd.	Company controlled by CRRC ZELRI
Zhuzhou Times Rubber and Plastics Components Development Co., Ltd.	Company controlled by CRRC ZELRI
CRRC-AVC Thermal Technologies (Zhuzhou) Co., Ltd.	Company controlled by CRRC ZELRI
CRRC Electromechanical Technology Co., Ltd.	Company controlled by CRRC ZELRI
Hunan CRRC Zhixing Technology Co., Ltd.	Company controlled by CRRC ZELRI
Qingdao CRRC Huaxuan Water Co., Ltd.	Company controlled by CRRC ZELRI
Shanghai CRRC Hange Shipping and Marine Engineering Co., Ltd.	Company controlled by CRRC ZELRI
CRRC Zhuzhou Traction Electrical Equipment Test & Certification Co., Ltd.	Company controlled by CRRC ZELRI
Hunan Lixing Power Technology Co., Ltd.	Company controlled by CRRC ZELRI
Tianjin CRRC Wind Equipment Technology Co., Ltd.	Company controlled by CRRC ZELRI
Boge Rubber & Plastics (Zhuzhou) Co., Ltd.	Company controlled by CRRC ZELRI
Xiangyang China Railway Hongji Engineering Co., Ltd.	Company controlled by CRRC ZELRI
Zhuzhou CRRC Times Publishing Co., Ltd.	Company controlled by CRRC ZELRI

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### 4. Particulars of other related parties (continued)

#### (2) Companies controlled by the ultimate holding party other than CRRC ZELRI Group

Name of other related parties	Relationship between other related parties and the Company
Changzhou CRRC Diesel Parts Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Changzhou CRRC Ruitai Equipment Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Chengdu CRRC Electric Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Meishan CRRC Brake Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Qingdao SRI Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Shijiazhuang King Transportation Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Tianjin JL Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Dalian Institute Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Luoyang Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Qishuyan Institute Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Qishuyan Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Shandong Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Sifang Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Taiyuan Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Logistics Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Xi'an Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Changchun Railway Vehicles Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Zhuzhou Locomotive Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Corporation Limited	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Zhuzhou CRRC Special Equipment Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Shenyang Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Qingdao Sifang Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Beijing CRRC CED Railway Electric Tech. Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Zhuzhou Vehicle Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Yongji Electric Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### 4. Particulars of other related parties (continued)

#### (2) Companies controlled by the ultimate holding party other than CRRC ZELRI Group (continued)

Name of other related parties	Relationship between other related parties and the Company
CRRC Zhuzhou Electric Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Erqi Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Taiyuan CRRC Rail Transit Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Ningbo Jiangbei Gofront Herong Electric Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Xi'an CRRC Yongdian Electric Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Times Electric Vehicle Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Information Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Changde CRRC New Energy Vehicle Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Nanjing CRRC Puzhen Haitai Brake Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Bombardier Sifang (Qingdao) Transportation Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Shanghai Alstom Transport Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Xi'an Yongdianjietong Electric Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Yongji CRRC Motor & Electric Appliance Repair CO., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Dalian Electric Traction R&D Center Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Dalian Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Qingdao Sifang Rolling Stock Research Institute Co. Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Ziyang Locomotive Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Chongqing CRRC Sifang Rolling Stock Institute Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Hunan CRRC Environmental Engineering Co. Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Nanjing CRRC Logistics Service Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Ningbo CRRC New Energy Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Qingdao CRRC Light Materials Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Quanzhou CRRC Tangshan Railway Vehicle Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Shandong CRRC Huateng Environmental Protection Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Century Huayang Environmental Engineering Co. Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Zhejiang CRRC Electric Vehicles Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group

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## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### 4. Particulars of other related parties (continued)

#### (2) Companies controlled by the ultimate holding party other than CRRC ZELRI Group (continued)

Name of other related parties	Relationship between other related parties and the Company
CRRC Environmental & Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Ningbo CRRC Rail Transit Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Dalian CRRC Zelong Machinery Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Industry Research Institute Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Wuhan Railway Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Australia CRRC Changke Rail Transit Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Yangtze Tongling Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Lanzhou Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Datong Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Foshan CRRC Sifang Railway Vehicles Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Guangdong Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Nanjing Puzhen Rolling Stock Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Zhengzhou CRRC Sifang Rail Vehicle Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Tianjin CRRC Sifang Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Shijiazhuang CRRC Railway Vehicles Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Qingdao CRRC Sifang Rail Transit Equipment Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Chengdu Locomotive Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Sifang Railway Vehicles (Chengdu) Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Tangshan Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Yangtze Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Yangtze Group Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Massachusetts Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Beijing CRRC Changke Erqi Railway Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Cangzhou CRRC ZELC Railway Equipment & Service Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Changzhou CRRC Westinghouse Diesel Engine Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Dalian Locomotive and Rolling Stock Distribution Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Dalian CRRC Mechanical and Electrical Engineering Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group

# Notes to the Financial Statements

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## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### 4. Particulars of other related parties (continued)

#### (2) Companies controlled by the ultimate holding party other than CRRC ZELRI Group (continued)

Name of other related parties	Relationship between other related parties and the Company
Guangzhou CRRC Rail Transportation Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Hangzhou CRRC Vehicle Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Jiangxi CRRC Changke Railway Vehicles Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Kunming CRRC Urban Rail Transit Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Meishan CRRC Fastener Science & Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Nanjing CRRC Puzhen Rapid Transit Vehicles Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Nanjing CRRC Railway Vehicles Equipment Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Qingdao CRRC Sifang Rail Vehicle Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Shanghai CRRC Ro-Intelligent System Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Suzhou CRRC Construction Engineering Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Tianjin CRRC Railway Vehicle Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Tianjin CRRC Tangche Railway Vehicle Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Wuhan CRRC Sifang Maintenance Center Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Wuhan CRRC Changke Railway Vehicles Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Changchun CRRC Railway Vehicles Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Changzhou Vehicles Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Qiqihar Vehicles Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Chongqing CRRC Construction Engineering Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Chongqing CRRC Changke Railway Vehicles Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Ziyang CRRC Electric Locomotive Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC Zhuzhou Electric Locomotive Industrial Management Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Zhuzhou CRRC Logistics Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC (Hong Kong) Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Australia CRRC Ziyang Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
CRRC ZELC Verkehrstechnik GmbH	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Ziyang CRRC Electrical Technology Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group
Suzhou CRRC Rolling Stock Co., Ltd.	Company controlled by the ultimate holding party other than CRRC ZELRI Group

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### 4. Particulars of other related parties (continued)

#### (3) Joint venture of CRRZ ZELRI

Name of other related party	Relationship between other related party and the Company
Zhuzhou CRRZ Times High-tech Investment Co., Ltd	Joint venture of CRRZ ZELRI
Fuzhou Jintou Intelligent Rail Transit Equipment Co., Ltd.	Joint venture of CRRZ ZELRI

#### (4) Associate of CRRZ ZELRI

Name of other related party	Relationship between other related party and the Company
Zhuzhou Times Electric Insulation Co., Ltd.	Associate of CRRZ ZELRI
Zhuzhou Guochuang Track Technology Co., Ltd	Associate of CRRZ ZELRI

#### (5) Associates of the ultimate holding group other than CRRZ ZELRI Group

Name of other related parties	Relationship between other related parties and the Company
Beijing Nankou SKF Railway Bearing Co., Ltd.	Associate of the ultimate holding group other than CRRZ ZELRI Group
Jiqing High Speed Railway Co., Ltd.	Associate of the ultimate holding group other than CRRZ ZELRI Group
Ziyang Zhonggong Locomotive Transmission Co., Ltd.	Associate of the ultimate holding group other than CRRZ ZELRI Group
Taiyuan Yingfeng Locomotive Casting Co., Ltd.	Associate of the ultimate holding group other than CRRZ ZELRI Group
Beijing Er'qi Changtie Transportation Co., Ltd.	Associate of the ultimate holding group other than CRRZ ZELRI Group
Taiyuan Locomotive Lukai Transportation Co., Ltd.	Associate of the ultimate holding group other than CRRZ ZELRI Group
Taiyuan Shenghao Construction and Installation Engineering Co., Ltd.	Associate of the ultimate holding group other than CRRZ ZELRI Group
Taiyuan Railway Rolling Stock Trading Co., Ltd.	Associate of the ultimate holding group other than CRRZ ZELRI Group
Beijing North Gofront Rail Transit Technology Co., Ltd.	Associate of the ultimate holding group other than CRRZ ZELRI Group
Guangzhou Electric Locomotive Co., Ltd.	Associate of the ultimate holding group other than CRRZ ZELRI Group
Tianjin Electric Locomotive Co., Ltd.	Associate of the ultimate holding group other than CRRZ ZELRI Group
Guangzhou CRRZ Junfa Electrical Co., Ltd.	Associate of the ultimate holding group other than CRRZ ZELRI Group
Zhuzhou Jiufang Casting Co., Ltd.	Associate of the ultimate holding group other than CRRZ ZELRI Group



# Notes to the Financial Statements

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## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### 4. Particulars of other related parties (continued)

#### (6) Joint ventures of the ultimate holding group other than CRRZ ZELRI Group

Name of other related parties	Relationship between other related parties and the Company
Shenyang Westinghouse Brake Technology Co., Ltd (Former Shenyang CRRZ Westinghouse Rail Brake Technology Co., Ltd)	Joint venture of the ultimate holding group other than CRRZ ZELRI Group
Qingdao Sifang Faiveley Railway Brake Co., Ltd.	Joint venture of the ultimate holding group other than CRRZ ZELRI Group
Dalian Toshiba Locomotive Electric Equipment Co., Ltd.	Joint venture of the ultimate holding group other than CRRZ ZELRI Group
Changzhou Ruiyang Transmission Technology Co., Ltd.	Joint venture of the ultimate holding group other than CRRZ ZELRI Group
Shenzhen CRRZ Railway Vehicles Co., Ltd.	Joint venture of the ultimate holding group other than CRRZ ZELRI Group
Shenyang CRRZ Rail Transit Equipment Co., Ltd.	Joint venture of the ultimate holding group other than CRRZ ZELRI Group
Changchun Alstom Railway Vehicles Co., Ltd (Former Changchun Changke-Bombardier Rail Vehicle Co., Ltd)	Joint venture of the ultimate holding group other than CRRZ ZELRI Group
Shanghai Shentong Changke Railway Vehicles Co., Ltd (Former Shentong CNR (Shanghai) Rail Transit Vehicle Maintenance Co., Ltd)	Joint venture of the ultimate holding group other than CRRZ ZELRI Group
Shanghai CRRZ Shendao Rail Transit Vehicle Co., Ltd (Former Shentong CSR (Shanghai) Rail Transit Vehicle Maintenance Co., Ltd)	Joint venture of the ultimate holding group other than CRRZ ZELRI Group

#### (7) Investor which has significant influence over Baoji CRRZ Times

Name of other related party	Relationship between other related party and the Company
China Railway Baoji Machinery Co., Ltd. (Hereinafter referred to as "China Railway Baogong")	Investor which has significant influence over Baoji CRRZ Times

# Notes to the Financial Statements

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## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### 5. Major transactions between the Group and its related parties

#### (1) Purchases of goods and receipts of services from related parties

Name of the entity	Related party transactions	2021	2020
Companies controlled by the ultimate holding party other than CRRC ZELRI Group	Purchase of goods	1,243,092,192	2,025,299,424
Companies controlled by the ultimate holding party other than CRRC ZELRI Group	Receipt of services	121,633,677	48,349,192
Companies controlled by CRRC ZELRI	Purchase of goods	798,651,961	744,178,784
Companies controlled by CRRC ZELRI	Receipt of services	18,986,249	11,787,189
Associates of the ultimate holding group other than CRRC ZELRI Group	Purchase of goods	21,751,140	170,001,136
Associates of the ultimate holding group other than CRRC ZELRI Group	Receipt of services	7,587,925	21,298,113
Joint ventures of the Company	Purchase of goods	55,398,135	171,829,428
Joint ventures of the Company	Receipt of services	89,885	–
CRRC ZELRI	Purchase of goods	4,537,736	288,380
CRRC ZELRI	Receipt of services	122,594,476	143,202,358
Joint ventures of the ultimate holding group other than CRRC ZELRI Group	Purchase of goods	9,211,472	24,299,333
Joint ventures of the ultimate holding group other than CRRC ZELRI Group	Receipt of services	6,126,366	–
Associates of the Company	Purchase of goods	88,630,952	20,783,938
Associates of the Company	Receipt of services	12,708,775	9,693,487
Joint ventures of CRRC ZELRI	Purchase of goods	33,083,600	–
Joint ventures of CRRC ZELRI	Receipt of services	430,283	–
Associates of CRRC ZELRI	Receipt of services	–	259,245
Investors which have significant influence over Baoji CRRC Times	Purchase of goods	1,098,770	10,987,730
Investors which have significant influence over Baoji CRRC Times	Receipt of services	3,021,437	3,691,589
Total		2,548,635,031	3,405,949,326

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## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### 5. Major transactions between the Group and its related parties (continued)

#### (2) Sales of goods and rendering of services to related parties

Name of the entity	Related party transactions	2021	2020
Companies controlled by the ultimate holding party other than CRRC ZELRI Group	Sales of goods	4,792,610,959	6,348,522,895
Companies controlled by the ultimate holding party other than CRRC ZELRI Group	Rendering of services	1,107,741,758	953,754,734
CRRC ZELRI	Sales of goods	66,463,588	197,559,524
CRRC ZELRI	Rendering of services	1,126,670	5,304,786
Joint ventures of the Company	Sales of goods	45,237,435	167,423,982
Joint ventures of the Company	Rendering of services	594,275	1,102,543
Associates of the ultimate holding group other than CRRC ZELRI Group	Sales of goods	2,623,788	89,791,394
Associates of the ultimate holding group other than CRRC ZELRI Group	Rendering of services	17,951,443	57,063,856
Joint ventures of the ultimate holding group other than CRRC ZELRI Group	Sales of goods	80,639,494	136,732,499
Joint ventures of the ultimate holding group other than CRRC ZELRI Group	Rendering of services	5,824,179	6,747,963
Companies controlled by CRRC ZELRI	Sales of goods	116,543,139	51,041,754
Companies controlled by CRRC ZELRI	Rendering of services	4,281,806	4,318,900
Associates of the Company	Sales of goods	39,610,487	5,252,379
Associates of the Company	Rendering of services	14,571,698	1,762,850
Controlling shareholders of CRRC ZELRI	Sales of goods	–	849,057
Controlling shareholders of CRRC ZELRI	Rendering of services	2,203,473	1,886,792
Joint ventures of CRRC ZELRI	Sales of goods	25,300,000	–
Joint ventures of CRRC ZELRI	Rendering of services	8,968	8,110
Investors which have significant influence over Baoji CRRC Times	Sales of goods	6,605,354	12,131,864
Investors which have significant influence over Baoji CRRC Times	Rendering of services	–	33,279
Total		6,329,938,514	8,041,289,161

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### 5. Major transactions between the Group and its related parties (continued)

#### (3) Purchases of energy from related parties

Name of the entity	2021	2020
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	1,873,739	1,305,295
Investors which have significant influence over Baoji CRRZ Times	–	764,513
Companies controlled by CRRZ ZELRI	258,960	–
Total	2,132,699	2,069,808

#### (4) Sales of energy to related parties

Name of the entity	2021	2020
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	1,678	13,227
Companies controlled by CRRZ ZELRI	2,998,367	3,476,744
CRRZ ZELRI	269,670	520,287
Associates of the Company	331,957	341,460
Associates of CRRZ ZELRI	215,084	255,003
Total	3,816,756	4,606,721

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### 5. Major transactions between the Group and its related parties (continued)

#### (5) Related party leases

As a lessor

Name of the entity	2021	2020
Companies controlled by CRRZ ZELRI	5,777,767	5,125,278
CRRZ ZELRI	3,108,312	3,201,490
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	300,222	1,011,427
Associates of the Company	852,190	852,190
Total	<u>10,038,491</u>	<u>10,190,385</u>

As a lessee

Name of the entity	2021	2020
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	11,139,190	14,951,497
CRRZ ZELRI	1,427,365	2,575,936
Companies controlled by CRRZ ZELRI	850,041	991,937
Investors which have significant influence over Baoji CRRZ Times	2,942,135	3,137,536
Total	<u>16,358,731</u>	<u>21,656,906</u>

Name of the entity	2021		2020	
	Right-of-use assets recognized in the year	Interest expenses associated with lease liabilities	Right-of-use assets recognized in the year	Interest expenses associated with lease liabilities
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	–	618,390	–	860,465
Joint ventures of the Company	786,553	6,107	–	–
CRRZ ZELRI	2,094,962	84,364	–	43,931
Total	<u>2,881,515</u>	<u>708,861</u>	<u>–</u>	<u>904,396</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### 5. Major transactions between the Group and its related parties (continued)

#### (6) Borrowings from related parties

Name of the entity	Amount	Start date	Expiry date	Annual interest rate
Companies controlled by the ultimate holding party other than CRRC ZELRI Group	73,584,000	20/10/2021	31/12/2021	0.85%
Controlling shareholders of CRRC ZELRI	50,000,000	29/09/2015	28/09/2030	1.08%
	34,188,000	29/09/2015	28/09/2030	1.08%
	<u>16,000,000</u>	29/09/2015	28/09/2030	1.08%
Total	<u><u>173,772,000</u></u>			

#### (7) Remuneration of key management

Name of the entity	2021	2020
Remuneration of key management	<u><u>17,373,439</u></u>	<u><u>16,950,293</u></u>

##### 1) Remuneration of directors, supervisors and chief executive

Name of the entity	2021	2020
Fees	1,042,821	1,052,821
Other emoluments:		
Salaries, allowances and benefits in kind	2,365,860	1,786,048
Performance related bonuses	2,105,139	2,627,330
Social insurance charges and housing provident fund	180,437	294,813
Pension scheme contributions	<u>283,562</u>	<u>242,651</u>
Sub-total	<u><u>4,934,998</u></u>	<u><u>4,950,842</u></u>
Total	<u><u>5,977,819</u></u>	<u><u>6,003,663</u></u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### 5. Major transactions between the Group and its related parties (continued)

#### (7) Remuneration of key management (continued)

##### 1) Remuneration of directors, supervisors and chief executive (continued)

Details of remuneration of directors, supervisors and chief executives in 2021 are listed as below:

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Total remuneration before tax	Social insurance premiums and housing provident fund	Pension scheme contributions	Total
<b>Executive Directors</b>							
Li Donglin	-	-	-	-	-	-	-
Liu Kean	-	-	-	-	-	-	-
Shang Jing	-	882,500	616,247	1,498,747	45,029	80,862	1,624,638
Yan Wu	-	730,122	266,628	996,750	45,136	68,674	1,110,560
Sub-total	-	1,612,622	882,875	2,495,497	90,165	149,536	2,735,198
<b>Independent Non-Executive Directors</b>							
Zhang Xinning	-	-	-	-	-	-	-
<b>Independent Non-Executive Directors</b>							
Chen Jinrong	270,329	-	-	270,329	-	-	270,329
Pu Bingrong	270,329	-	-	270,329	-	-	270,329
Liu Chunru	119,043	-	-	119,043	-	-	119,043
Chen Xiaoming	119,043	-	-	119,043	-	-	119,043
Gao Feng	119,043	-	-	119,043	-	-	119,043
Sub-total	897,787	-	-	897,787	-	-	897,787
<b>Supervisors</b>							
Li Lue	-	-	-	-	-	-	-
Pang Yiming	-	287,302	280,286	567,588	45,136	55,774	668,498
Zhou Guifa	25,991	465,936	941,978	1,433,905	45,136	78,252	1,557,293
Geng Jianxin	119,043	-	-	119,043	-	-	119,043
Sub-total	145,034	753,238	1,222,264	2,120,536	90,272	134,026	2,344,834
Total	1,042,821	2,365,860	2,105,139	5,513,820	180,437	283,562	5,977,819

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### 5. Major transactions between the Group and its related parties (continued)

#### (7) Remuneration of key management (continued)

##### 1) Remuneration of directors, supervisors and chief executive (continued)

Details of remuneration of directors, supervisors and chief executives in 2020 are listed as below:

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Total remuneration before tax	Social insurance premiums and housing provident fund	Pension scheme contributions	Total
<b>Executive Directors</b>							
Li Donglin	-	-	-	-	-	-	-
Liu Kean	-	320,000	605,597	925,597	26,093	50,558	1,002,248
Shang Jing	-	401,844	466,875	868,719	67,030	55,411	991,160
Yan Wu	-	377,976	590,934	968,910	69,230	62,524	1,100,664
Sub-total	-	1,099,820	1,663,406	2,763,226	162,353	168,493	3,094,072
<b>Independent Non-Executive Directors</b>							
	-	-	-	-	-	-	-
<b>Independent Non-Executive Directors</b>							
Chen Jinrong	270,329	-	-	270,329	-	-	270,329
Pu Bingrong	270,329	-	-	270,329	-	-	270,329
Liu Chunru	119,043	-	-	119,043	-	-	119,043
Chen Xiaoming	119,043	-	-	119,043	-	-	119,043
Gao Feng	119,043	-	-	119,043	-	-	119,043
Sub-total	897,787	-	-	897,787	-	-	897,787
<b>Supervisors</b>							
Li Lue	-	-	-	-	-	-	-
Pang Yiming	-	270,308	256,696	527,004	58,430	48,983	634,417
Zhou Guifa	35,991	415,920	707,228	1,159,139	74,030	25,175	1,258,344
Geng Jianxin	119,043	-	-	119,043	-	-	119,043
Sub-total	155,034	686,228	963,924	1,805,186	132,460	74,158	2,011,804
Total	1,052,821	1,786,048	2,627,330	5,466,199	294,813	242,651	6,003,663



# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### 5. Major transactions between the Group and its related parties (continued)

#### (7) Remuneration of key management (continued)

2) Top five highest paid individuals of the Group are listed as follows:

	2021	2020
Directors, supervisors and chief executives	2	2
Non-directors and non-supervisors	3	3
Total	5	5

The remuneration paid to the above non-directors, non-supervisors and non-chief executives with the highest remuneration is as follows:

	2021	2020
Salaries, allowances and benefits in kind	2,250,156	1,130,640
Performance related bonuses	1,327,500	2,031,609
Social insurance charges and housing provident fund	135,409	207,690
Pension scheme contributions	213,166	199,147
Total	3,926,231	3,569,086

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### 5. Major transactions between the Group and its related parties (continued)

#### (7) Remuneration of key management (continued)

2) Top five highest paid individuals of the Group are listed as follows: (continued)

The number of non-directors, non-supervisors and non-chief executives whose remuneration falls within the following bands is as follows:

	2021	2020
HKD1,000,001 to HKD1,500,000	8	3
HKD1,500,001 to HKD2,000,000	2	–

In 2021, Li Donglin, Liu Kean, Shang Jing, Yan Wu, Zhang Xinning, Li Lue and Pang Yiming waived after-tax allowance amounting to RMB104,000, RMB78,000, RMB65,000, RMB65,000, RMB78,000, RMB52,000 and RMB26,000. Other than that, none of the directors, supervisors, chief executives or any non-directors, non-supervisors, non-chief executives with the highest remuneration have waived or agreed to waive any emoluments. In 2021 and 2020, no emoluments were paid by the Group to any director, supervisor, chief executive and any non-director and non-supervisor with the highest remuneration as an inducement to join or upon joining the Group, or as compensation for loss of office.

#### (8) Interest income from cash and bank balances

Name of the entity	2021	2020
Companies controlled by the ultimate holding party other than CRRC ZELRI Group	–	5,951,880

#### (9) Interest expenses on borrowings

Name of the entity	2021	2020
Controlling shareholders of CRRC ZELRI Group	1,029,717	988,614

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### 6. Amounts due from/to related parties

Name of the entity	31/12/2021	31/12/2020
<b>Notes receivable:</b>		
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	631,633,549	853,757,849
Associates of the ultimate holding group other than CRRZ ZELRI Group	28,400,000	49,900,000
Total	660,033,549	903,657,849

Name of the entity	31/12/2021	31/12/2020
<b>Accounts receivable (including long-term receivables):</b>		
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	1,096,526,655	2,684,770,939
Joint ventures of the ultimate holding group other than CRRZ ZELRI Group	79,875,781	51,944,977
Companies controlled by CRRZ ZELRI	54,570,057	35,762,020
Associates of the ultimate holding group other than CRRZ ZELRI Group	12,519,437	31,643,860
CRRZ ZELRI	30,330,228	19,254,228
Joint ventures of the Company	712,076	1,390,821
Associates of the Company:	19,357,110	266,480
Investors which have significant influence over Baoji CRRZ Times	1,751,327	6,546,633
Total	1,295,642,671	2,831,579,958

Name of the entity	31/12/2021	31/12/2020
<b>Receivables financing:</b>		
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	1,644,990,849	506,867,610
Associates of the ultimate holding group other than CRRZ ZELRI Group	1,405,897	29,570,000
CRRZ ZELRI	42,355,544	21,800,939
Companies controlled by CRRZ ZELRI	22,912,466	10,963,128
Associates of the Company	—	1,100,327
Total	1,711,664,756	570,302,004

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

Name of the entity	31/12/2021	31/12/2020
<b>Prepayments:</b>		
Associates of the Company	–	9,954,549
Companies controlled by the ultimate holding party other than CRRC ZELRI Group	<b>6,365,396</b>	4,880,217
Companies controlled by CRRC ZELRI	–	288,711
Joint ventures of the Company	–	16,074
CRRC ZELRI	<b>108,220</b>	–
Associates of the ultimate holding group other than CRRC ZELRI Group	<b>367,581</b>	–
Total	<b>6,841,197</b>	15,139,551

Name of the entity	31/12/2021	31/12/2020
<b>Other receivables:</b>		
CRRC ZELRI	<b>1,204,710</b>	1,601,513
Associates of the Company	<b>1,317,390</b>	732,000
Companies controlled by the ultimate holding party other than CRRC ZELRI Group	<b>3,109,779</b>	692,000
Associates of the ultimate holding group other than CRRC ZELRI Group	<b>20,000</b>	–
Associates of CRRC ZELRI	<b>243,045</b>	–
Companies controlled by CRRC ZELRI	<b>226,590</b>	–
Total	<b>6,121,514</b>	3,025,513

Name of the entity	31/12/2021	31/12/2020
<b>Dividends receivable:</b>		
Joint ventures of the Company	<b>90,000</b>	–

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

Name of the entity	31/12/2021	31/12/2020
<b>Contract assets:</b>		
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	20,813,911	14,244,488
Companies controlled by CRRZ ZELRI	1,036,132	1,190,200
Associates of the ultimate holding group other than CRRZ ZELRI Group	1,078,974	15,524
Joint ventures of the ultimate holding group other than CRRZ ZELRI Group	35,101	—
CRRZ ZELRI	543,498	—
Total	23,507,616	15,450,212

Name of the entity	31/12/2021	31/12/2020
<b>Other non-current assets:</b>		
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	45,568,071	60,642,838
CRRZ ZELRI	14,157,291	9,596,212
Companies controlled by CRRZ ZELRI	841,297	143,085
Associates of the ultimate holding group other than CRRZ ZELRI Group	92,783	142,554
Joint ventures of the ultimate holding group other than CRRZ ZELRI Group	36,367	3,511
Total	60,695,809	70,528,200

Name of the entity	31/12/2021	31/12/2020
<b>Notes payable:</b>		
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	2,140,000	99,427,934
Companies controlled by CRRZ ZELRI	120,000	42,159,667
Joint ventures of the ultimate holding group other than CRRZ ZELRI Group	4,620,000	14,070,000
Associates of the Company	—	1,639,992
Total	6,880,000	157,297,593

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

Name of the entity	31/12/2021	31/12/2020
<b>Accounts payable:</b>		
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	431,042,400	285,102,288
Companies controlled by CRRZ ZELRI	91,769,154	57,321,493
Joint ventures of the Company	10,586,035	16,317,045
Associates of CRRZ ZELRI	–	4,700,357
Joint ventures of the ultimate holding group other than CRRZ ZELRI Group	5,245,029	2,925,566
Associates of the ultimate holding group other than CRRZ ZELRI Group	1,769,551	1,026,964
Joint ventures of CRRZ ZELRI	8,795,468	–
CRRZ ZELRI	235,547	209,101
Associates of the Company	4,974,941	72,000
Investors which have significant influence over Baoji CRRZ Times	1,117,273	916,255
Total	<u>555,535,398</u>	<u>368,591,069</u>

Name of the entity	31/12/2021	31/12/2020
<b>Contract liabilities:</b>		
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	34,292,833	32,217,133
Companies controlled by CRRZ ZELRI	–	2,718,263
Associates of the ultimate holding group other than CRRZ ZELRI Group	2,400,000	420,000
Associates of the Company	22,630,030	–
CRRZ ZELRI	–	368,000
Total	<u>59,322,863</u>	<u>35,723,396</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

Name of the entity	31/12/2021	31/12/2020
<b>Other payables:</b>		
CRRC ZELRI	389,868,357	273,477,114
Companies controlled by the ultimate holding party other than CRRC ZELRI Group	11,393,150	11,567,195
Companies controlled by CRRC ZELRI	2,994,610	2,047,373
Associates of the ultimate holding group other than CRRC ZELRI Group	1,000	
Investors which have significant influence over Baoji CRRC Times	280,521	–
Ultimate holding party	–	2,700,000
Associates of CRRC ZELRI	–	274,800
Total	<u>404,537,638</u>	<u>290,066,482</u>

Name of the entity	31/12/2021	31/12/2020
<b>Non-current liabilities due within 1 year:</b>		
Controlling shareholders of CRRC ZELRI	5,000,000	5,029,416
Companies controlled by the ultimate holding party other than CRRC ZELRI Group	3,573,640	4,955,718
CRRC ZELRI	185,143	–
Total	<u>8,758,783</u>	<u>9,985,134</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

Name of the entity	31/12/2021	31/12/2020
<b>Long-term borrowings:</b>		
Controlling shareholders of CRRZ ZELRI	<u>77,688,000</u>	<u>82,688,000</u>

Name of the entity	31/12/2021	31/12/2020
<b>Dividends payable:</b>		
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	<u>—</u>	<u>7,425,000</u>

Name of the entity	31/12/2021	31/12/2020
<b>Lease liabilities:</b>		
Companies controlled by the ultimate holding party other than CRRZ ZELRI Group	<u>9,709,950</u>	10,504,142
CRRZ ZELRI	<u>1,073,954</u>	—
Total	<u>10,783,904</u>	<u>10,504,142</u>

In 2021, goods and services provided amounting to RMB6,226,612,669 (2020: RMB7,572,695,047) and purchases of goods and services amounting to RMB2,389,189,486 (2020: RMB2,972,963,380) in related party transactions between the Group and CRRZ ZELRI Group, the ultimate holding party group other than CRRZ ZELRI Group, joint ventures of the ultimate holding party group other than CRRZ ZELRI Group and associates with above 30% share held by the ultimate holding party group other than CRRZ ZELRI group, constituted connected transactions or continuing connected transactions under the provisions of Chapter 14A of the Hong Kong Listing Rules. The underlying agreement is the product and supporting service mutual supplying framework agreement signed between the Company and CRRZ Group (along with its subsidiaries but excluding the Group) on 26 March 2019.

In 2021, the related party transactions about providing and purchasing goods and services of RMB18,162,664 (2020: RMB32,679,333) and RMB37,283,601 (2020: RMB34,138,368) respectively between the Group (excluding Qingdao CRRZ Electric) and Qingdao CRRZ Electric also constituted connected transactions or continuing connected transactions under the provisions of Chapter 14A of the Hong Kong Listing Rules. The underlying agreement is the product and supporting service mutual supplying framework agreement signed between the Company and Qingdao CRRZ Electric (along with its subsidiaries) on 24 April 2020.



# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (X) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### 6. Amounts due from/to related parties (continued)

Transactions between the Group (other than Taiyuan CRRC Times) and Taiyuan CRRC Times also constituted connected transactions or continuing connected transactions under the provisions of Chapter 14A of the Hong Kong Listing Rules. The underlying agreement is the product and supporting service mutual supplying framework agreement signed between the Company and Taiyuan CRRC Times (along with its subsidiaries) on 28 December 2018. In 2021, the Group (other than Taiyuan CRRC Times) obtained income from provision of goods and services to Taiyuan CRRC Times amounting to RMB98,482,807 (2020: RMB103,538,015) and paid for purchases of goods and services from Taiyuan CRRC Times amounting to RMB11,676,330 (2020: RMB91,659,699).

The Group's notes receivable from and notes payable to related parties are non-interest-bearing, unsecured and have fixed terms of repayment, cash and bank balances are interest-bearing, unsecured and have no fixed terms of repayment, and long-term borrowings are interest-bearing, unsecured and have fixed terms of repayment. Other receivables from and payables to related parties are non-interest-bearing and unsecured. In particular, the repayment period of trading amounts is subject to the provisions of the trading terms, and non-trading amounts have no fixed repayment periods.

## (XI) COMMITMENTS AND CONTINGENCIES

### 1. Significant commitments

Item	31/12/2021	31/12/2020
Contracted but not recognized in the financial statements		
– Capital commitments	712,960,706	940,453,225
– Investments in associates/joint ventures	177,600,000	78,500,000
– Investments in subsidiaries	50,000,000	50,000,000
Total	940,560,706	1,068,953,225

### 2. Contingencies

The Group had no significant contingencies which should be disclosed.

## (XII) POST BALANCE SHEET EVENTS

The Group had no significant post balance sheet events which should be disclosed.

# Notes to the Financial Statements

For the year ended 31 December 2021  
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## (XIII) OTHER SIGNIFICANT EVENTS

### 1. Segment reporting

#### Operating segments

According to the Group's internal organizational structure, management requirements and internal reporting system, the Group's operating activities are attributable to a single operating segment, focusing on the railway transportation equipment and relevant products and services in the market. Therefore, no other operating segment is presented.

#### Other information

##### Geographical information

Revenue from external customers categorized by source of income and non-current assets categorized by location of assets are as follows:

##### Revenue from external customers

Countries or regions	2021	2020
Mainland China	14,438,485,804	15,233,746,212
Other countries and regions	682,681,602	800,152,412
Total	15,121,167,406	16,033,898,624

##### Total non-current assets

Countries or regions	31/12/2021	31/12/2020
Mainland China	8,075,999,210	6,058,346,394
Other countries and regions	709,583,647	804,681,841
Total	8,785,582,857	6,863,028,235

Non-current assets are analyzed by geographic locations where the assets are located, excluding financial assets and deferred tax assets.

##### Information of major customers

The Group's revenue from its major customer, CRRC Group (including subordinates and subsidiaries of CRRC Group, hereinafter referred to as "CRRC Group"), which accounted for a significant proportion of the Group's total revenue, is set out as follows:

Customer	2021		2020	
	Amount	Proportion to total revenue (%)	Amount	Proportion to total revenue (%)
CRRC Group	6,103,427,409	40.36	7,563,238,441	47.17

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (XIII) OTHER SIGNIFICANT EVENTS (continued)

### 2. Operating lease

#### As a lessor

	2021	2020
Within 1 year (inclusive)	14,356,702	14,742,343
1 to 2 years (inclusive)	4,102,640	5,233,200
2 to 3 years (inclusive)	608,640	3,494,000
3 to 4 years (inclusive)	378,000	–
4 to 5 years (inclusive)	378,000	–
Total	<u>19,823,982</u>	<u>23,469,543</u>

### 3. Other financial information

#### (1) Net current assets and total assets less current liabilities

Item	31/12/2021		31/12/2020	
	The Group	The Company	The Group	The Company
Net current assets	25,491,739,536	18,901,796,515	18,548,141,652	14,226,260,400
Total assets less current liabilities	<u>34,999,502,815</u>	<u>32,306,774,200</u>	<u>25,988,380,418</u>	<u>23,526,163,479</u>

#### (2) Pension scheme contributions

Item	2021	2020
Pension scheme contributions (Note)	<u>263,836,437</u>	<u>187,966,072</u>

As at 31 December 2021 and 2020, the Group was not forced to waive any contribution to reduce the pension scheme contributions in future years.

Note: Employees of the Company and its subsidiaries operating in the PRC are required to participate in the central pension scheme with defined contribution administered by local governments, and employees of subsidiaries operating outside the PRC are required to participate in similar pension schemes in relevant jurisdictions. According to such schemes, the Group is required to calculate and pay contributions to the central pension scheme (for the Company and subsidiaries operating in the PRC) and (for subsidiaries operating outside the PRC) similar pension schemes in relevant jurisdictions, based on certain percentages of the remuneration costs of the employees. Contributions are charged to the consolidated income statement when they become payable in accordance with the rules of these schemes.

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (XIV) NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

### 1. Accounts receivable

#### (1) Disclosed by aging

Aging	Accounts receivable	31/12/2021	
		Provision for credit loss	Proportion of provision (%)
Within 6 months	3,661,958,218	42,403,031	1.16
6 months to 1 year	517,646,621	14,867,839	2.87
1 to 2 years	757,992,087	51,875,610	6.84
2 to 3 years	38,643,699	4,739,826	12.27
Over 3 years	26,274,426	10,213,775	38.87
Total	<u>5,002,515,051</u>	<u>124,100,081</u>	

The credit period of accounts receivable is usually 6 months. The accounts receivable bear no interest.

#### (2) Disclosed by method of provision for credit loss

Category	Gross carrying amount		31/12/2021 Provision for credit loss		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Accounts receivable for which provision for credit loss is assessed on a portfolio basis:					
Category I	2,408,355,180	48.14	16,275,197	0.68	2,392,079,983
Category II	1,980,086,966	39.58	70,090,184	3.54	1,909,996,782
Category III	251,597,680	5.03	3,256,237	1.29	248,341,443
Category IV	362,475,225	7.25	34,478,463	9.51	327,996,762
Total	<u>5,002,515,051</u>	<u>100.00</u>	<u>124,100,081</u>		<u>4,878,414,970</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (XIV) NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

### 1. Accounts receivable (continued)

#### (2) Disclosed by method of provision for credit loss (continued)

Category	Gross carrying amount		31/12/2020 Provision for credit loss		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of	
				provision (%)	
Accounts receivable for which provision for credit loss is assessed on a portfolio basis:					
Category I	3,634,558,768	58.07	68,885,445	1.90	3,565,673,323
Category II	2,307,392,782	36.87	108,735,870	4.71	2,198,656,912
Category III	136,495,988	2.18	3,868,730	2.83	132,627,258
Category IV	180,315,011	2.88	36,191,866	20.07	144,123,145
Total	<u>6,258,762,549</u>	<u>100.00</u>	<u>217,681,911</u>		<u>6,041,080,638</u>

Accounts receivable for which provision for credit loss is assessed on a portfolio basis

Item: Category I

Item	Expected average loss rate (%)	31/12/2021		Carrying amount
		Gross carrying amount	Provision for credit loss	
Within 6 months	0.38	1,965,865,245	7,400,197	1,958,465,048
6 months to 1 year	0.76	227,151,435	1,727,157	225,424,278
1 to 2 years	1.15	171,734,254	1,971,898	169,762,356
2 to 3 years	8.62	32,597,550	2,811,223	29,786,327
Over 3 years	21.48	11,006,696	2,364,722	8,641,974
Total		<u>2,408,355,180</u>	<u>16,275,197</u>	<u>2,392,079,983</u>

Item	Expected average loss rate (%)	31/12/2020		Carrying amount
		Gross carrying amount	Provision for credit loss	
Within 6 months	1.73	3,288,362,636	56,957,709	3,231,404,927
6 months to 1 year	1.91	134,332,122	2,563,912	131,768,210
1 to 2 years	3.02	190,655,522	5,750,042	184,905,480
2 to 3 years	14.85	14,689,945	2,182,096	12,507,849
Over 3 years	21.96	6,518,543	1,431,686	5,086,857
Total		<u>3,634,558,768</u>	<u>68,885,445</u>	<u>3,565,673,323</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (XIV) NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

### 1. Accounts receivable (continued)

#### (2) Disclosed by method of provision for credit loss (continued)

Accounts receivable for which provision for credit loss is assessed on a portfolio basis (continued)

Item: Category II

Item	Expected average loss rate (%)	31/12/2021		
		Gross carrying amount	Provision for credit loss	Carrying amount
Within 6 months	1.58	1,223,605,072	19,352,582	1,204,252,490
6 months to 1 year	2.63	185,409,057	4,867,071	180,541,986
1 to 2 years	7.53	560,679,471	42,246,220	518,433,251
2 to 3 years	28.14	5,030,936	1,415,520	3,615,416
Over 3 years	41.19	5,362,430	2,208,791	3,153,639
Total		<u>1,980,086,966</u>	<u>70,090,184</u>	<u>1,909,996,782</u>

Item	Expected average loss rate (%)	31/12/2020		
		Gross carrying amount	Provision for credit loss	Carrying amount
Within 6 months	3.43	2,046,545,570	70,100,341	1,976,445,229
6 months to 1 year	8.93	151,203,939	13,499,420	137,704,519
1 to 2 years	19.63	97,285,237	19,096,551	78,188,686
2 to 3 years	48.86	12,354,991	6,036,513	6,318,478
Over 3 years	100.00	3,045	3,045	–
Total		<u>2,307,392,782</u>	<u>108,735,870</u>	<u>2,198,656,912</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (XIV) NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

### 1. Accounts receivable (continued)

#### (2) Disclosed by method of provision for credit loss (continued)

Accounts receivable for which provision for credit loss is assessed on a portfolio basis (continued)

Item: Category III

Item	Expected average loss rate (%)	31/12/2021		
		Gross carrying amount	Provision for credit loss	Carrying amount
Within 6 months	0.35	214,078,946	750,115	213,328,831
6 months to 1 year	5.25	31,534,472	1,655,302	29,879,170
1 to 2 years	13.88	5,923,393	822,450	5,100,943
2 to 3 years	46.61	60,869	28,370	32,499
Total		<u>251,597,680</u>	<u>3,256,237</u>	<u>248,341,443</u>

Item	Expected average loss rate (%)	31/12/2020		
		Gross carrying amount	Provision for credit loss	Carrying amount
Within 6 months	1.79	112,878,703	2,019,110	110,859,593
6 months to 1 year	7.20	22,424,936	1,615,157	20,809,779
1 to 2 years	16.42	1,080,513	177,473	903,040
2 to 3 years	50.96	111,836	56,990	54,846
Total		<u>136,495,988</u>	<u>3,868,730</u>	<u>132,627,258</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (XIV) NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

### 1. Accounts receivable (continued)

#### (2) Disclosed by method of provision for credit loss (continued)

Accounts receivable for which provision for credit loss is assessed on a portfolio basis (continued)

Item: Category IV

Item	Expected average loss rate (%)	31/12/2021		
		Gross carrying amount	Provision for credit loss	Carrying amount
Within 6 months	5.77	258,408,955	14,900,137	243,508,818
6 months to 1 year	9.00	73,551,657	6,618,309	66,933,348
1 to 2 years	34.78	19,654,969	6,835,042	12,819,927
2 to 3 years	50.79	954,344	484,713	469,631
Over 3 years	56.94	9,905,300	5,640,262	4,265,038
Total		<u>362,475,225</u>	<u>34,478,463</u>	<u>327,996,762</u>

Item	Expected average loss rate (%)	31/12/2020		
		Gross carrying amount	Provision for credit loss	Carrying amount
Within 6 months	12.27	151,496,899	18,591,345	132,905,554
6 months to 1 year	31.92	1,183,273	377,696	805,577
1 to 2 years	42.65	11,342,256	4,837,286	6,504,970
2 to 3 years	62.06	2,718,665	1,687,146	1,031,519
Over 3 years	78.82	13,573,918	10,698,393	2,875,525
Total		<u>180,315,011</u>	<u>36,191,866</u>	<u>144,123,145</u>



# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (XIV) NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

### 1. Accounts receivable (continued)

#### (3) Provision for credit loss of accounts receivable

Item	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
1 January 2021	165,724,689	51,957,222	217,681,911
Transferred to credit-impaired losses	(4,192,511)	4,192,511	–
Provision (Reversal) for the year	(104,261,307)	19,227,689	(85,033,618)
Other transfers (Note (VI)1)	–	(8,548,212)	(8,548,212)
31 December 2021	<u>57,270,871</u>	<u>66,829,210</u>	<u>124,100,081</u>

Item	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
1 January 2020	65,345,665	93,024,321	158,369,986
Transferred to credit-impaired losses	(5,248,526)	5,248,526	–
Provision (Reversal) for the year	105,627,550	(46,315,625)	59,311,925
31 December 2020	<u>165,724,689</u>	<u>51,957,222</u>	<u>217,681,911</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (XIV) NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

### 1. Accounts receivable (continued)

#### (4) Top five accounts receivable at the end of the year categorized by debtor:

31/12/2021

Name of the entity	Gross carrying amount	Provision for credit loss	Proportion to total accounts receivable (%)
Chongqing Rail Transit (Group) Co., Ltd.	372,455,720	13,711,166	7.45
Hangzhou Metro Group Co., Ltd.	272,391,188	9,390,194	5.45
Hunan CRRC Signal	272,776,016	–	5.45
CRRC National Centre of Converters	269,982,388	–	5.40
CRRC Qingdao Sifang Co., Ltd.	264,783,156	2,844,148	5.29
Total	<u>1,452,388,468</u>	<u>25,945,508</u>	<u>29.04</u>

31/12/2020

Name of the entity	Gross carrying amount	Provision for credit loss	Proportion to total accounts receivable (%)
CRRC Qingdao Sifang Co., Ltd.	1,549,316,440	23,262,718	24.75
Chongqing Rail Transit (Group) Co., Ltd.	588,704,434	40,538,826	9.41
Wuhan Metro Group Co., Ltd.	299,325,106	14,906,390	4.78
Hunan CRRC Signal	287,209,680	–	4.59
CRRC National Centre of Converters	167,633,253	–	2.68
Total	<u>2,892,188,913</u>	<u>78,707,934</u>	<u>46.21</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (XIV) NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

### 1. Accounts receivable (continued)

#### (5) Accounts receivable derecognized due to transfer of financial assets

In 2021 and 2020, the Company derecognized accounts receivable of RMB400,000,000 and RMB403,100,000 respectively, due to factoring of accounts receivable.

### 2. Other receivables

#### (1) Items

Item	31/12/2021	31/12/2020
Dividends receivable	242,006,181	220,381,838
Other receivables	512,638,168	283,953,958
Total	754,644,349	504,335,796

#### (2) Dividends receivable

Item	31/12/2021	31/12/2020
Baoji CRRC Times	169,316,181	153,906,838
Ningbo CRRC Times	72,600,000	60,400,000
Qingdao CRRC Electric	–	6,075,000
Shanghai Shenzhong	90,000	–
Total	242,006,181	220,381,838

#### (3) Other receivables disclosed by aging

Aging	31/12/2021	31/12/2020
Within 1 year	348,691,691	134,128,017
1 to 2 years	52,592,997	79,274,178
2 to 3 years	61,926,369	41,566,565
Over 3 years	51,571,120	30,283,365
Total	514,782,177	285,252,125
Less: Provision for credit loss	2,144,009	1,298,167
Carrying amount	512,638,168	283,953,958

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (XIV) NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

### 2. Other receivables (continued)

#### (4) Classification of other receivables by nature

Item	31/12/2021	31/12/2020
Amounts due from subsidiaries	385,752,860	182,613,360
Deposits and guarantees	73,397,600	46,795,026
Subscribed capital receivable	50,000,000	50,000,000
Others	5,631,717	5,843,739
Total	514,782,177	285,252,125

#### (5) Provision for credit loss of other receivables is as follows:

12-month ECL	2021	2020
Opening balance	1,298,167	2,435,591
Provision for the year	2,142,338	675,623
Reversal for the year	(730,004)	(1,304,187)
Written-off for the year	–	(508,860)
Other changes	(566,492)	–
Closing balance	2,144,009	1,298,167

### 3. Long-term equity investments

Item	31/12/2021	31/12/2020
Long-term equity investments under equity method	351,317,381	338,373,042
Long-term equity investments under cost method	6,136,691,706	5,636,486,516
Total	6,488,009,087	5,974,859,558
Less: Provision for impairment of long-term equity investments	450,771,551	400,893,001
Carrying amount	6,037,237,536	5,573,966,557

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (XIV) NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

### 3. Long-term equity investments (continued)

#### Long-term equity investments under equity method

Investee	Balance at 1 January 2021	Changes for the year			Translation differences of financial statements denominated in foreign currencies	Balance at 31 December 2021	Impairment provision at 31 December 2021
		Investments in the current year	Investment income or loss recognized under equity method	Profits declared to be distributed			
<b>Non-listed investments</b>							
<b>Joint ventures</b>							
Shiling	186,163,918	-	4,825,573	(20,000,000)	-	170,989,491	-
LANP Electrical	16,620,801	-	(140,912)	(450,000)	-	16,029,889	-
Shanghai Shenzhong	6,506,016	-	(195,802)	(90,000)	-	6,220,214	-
Zhengzhou Times	8,146,591	-	(2,351,277)	-	-	5,795,314	-
Sub-total	217,437,326	-	2,137,582	(20,540,000)	-	199,034,908	-
<b>Associates</b>							
Zhuzhou Siemens	46,010,196	-	315,542	-	-	46,325,738	-
Guoxin Technology	50,068,270	-	263,888	(272,306)	-	50,059,852	-
Times Wabtec	9,672,000	-	4,180,984	-	-	13,852,984	-
CRRC India	15,185,250	-	58,017	-	-	15,243,267	-
Wuxi Times	-	23,000,000	(2,519,368)	-	-	20,480,632	-
Foshan Zhongshi	-	6,400,000	(80,000)	-	-	6,320,000	-
Sub-total	120,935,716	29,400,000	2,219,063	(272,306)	-	152,282,473	-
Total	338,373,042	29,400,000	4,356,645	(20,812,306)	-	351,317,381	-

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (XIV) NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

### 3. Long-term equity investments (continued)

#### Long-term equity investments under equity method (continued)

Investee	Balance at 1 January 2020	Investments in the current year	Changes for the year			Balance at 31 December 2020	Impairment provision at 31 December 2020
			Investment income or loss recognized under equity method	Profits declared to be distributed	Translation differences of financial statements denominated in foreign currencies		
<b>Non-listed investments</b>							
<b>Joint ventures</b>							
Shiling	208,663,918	–	(22,500,000)	–	–	186,163,918	–
LANP Electrical	16,020,801	–	600,000	–	–	16,620,801	–
Shanghai Shenzhong	6,343,316	–	162,700	–	–	6,506,016	–
Zhengzhou Times	–	13,500,000	(5,353,409)	–	–	8,146,591	–
Sub-total	<u>231,028,035</u>	<u>13,500,000</u>	<u>(27,090,709)</u>	<u>–</u>	<u>–</u>	<u>217,437,326</u>	<u>–</u>
<b>Associates</b>							
Zhuzhou Siemens	45,962,196	–	48,000	–	–	46,010,196	–
Guoxin Technology	50,033,270	–	35,000	–	–	50,068,270	–
Times Wabtec	11,072,000	–	(1,400,000)	–	–	9,672,000	–
CRRC India	–	15,185,250	–	–	–	15,185,250	–
Sub-total	<u>107,067,466</u>	<u>15,185,250</u>	<u>(1,317,000)</u>	<u>–</u>	<u>–</u>	<u>120,935,716</u>	<u>–</u>
Total	<u>338,095,501</u>	<u>28,685,250</u>	<u>(28,407,709)</u>	<u>–</u>	<u>–</u>	<u>338,373,042</u>	<u>–</u>

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (XIV) NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

### 3. Long-term equity investments (continued)

#### Long-term equity investments under cost method

31/12/2021

Name of subsidiary	Balance at 1 January 2021	Increase in the year	Decrease in the year	Balance at 31 December 2021
Non-listed investments				
CRRC Times Electronics	182,977,618	–	–	182,977,618
Ningbo CRRC Times	133,507,255	–	–	133,507,255
Times USA	3,187,516	–	–	3,187,516
Shenyang CRRC Times	56,000,000	–	–	56,000,000
Baoji CRRC Times	560,000,000	450,000,000	–	1,010,000,000
Kunming CRRC Electric	55,000,000	–	–	55,000,000
Hangzhou CRRC Electric	33,000,000	–	–	33,000,000
Guangzhou CRRC Electric	18,000,000	–	–	18,000,000
HK CRRC Electric	731,009,400	–	–	731,009,400
Times Australia	1,814,037	–	–	1,814,037
Ningbo CRRC Electric	110,000,000	–	–	110,000,000
Times Brasil	4,062,679	–	–	4,062,679
Qingdao CRRC Electric	45,000,000	–	–	45,000,000
CRRC Times Software	50,000,000	–	–	50,000,000
Shanghai CRRC Rail Transit	25,500,000	–	–	25,500,000
Hunan CRRC Signal	229,000,000	–	–	229,000,000
Lanzhou CRRC Times	25,500,000	–	–	25,500,000
CRRC National Centre of Converters	280,654,981	–	–	280,654,981
Shanghai CRRC SMD	70,000,000	–	–	70,000,000
Shanghai Yongdian	9,794,810	–	9,794,810	–
Chengdu CRRC Electric	30,000,000	–	–	30,000,000
CRRC Times Semiconductor	2,700,000,000	–	–	2,700,000,000
Canada Dynex	282,478,220	–	–	282,478,220
Chongqing CRRC Electric	–	60,000,000	–	60,000,000
<b>Total</b>	<b>5,636,486,516</b>	<b>510,000,000</b>	<b>9,794,810</b>	<b>6,136,691,706</b>
Less: Provision for impairment of long-term equity investments	<u>400,893,001</u>			<u>450,771,551</u>
<b>Net amount</b>	<b><u>5,235,593,515</u></b>			<b><u>5,685,920,155</u></b>

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (XIV) NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

### 3. Long-term equity investments (continued)

#### Long-term equity investments under cost method (continued)

31/12/2020

Name of subsidiary	Balance at 1 January 2020	Increase in the year	Decrease in the year	Balance at 31 December 2020
Non-listed investments				
CRRC Times Electronics	182,977,618	–	–	182,977,618
Ningbo CRRC Times	133,507,255	–	–	133,507,255
Times USA	3,187,516	–	–	3,187,516
Shenyang CRRC Times	56,000,000	–	–	56,000,000
Baoji CRRC Times	560,000,000	–	–	560,000,000
Kunming CRRC Electric	55,000,000	–	–	55,000,000
Hangzhou CRRC Electric	33,000,000	–	–	33,000,000
Guangzhou CRRC Electric	18,000,000	–	–	18,000,000
HK CRRC Electric	731,009,400	–	–	731,009,400
Times Australia	1,814,037	–	–	1,814,037
Ningbo CRRC Electric	110,000,000	–	–	110,000,000
Times Brasil	4,062,679	–	–	4,062,679
Qingdao CRRC Electric	45,000,000	–	–	45,000,000
CRRC Times Software	50,000,000	–	–	50,000,000
Shanghai CRRC Rail Transit	25,500,000	–	–	25,500,000
Hunan CRRC Signal	229,000,000	–	–	229,000,000
Lanzhou CRRC Times	25,500,000	–	–	25,500,000
CRRC National Centre of Converters	280,654,981	–	–	280,654,981
Shanghai CRRC SMD	30,000,000	40,000,000	–	70,000,000
Shanghai Yongdian	9,794,810	–	–	9,794,810
Chengdu CRRC Electric	30,000,000	–	–	30,000,000
CRRC Times Semiconductor	2,228,136,494	471,863,506	–	2,700,000,000
Canada Dynex	282,478,220	–	–	282,478,220
<b>Total</b>	<b>5,124,623,010</b>	<b>511,863,506</b>	<b>–</b>	<b>5,636,486,516</b>
Less: Provision for impairment of long-term equity investments	246,169,001			400,893,001
<b>Net amount</b>	<b>4,878,454,009</b>			<b>5,235,593,515</b>



# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (XIV) NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

### 4. Revenue and cost of sales

#### (1) Details of revenue and cost of sales:

Item	2021		2020	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operating activities	10,877,985,077	8,381,381,470	11,680,166,873	8,471,584,726
Other operating activities	715,540,295	687,786,255	514,788,392	478,616,116
Total	<u>11,593,525,372</u>	<u>9,069,167,725</u>	<u>12,194,955,265</u>	<u>8,950,200,842</u>

#### (2) Revenue from contracts

Categories of contracts	2021	2020
By geographic areas of sales		
Mainland China	11,477,109,724	12,138,528,484
Other countries and regions	116,415,648	56,426,781
Total	<u>11,593,525,372</u>	<u>12,194,955,265</u>

#### (3) Description of performance obligations

##### Sales of goods and materials

The Company mainly sells rail transit equipment and components, which are mainly delivered using land transportation. The Company recognizes revenue upon receipts and acceptance of the goods by the customer.

Advances from customer before delivery of rail transit equipment and components are recognized as contract liabilities in the financial statements. There is no significant financing component and right of return during the course of sales of rail transit equipment and components.

##### Maintenance service

The Company mainly repairs and maintains rail transit equipment and components. According to the service contract, the maintenance service is subject to customer's acceptance upon delivery, and the Company is entitled to collect the payment upon acceptance by the customer. As the customer can't simultaneously receive and consume the economic benefits provided by the Company's performance as the Company performs; and can't control the service during the Company's performance either; and during the contract period, the Company can't collect the payment in respect of the part of obligations completed up to date, therefore, the maintenance service represents the performance obligation performed at a point in time, and the Company recognizes revenue from maintenance service upon acceptance by customer.

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## (XIV) NOTES TO KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (continued)

### 5. Investment income

Item	2021	2020
Gains from long-term equity investments under cost method	<b>1,348,752,353</b>	1,566,402,575
Gains (losses) from long-term equity investments under the equity method	<b>4,356,645</b>	(28,407,709)
Gains on disposal of held-for-trading financial assets	<b>59,125,770</b>	114,579,327
Gains (losses) on de-recognition of financial assets measured at amortized cost	<b>(8,640,000)</b>	(6,113,684)
Gains (losses) on disposal of investments in subsidiaries	<b>(8,131,421)</b>	–
Investment income from other equity instruments during the holding period	<b>237,400</b>	–
Gains (losses) on disposal of derivative financial instruments	<b>–</b>	(6,080,567)
Total	<b><u>1,395,700,747</u></b>	<b><u>1,640,379,942</u></b>

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## SUPPLEMENTARY INFORMATION

### 1. Breakdown of non-recurring profit or loss for the current period

Item	2021	2020
Profit or loss on disposal of non-current assets	(2,072,439)	6,440,830
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	413,028,381	401,572,368
Profit or loss on debt restructuring	—	(15,276,390)
Profit or loss on changes in the fair value of held-for-trading financial assets, held-for-trading financial liabilities and derivative financial liabilities, and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and derivative financial instruments, other than those used in the effective hedging activities relating to normal operating business	131,688,348	110,826,066
Reversal of provision for accounts receivable that are tested for impairment losses individually	21,884,298	108,644,750
Other non-operating income or expenses other than the above	14,618,143	59,368,694
Tax effect of non-recurring profit or loss	(81,694,697)	(62,930,541)
Effects of non-recurring profit or loss attributable to minority interests	(4,846,072)	(5,848,531)
Effects of non-recurring profit or loss attributable to the shareholders of the Parent Company	492,605,962	602,797,246

# Notes to the Financial Statements

For the year ended 31 December 2021  
Renminbi Yuan

## SUPPLEMENTARY INFORMATION (continued)

### 2. Return on net assets and earnings per share ("EPS")

The return on net assets and EPS have been prepared by Zhuzhou CRRC Times Electric Co., Ltd. in accordance with Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised 2010) issued by China Securities Regulatory Commission.

#### 2021

Profit for the reporting period	Weighted average return on net assets (%)	EPS (RMB)	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	7.56	1.63	N/A
Net profit after deduction of non-recurring profit or loss attributable to ordinary shareholders of the Company	5.71	1.23	N/A

#### 2020

Profit for the reporting period	Weighted average return on net assets (%)	EPS (RMB)	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	10.83	2.11	N/A
Net profit after deduction of non-recurring profit or loss attributable to ordinary shareholders of the Company	8.19	1.59	N/A

# Section XIII Five-year Financial Summary

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

Unit: Yuan Currency: RMB

Item	2021	2020	2019	2018	2017
Revenue	15,121,167,406	16,033,898,624	16,304,206,791	15,657,900,734	15,143,709,348
Cost of sales	10,019,418,812	10,053,446,232	9,965,727,450	9,790,246,866	9,529,039,880
Tax and surcharges	116,396,054	112,010,083	150,692,177	131,432,864	135,571,886
Selling expenses	1,050,331,762	1,120,965,514	1,121,102,310	1,152,534,673	819,993,645
Administrative expenses	813,021,020	760,727,754	849,892,120	780,580,804	679,968,765
Research and development expenses	1,690,047,967	1,686,836,761	1,606,529,489	1,442,970,390	1,357,311,597
Finance costs	(73,805,176)	2,993,873	4,435,925	(24,595,640)	(31,837,191)
Asset impairment gain (loss)	(161,869,899)	(234,409,991)	(85,706,513)	104,020,818	(133,654,692)
Credit impairment gain (loss)	121,825,631	85,645,821	(169,814,348)	(5,210,008)	N/A
Investment income	33,608,925	43,181,140	94,980,320	79,646,243	38,101,235
Profit (loss) on fair value changes	71,130,766	2,327,307	5,776,761	0	6,135,766
Profit (loss) on disposal of assets	(2,072,439)	6,440,830	(272,649)	1,412,378	(1,281,674)
Other income	533,085,368	577,466,089	450,494,528	378,292,979	253,400,019
Operating profit	2,101,465,319	2,777,569,603	2,901,285,419	2,942,893,187	2,816,361,420
Non-operating income	24,630,560	65,923,604	33,452,306	26,314,703	81,740,199
Non-operating expenses	3,012,417	6,554,910	2,124,938	2,076,961	23,792,958
Total profit	2,123,083,462	2,836,938,297	2,932,612,787	2,967,130,929	2,874,308,661
Income tax expense	88,476,513	340,381,369	275,053,426	316,595,714	312,098,646
Net profit	2,034,606,949	2,496,556,928	2,657,559,361	2,650,535,215	2,562,210,015
Net profit attributable to shareholders of the Parent	2,017,694,796	2,475,454,606	2,659,163,867	2,612,487,749	2,523,471,085
Profit or loss attributable to non-controlling interests	16,912,153	21,102,322	(1,604,506)	38,047,466	38,738,930
Basic earnings per share	1.63	2.11	2.26	2.22	2.15
Diluted earnings per share	N/A	N/A	N/A	N/A	N/A

## TOTAL CONSOLIDATED ASSETS AND LIABILITIES

Unit: Yuan Currency: RMB

Item	2021	2020	2019	2018	2017
Total assets	44,150,745,227	33,865,721,258	32,985,615,356	29,034,522,576	26,649,648,475
Total liabilities	10,858,100,789	9,606,130,854	10,789,336,199	8,911,008,412	8,593,082,715
Total equity	33,292,644,438	24,259,590,404	22,196,279,157	20,123,514,164	18,056,565,760



**株洲中车时代电气股份有限公司**  
ZHUSHOU CRRC TIMES ELECTRIC CO., LTD.